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## **APPRAISAL OF CONSUMER LOYALTY TO BRANDED MALT DRINKS IN LAGOS STATE, NIGERIA**

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### **Abstract:**

*This study was carried out among consumers of branded malt drinks in Lagos State, to establish the existence or otherwise of brand loyalty among such consumers. The study made use of primary and secondary sources of data. The major instrument used for primary data collection was the questionnaire while secondary data came from journals, books, newspapers, magazines, etc. As for data presentation; tables were used while the Chi-Square was used for data analysis. The study revealed that the five most preferred brands of malt drinks in Lagos State are Dubic Malt, Malta Guinness, Maltina, Amstel Malta and Beta Malt, in that order. The study also showed that the most influential factors in consumers' decision to stick to their preferred brands are the perceived high brand quality and advertising. The study equally revealed that most of the consumers of branded malt drinks in Lagos State would not want to buy any other brand of malt drink even in the absence of their preferred brand. Based on the results of the study, it is very clear that brand loyalty exists among consumers of branded malt drinks in Lagos State.*

**Keywords:** *Brand, Promotion, Consumers, Advertising, Brand loyalty*

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### **Introduction**

A variety of branded malt drinks abound in Lagos, with slightly different features among them. Each brand, which is the product of a distinct manufacturer, merely competes with other brands in the market place in Lagos. Some sellers of malt drinks stock all available brands while others choose particular brands, depending on their target market. According to Exter (2000), brand loyalty is "a topic of much concern to all marketers." Every organization seeks to have a steady group of unwavering customers for its good or service. Since research suggests that an increase in market share is related to improved brand loyalty, marketers are understandably concerned with this element. Thus, brands that seek to improve their market positions have to be successful both in getting brand users and in increasing their loyalty (Raj, 2001). Brand loyalty is a challenging goal each marketer seeks to attain, yet there seems to be a great concern over the apparent decrease in brand loyalty. In a study conducted by David and Albert (2003), it was discovered that the decline in brand loyalty could be attributed to several factors including: Sophisticated advertising appeals and heavy media support; "Parity" of products in form, content and communication; Price competition from private and generic labels; Sales promotion tactics of mass media display, coupons and price specials that appeal to consumers' impulse buying; General fickleness of consumers in their buying behaviour; Growth of new products competing for shelf space and consumer attention. However, research conducted by Johnson (2000) indicates that overall brand loyalty has remained relatively stable while individual brands have had declines and gains in loyalty. In a study of repeat purchase behaviour of consumers conducted by Brown (2004), it was discovered that there were four brand loyalty patterns, as follows: Undivided Loyalty – This is exhibited by families purchasing brand A in the following sequence: AAAAAA; Divided Loyalty – This is exhibited by families purchasing brands A and B in the following sequence: ABABAB; Unstable Loyalty – This is shown by families buying brands A and B in the following sequence: AAABBB; No Loyalty – This is shown by families buying brands A,B,C,D,E and F in the following sequence: ABCDEF.

On the basis of the products studied, it was concluded that majority of the consumers tended to purchase a favourite brand or a set of brands. Although, the degree of loyalty varied by product, the percentage of consumers exhibiting some form of brand loyalty was rather high. A definite relationship was discovered between strength of brands and nature of loyalty shown. Brand loyalty appears to be high for well-established products in which little or no changes have occurred and low for products that are not well-known. Within the last decade or thereabouts, the Lagos market has witnessed an increase in the number of branded malt drinks, all competing for the rather low disposable income of consumers. Presently, the brands of malt drink in Lagos include *Maltina, Malta Guinness, Amstel Malta, Beta Malt, Grand Malt, Dubic Malt, Vita Malt* and *Hi Malt*, among others. On the part of the consumer, there seems to be a case of partial abandonment of malt drinks and a craze for the consumption of other classes of soft drink such as *Coca-Cola, Pepsi, La Casera, Fanta, Sprite, Seven-Up, RC Cola, Mirinda, Bigi Cola*, etc in the alternative. This attitude may not be unconnected with the perceived relatively high cost of malt drinks in Lagos as well as the tendency of some consumers to regard all classes of soft drink as a case of a distinction without a difference and would, therefore, be willing to buy any brand they consider affordable or adequate. However, there are some consumers who still stick to their preferred brands of

malt drinks for reasons that convince them to do so. This study shall attempt to examine the impact of branded malt drinks on consumer loyalty in Lagos State.

The issue of brand loyalty on the part of consumers of branded malt drinks is of great concern to producers and sellers of malt drinks in Lagos State. There is so much competition among manufacturers of soft drinks generally and one of the surest ways of achieving continued patronage is by satisfying their consumers beyond their expectations. A very satisfied or delighted consumer is likely to develop some form of brand preference for the concerned product, and if such a consumer is continually satisfied or delighted with the product over a relatively long period of time, he or she may begin to develop some form of brand loyalty. The major problem to be addressed in this study has to do with determining whether or not consumers of branded malt drinks in Lagos State exhibit brand loyalty and if they do, how such loyalty can be effectively and efficiently sustained. If they do not exhibit brand loyalty, the study shall also attempt to find out how manufacturers and sellers of branded malt drinks in Lagos State can achieve brand loyalty among the consumers of such products.

### **Background Study**

In this section, the researcher shall be reviewing the works of previous researchers that are related to this study. To this end, therefore, attempts shall be made at reviewing some of the many works examined by the researcher, and these should be able to provide us with adequate information with respect to what earlier researchers have been able to discover in this area of marketing. The works for review include the following: Consumer Brand Preference For Alcoholic Drinks in Rivers State - *A Study of Harp, Star, Gulder, Heineken and Guinness Stout Consumption-* (Maduabum and Onyeneke, 2000). In the study, the task of the researchers was to determine consumers' preference for alcoholic drinks in Rivers State, with special emphasis on beer. Their main objective was to find out the reason(s) for any identified preference with particular reference to price, advertisement, and group influence, among other variables. The issues examined in the study are quite relevant to the present study since brand preference tends to be a prelude to brand loyalty, and it could come about as a result of the influence of price, advertising, sales promotion and group influence. With respect to the research methodology, the researchers used both primary and secondary sources in generating the needed data. The primary sources of data comprised questionnaires, personal interviews and direct observations, while the secondary sources of data were published and unpublished materials, journals, newspapers, and magazines. The data presentation was done using tables, while Chi-Square was used for the data analysis and interpretation. The findings of the study include the following: That the taste of a brand of beer is a major reason for customers' preference for a particular brand; That price does not really affect consumers' preference for different brands of beer; That advertising and sales promotion affect consumer brand preference

#### *Consumer Preference for Different Brands of Toothpaste-(Benedict Nwachukwu, 2001)*

The study was intended to find out why some consumers preferred certain brands of toothpaste to others in the market despite their similar features. The scope of the study covered major zones within the Lagos metropolis. The data for the study were obtained through questionnaires, which were administered on the respondents. Occasional personal interviews were conducted in situations where the researcher felt the use of questionnaire would be inappropriate. Also, published materials, journals, magazines and newspapers were used. After analysing the collected data, the researcher's findings were that: Price had a great influence on consumer preference for particular brand of toothpaste. Colour also had some measure of influence on consumer preference. Product availability had little or no effect on brand preference for toothpaste. The present study focuses on consumer loyalty to branded malt drinks in Lagos. Consequently, therefore, it is related – closely or remotely – to the foregoing reviewed literature. For instance, they all have to do with consumer choice between or among different brands of a product class. They also examined the various variables that interact to influence the brand choice of consumers. Also, the various literature examined used the questionnaire as their basic data gathering instrument. They equally have some similarities with the present study in terms of research objectives, hypotheses, methodologies and so on. In view of these, therefore, the researcher hopes that the literature review exercise will help in no small measure in dealing with the present task.

### **Methodology**

This study is a social survey and, therefore, the technique adopted was the simple random sampling method, which usually entails the random administration of research instruments on selected respondents only. The research questionnaires were designed to contain questions based on the personal data of the respondents and consumer loyalty to branded malt drinks in Lagos State. This study was conducted among the consumers of branded malt drinks in Lagos State. The population of this study comprised consumers of branded malt drinks within some selected areas of Lagos State (*Apapa, Ikeja, Ojo, Surulere and Oshodi*). Due to the complex nature of this study and the area of study, it was not possible for the researcher to cover the entire population. In view of this, therefore, a sample size reflecting a true representative of the overall population was selected. In order to achieve, a pilot test to determine an appropriate sample size for the study was carried out with a total of one hundred (100) questionnaires, which were randomly administered on the respondents. The test showed a positive response of 76% and a negative response of 24%. These results were analyzed to determine the sample size of 280 used for this study, at a confidence level of 95% and a tolerable error margin of 5%.

The following statistical formula was applied to determine the sample size:

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$$n = \frac{(z)^2 \times P \times Q}{e^2} \quad (1)$$

Where: n = Sample Size, z = Confidence Level (1.96), P = Positive Response (76%), Q = Negative Response (24%), E = Limit of Tolerable Error (5%). After substituting for the notations above, the researcher obtained an approximated sample size of 280, as follows:

$$n = \frac{(1.96)^2 \times 76 \times 24}{5^2} = \frac{3.8416 \times 76 \times 24}{25} = 280$$

The estimated population of the study was 610,500. The sampling technique used for the study was random sampling method. The instrument used in collecting data for this study was the structured questionnaire, organized in two sections for the purpose of capturing the objectives of the study. The first section contained questions designed to obtain persona data from the respondents while the second section captured questions directly related to consumers buying behaviour with respect to branded malt drinks in Lagos State. The questionnaire contains total of 22 questions and options were provided for respondents to select the option that best represents their answer to the respective questions. The method of data presentation used for this study was the tabular method. The researcher decided to use this method because of its simplicity and ease of comprehension by people who may want to make reference to the study. In terms of data analysis, simple ratios and percentages were used, which represented the numerical values of the variables that constituted observations of the studied phenomena. The Chi-Square statistical tool was used to test the formulated hypotheses. The formula for Chi-Square is usually given as:

$$X^2 = \frac{\sum (F_o - F_e)^2}{F_e} \quad (2)$$

Where:  $X^2$  = Chi-Square,  $\sum$  = Summation,  $F_o$  – Observed Frequency and  $F_e$  – Expected Frequency.

#### Formulation of Hypothesis

Null Hypothesis ( $H_0$ ): Brand loyalty does not exist among consumers of branded malt drinks in Lagos State. Alternative Hypothesis ( $H_1$ ): Brand loyalty exists among consumers of branded malt drinks in Lagos State

#### Relevant Behavioural Theories

Consumers around the world vary tremendously in their characteristics such as age, income level, tastes and preferences, culture, education, etc. They also buy an incredible variety of goods and services. How these diverse consumers make their choices among various products embrace a fascinating gamut of factors. There is no doubt that consumers make many buying decisions every day, and most large organizations have made conscious efforts to establish, by way of marketing research, what consumers buy, how, when, where and why they buy. It should be recognized that knowing why consumers buy the way they do is quite a difficult task because the answers are often locked deep within the consumers' heads. The fundamental question most marketers face is: how do consumers respond to the various marketing strategies and stimuli used by organizations? The marketer has to understand how certain stimuli are changed into positive responses inside the consumers' black box whose workings can only be partially deduced. The following segments examine some of the behavioural models that are relevant to this study:

*The Pavlovian Learning Theory:* This study was propounded by Pavlov (1927), a Russian Psychologist, who argued that the behaviours of consumers are learnt. According to him, there are four principles underlying the model and these include drive, cue, response and reinforcement. He further argued that man (the consumer) can be conditioned or influenced to act or react in a predetermined way. A product brand can be designed in such a way that it attracts his attention, commands his interest, creates the desire to buy in him, inspires his conviction and provokes him to take a favourable purchase action towards the product. When this action takes place and it is positively reinforced, it tends to encourage a repeat purchase whose continuation has the tendency of gradually leading to some degree of brand preference. Pavlov categorized his learning model into two: *The Connectionist Theory* which emphasizes the connection between a stimulus (S), which could be a form of price reduction and a response (R), which could be the purchase of a given brand of a product class, expressed as S-R. According to him, learning takes place when a customer who is exposed to a stimulus makes a response and he or she is either favourably rewarded or punished for making the response. This theory is relevant to the study of brand loyalty in the sense that consumers may be conditioned to respond positively to a product if the presentation of the product is paired with a suitable neutral stimulus. For example, a consumer may buy a particular brand of malt drink because of a special discount in price, and may continue to buy the brand long after the initial discount has ended. In this case, the product is the brand of malt drink while the neutral stimulus is the discount in price. As the consumer continues to buy this brand he may, consciously or unconsciously, begin to develop some form of brand preference, which may eventually be transformed into brand loyalty, probably after a long period of time. *The Cognitive Theory* which proposes that learning occurs as a result of problem-solving. This theory is also relevant to the present study because consumers

receive a lot of information, are able to remember, decode and use such information sometimes in very creative ways. What a consumer learns now may not be of immediate use to him but such information, which could be on a particular brand, may turn out to be very useful in the future or when next he or she wants to make a decision on a brand of product to buy. This is what Cognitive Psychologists call latent learning. Sometimes, latent learning guides the choice of consumers in the selection of a product brand among competing brands.

*The Festinger’s Theory of Cognitive Dissonance:* Manufacturers and marketers of branded malt drinks in Lagos State often tend to fall into oblivion or disregard the post-purchase feelings of consumers who spend their hard-earned income to buy their products. In a period of escalating inflation and diminishing real income, consumers are getting more concerned about the use of their scarce financial resources. Scarcity of resources could be a reason for re-evaluation of past purchases. Manufacturers and marketers are, therefore, obliged to pay more attention to the post-purchase psychological tensions that often arise about the rightness or wrongness of a purchase decision. This psychological tension, which creates a disturbance and uncertainty in the minds of consumers, was first studied by Festinger (1957), who described it as “Cognitive Dissonance”. Cognitive dissonance is a theory of consumer behaviour with such concepts as attitudinal change, motivation and perception. Consumers who are faced with the decision to buy a product have to contend with the problem of choosing between or among competing brands. When a consumer has a given opinion about a particular brand of product, and he is probably forced to take a decision contrary to his opinion, he tends to experience some form of mental discomfort and anxiety, otherwise called cognitive dissonance. Festinger argued that a person seeks harmony among his various beliefs and between his beliefs and actions. The mental state of harmony where there is no tension or imbalance is called “Cognitive Consonance”, and this is the kind of situation that manufacturers and marketers should always endeavour to achieve. He further argued that the experience of dissonance is an aversive state and people act to reduce it by adopting one of the following means: Breaking the link between the person’s self-concept and the brand by returning it or complaining about it. Adding new information by reading materials relevant to the purchased brand; Re-evaluating the desirability of the chosen alternative in a positive direction and the desirability of the forgone alternative in a negative direction (Festinger, 1957). A critical analysis of Festinger’s theory of reducing dissonance shows that the first alternative has quite negative implications for the brand. If a person seeks to lower dissonance by returning a product or by engaging in negative word-of-mouth communication, then the company loses sales of the brand. The second alternative sees the consumer getting additional relevant information about the brand to enable him better understand the strengths and weaknesses of the brand. This may reduce the experienced imbalance being experienced by the consumer. The third approach has to do with re-evaluating the desirability of the chosen alternative. In this case, the consumer lowers the psychological imbalance by gradually changing his perception of the brand purchased and the brand(s) not purchased. Thus, feelings towards the brand chosen become more favourable and the feelings towards the brands(s) not chosen become less favourable. With respect to the foregoing analysis, therefore, manufacturers and marketers of branded malt drinks should make conscious efforts to avoid situations in which their respective brands would have to be returned by consumers after purchase. *Festinger* summed up his theory of cognitive dissonance by stating that if a person knows various things that are not psychologically consistent with one another he will, in a variety of ways, try to make them more consistent. A person can change his opinion, behaviour or even distort his perception about things around him. This submission has the tendency of influencing brand choice among consumers. For instance, if a consumer is satisfied with the performance of a particular brand of malt drink, such a consumer may be favourably disposed to make a repeat purchase while a brand with a poor performance has the tendency of producing the opposite reaction on the part of the consumer.

*The Skinnerian Theory of Operant Conditioning*–The proponent of his theory, B.F. Skinner, a Psychologist, argued that a behaviour that is positively reinforced tends to be repeated while negatively reinforced behaviour tends to be eliminated. The importance of this theory lies in the fact that the consumer buys products to satisfy his needs. The act of buying is a response, which could sometimes be accidental or on impulse. If a particular brand satisfies a consumer’s need, then other things being equal, there is the likelihood of a repeat purchase in the future, which is capable of leading to brand preference on the part of the consumer after a long period of time. Conversely, if the consumer is dissatisfied with the performance of the brand, the knowledge that he made a wrong choice of brand acts as a negative reinforcement. In this case, therefore, the consumer is likely to avoid the perceived unsatisfactory brand in the future.

Table 1: Most Preferred Brands of Malt Drink and Repeat Purchase Among Consumers of Malt Drinks in Lagos State

Brand	Responses				Totals
	Yes	No	Don’t Know	Neutral	
Dubic Malt	76	4	2	-	82
Malta Guinness	53	7	1	-	61
Amstel Malta	31	2	-	-	33
Maltina	49	2	3	-	54
Beta Malt	12	5	1	-	18
Other Brands	3	2	1	1	7
<b>Totals</b>	<b>224</b>	<b>22</b>	<b>8</b>	<b>1</b>	<b>255</b>

Using the formula  $e_i = \frac{CT \times RT}{N}$  for the calculation of the expected frequencies, the observed Chi-

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Square was calculated with the formula

$$X^2_{oi} = n \frac{[(o_i - e_i)^2]}{\sum e_i} \quad (3)$$

$$I = 1$$

and the researcher obtained 59.2485 based on the degree of freedom (d.f) of  $(r-1)(c-1) = (6-1)(4-1) = 15$ , and confidence level (cl) of 5%. But the expected Chi-Square was  $X^2_{ei} = X^2 (15)(0.05) = 24.996$ . The decision on the acceptance or rejection of the null or alternative hypothesis ( $H_0$  or  $H_1$ ) is directed by their points on the Chi-Square distribution. Generally, if the  $X^2_{oi}$  falls within the acceptance region, that is, if  $X^2_{oi} < X^2_{ei}$ , the null hypothesis is accepted, otherwise the null hypothesis is rejected. In this case, the null hypothesis, which states that brand loyalty does not exist among consumers of branded malt drinks in Lagos State, is rejected because the results in Table 1 clearly shows that brand loyalty exists among consumers of malt drinks in Lagos State..

## Conclusions

Consequent upon the findings of this study, some generalizations can be put forward in connection with the buying behaviour of consumers of branded malt drinks in Lagos State. The results of the findings show that a very high proportion of the consumers claimed that they would neither be favourably disposed to buy any other brand of malt drink even in the absence of their preferred brand nor would they be influenced in anyway to change their present brand. This clearly shows that such consumers exhibit a relatively high degree of brand loyalty to their preferred brands of malt drink. Also, majority of the consumers claimed they had never been disappointed by the performance of their preferred brands of malt drink. By implication, the preceding seems to suggest that there is a high possibility of continuous purchase of the different brands of malt drink by their respective consumers, more so that they have relatively high degrees of loyalty to their brands. The foregoing findings clearly show that consumers of branded malt drink in Lagos State exhibit brand loyalty to their respective brands. In other words, brand loyalty exists among consumers of branded malt drinks in Lagos State. Based on the findings of this study, the following are hereby recommended for improved consumer patronage and maintenance of brand loyalty among consumers of branded malt drinks in Lagos: The manufacturers of the five most preferred brands of malt drink, *Dubic Malt, Malta Guinness, Maltina, Amstel Malta and Beta Malt*, respectively, should perfect their marketing strategies and intensify their marketing efforts in order to maintain and possibly increase their market share, while manufacturers of other brands should adopt such marketing strategies that would enable them penetrate deeper into the malt drinks market and command the attention of more consumers of malt drinks in Lagos State. The manufacturers of different brands of malt drink should place more emphasis on the Unique Selling Proposition (USP) of their respective brands. The USP could be in terms of the rich ingredients contained in a particular brand of malt drink, or the improved quality and quantity of the brand, the price of the brand or even the beautiful packaging. These strategies have the benefit of retaining their present consumers and possibly attract new consumers. There should be an increase in the number of promotional activities on branded malt drinks by the respective manufacturers. In respect of this, more emphasis should be placed on advertising and personal selling because of their identified influence on consumer buying behaviour generally. The prices of malt drinks should be adjusted to attract more consumers in Lagos State. However, this price adjustment should be done with caution in order to still maintain some reasonable level of profitability for the manufacturer.

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