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BRAND LOYALTY, CUSTOMER CHARACTERISTICS ON CUSTOMER LOYALTY OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN EMBU COUNTY, KENYA

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ABSTRACT

Meagre profits, shrinking market share and deteriorating customer loyalty among savings and credit cooperative societies in Kenya not only make management to review marketing strategies but also to rethink on brand equity in order to enhance customer loyalty. This study aimed at investigating the effect of brand equity dimensions on customer loyalty of savings and cooperative societies in Embu County, Kenya. The specific objectives of the study were to determine the effect of brand loyalty on customer loyalty of Sacco's in Embu County. Further, the study sought to determine the moderating effect of customer characteristics on the relationship between brand equity dimensions and customer loyalty of Sacco's in Embu County. The study was anchored on brand equity theory. The study adopted cross-section research. The target population of the study comprised of 4,014 customers from 30 Sacco's operating in Embu. Simple random sampling technique was adopted to select respondents of the study. Israel formula was used to calculate the ideal sample of 364 respondents. Primary data was collected from respondents by the use of structured questionnaires with open and closed ended questions. Secondary data was collected from published materials such as financial statements and marketing plans. Data was analysed using descriptive and regression analysis methods with the help of Statistical Package for Social Sciences (SPSS) software version 24. Descriptive statistics such as mean scores, standard deviations, distribution tables and percentages were used to summarize the responses and to show the magnitude of similarities and differences while R-square was used to determine the predictive power of each individual variable on the dependent. The analysed data was presented in form of Tables. The results revealed that there exist a positive relationship between brand loyalty and customer loyalty. Brand loyalty was significant ($r = .616$, $p < 0.023$). This study concluded that Sacco's were experiencing deteriorating performance in terms of customer loyalty due to inability to improve and develop new products, add-value addition, conduct customer satisfaction survey, enhance customer relationships and provide extended service. This study recommended that top marketing managers of Sacco's to ensure that policies that promote quality customer service delivery are implemented in order to increase profits and market share. Sacco's should increase marketing budgets in order to promote product innovation and diversification in new areas of businesses thus enhanced customer loyalty.

Key Words: *Brand Loyalty, Customer Characteristics, Customer Loyalty*

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INTRODUCTION

In a world of global competition and changing consumer needs, brands have continued to remain strategic drivers among competitive firms operating in the global and local marketplaces (Karuku, 2010). Organizations are using brand management strategies to achieve their goals in the changing business environment (Kotler & Keller, 2009). Increased competition in multiple industries has resulted to enhanced brand management techniques which focus on enhancing customer's loyalty (Martens & Hilbert, 2011). With changing customer needs and wants, brand management has continued to evolve since 1980s (Weber, 2012).Companies operating in the 21st century have continued to invest in brand management in order to increase their productivity. Calvo and Porral (2012) suggest that a brand is understood by customers based on different perspectives that range from psychological aspects and organizational attributes. Product and services can receive a distinct identity in the mind of consumers by fulfilling the expectations of the consumer. Toit (2013) argues that consumers are likely to have a permanent memory stick of brands that exceed their expectations and vice versa. Internal and external stakeholders are likely to have a strong attachment with brands that conform and exceed their expectations. Saša and Kaličanin (2016) observed that companies around the world and more specifically in developed countries such as United States of America, Japan and China were embracing brand equity as a marketing strategy of attracting and retaining customers. Pike, Bianchi, Kerr and Patti (2010) contend that with increased competition, changing consumer needs, influence of globalization and technology, marketing of services and more specifically in the banking industry in Australia was seen to be a dependent on brand equity. Customer loyalty is viewed to be a function of brand equity despite different consumer interpretations of quality service or product (Pike, Bianchi, Kerr & Patti, 2010).

Customer loyalty is thought to be a tendency of consumers to continuously purchase a particular brand or product in the market (Fianto, 2014). The repeat purchase behaviours displayed by consumers reflect the satisfaction consumers have towards the product. Brand that satisfy consumers are likely to create an effect in the mind of the consumer thus repeat buying behaviours. Companies that have secured customer loyalty have numerous benefits that range from reduced marketing costs, expanded market share, increased profits, employee motivation, corporate image and product innovation (Ghafoor, Iqbal, Murtaza& Tariq, 2012).Customer loyalty is viewed to be a concept that is grounded on customer centric philosophy from the organizational perspective (Neupane, 2015). Organizations that continuously improve their products and serviced are likely to enhance customer loyalty and vice versa. Employees without appropriate skills and knowledge can influence customer loyalty positively and negatively (Mohan &Sequeira, 2012). Further, companies that upgrade their systems and conduct consumers research not only influence customer loyalty but also customer lifetime value (Njuguna, 2014). On the other hand, customer loyalty is conceptualized to be influenced by brand equity dimensions such as brand loyalty, brand awareness and brand associations (Ahmad &Sherwanil (2015). Njuguna (2014) ascertains that customer loyalty is viewed to be a perceptual and attitudinal construct that subject and determined by individual judgement of a product or service. Meeting consumer expectation is seen to be a dynamic issue from the organizational perspective which needs a critical analysis of consumer characteristics such as attitudes, perceptions, motives and knowledge before formulating any marketing strategy (Martens & Hilbert, 2011). However, limited studies which had been conducted revealed inconclusive findings on the link between brand equity and customer characteristics in relation to customer loyalty.

Savings and Credit Cooperative are thought to be autonomous association of people who willingly come together to achieve a common goal which may be economic or social (Ogonje, 2010). The cooperative is jointly owned and managed democratically by its members. The history of savings and credit cooperative societies can be traced back to 1840's in Britain. The concept of modern cooperatives originated in European industries particularly in Britain and France (Karuku, 2010). Later, in 1844, the concept of cooperative formation was extended to African countries where the intent was for social gain before colonization of African countries. The first cooperatives were formed in African countries such as Ethiopia, Nigeria, Zambia, Ghana, Uganda, Sierra Leone, and Botswana (SASRA Annual Report, 2017).In Kenya, the history of cooperative societies dates back to 1908, when the first Co-operative Society was founded in the dairy sector (Kipkosgei & Njeru, 2014). After independence some regulations were enacted by the parliament of Kenya to regulate the operation of cooperative societies. Since independence, numerous developments have been witnessed which have resulted to formation of a number of cooperative societies. With the rapid developments of savings and credit cooperatives societies in Kenya, many Kenyans have benefitted economically and socially from the associations thus resulting to economic growth rate though financial transaction that are perceived to be addressing the needs of the majority of the population (Munyao, 2017).The two types of SACCO'S that currently operate in Kenya includes Non-deposit taking Sacco's and the Deposit Taking SACCO'S.SACCO'S (DTS) besides the basic savings and credit products, they provide extended services such as banking services that involves demand deposits, payments services and channels such as quasi banking services commonly known automated teller machine service, through FOSAs and are licensed and supervised under the Sacco Societies Act of, 2008 (SASRA Annual Report, 2017). There were 164 SACCO'S duly licensed to accept deposit from members in Kenya (Makena, 2014).

With intense competition among SACCO'S and other financial institutions such as banks and microfinance institutions, SACCO'S embarked on adopting brand equity as a marketing strategy in order to enhance customer loyalty (Munyao, 2017). To survive is a dynamic and competitive business environment, SACCO'S operating in Kenya and more specifically in Embu County have to consider brand equity as one of the marketing strategies of enhancing competitive advantage. Despite the fact that brand equity influences customer loyalty, it is observed from the marketing literature that there is no clear understanding on the link between brand equity, customer characteristics and customer loyalty of deposit taking savings and credit cooperative in Embu County. Despite efforts of savings and credit cooperative in Kenya to enhance customer loyalty, it is observed that little has been done in relation to brand equity to address problems of service inconsistencies, declined profits and shrinking market share (Kipkosgei & Njeru, 2014).

Research Problem

In the world of competition, changing consumer needs and influence of technology, SACCO'S in developing countries and more specifically in Kenya are experiencing challenges of sustaining customer loyalty. Majority (53%) of the SACCO'S operating in Kenya not only recording declining profits but also declining market share and high employee turnovers. With the advent of new technologies such as automated teller machines, internet banking and mobile banking, the intensity of competition has triggered SACCO'S to adopt brand equity as a marketing strategy in order to enhance customer loyalty (Munyao, 2017).Numerous studies which have been conducted globally, regionally and locally reveals conflicting views on the link between brand equity and customer characteristics in relation to customer loyalty thus forming the basis of the current study. Neupane (2015) established that there exists a significant relationship between brand image, customer satisfaction and loyalty intention among customers of supermarkets in the

United Kingdom but the study failed to investigate the variables of the current study in an integrated approach.

Further, Mohan and Sequeira (2012) examined the customer- based brand equity of fast moving consumer goods in India though failed to examine the link between variables of the current study in the context of SACCO'S. Tser, Tsai andWun (2013) established that there exists a difference between brand association and customer satisfaction in the cosmetic industry but failed to test the moderating effect of customer characteristics in the relationship. Studies conducted in Kenya reveals contradictory findings on the link between brand equity, customer characteristics and customer loyalty thus creating conceptual, contextual and theoretical gaps. Njuguna (2014) studied the relationship between brand equity on consumer choice in branded bottled water among supermarket customers in Kenya and established a difference between brand equity and customer choice. A study by Munyao (2017) revealed a significant relationship between customer based brand equity and performance of the banking sector in Kenya though failed to examine the variables of the current study in an integrated approach.Further, Makena (2014) established that there exists a difference on the relationship between rebranding strategy and performance of savings and credit co-operatives in Kenya though the study examined the variables of the current study partially. However, it was concluded from the findings of the previous empirical studies that there was no clear understanding on the link between brand loyalty, customer characterizes and customer loyalty from context to context. Some studies conducted examined the variables of the current study partially or in isolation thus creating conceptual gaps that the current study will seek to address. Further, some of the studies conducted were confined to different contexts such as manufacturing, hotel, airline, banking and consumer goods thus creating contextual gaps that the current study will seek to address. Constraints of operationalization and contextualization of constructs of the theories used by previous studies also formed the basis of this study. Moreover, research designs, sampling designs and data analysis methods adopted varied resulting to inconsistencies in data analysis. Therefore, based on the absence of a framework of the current study, it was on this premise that the study sought to investigate the moderating effect of customer characteristics on the relationship between brand loyalty and customer loyalty of SACCO'S in Embu County, Kenya.

Research Objectives

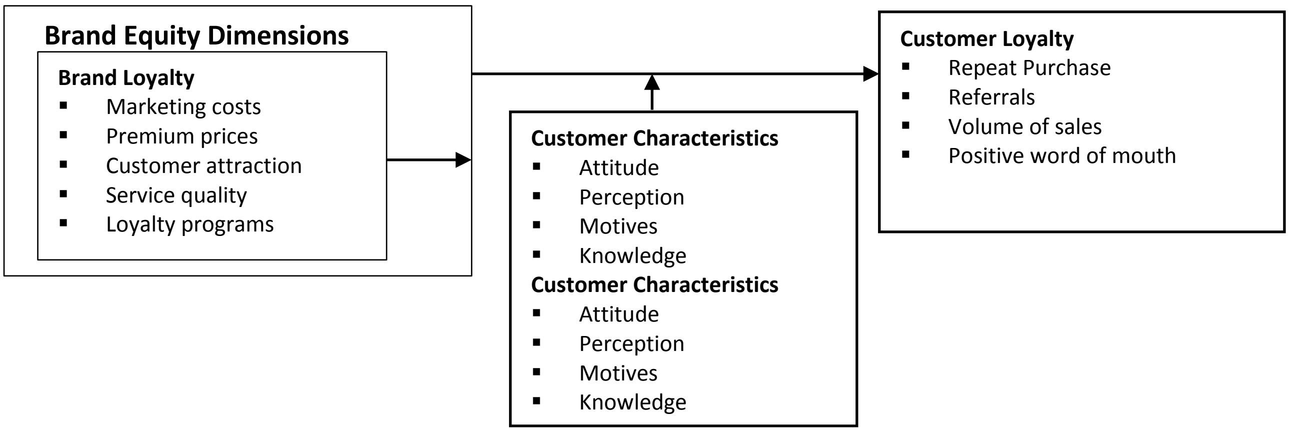
The objective of this study was to establish the influence of brand loyalty on customer loyalty of savings and cooperative societies in Embu County.

LITERATURE REVIEW

Brand Equity Theory

Brand Equity Theory can be traced back to the 1980's (Aaker, 1996). It argues that through a strong brand, customers are more likely to remain loyal to products or services that conform or exceed their expectations. With the dynamic nature of brand management, the concept of brand equity is purely determined by the marketing philosophy of an organizations(Taleghani, Meysam & Almasi, 2011) ascertain that brands are not build overnight but takes time. Organizations with strong brand equity always realize increased market share and product premium prices. Further, the theory suggest that brand equity is a multifaceted concept which is dynamic in nature and dependent on consumer psychological aspects like perceptions, attitude and motivation (Srivastava & Gregory (2010). Toit (2013) asserts that brand equity is an ideology that comprise of awareness and association. Companies are more likely to attract and retain customers when they use print media, electronic media and social media platforms to advertise their products. Advertisement of brands can enhance consumer buying behaviour thus repeat purchase behaviours (Wallace, Buil & Chernatony, 2013). On the other hand, consumers are more likely to purchase products that they associate with something of value. To some extent, consumers can associate the price with quality. Ogonje (2010) avers that brand loyalty is characterized by reduced marketing costs, trade leverage, attraction and retention of new customers. Brand association is characterized by word of mouth and familiarity of the brand, visibility. Brand association is characterized by basis of extension, repeat purchase and differentiation.

Perceived quality is characterized by customer attitude, uniqueness and positioning and finally, proprietary brand assets are characterized by such as patents, trademarks and channel relationships.Pike et al. (2010) assert that brand management is a series of steps that entails comprehension of consumer demands, identification of product performance levels and evaluation of customer expectations. However, in reality the first three dimensions do not take place sequentially at a purchase scenario. When consumers are unfamiliar with the brand, the information process tend to feed-back to one another resulting to development of proprietary assets stage, which help companies to protect their products from imitators (Hooley, Piercy & Nicoulaud, 2008).King and Grace (2009) suggest that facets of brand equity are seen to be the fundamental determinants of consumer buying behaviour in the changing business environments. Consumers are likely to develop strong attachments with products or brands that they consider satisfactory (Toit, 2013).By extension, companies are likely to experience increased profitability and enhanced customer relations if products and services conform or exceed customer expectations. Christodoulides and Chernatony (2010) argue that brand equity can be measured using financial brand equity, customer brand equity or a combination of both. The applicability of this theory in this study was based on the premise that brand loyalty is marketing strategy that influences customer loyalty if effectively managed.



Independent Variable **Moderating Variable** **Dependent Variable**

Figure 1: Conceptual Framework (Researcher, 2019)

Empirical Review

Ghafoor et al. (2012) posit that brand loyalty is positively correlated to customer satisfaction. Increased profitability associated with customer retention efforts occurs because of several factors that occur once a relationship has been established with a customer (Toit, 2013). However, it is noted that despite the fact that customers are likely to remain loyal to products or services that conform to their needs, maintaining long term relationships with customers is dependent on value addition to products and services (Ogonje, 2010). Neupane (2015) revealed that customers are likely to memorize services that exceed their expectations and tend to have repeat purchase behaviour. Employees' distinguished services to customers had significant effect brand equity and profitability. Further, organizations are likely to experience enhanced customer loyalty by improving the product quality. However, the study was confined to brand image as the independent variables and focused supermarkets in the United Kingdom. Further, continuous improvement of customer service system can significantly enhance customer experience and loyalty (Evangelos, Areti, Efthimios& Konstantinos, 2016). Improvement of management styles, review of business policies and continuous dedication to serve customers better is the ultimate goal of strategically oriented firms in the modern business environment (Njuguna, 2014). According to Keller (2010), it is the responsibility of companies to trigger consumer responses and feelings through advertisements. Consumers can form attitudes on brands that conform to their needs and wants. By extension, consumers' feelings can be triggered and expressed in form of human characteristics that comprise of happiness, self-esteem and security.

Mishra and Datta (2011) established that combined effort of firms to conduct consumer research, invest in technology and produce new products can contribute to enhanced brand equity among various stakeholder of the firm. Furthermore, marketing oriented firms should always seek to rejuvenate their brands in order to change the mind-set of consumers (Mohammad & Meysam, 2011).Reposition of brands in the market by firms can be result to enhanced customer loyalty, increased profits, and increased volume of sales and expanded market share. In addition a strong brand can lead to minimal costs of marketing and Sales force satisfaction (Mzungu, Merrilees& Miller, 2010). Mzungu et al. (2010) established that brand management was a complex concept associated with mental models. Brand equity was associated with a number of intrinsic and extrinsic factors. Consumer attitudes, perceptions and motivation were key intrinsic aspects that triggered consumer drive to purchase or not to purchase product. On the other hand, extrinsic drives like advertisement were observed to be drivers of consumer behaviour. Furthermore, it was noted that brand equity was also extended to management styles and employee knowledge to provide distinguished services. However, the findings of the study were limited to brand management but failed to examine the link between brand equity, customer characteristics and customer loyalty.

METHODOLOGY

This study adopted a cross-sectional research design. A total number of 4,014 customers from 30 deposit taking Sacco's operating in Embu formed the target population of the study. The study selected the 30 deposit taking Sacco's operating in Embu County based on period of operation and number of members. Simple random sampling technique was adopted to select the respondents from the 30 deposit taking Sacco's in Embu County. Israel (2009) formula for calculating sample size was adopted to determine the sample size. The sample size of the study was 364 customers selected from 30 deposit taking Sacco's in Embu County. Primary data was collected from respondents by the use of structured questionnaires with open and closed ended questions as the main instrument of data collection. The questionnaires used in this study comprised multiple questions which were measured on 5 point likert type scale, where 1 was set for strongly disagreed and 5 was set for strongly agreed. Face and content validity was measured using marketing experts and lecturers at Kenyatta University while criterion validity was measured using constructs of the theories discussed in the study. Internal consistency reliability was examined by the se of Cronbach's Alpha coefficients.

Data was analyzed using Statistical Package for Social Sciences (SPSS) version 24 software. In particular, mean scores, standard deviations, percentages and frequency distribution were used to summarize the responses and to show the magnitude of similarities and differences. Multiple regression method was adopted to determine the relationship between variables. Further the moderating effect of customer characteristics on the relationship between brand equity and customer loyalty was determined using regression data analysis method. Results were presented in tables. The general regression model that determined the direct relationship between brand equity and customer loyalty was of the form: **$Y=\beta o+\beta_1X_1+\varepsilon$,** where; Y represents customer loyalty of deposit taking Sacco's in Embu County, **β_0= Y** intercept, **β_1 to β_3** represents coefficients, **X_1,**represents independent variables (brand loyalty) while ε denoted other factors not included in the model. Further, for testing the moderating effect of customer characterisitics on the relationship betwen brand equity and customer loyalty, the study utilized the model of the form: **$Y=\beta BE+\beta_2 CC+\beta_3(X_1)+\varepsilon$.** where Y was the dependent variable (Customer Loyalty). BL represents composite index estaimate of Brand Loyalty. β are the regression coefficients. CC represented the interraction effect of the moderating variable which was customer characteritis on the relationship between brand equity and customer loyalty of Sacco's in Embu County, Kenya. After administration of 364 questionnaires to respondents, 243 questionnaires were returned completed. 90 questionnaires were unreturned and 31 of them were incomplete. This depicted a 67% response rate. This given rate was considered appropriate as it is according to Guest (2012) who asserts that any response rate above 50% is appropriate for analysis and presentation. The high response rate was as a result of timely follow-ups and clarity of the research objectives to respondents of the study.

RESULTS

Table 1: Brand Loyalty

Statements	Mean	S.D	CV%
My deposit taking Sacco has distinct service quality compared to other players	4.98	.781	18.0
My deposit taking Sacco has customer loyalty programs that are long term	4.71	.687	18.7
My deposit taking Sacco conducts customer satisfaction surveys to improve service deliver	4.26	.884	18.3
My deposit taking Sacco is committed in maintain sustainable relationships by adopting technology in the systems	4.23	.587	18.4
My deposit taking Sacco has employees who provide reliable and accurate information	4.21	.664	19.5
My deposit taking Sacco has extended services that make customers to remain loyal	4.11	.673	21.7
My deposit taking Sacco has goodwill of the majority of customer	4.04	.596	17.8
My deposit taking Sacco has unique products that are attributed to premiums paid by customers	3.59	.498	19.1
My deposit taking Sacco attracts and remains customers through value addition	3.45	.434	23.9
There is repeat purchase	3.33	.456	22.3
My deposit taking Sacco has ways of enhancing customer relationship	3.21	.445	22.1
Average Mean Score	**4.45**		

Source: Primary Data

Respondents were asked to indicate the level at which they agreed or disagreed on the influence of brand loyalty on customer loyalty and the findings are illustrated as shown in Table 1. As shown, the mean score for 7 of the 11 responses was more than 4.00 which explained that to a larger extent the majority of the respondents and above agreed with the statement while the rest were not sure. The highest variation in response was noted on Sacco attracting and retaining customers through value addition (CV 23.9) while goodwill of the majority of customers to the Sacco's had the lowest variations in response (17.8). These findings implied that despite the fact that Sacco's distinguished service quality, had customer loyalty, conducted customer surveys, maintained customer relationships, introduced extended services to customers and guaranteed good-will to customers, to some extent Sacco's were not embracing product differentiation strategies more effectively due to competition. Further, it was observed that some Sacco's were not committed to value addition in terms of improving embracing technology and innovating products and services. Repeat purchase was hindered by stiff competition and inappropriate marketing strategies adopted by Sacco have to attract and retain customers. Even though customers were loyal to their respective Sacco's to some extent it was noted that marketing activities of Sacco's were vibrate as that of other companies in the financial sector. These findings corresponded with that of Pike et al., (2010); Owino et al., (2010); Ogonje (2010) and Njuguna (2014) who established that customer loyalty was enhanced by brand loyalty if effectively embraced. The studies pointed out that organizations that effectively embraced brand loyalty practices such as product improvement, innovation and technology integration in service delivery were more likely to enhance customer loyalty and vice versa.

Correlation Coefficients

The study sought to establish an understanding of the existence of a significant relationship between brand equity (brand loyalt) and the dependent variable (customer loyalty). To achieve this, correlation results were presented in Table 2. The coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (customer loyalty) that is explained by the three predictor variable (brand loyalty,). Pearson correlation coefficient (r) was used to determine the level of significance of bivariate relationship (brand loyalty). According to Guest (2010), correlation coefficient (r) = ±1.00 indicated that there was a positive or negative correlation between variables. If (r) = +1, it depicts a strong relationship while -1 depicts a weak relationship. Further, if (r) = 0, it depicts that there is no relationship between variables. A correlation was considered significant when the probability value was equal to or less than 0.05.

Table 2: Correlations Coefficients on the Relationship between Brand Loyalty and Customer Loyalty

Variable	Pearson Statistics	1	Brand Loyalty
Brand Loyalty	Pearson Correlation	.149**	
	Significance (2-tailed)	0.002	
	Sample size	21	
Customer Loyalty	Pearson Correlation	0.032	.616**
	Significance (2-tailed)	0.000	0.023
	Sample size	243	243
** Significant is at the 0.01 level (2-tailed). * Significant is at the 0.05 level (2-tailed).			

Source: Primary Data

As shown in Table 2, the results indicated that there is positive significant relationship between (brand loyalty) on the dependent variable (customer loyalty). Brand loyalty was significant ($r = .616$, $p < 0.023$). These results implied that there exists a strong positive relationship between brand loyalty and customer loyalty of Sacco's in Embu County. These findings were supported by Asamoah (2014) who found out that brand equity dimensions were directly correlated with organizational performance if effectively managed. The study pointed out that despite internal and external challenges that are experienced by firms, to a larger extent surpassing customer expectation can enhance loyalty though referrals and increased profits.

Table 3: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.139	1.2235		0.930	0.000
	Brand Loyalty	0. 787	0.3132	0.152	2.512	0.000

To confirm whether there existed a statistical relationship between predictor variables (brand loyalty, brand awareness and brand association) on the dependent variable (customer loyalty), multiple regression analysis was undertaken as shown in Table 3.

As illustrated, coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables. After conducting regression analysis, the regression equation ($Y = \beta 0 + \beta_1 X_1 + \varepsilon$)) became: $Y = 1.139 + 0.787X_1$. Further, the results reflected that taking all other independent variables at zero, a unit increase in brand loyalty would lead to an increase in customer loyalty by unit factors of 0.87. At 5% level of significance and 95% level of confidence the significance values of the three variables was less than standard requirement, indicating that there existed a positive significant relationship between brand loyalty and customer loyalty of Sacco's in Embu County Kenya. These findings corresponded with that of Fianto (2014) who revealed that brand loyalty had a positive significant relation to organizational performance.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.923	0.852	0.789	0.6273

As shown in Table 4, the multiple correlation coefficient (R) of 0.923 (92.3%), meant that there is a strong linear relationship between the independent variables (brand loyalty) and the dependent variable (customer loyalty). The independent factors that were studied explained only 85.2% of brand loyalty on customer loyalty of Sacco's in Embu County. This therefore meant that other factors not studied in this research contributed to 14.8% customer loyalty of Sacco's of in Embu County. Therefore, further research should be conducted to investigate the other brand loyalty factors (14.8%) that influence customer loyalty of Sacco's in Embu County. Adjusted R Square of 0.789 implied that brand loyalty, contributed 78.9% of the variation in the customer loyalty of Sacco's operating in Embu County Kenya. The standard error of the estimate is the measure of dispersion (or variability) in the predicted scores in a regression which represents the average distance that the observed values fall from the regression line (Guest, 2010).

Table 5: Correlations Analysis with Moderating Variable

Variables	Brand Loyalty	Customer Characteristics
	1	
Brand Loyalty	.528** .003	 1
Customer Characteristics	.398* .029	243
** Correlation is significant at the 0.01 level (2 tailed) * Correlation is significant at the 0.05 level (2 tailed)		

Source: Primary Data

As shown in Table 5, the study sought to establish the effect of the customer characteristics between the independent variables (brand loyalty) on the dependent variable (customer loyalty of Sacco's). The results indicated that customer characteristics such as attitude, perception, motives and knowledge had a significant positive effect on customer loyalty. 398*, p ≤0.05 and .437**, p value ≤0.05 meaning customer characteristics had an impact as the level of precision increased making the correlation stronger compared to when customer characteristics was not used. Therefore, it was concluded that customer characteristics had a significant moderating effect between brand loyalty dimensions and customer loyalty.

CONCLUSIONS AND RECOMMENDATIONS

The study established that there existed a positive significant relationship between brand loyalty and customer loyalty. However, it was noted that despite the fact that there was positive relationship, Sacco's did not embrace brand loyalty practices such as product differentiation, value addition, loyalty programs, product extension and customer satisfaction surveys. From the findings, the study concluded that Sacco's were experiencing deteriorating performance in terms of customer loyalty dud to inability to improve and develop new products, add-value addition, conduct customer satisfaction survey, enhance customer relationships and provide extended service.

The study ascertained that Sacco's were unable to enhance customer loyalty due to challenges of consistently advertising through print and electronic media. It was observed that most of the Sacco's did not create maximum awareness of their products through sponsor ships, train sales representatives of on marketing skills or use modern technologies such as websites to market their services. The study identified that despite the fact that brand loyalty influence customer loyalty, to some extent Sacco's were challenged to embrace brand loyalty practices such as product differentiation, value-addition, product or service extension and customer satisfaction surveys. Therefore, this study recommended that top marketing managers of Sacco's should ensure that policies that promote quality customer service delivery are implemented in order to increase profits and market share. Sacco's should increase marketing budgets in order to promote product innovation and diversification in new areas of businesses thus enhanced customer loyalty.

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