# EFFECTS OF PERCEIVED MARKET RISKS AND SOCIO-ECONOMIC VARIABLES ON CUSTOMER LOYALTY IN THE GLOBAL SYSTEMS OF MOBILE-TELECOMMUNICATION IN LAGOS STATE.

**BY**

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**AUGUST, 2017**

# EFFECTS OF PERCEIVED MARKET RISKS AND SOCIO-ECONOMIC VARIABLES ON CUSTOMER LOYALTY IN THE GLOBAL SYSTEMS OF MOBILE-TELECOMMUNICATION IN LAGOS STATE.

**A Thesis submitted to the School of Postgraduate Studies, University of Lagos, in Partial Fulfilment of the Requirements for the Award of Doctor of Philosophy (Ph.D.) Degree in Business Administration (Marketing)**

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## SCHOOL OF POSTGRADUATE STUDIES

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**This is to certify that the Thesis: Effects of Perceived Market Risks and Socio-Economic Variables on Customer Loyalty in the Global system of Mobile-Telecommunication in Lagos State.**

Submitted to the school of postgraduate studies for the award of

**DOCTOR OF PHILOSOPHY**

is a record of original research carried out by

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## DEDICATION

This thesis is dedicated to Almighty God, for his support and mercy throughout my Ph.D. programme.

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## ABSTRACT

Customer loyalty has been a major issue in marketing. This concept is of great importance in the Global Systems of Mobile (GSM) telecommunication market. The rate of customer defection is very high in the GSM market, and this has necessitated the need to examine the factors that are likely to affect customer's loyalty in the GSM market. This study examined the effect of perceived market risk and socio-economic variables on customer loyalty in the GSM telecommunication industry in Lagos state. The descriptive research design was adopted using cross-sectional survey method. The estimated population of Lagos state, which formed the population of this study, according to the National Population Commission in 2016 is 21 million. A sample size of 1600 subscribers of GSM services in Lagos state was selected, using multi-stage sampling techniques. Questionnaire was used to collect data, using previously validated scales to measure income, reference group, social class, family influence, perceived market risk and customer loyalty. A total of 861 copies of questionnaire were returned and used for data analysis. The data collected from the subscribers to GSM services in Lagos metropolis were analysed using the descriptive statistical tool. The hypotheses of the study were tested using Pearson correlation, one-sample t test and regression analysis. The study revealed that there was a statistically significant relationship between socio-economic factors, family influence, reference group, social status/class, income and customer loyalty. However, perceived market risk has no statistically significant relationship with customer loyalty. Despite the statistically significant relationships that reference group, social class, income and family influence had with customer loyalty, the extent of the relationships were very low, indicating that there were other variables that can affect customer loyalty in the GSM market, apart from socio-economic variables and this can make for future research. It was suggested that there is need for marketers of GSM services to look beyond repeat purchase. They should also see loyalty as customer being an advocate of their brand, because customers will believe the testimonies of others, than those of the marketers of a brand. Perceived market risk is a variable that affects customer loyalty, when some products are involved. However, this variable does not affect customer loyalty in the GSM market, because the GSM market is considered as low risk in this study.



*Keywords: Customer Loyalty, Perceived Market Risk, Family, Group, Income, Social Class.*

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# CHAPTER ONE

# INTRODUCTION

## 1.1 Background to the Study

In order to facilitate growth and profitability in every aspect of business, customer loyalty level has been widely discussed in marketing(Poujol, Siadou-martin, Vidal & Pellat, 2013;Dehghan & Shahin, 2011). The evolution of customer loyalty study dates back to 1955 (Guest, 1955; Dehghan & Shahim, 2011).In the telecommunication sector,customer loyalty has been a majoy issue (Oghojafor, Mesike, Omoera & Bakare, 2012; Rahul & Majhi, 2014). Marketers and scholarsare always concerned about customer loyalty,and for this studies reason focussing on loyalty construct have been sustained (Dehghan & Shahin, 2011). Customer loyalty according to Noyan and Şimşek (2014),is the intention to continue buying, to increase buying volume and to recommend other customers to patronize a brand (referrals). Dehghan and Shahin (2011) contended that when customers are loyal to a product and services, it will result in positive attitudes and behaviours which include repeat purchase, patronage and recommendations of the product to others. Fundamentally too, customer will be an advocate of the firm, its products or services (Rai & Srivastava, 2012). A customer who is an advocate of a product or brand may influence potential and actual customers to patronize and remain with such product or service. Thus, Urban (2004) posited that loyalty encourages customers to be a ready advocate of a product for a firm or the firm's brand. A fact also is that marketers are concerned about customer loyalty, because through it, they can achieve profitable growth by capturing a larger share of customers' expenditure (Kotler & Armstrong, 2008).

AsReichheld (1996; 2006) noted, retaining customers is paramount because finding new ones can cost five times more than the cost involved in satisfying and retaining current ones.On the average, a company may lose up to 10 percent of its customers each year. Equally, retaining current customers is important because a 5 percent reduction in customer defection rate can increase profits by 25 to 85 percent, depending on the industry (Reichheld & Sasser, 1990; Khyati & Dhingra, 2013). Customer loyalty can in the same vein enhance profit rate to increase over the life of the retained customer (Reichheld, 2006; 1996).

There are a few factors that can reduce the level of loyalty a customer has for a product or brand. Noyan and Şimşek (2014) in aligning with the notion that some variables influence customer loyalty, asserted that loyalty is influenced by some variables, such as perception of product price, added value of products, discount, product quality, service quality, and customer satisfaction. Similarly, Barrios, Camacho, Trujillo and Rosa (2014) contended that within a general notion of market context, some of the variables that shape individual differences are socio-economic factors (Boardman & Robert, 2000; Wheatley, Chiu & Stevens, 1980). Consumer's socio-economic profile contributes to shaping beliefs, attitudes, and behaviours (Lewis, 1959; Hill & Stephens, 1997; Jones & Lou, 1999). It is widely accepted that there is a relation between consumption behaviour and consumer's economic power or capability, social class and lifestyle (Durmaz & Taşdemir, 2014; Coleman, 1983; Levy 1966; Schaninger, 1981).

According to Blythe (2008), social factors in consumer research include: reference group, social class, consumer lifestyle and family influence. Reference group consists of persons or group of people that significantly influence an individual's behaviour (Eszter, 2008; Bearden & Etzel, 1982). Theycan influence thebuying behaviour of their members because consumers judge their attitude and behaviour through the standards or norms set by the group they belong (Goodrich & Mangleburg, 2010; Praag, Stevens & Houtte, 2015).

The family represents one of the major social institution thatsignificantlyaffect consumers, especially when making decisions as to the purchase of products and services (Chikweche & Fletcher, 2010;Hawkins, Carroll, Doherty & Willoughby,2004; Brown, 1979). The makeup and duties of the family in individuals' life differ from one country to another. This is obvious in the developed economy of Western Europe, as against the developing markets and economy of sub-Saharan Africa, whose economy are regarded as developing. In Western countries,there is a known tradition that nuclear family is made up of a father, mother, and siblings (Chikweche & Fletcher, 2010).However, the scenario is strikingly different in Africa. Market in Africa are considered as developing. What is considered as the family is a more extended one, totally different from what obtains in Europe. The extended family system in Africa is known for a nuclear family and other relatives. Families in the context of countries in Africa, like Nigeria, purchasing behaviour is more likely to be shaped and, indeed conditioned not by father, mother and children, it is also by uncles, nieces, cousins, brothers and sisters(Uwaifo, 2012; Bracking & Sachikonye, 2006).

Consumer social class is believed in marketing to shape consumption attitude and behaviour (Durmaz & Taşdemir, 2014; Coleman, 1983; Levy 1966; Schaninger, 1981). Neves and Fonseca (2015) observed that the social class an individual belongs to is important because it influences social and economic resources benefit. The benefits are in turn, the resources that are drawn from social ties. They are what Neves and Fonseca called social capital, which is the resources embedded in social networks that are generated. The social and economic benefits can be accessed and mobilized when needed through a social network which will come as a result of social ties among members of a given social class (Bourdieu, 1980; Lin, 2001). Typically, the benefits consist of social and economic resources, such as social and emotional assistance or financial supports.

With the regard to the socio-economic factors that shape consumer purchase decision, Mortimer and Clarke (2011) examined the store characteristics that affect grocery shoppers.They concluded that income, age, education and occupation greatly influence price perceptions, promotions and cleanliness, which influence both male and females that were used as subjects in their study. Mortimer and Clarke (2011) also contended that socio-economic factors are the reflections of a more specific social and economic variables, such as income, education and place of residence. The point is that, consumer's socio-economic factors, such as income, family, social class, reference group, and level of education contribute to shaping consumption beliefs, attitudes and behaviours (Durmaz & Taşdemir, 2014; Lewis, 1959; Hill & Stephens, 1997; Vijayasarathy& Jones, 2000).

The conceptualisation of the behaviour of consumers as a risk-taking activity was first done by Bauer's (1960). In the same way, the operationalisation of the concept of risk was done by Cunningham (1967), who proposed a two-dimensional model designed to measure the perceived certaintyof a given event happening and the consequences/losses involved if the event happens. Also, perceived risk, according to Dowling (1986), is a unidimensional concept which consumers consider not as risk on the one hand, and on the other, very risky, especially when questions regarding the risk involved in a business are put to them (Al-Azzam, 2014; Spence, Engel & Blackwell, 1970; Hampton, 1977; De Chernatony, 1988; de Mello & Collins, 2001).

As it relates to purchasing, a risk is the feeling of uncertainty which may be caused by unexpected purchasing outcome. The uncertainty may be about whether it will meet customer’s need (purchasing result) or the uncertainty about the unsuccessful purchasing behaviour (Hong & Yi, 2012; Bauer, 1964). The types of risk when purchasing a product or service according to Hong and Yi (2012), include financial, performance,time, psychological, physical and delivery risks. Dimension of risks is dependent on the product or service involved.

## 1.2 Statement of Problem

There is no denying the fact that customer loyalty is an important factor in any industry. In spite of this factor, the rate at which customers switching from one network to another is disturbingly high in the Global Systems of Mobile (GSM) telecommunication sector. In this sector, customer loyalty is very important, but it is difficult to maintain. Because of the difficulty in sustaining customer loyalty,GSMnetwork providers consistently apply price reduction and discount strategy, so as to keep customers. It has been observed by network providers that the use of sales promotion greatly reduces their profits. As the GSM network providers take different measures to retain customers, they engage in price reduction. The reduction of prices has its own fair share of shortfall; it lowers the quality of service. As reduction of service occurs, the rate of calls also reduces, just as GSM service firms continue to dole out money to promote sales and maintain the loyalty of customers.

Existing studies on customer loyalty have focused on the influence ofvariables,such asservice quality, trust,commitment,satisfaction, switching cost andpersonal characteristics, corporate image, service recovery, emotions and communication. Commendable as the studies are, they seem not to have considered the socio-economic factors and perceived market risks as having any effect on customer loyalty. Cengiz (2016) observed form 2001 to 2015 that there was no research on customer loyalty that is country-specifics which came from Nigeria, out of the considerstion of 30 countries.

However, there has been considerable studies on loyalty construct that have come out of Nigeria. Apart from the postulation of Cengiz, other studies have focused on two major issues: persona factors and environmental variables (Oghojafor et al., 2012; Ogunnaike, Salau, Sholarin & Borishade, 2014; Omotayo, 2011; Omotayo & Joachim, 2008; Hashim, 2014). Few scholars, according to Jania and Han (2015), have considered perceived market risk as a personality trait (cognition) which affects customer loyalty (Han & Ryu, 2009; Hansen, Samuelsen & Sallis, 2013). Other studies have also considered social and economic constructs as variables that influence customer loyalty. Since the advent of mobile telecommunication technology to Nigeria, less than two decades ago, there have been minimal studies on the influence of socio-economic variables on customer loyalty. In specific terms, only Bishnoi and Mann (2015) have considered the effect of reference group on mobile phone customers from the informational, utilitarian and value-expressive perspective. This signal a gap in scholarship in the study of customer loyalty in marketing. Therefore, this study examines how perceived risks and socio-economic variables affect customer loyalty using Global System of Mobile telecommunication in Lagos state as an illustration..

## 1.3 Aim and Objectives of the Study

The major aim of this study is to examine the effects of perceived market risk and socio-economic variables on customer loyalty in the GSM industry in Lagos state. Other objectives of the study are to:

i. investigate therelationship between family influence and customer's loyalty in the Global System of Mobile (GSM) telecommunication market;
ii. examine therelationship between reference group and customer's loyalty in the GSM telecommunication market;
iii. ascertain therelationship between consumer's social class and loyalty in the GSM telecommunication market;
iv. exploretherelationship between customer's income level and loyalty in the GSM telecommunication market and;
v. examine therelationship between perceived market risk and customer's loyalty in the GSM telecommunication market.

## 1.4 Research Questions

The following questions guide this inquiry.

i. What is the relationship between family influence and customer's loyalty in the GSM telecommunication market?
ii. What is the relationship between reference group members and customer's loyalty in the GSM telecommunication market?

iii. What is the relationship betweencustomer’s social class and loyalty in the GSM telecommunication market?

iv. What is the relationship between income level and customer’s loyalty in the GSM telecommunication market?

v. What is the relationship between perceived market risk and customer’s loyalty in the GSM telecommunication market?

## 1.5 Research Hypotheses

The following hypotheses have been formulated for this study

$H_O$1. There is no significant relationship between family influence and customer’s loyalty in the GSM market

$H_O$2. There is no significant relationship between reference group members’ influence and customer’s loyalty in the GSM market

$H_O$3. There is no significant relationship between customer’s social class and loyalty in the GSM market

$H_O$4. There is no significant relationship between customer’sincome level and loyalty in the GSM market

$H_O$5. There is no significant relationship between perceived market risks and customer’s loyalty in the GSM market.

## 1.6 Significance of the Study

This study is important because GSM firms are responsible for promoting anddisseminating information in today’s global village.Customers of GSM firms stand to benefit immensely from this study. This is because the outcome of this study, when considered by GSM service providers, may enable them to give attention to the needed socio-economic variables that would be used to achieve customer loyalty. It is observed that the higher the perceived market risk level in the GSM market, the more likely it benefits customers, because firms will be shown the most potent procedure for reducing market risks.Factors that contributed to the level of uncertainty after purchase of GSM service by the consumers will be revealed and the GSM firms will be able to remove these factors.

Important as well, the study will show the factors that contribute to the uncertainty after the purchase of GSM service by customers. With this, the GSM firms will be able to remove the factors where necessary scholars and researchers in the field of marketing will benefit from this study, they stand to befit from this study previous studies on customer's loyalty only focus on personal and environmental factors, with giving consideration to the socio-economic factors and perceived risks that are likely to influence customer loyalty. Very considerably,this study will the reference point for further studies by prospective scholars who have interest in marketing and consumer behaviour. In this way, the level of perceived market risk faced by consumers in the GSM market will be ascertained. Equally, a conceptual model that other researchers can adopt in investigating issues relating to consumer behaviour and marketing studies will be developed.

Apart from this, the study is of immense benefit to marketers in the GSM firms. This is seen in the way it demonstrates how socio-economic consideration will drive customers to patronise and repurchase GSM services. On another level, theimportance of this lies in the way it will show other factors, apart from personal and environmental variables, that are more likely to influence the loyalty of customers to the services provided by a GSM firm. Added too, is the way that this study seek to show whether a reduction in the cost of call rate is enough to guaranty the loyalty of consumers to the services provided by GSM network providers.Since the telecommunication industry is a highly competitive one, this study will show how customer loyalty can be sustained through the application ofusing reference group members, family influence, social stratification and income level of customer.On a broad scale, the study is important in the way it will help competitors to understand and be aware of how the level of perceived market risk may impede some of the strategies deployed by GSM firms to secure customers' loyalty.

## 1.7 Scope or Delimitation of the Study

This study was conducted in the Lagos metropolis. The areas of focus are consumers of GSM services.These range from family members (father, mother and children), club members (social and professional clubs), students (undergraduate and post graduate), workers from different field, and the three levels of social class (lower, middle and upper classes). These respondents determine the way they perceived risks in the GSM market only.

This study also investigates end-users of mobile services (the subscribers). This indicates that service providers or mobile telecommunication firms were not examined. Furthermore, the cross-sectional survey research method was used in collecting data from the subjects. The study did not use the longitudinal method.Also, the view about the intention of customers' loyalty toa GSM firms wasascertained by identifying and measuring all relevant variables. In reviewing relevant literature and theoretical framework, secondary sources of data were used.

## 1.8 Operational Definition of Terms

**Customer Loyalty:** This describes a situation where a customer of a brand, product, or service is willing not only to repeat patronage and purchase, but also ready to introduce others to do the same.

**Socio-economic Variables:** These are interaction and combination of socio-economic factors that influence consumer purchase decisions in consumer behaviour and marketing studies.

**Economic Factor:** This relates to the disposable income and other financial resources in possession of consumers that affect their buying behaviour in the market

**Income:** Income is the level of purchasing power in the hands of an individual consumer, which determines his/her buying decision. It is the money from working or investment, available to a consumer to spend on all expenses.

**Social Factors:** As a result of socialization, social factors are social forces that influence individual's purchasing decisions in the market. These social forces include: reference groups, family, and social class/roles/status.

**Reference groups**: These are groups that individuals belong and which they want to associate or relate with. Within the groups, there are similarities in their mindset, desires, consumption habits, lifestyle and values. There are also opinion leaders that influence members of the group. In consumer behaviour and marketing, opinion leaders within reference groups can influence the purchasing behaviour of members.

**Family:** The family forms the environment of socialization from which individual consumer evolved.This environment affects attitude and behaviour about whether or not to purchase goods and services.

**Social Status/Class:** Social class determines the position of a consumer within the society, usually measured bywealth and possession of assets.

**Market Risk:** This is the cost of a mobile brand, product or service failure or dissatisfaction. Since information is money and mobile telephone disseminates information, the market risk in the mobile telecommunication is high.

**Perceived Risk:** This is the uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions. Consumers often perceive risk because of the uncertainty as to the consequences of their product purchase decisions.

**High-Risk Market**: This is the situation where the cost of a brand (mobile service provider), product or service failure or customer dissatisfaction is very high. Market risk in the GSM sector is expected to be high because cost of service failure is high and customer's satisfaction level is assumed to be low

**Low-Risk Market**: This describes a situation where the cost of a brand (mobile service provider), product or service failure or customer dissatisfaction is low. Market risk in the GSM market is expected to be low because service failure is high and customer satisfaction is low

**Financial Risk:** This is a form of perceived risk that the mobile brand/product/service will not be worth its cost. There is the expectation that financial risk will be high because the service rendered is assumed not to be worth its cost. Sometimes costs are charged by GSM firms for services not rendered.

**Functional Risk:** This is the perceived risk that the mobile brand, product or service will not perform as expected. As a result of high rate of service failure (networks problems/failures), functional risk in the GSM sector is expected to be high.

## CHAPTER TWO

## LITERATURE REVIEW

### 2.0 Preamble

This chapter presents the review of extant literature on the variables of this study. It alsothe study'stheoretical and conceptual framework. Equally, the chapterundertakes an empirical review of studies on relevant concept of this study. To be specific, the following are presented in this chapter.

a. Theoretical Framework: Two theories will be presented. Theyare:

- Theory of Reasoned Action (TRA)
- Theory of Planned Behaviour (TPB)

b. Conceptual review: In this section, literature on the following concepts will be presented.

- Customer loyalty
- Economic factor (Income)
- Perceived market risk
- Social class
- Family and family influence
- Reference group

c. Conceptual framework: The model showing the link between the concepts of this study is presented in order to achieve the objectives of the study

d. Empirical review will also be undertaken on the following variables:

- Customer loyalty

- Economic factor (Income)
- Perceived market risk
- Social class
- Family and family influence
- Reference group

## 2.1 Conceptual Review

This section presents the review of existing literatures on concepts and variables of this study. These concepts include: customer loyalty (dependent variable), perceived market risks and socio-economic variables (the independent variables). The socio-economic variables which this study discuss are:

- Family influence
- Reference groups
- Social class
- Income

The first three variables represent social factors, while income represents economic factor. This section concludes by presenting a graphical model (theoretical framework), showing the relationships that exist between and among these concepts.

### 2.1.1 Customer Loyalty

Loyalty construct is seen by Mahmud and Gope (2012) as multidimensional, hence it is determined by various psychological processes (Cengiz, 2016). This is why there are different dimensions and definitions of the construct by marketing scholars and practitioners. The concept of customer loyalty has been a major issue with marketing scholars and practitioners (Rahul & Majhi, 2014; Aydin & Ozer, 2005; Noyan & Şimşek, 2014; Poujol, Siadou-martin, Vidal & Pellat, 2013; Reichheld, 1996; Jania & Han, 2015). Customer loyalty was seen as intention to repurchase (Gountas & Gountas, 2007). This is a uni-dimensional approach to loyalty which explained loyalty in terms of result of repeating purchase (Bobâlcă, 2013). This was the perspective in which loyalty was defined, before 1970 (Kuusik, 2007) in which reasons for repeating purchase was never considered.

Considering the uni-dimensional approach to loyalty, Jacoby and Chestnut (1978) asserted that loyalty is “a behavioural result of consumers’ preferences for a specific brand from a set of similar ones”. On his part, Zineldin (2006) viewed loyalty as a concept that presents a commitment from customers to continue to do business with a firm, on the long run, and a state of mind, set of beliefs, desires or attitudes. Similarly, Neal (1999) posited that loyalty is the amount of times customers elect to pick the same product or service in a particular set, as distinct from the entire number of purchases made by the customers in that set, under the situation that other suitable products or services are available conveniently in the category. According to John (2011), “customer loyalty is the feelings or attitudes that incline a customer either to return to a company, shop or outlet to purchase there again, or else to re-purchase a particular product, service or brand”.

In the early 1970s, the bi-dimensional aspect of loyalty was introduced, where loyalty is seen as a relationship between attitude and behaviour (Bobâlcă, 2013). This dimension introduced the identification of different segments of customers in the perspective of their level of loyalty (Baloglu, 2002). Loyalty is no longer being looked into in the perspective of only repeat purchase, hence the psychological and behavioural perspective of loyalty are held to be very important when conceptualising loyalty construct (Lin, Fung, Min & Wen, 2016). The perception of loyalty as a bi-dimensional paradigm assists in the identification of diverse customers segments, using their level of loyalty and this enhances the development of marketing strategies which are specifically made to acquire a particular customer's categories (Baloglu, 2002).

Customers 'attitudes are included in defining the concept of loyalty because it is essential and suitable to differentiate between customers without attitudinal loyalty and the one who are loyal at the attitudinal level so that clients that are most vulnerable to change their behaviour are identified (Donio, Massari & Passiante, 2006). Furthermore, the bi-dimensional paradigm of loyalty believes that despite the fact that loyalty is measured in terms of the behaviour of customer, in real situation, loyalty is about customers' attitude. The bi-dimensional perspective of loyalty requires that there is need for the marketer to have a continuous relationship with the customer and has a direct feedback in order to understand the customer's needs, attitudes, and intensions (Thomas & Housden, 2002).

The attitudinal paradigm of loyalty looks at attitudes, preferences, commitment and intentions of customers in repeat buying of a product or service (Söderlund, 2006). According to Chaudhuri and Holbrook (2001), attitudinal loyalty is "a consumer's desire to continue his relationship with the company in spite of the lower prices of the competing companies and to recommend the products or the services to his friends (Dick & Basu, 1994). According to Torres-Moraga, Vasquez-Parraga and Zamora-Gonza'lez (2008), attitudinal loyalty "reflects cognitive, affective and conative predispositions of the individual to continue the buying relationship with a company or a brand". Marketers should not underestimate attitudinal variables that influence loyalty because they offer clues about the behaviour of the customer in the future (Suhartanto & Noor, 2013; Filip & Costantinescu, 2007).

The behavioural approach to loyalty is much more in line with the concept of customer retention where repeat purchase will always take place no matter the condition of the product, service or firm (Rai & Srivastava, 2012; Chrysochou & Krystallis, 2012). According to Söderlund (2006), the elements of behavioural loyalty include "the frequency of calls, the level of cross-selling, buying and the length of the relationship". Behavioural loyalty are always measured using quantitative methods which include the number of time customers purchase from a firm, the frequency of purchasing, level of retention, the amount of money spent on the purchased products of a specifying firm, the buyer share, and the number of customers who have chosen to purchase the competing companies products (Filip & Costantinescu, 2007).

Researchers have argued over the behavioural loyalty approach as being static and not taking into account the result of a dynamic purchasing process of commitment to buy in the future because measurement of purchase is on the basis of the history of past buying (Sadeghi, Mollahosseini & Forghani, 2014; Srivastava & Rai, 2013; Donio, *et al.*, 2006). The examination of loyalty study as only attitudinal or behavioural is not complete because loyalty is a process as well as a practice (Bobâlcă, 2013; Söderlund, 2006; Oliver, 1999; Dick

& Basu, 1994). Loyalty is both attitudinal and behavioural despite the fact that some study either used attitudinal (Suhartanto & Noor, 2013; Li & Petrick, 2008; Jones & Taylor, 2007) or behavioural (Sadeghi, *et al.*, 2014; Bove, Pervan, Beatty & Shiu, 2009; Jones & Taylor, 2007; Kumar, Shah & Venkatesan, 2006).

The multi-dimensional paradigm has been introduced to loyalty construct where attitudinal and behavioural perspectives are not the only concepts being looked into when loyalty is being conceptualised (Leverin & Liljander, 2006; Akerlund, 2004). The multidimensional approach examined constructs such as cognitive, affective, conative and behaviour (Akerlund, 2005). The concept of affection, cognition and conation are influenced by situational factors which represent permanent individual characteristics of customers (Aurifeille, Clerfeuille & Quester, 2001).

Cognitive loyalty makes the customer to believe that the product or service of the marketer is superior to other ones which makes him to choose the product over others(Manzuma-Ndaaba, Harada, Romle & Shamsudin, 2016). Affective loyalty echoed customer's expectations confirmations which lead to affection of the customer with a particularly favourable attitude that is developed towards the firm's product (Ruiz & Sicilia, 2004; Oliverr, 1999).Conative loyalty posits that strong purchasing intention is fuelled by high motives and involvement paves way for the development of conative loyalty (Manzuma-Ndaaba, *et al.*, 2016). Action loyalty presents a strong motive that eventually lead to actions that will remove every available or perceived obstacles and problems that may prevent the loyalty driven decision to purchase the actual product (Han, Kim & Kim, 2011; Rai & Srivastava, 2012).

Customer loyalty is a construct that marketing scholars have been always conducting research on (Foroudi, Jin, Gupta, Melewar & Foroudi, 2016; Tefera & Govender, 2015) and marketing practitioners have been striving to secure for their products, services and firms (Murali, Pugazhendhi & Muralidharan, 2016; Luturlean & Prasetio, 2015; Han, *et at.,* 2011). Marketers are of the opinion that it is not enough to attract new customers hence, corporate firms must keep them in order to grow their business (Kotler & Keller, 2012; Kotler & Armstrong, 2008). It is true that somefirms suffered from customer defection because they are not loyal to the firms and/or to their products and services (Kuswanto, Asfihani, Sarumaha & Ohwada, 2015).

Mobile telephone firms are beset with switcher (Calvo-Porral & Lévy-Mangin, 2015; Oghojafor, *et al.,* 2012) when considering the United State because customers switch telecommunication networks "at least three times a year looking for the best deal" (Deng, Lu, Wei & Zhang, 2010). Many network providers lose as much as 25 percent of their customers annually whichapproximately costs betweentwoandfourbillion dollar (Kotler & Keller, 2006). Therefore, it is essential for marketing managers to look at variables that have effects on customer loyalty hence Mortimer and Clark (2011) believe that the essence of socio-economic impact on consumer behaviour and beliefs present an opportunity for examination. Family, income, educational background, occupation, peer group and social role, class or status may influence the level of loyalty (Blythe, 2008) to a mobile service provider. Furthermore, the level of perceived market risks in purchasing a mobile service by subscribers may make it impossible for family or reference group to persuade their members to stick to a mobile phone firm (Oghojafor, Ladipo, Ighomereho & Odunewu, 2014; Ogwo, 2012).

Much marketing theory and practice centres on the art of attracting new customers, rather than on retaining and cultivating existing ones (Hoang-Tung, Kojima & Kubota, 2014; Kotler & Keller, 2012). The emphasis, traditionally, has been on making sales rather than building relationships; on pre-selling and selling rather than caring for the customer afterward (Noyan & Şimşek, 2014). Scholars that have been investigating loyalty construct have based their studies on two major issues: personal factors and environmental variables. These two variables have been the major moderators of loyalty research in marketing (Adjei & Denanyoh, 2015; Jania & Han, 2015).

Organisations today are concerned about retaining their customers (Oluseye, Adeniyi, Odunayo & Borishade, 2014). Hagen-Danbury and Matthews (2001) agree with Gwinner*etal* (1998) that the development of customer loyalty is now a major focus formarketing strategy as a result of the benefits associated with retaining existing customers. Customer loyalty, at a very general level, is seen by Jones, Sasser and Earl (1995) as the feeling of attachment or affection for a firm's people, products, and/or services.In another way, customer loyalty is described by Oliver(1999)as an intensely held assurance to repurchase or to continue to patronize achosen company's product or service consistently in the future, despite situational or environmental influences, marketing strategies and efforts which ordinarily would have caused switching behaviour, thereby causing repetitive purchasing of samebrand or same brand-set repurchasing (Kruger, Kühn, Petzer & Mostert, 2013).

American Marketing Association Dictionary (2011) implied that a situation where a customer is loyal to a product is when he/she buys the product from the same producer repeatedly rather than buying from other suppliers. It was found out that customer loyalty has some levels of pre-dispositional dedication to a firm, its product or service (Ailawadi, Luan, Neslin & Taylor, 2011).

#### 2.1.1.1 Types of Customer Loyalty

Loyalty construct is classified into four essential types, with each of them having advantages, disadvantages, risks and method of measurement (Genfors, Gustafsson & Liljeblad, 2007; LaPointe, 2006). It is advisable for marketers to segment the market into groups on the basis of these four loyalty types. The loyalty classification include contractual, transactional, functional and emotional (Genfors, *et al.,* 2007).

Contractual loyalty occurs when a customer, especially in business-to-business transactions, buys a company's product or service through a formal agreement (LaPointe, 2006). Contractual loyalty equally occurs when an individual consumer is involved in making purchase. This happens when a customer subscribes for mobile telephone services or a broadband service (Genfors, *et al.,* 2007). Contractual loyalty will be very profitable when the revenue is based on the net present value of the contract. However, when renegotiation of the contract is expected, contractual loyalty may be less profitable frequently. Another situation where contractual loyalty may not be unprofitable is when aggressive promotional tools are being used by competitors in order to encourage customers to switch to their products and services (LaPointe, 2006). The weakness of contractual loyalty is that dissatisfaction by customers may occur because they may have the feeling that they are stuck in a contract arrangement that will not benefit them at the long run (Genfors, *et al.,* 2007).

Transactional loyalty is opposite of contractual loyalty, because it is a situation where there is repeat purchasing without signing any contractual agreement (Madlberger & Matook, 2017; Genfors, *et al.*, 2007). The customer, without any contractual obligations, buys what he desired to purchase in the market without being enforced to buy alternative product or service (Marketing Advisor Update, 2006). Some factors such as convenience, perception of value, and price in certain situations determined how customers are loyal to a product (Genfors, *et al..,* 2006). Thus, customers may switch without hesitation to alternative product or service when a better deal is offered by competitors (Bobâlcă, 2013; Kotler & Keller, 2012).

Stimulating transactional loyalty in customers is very easy by the companies offering promotional or rewards programmes where deals are given to customers to encourage them to switch to competitive products (Saeed, Hussain & Riaz, 2011). However, according to Saeed *et al.,* to the degree where secondary or non-essential components of a product are used, customer loyalty may be challenging in sustaining at an adequate level of profit. Furthermore, it is significant to be aware that transactional loyalty may well be accomplished specially when customers' perception about switching cost associated with moving to another product is high (LaPoite, 2006). In the perspective of mobile phone service, the perception of marginal superior value propositions may cause customers to move from one mobile phone firm to the other (Terech, Bucklin & Morrison, 2004).

Functional loyalty occurs when a customer patronise a product because of the perception of the superiority of the product attributes hence the product is patronised and repurchased because it is preferred by the customer (LaPointe, 2006). Functional loyalty presents the opportunity for customers to differentiate one product from the other hence mobile service companies can present to customers services that are tangible, palpable, different and very relevant to the values the customers seek (Terech *et al.*, 2004). Emotional loyalty is the aspect of customers feeling where a preference for a product is developed as a result of the product's appeal to their individual values, ego, intangibility or sensibility (Han & Jeong, 2013; Terech *et al.,* 2004). The customers' preferences are seen as they look for some non-functional value which are recognised in the company's products and services (Han, Back & Barrett, 2010).

Emotional loyalty is 'The Holy Grail' for a lot of marketing practitioners hence it is the loyalty which is least often attained but which are most often sought after (Han, Back & Kim, 2011). Emotional loyalty has the primary advantage of having the capacity in withstanding the challenges of service or economic relationship because it overlooks minor mistakes committed by companies and customers will still be ready to continue the relationship with the firms (LaPointe, 2006).

Furthermore, customers who has emotional loyalty with a product are persuaded by price premium for powerful company's brand which has no discernible difference in form, convenience, function or value (Kim, Li, Han & Kim, 2016).According to Daffy (2009), there are another five types of loyalty identified by specialized literature and these are bonus, inertia, convenience, price loyalty and loyalty for life (Scriosteanu & Popescu, 2010).

Bonus loyalty is the type of loyalty that applies to situation where a firm offers its customers some value, bonus and incentive for remaining loyal to it, its product or service (Daffy, 2009). This type of loyalty makes marketers to embark on loyalty programmes to encourage customer patronage such as sales promotional price cut or discount (Hamlin, Lindsay & Insch, 2012).

Another type of loyalty is called Inertia loyalty and according to Rahantoknam, Teniwut and Ngabalin (2017), Campbell (1997) definedit as "a condition where purchases occur on the basis of situational instead of strong partner commitment". Inertia loyalty is not considered as loyalty (Gounaris & Stathakopoulos, 2004). However, Rahantoknah *et al.,* considered customer inertia as a weak loyalty or a loyalty habit which is an opportunity that can make marketers to change the habit to a high level of satisfaction which eventually can lead to customer loyalty (Khajouei & Nayebzadeh, 2013). Inertia loyalty occurs when impediments exist or are created for customers when purchasing and these impediments make customer to find it challenging to alter purchases that have been ordered (Gounaris & Stathakopoulos, 2004). Inertia loyalty is conditional non-conscious repurchasing process and to a great extent habitual, unemotional and convenience driven (Khajouei & Nayebzadeh, 2013).

Ali, Noor and Mahmood (2016) were of the opinion that convenience loyaltyis the type of loyalty when customers remain loyal to one product, service or a vendor because they refuse to look for another alternative to the product or service or vendor. However, in a situation where a competing firm with a superior offer is available, customers will change to the best offer. Customers are loyal to a product, service or brand because of the convenience they have when purchasing or repeat purchasing (Chang, Chen, Hsu & Kuo, 2010). Customers can equally be loyal as a result of the lower price of a product when compared with the price of other similar or alternative product (Wang& Yang, 2010).

Price loyaltyoccurs when in a market, some customers are loyal to an organisation because it offers better and lowest price (Wang, & Yang, 2010; Butscher, 1999). In a situation of price loyalty, customers will be loyal to a company that has the lowest price offering and customer will switch to a firm product with lowest price in the market (Khan, Humayun & Saijad, 2015; Daffy, 2009). Another type of loyalty is known as loyalty for life.

Loyalty for life is the best type of loyalty in which the customer remain loyal to the firm, its services or products even if there are other competitors that offer better offering, value and benefits (Scriosteanu & Popescu, 2010). The repeat purchase of products and services will not shift to other competing products and services notwithstanding pressure from promotional programmes being offered by other competitors (Scriosteanu & Popescu, 2010).

Dick and Dasu (1994) listed four categories of loyalty as true loyalty, spurious loyalty, latent loyalty and no loyalty using a 2 by 2 matrix where the rating of repeat patronage and relative attitude are rated as either high or low. According to Rai and Srivastava (2012), there is a true loyalty when relative attitude and repeat patronage are both rated high. There is spurious loyalty when repeat purchase is high but relative attitude is low (Rai & Srivastava, 2012; Gounaris & Stathakopoulos, 2004). According to Backman and Crompton (1991), there is latent loyalty when relative attitude of customer is high but with low repeat purchase (Wu, 2011; Petrick, 2004). There is an experience of low loyalty when relative attitude and repeat purchase are both low (Petrick, 2004; Fournier & Yao, 1997; Griffin, 1995). Relative attitudes is the appraisal of the service features that include the strength of the appraisal and the attitudinal variation which is the level of difference from substitutes (Mattila, 2001).

Loyalty measure is very important to marketers (Dvoráková, & Faltejsková, 2016; Jiang & Zhang, 2016; Picon-Berioyo, Ruiz-Moreno & Castro, 2016). In measuring this construct, structural equation modelling and multivariate analyses have been employed (Waligóra & Waligóra, 2007). The psychological processes which determine the concept of loyalty include customers' perceived value, brand trust, satisfaction, repeat purchase behaviour and commitment. Thus, Mahmud and Gope (2012) agreed with Punniyamoorthy and Raj (2007) that the psychological processes were the key factors that influence customer loyalty as a construct.

Latif, Islam and Noor (2014) defined customer loyalty as“the totality of feelings or attitudes that would incline a customer to consider the repurchase of a particular product, service or brand or re-visit a particular company or shop”. Customer loyalty affects success, growth and profitability of companies (Mahmud & Gope, 2012). According to Jania and Han (2015), competitive advantage will be achieved when customers are loyalty to a product because it into gaining the best customers and thereby leads to repeated repurchase of a product.

Lee and Cunningham (2001) asserted that customers’ perception about a product, service or brand affects their judgment and subsequently influence their loyalty toward the brand, product or services. Customer loyalty according to Reichheld (1996), offers foundation for a company to sustain and maintain competitive edge over other firms in the same industry. When a firm develops and increases customer loyalty, marketers in such firm can ensure the firm's proper growth and performance economically through the gaining of competitive advantage in an industry (Mäntymaa, 2013). Therefore,marketing strategies of every company should be formulated, implemented and evaluated in such a way that they will be able to gain and retain existing customers through the creation and maintenance of customers' value (Kim *et al.*, 2004).

Furthermore, Punniyamoorthy and Raj (2007) suggested that commitment of customers and repeat purchase of a product is considered as basic conditions of customer loyalty while perception of value, satisfaction, and trust are the subsequent constructs. There are several benefits of customer loyalty, and among of these are longer tenure, acquisition and retention of customer, repeat business, opportunities for cross selling, marketing cost reduction, service costs minimization, accurate forecast, product image improvement, quality and honest feedback, standing tall among competing brands and firms (Bagram & Khan, 2012; Reinekoski, 2009; Keiningham, Cooil, Aksoy, Andreassen & Weiher,2007). Furthermore, staying long with customers will lead to lower sensitivity to product price and commitment to the brand/product/service (Kotler, 2002). According to Dawes (2009), longer-term customers are less sensitive to price increase. Furthermore, Reichheld (1996) posited that enhancing customer loyalty could have remarkable effect on firm's profitability (Arantola, 2003; Huddleston, Whipple & VanAuken, 2000).

On the commitment of customers when loyalty issue is involved, Kotler (2002) defines four patterns of loyalty behaviour as hard-core loyal, split loyal, shifting loyal and switchers. Hard-Core Loyal customers are those who buy the brand all the time (McCain, Jang & Hu, 2005). They are the customers who are not very responsive to other companies' efforts to woo them (Kotler & Armstrong, 2008). Split brand loyal customers are those who are loyal to two or three brands (Russo, Confente, Gligor & Autry, 2016). Shifting brand loyal customers are those who move from one brand to another Russo, *et al.,* 2016). However, switchers are the customers with no loyalty, they are 'deal-prone' customers who are constantly looking for bargains. They are called vanity prone loyal customers because they are looking for something different from their current products or services (Burnham & Mahajan, 2003).

In classifying loyalty, five constructs in the perspective of joint use of stated consideration set and brand switching data taxonomy were provided by Mahmud and Gope (2012). The results present five exclusive segments that include hard-core loyal (HCL), soft loyal (SL), soft switcher (SS), hard switcher (HS), and hard-core switcher (HCS).Marketers use marketing strategies such as sales promotion (price reduction or giving of discount or gifts) to entice customers to shift from competitors products to their own products (Hamlin, Lindsay & Insch, 2012). According to Mahmud and Gope (2012), the effect of sales promotion varied among different brand loyal groups. Hard-core brand loyal are very less interested in sales promotion while soft-core brand loyal and switchers are very much interested (Terech, 2004). It was suggested that price and advertisings have no significant effect on the extent of customer loyalty (Gensler, Dekimpe, & Skiera, 2007).

Mahmud and Gope (2012) posited that companies couldunderstand greatly by investigating the extents of how customers are loyal to their products and services by studying hard-core loyal customers. Hard-core loyal customers, according to Terech, Bucklin and Morrison (2003), are the ones that “buy repeatedly with probability one and hence do not consider the use of other sales channels or companies” (Gensler, *et al* 2007). If a company studies her hard-core loyal customers, it will it possible to identify her products' strengths and the company can equally study its split loyal customers by pinpointing the products and services of other firms that are most competitive than its own (Mahmud & Gope, 2012). John (2011) investigated what makes a customer to become a hard-core loyal to a telecommunication firm and found out that network quality, customer service along with value added services provided by mobile firm enhanced the loyalty of the customers

On the other hand, company will understand the degrees of her level of customer loyalty by examining the split loyal ones and thereby pinpoints which products and/or services are most competitive with her own (Mahmud & Gope, 2012). A split loyal customer is the one that switches from one competitor to the other by splitting his purchases among several competing companies (Buckinx & Van den Poel, 2005; Dwyer, 1997). The slit loyal customers sometimes behave in this way because there is no switching costs (Reinartz & Kumar, 2000) hence Buckinx and Van den Poel (2005) called customers in this category as partial loyal customers. In analysing customer loyalty, companies that see their customers shifting away from their products can know that their marketing programmes are weak and should make attempt to correct them (Mahmud & Gope, 2012).

Companies that are selling in a market dominated by switchers may have to rely more on price-cutting (Biczók, Kardos & Trinh, 2008). If switchers are uncared for, they can also turn on the company. However, it should be noted that sometimes what appears to be loyalty to a product could just be a habit. Loyalty buying behaviour could be aninsignificance, a low pricing, switching cost, otherwise the non-availability of other products and services (Mahmud & Gope, 2012).

When a customer is loyal, it is having a sense to buy a specific product or services in future repeatedly (Jones& Earl, 1995). Customer loyalty is seen as an interplay between customers' relative behaviour towards a product, service, or company, and their repeatbuying behaviour towards the product, service, or company (Dick & Basu, 1994). According to Rhee and Bell (2002), customer loyalty is a significant sign of product, service, company, brand or store health, and it is about choosing the same product, service, company, brand or store, with a high proportion of a positive word of mouth, frequent repurchase intention and willingness to pay higher prices (Topcu & Uzundumlu, 2009).

Customers that are retained by an organisation will repeat purchase the organisation's products and services and retaining customers could be strengthen in two main ways (Kotler, Wong, Saunders & Armstrong, 2005). According to Kotler *et al.,* (2005), one of the two ways is to erect high switching barriers. In this case, customers are less inclined to switch to another supplier when this would involve high capital costs, high search costs, or the loss of loyal-customer discounts. The second and better approach is to deliver high customer satisfaction. This makes it harder for competitors to offer lower prices or inducements to switch (Noyan & Şimşek, 2014).

According to Suhartanto and Noor (2013), some scholars couldlook at the modeling of only behaviour, without data on attitudewhich will be a shortcoming. Nonetheless, it should be reasonable to consider that when attitudes exert influences on loyalty the consequence should be a change in behaviour. Additionally, it is difficult to have a long-term consumers' database on their attitude by researchers (Dawes, Meyer-Waarden & Driesener, 2015).

According to Cheng (2011), marketerssometimesinvestigate the typicalbuyingrateof their products and services and a reduction could be attributed to reduction in customer loyalty.Sometimes a change in behaviour could merely be a reflectionof change in purchase rates ( Keiningham, Cooil, Aksoy, Andreassen & Weiher, 2007). In the same way, an average increase in the purchase of a product or service could be linked to either loyalty change or anincrease in the ratein which the product or service ispurchased (Keiningham *et al*., 2007)

Loyalty of customer is a bidirectional development, therefore, in order to have customers, a firm must encourage loyalty (Calvo-Porral & Lévy-Mangin, 2015). An organisation cannot enhance customer loyalty only by any communication methods; therefore, every aspect of the business is an important factor for building customer loyalty (Thomas & Housden, 2002). The robust conceptualization of loyalty sees it in the perspective of both psychological and behavioral (Too, Souchon & Thirkell, 2000). It was asserted that increase in product purchase rate means an increase in customer loyalty (Ehrenberg, 2000). These measures are quite dependent on the number of purchases (Stern & Hammond, 2004).

According to Dawes, meyer and Driesener (2015)*,* the use of increase in rate of purchase and increase in market share of a product as measure of loyalty is simple to understand. This is always used by marketers or researchers.Loyalty to marketers, therefore creates status among their customers in which some will be considered as loyal while others will be considered not loyal (Dawes, *et al.,* 2015)

Khan, Humayun and Sajjad (2015) are of the opinion that loyalty status refers to the degree of loyalty a consumer displays toward a particular brand. Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour (Lin & Wang (2005). Repeat purchase isthe act of repurchasing the same products, services or brands that have been purchased earlier (Paul, Hennig-Thurau, Gremler, Gwinner & Wiertz, 2008). Repeat purchase behaviour is closely related to the concept of customer loyalty, which most firms try to encourage because it contributes to greater stability in the market place (Khan, *et al.,* 2015). A repeat purchase usually signifies that the brand meets the consumer's approval and that he or she is willing to use it again and larger quantities. Those who are completely loyal (hard-core loyal) will never shift their loyalty to another brand or product or service (Jumaey, *et al.,* 2012).

Shifting loyal customer are the group of buyers for a particular brand who shift from one brand to another within a group of brands (Khan, *et al.,* 2015). In terms of customer loyalty these are less loyal than split brand loyal but more loyal than brand switchers. There are other customers who displayed loyalty but they are actually not completely loyal to the brand and they are spurious brand loyal customers (Buckinx, & Van den Poel, 2005). Spurious customer loyalty is a situation where customers repurchase a productwhen he achieves a minimum level of satisfaction. The consumer repurchases the product on a routinized basis; the consumer appears to be brand loyal but is not. When a customer is loyal to a brand stimulus must have been generated (Khan, *et al.,* 2015).

Stimulus generation occurred when there is the inability by consumers to perceive differences between slightly dissimilar stimuli (Petrick, 2004). Generalization allows consumers to simplify the process of satisfaction evaluation because they do not have to make a separate judgement for each stimulus. Customer loyalty is a form of stimulus generalization therefore, the consumer assumes that positive past experiences with the product or brand will be repeated (Jumaev *et al.,* 2012). As a result of this, a consumer does not need to make a separate judgement with each purchase.

Marketers use loyalty to segment their market and they called this behavioural segmentation which is a system of dividing a market by putting customers into group using usage, loyalty or buying response to a product or service (Petrick, 2004). Petrick contended that customer loyalty may be used to segment product market, brand or product usage, levels of consumption (light versus heavy). Furthermore, customer loyalty may be combined with social, demographic, economic and/or psycho graphic variables to develop profiles of market segments.

A market may consist of loyal customers who will always repurchase a product, service or brand (Cheng, 2011). This is what is referred to as brand loyal market. Thus, Kotler and Armstrong (2008) asserted that a brand loyal market has a high percentage of hard-core loyal customers. Firms that are in a brand loyal market will need to make extra selling efforts to be able to gain more market share from other competitors in the industry.

Parts of the efforts organisations operating in a customer loyalty market is the formulation and implementation of consumer loyalty programmes (Dowling & Uncles, 1997). Consumer loyalty programmes which is equally referred to as loyalty programmes are the rewards given to best customers of a marketer (Dowling & Uncles, 1997). This is to secure long-lasting relationships with the customers because such programmes will foster high and consistent usage rate and ensure customers' commitments to the product or service (Kristiani, Sumarwan, Yulianti & Saefuddin, 2013).

Another strategy or effort a marketer needs to put in place to encourage customers to be loyal to a product or brand is to maintain a good relationship and marketers called this a customer relationship management (Roberts-Phelps, 2003). According to Buttle (2004), customer relationship management is a business strategy that is customer-focused which is designed to optimize customer loyalty that will eventually leads to increase in revenue and profitability. By maintaining a good relationship with customers and backing it up with quality service delivery, customers are expected to remain loyal to a product (Roberts-Phelps, 2003).

Maintaining and managing relationship with customers will lead to relationship equity (Shoemaker & Kapoor, 2007). The tendency of a customer to stick with a product, brand or service not minding the objective and subjective assessment of the worth of the product, brand or service is one of the driver of customer equity (Tefera & Govender, 2015). In order to encourage customer to remain with a product loyalty programmes are introduced by marketers and these programmes are sub-drivers of customer equity (Murali, Pugazhendhi & Muralidharan, 2016). There are situations where customers tend to continue buying a product as a result of habit or inertia, hence the customers are having relationship equity (Oghojafor, Ladipo, Ighomereho & Odunewu, 2014).Behavioural loyalty is considered asperceived repeat buying of a product or service over timeUncles, & Goodhardt, 2004; Uncles & Lee, 2006).

### 2.1.2 Socio-economic variables

These are the social and economic factors prevalent among the people in the society (Janus and Duku, 2007). According to Janus and Duku (2007), socioeconomic variables, will in most cases include family income, education, employment, or a combination. The socioeconomic level of people in different society differs. People's economic position is determined by the state of the economy of the country which the individuals belong. Social factors according to Kotler, Wong, Saunders and Armstrong (2005), include consumer's groups, family, social roles and social status.

These socio-economic, factors in the perspective of consumer behaviour strongly influence consumer responses to companies' products, product's price and marketing strategies (Blythe, 2008). The social level of an individual is equally determined by the social value system in a nation (The World Bank Social Development Department (2006). Economic factors include average family income while social variable include educational level (British Columbia Statistics, 2013).

Marketers are interested in social factors such as consumer's small groups, family, social roles and status because consumer's behaviour is shaped by these factors (Kotler, *et al*, 2005). To Kotler and Armstrong (2008), social factors apart from cultural factors influence consumer's actions. These social factors include reference groups, family and social roles and status.

### 2.1.3 Social Influence

According to Xi, Hong, Jianshan, Li, Jiuchang and Davison (2016), the process by which individuals alter their attitudes, thoughts, feelings, or behaviours as a result of interactions with other individuals is referred to as social influence (Amblee & Bui 2011). According to Yadaf *et al* (2013), social influence on consumersrelates to the "need recognition phase, the consumer becomes aware of a problem or need due to an internal signal (such as hunger) or an external signal (such as marketing stimulus)".

The social environmental variable regularly plays thevital role of influencing the needs of consumers (Pechey & Monsivais, 2015). Because social variables affect consumers' needs, marketers believed that consumers study about a product or brandthrough the observation of other consumers.This may consequently makeconsumers to embrace similar products or brand (Rogers 1962).

Mobile telephone service firms offers consumers to be regularly educated about subscribers' consumptions' needs and mode of purchase, the products and promotional programmes available, and how to get the products using their phones and how their friends have been making use of opportunities provided by the firms (Thompson, 2005). Therefore, social signals presents thefoundations of influence and information from consumers. The information provided by other consumers will act to increase knowledge about some features of the environmental variables (Singh, Lessig & Kim, 2000; Eszter, 2008; Park & Lessig, 1977). It is expected that provision of information about social variables will act on consumers' perceived needs on a range of product and service types. Personal influence in social systemssimilarlyariseswithin a normative level (Hong, 2015; Eszter, 2008; Deutsch & Gerard 1955).

According to Bearden, Netemeyer and Teel (1989), normative collaborativestimulus can be expresses in value-termnaturally because buyers and usersof a product or service aspire to be identifiedwith their image significantly with other consumers through the consumption of such product, service or brand (Batra, Homer & Kahle, 2001). Furthermore, other type of normative influence is called utilitarian (He & Zhan, 2012). This is the normative influence which makes consumers to adapt to the beliefs of members in their social circle by regarding purchase decisions as a form of achieving rewards or avoiding punishments (He & Zhan, 2012; Bearden, *et al.,* 1989).

Liaukonyte, Streletskaya and Kaiser (2015) asserted that"besides the informational influence stemming from signals about a purchase and consumption behaviour of one's social network members, social signals can be used to assess which products, services, brands, and places are desirable in the eyes of a group or specific person a consumer identifies with or conforms to". Existingstudies has recognised that some products and services are likely more than others to learn towards normative influence (Edem, Swait & Valenzuela, 2006). Grinblatt, Keloharju & Ikaheimo, 2008) posited that "influence varies with the level of conspicuousness in terms of consumption setting; social influence is stronger for publicly than for privately-consumed products" (Bourne, 1957).

According to Reynolds and Gutman (2001), neoclassical economics posited that people are rational and rationalityinvolvesthe individuals knowing their goals and all possible alternatives.People must createstandards to appraisethe availablesubstitutein accordance to their objective (Costa, Dekker & Jongen, 2004; Reynolds&Gutman, 2001). In addition, Reynolds and Gutman(2001) contended that consumer choice of a product depends on the set of availability and the inclinations of the person. The choice of an individual is dependent onthe income and the prices of the alternative goods and services available and relevant to the individual consumer (Novemsky, Dhar, Schwarz & Somonson, 2007). Consumer preferences according to Voicu (2007) are the individual subjective taste that are measured using utility obtained from the consumption and the preferences on products are said to be dependent on a set of independent variables in which some are difficult to measure (Hansson & Grüne-Yanoff, 2006). These variables which the neoclassical economists ignore include attitude or behaviour (Reynolds& Gutman, 2001).

A consumer's behaviour is also influenced by social factors, such as the consumer's small groups, family, and social roles and status (Cătoiu & Teodeorescu, 2004). Consumer small group influences a person's behaviour and this group is influenced by many other small groups (Luigi & Mircea, 2015). Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person's attitudes or behaviour (Cătoiu & Teodeorescu, 2004). People often are influenced by reference groups to which they do not belong (Lei, Yayla & Kahai, 2017). An aspirational group is the one to which an individual wishes to belong (White & Dahl, 2006)

Family members belong to group that can powerfully influence buyer behaviour (Deb, 2015). The family is the most important consumer buying organization in society, and it has been researched extensively (Rani, 2014; Deb, 2015). Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services (Durmaz, 2014; Rani, 2014).

According to Reitz, Zimmermann, Hutteman, Specht and Neyer (2014), the roles of an individual and the status a person belongs to determines the family groups, clubs, and organizations. The person's position in each group can be defined in terms of both role and status (Reitz, *et al.,* 2014). A role consists of the activities people are expected to perform according to the persons around them with each role carrying a status reflecting the general esteem given to it by the society (Goodwin, Nelson, Ackerman & Weisskopf, 2008).

Another concept that influence consumer behaviour is personal factors which are personal characteristics such as the buyer's age and life-cycle stage, occupation, economic situation, lifestyle, and personality and self-concept (Reitz, *et al.,* 2014).

People who are from similar subculture, social class, and occupation may have relatively different lifestyle(Godwin, *et al.,* 2008). According to Krishnan (2011), a lifestyle is the pattern of living as expressed in his or her psychograph. Lifestyle involves assessing consumers' key dimensions-activities which include, work, hobbies, interests, and opinions, activities and interest about themselves, business, social issues and products (Atchariyachanvanich & Okada, 2007). Lifestyle captures things that are more than opinions because it captures an individual's social class or personality. It profiles a person's whole pattern of acting and interacting in the world. When used carefully, the lifestyle concept can help marketers understand changing consumer values and how they affect buying behaviour (Cockerham, 2005). Work and hobbies are expressed in the consumer shopping, sports, and social events while interests are expressed in food, fashion, family, and recreation (Atchariyachanvanich & Okada, 2007).

### 2.1.4 Economic Factor

Meyer and David (2003) posited that the economic variable is on a continuous change and this is affecting business organisations. The economic factor affect marketing strategies of firms (Marmullaku &Ahmeti, 2015). Economic situation of consumers influence their purchasing behaviour greatly and in marketing it is the composition of income distribution and net-worth of the consumer (Rani, 2014). There can be low-, medium-, and high-income consumers and as personal factor influences consumer to patronise or remains loyal to a product (Rani, 2014). In some countries there may be households mostly consisting of very low family incomes and in other nations consumers could consist of people with very low or high incomes (Blyth, 2008).

Klopotan, Vrhovec-Žohar & Mahič, (2016) contended that there is no more research investigating the impact of the level of customer income on loyalty whereas income as an economic factor, is one of the major factors that determines the level of customer loyalty.

According to Kotler and Armstrong (2012), customer decision in buying a product or service is affected by their own personal characters such as economic situation, income, age, job, life cycle, personality factors, self-concept, customer life style and values (Yusuf, Moeljadi, Rohman & Rahayu, 2015).

Economic factor goes beyond price, it relates to affordability which involves the area of income distribution and subsequent impact on the consumer (Rani, 2014). A number of academic disciplines such as economics, psychology, marketing and sociology have studied economic factor as a variable that affects business performance (Marmullaku &Ahmeti, 2015; Yusuf, Moeljadi, Rohman & Rahayu, 2015; Kotler & Armstrong, 2012). Engel's Law as an economic Law, attempted to generalise the consumer spending patterns across markets using western markets as a basis (Houthakker, 1957). However, the assumption of this Law cannot be applied in every economy because circumstances might be different in subsistence markets as evident from the studies in Bangladesh and South India (Magrabi, Chung, Cha & Yang, 1991). Disposable income is expected to regulate consumer buying behaviour once the important needs are met (Magrabi et al., 1991). However, needs are not universal especially in the context of different markets where levels of income are not similar (Fischer, & van Velthuizen, 2002). The postulation that consumers are motivated by a rational pursuit to maximise utility may not be applicable in many cases because income alone is unlikely going to be the only influence on consumers' buying behaviour given the existence of other constraints (Antonides, 1998).

However, some scholars and marketing practitioners believed that income is a superior determinant of purchasing behaviour (Dorota, 2013; Worrall, Basu & Hanson, 2003). The level of income affect the life style and attitude of a consumer hence an individual with high income purchase expensive product and those with low income prefer to buy product with lower price (Rani, 2014). Higher income level's purchasing behaviour has a negative relationship with lower price products and services. whereas the lower income levels have negative relation related to purchasing high price products and services (Rani, 2014; Paul, Trun, & Alan, 1996).

Yusuf *et al.,* (2015) concluded that result of empirical research has shown that income moderate some high level of influence on customers' loyalty. This showed that income is a moderating variable in relation to customers' loyalty. Thus, the level of customers' loyalty will be stronger if there is increase in the level of income (Lautiainen, 2015).

However, this relationship findings is not a conclusive one for all research finding hence Gonçalves and Sampaio finding (2012) revealed that income ultimately may not moderate customers' loyalty. However Homburg and Giering's (2001) concluded "that relation between customers' loyalty is lower for people who have high income compared with those who have lower income". Homburg and Giering's (2001) findingsconnotes"that financial risk related to unqualified product purchasing is lower for people who have high income". Thus, it is revealedthat generallyconsumersthat have low income will prefer to purchase cheap products and services while those with high income purchase products and services that have high quality even though the price may be very high (Homburg & Giering, 2001). Homburg and Giering (2001)conclusionrevealed that consumersthat earn high income are more likely to be loyal to a product than low income customers.

### 2.1.5 Social Class

Social class is a reflection of the attitudes and activities exhibited by individuals within a social circle or an economy using wealth, money possession, educational status or occupation (Lautiainen, 2015). The concept of social class as an influence of consumer behaviour was introduced in the 1950s by Kemm (1958) into marketing literature (Myers, Stanton & Haug, 1971; Mihić & Čulina, 2006). Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables (Kotler & Armstrong, 2010). In some social systems, members of different classes are reared for certain roles and cannot change their social positions (Perreau, 2014). In the United States, however, the lines between social classes are not fixed and rigid; people can move to a higher social class or drop into a lower one (Rothman, 1993). There are four types of social class identified by (Lautiainen, 2015) and they are upper class, middle class, working class and lower class.

Marketers are interested in social class because people within a given social class tend to exhibit similar behaviour (Skirbekk, 2008). In marketing and consumer behaviour social classes are seen to reflect distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity, and automobiles (Kotler & Keller, 2009).

Adeleke, Bamidele and Ganiyu (2014) asserted that class can be defined as a large scale grouping of people who share common economic resources which strongly influence the type of lifestyle they are able to lead. Ownership of wealth together with occupations is the chief basis of class differences (Adeleke, *et al.,* 2014). An individual's class is at least in some part achieved not simply given at birth as is common in other types of stratification system (Haralambos & Heald, 1995). Stratification within the working class, as well as between classes depends not only on one variable such as wealth or power but it has come to depend on occupational, consumption, educational, power, wealth and differences (lmhonopi, Urim & lruonagbe, 2013).

The social classes in Nigeria is divided into three major classes and each class is subdivided as the upper class, middle class and working/lower class (Imhonopi, *et al.,* 2013). The upper class is divided into upper-upper class and lower-upper class. The upper-upper class comprises of the president, the people in the office of the presidency, top government officials, the wealthy royal families, formal presidents, elders in council. The lower-upper class are made up of top military officers, top entrepreneurs, top politicians, top professor (Imhonopi, *et al.,* 2013). The middle class according to Max Weber's is "a beneficial and stabilizing influence on society, because it has neither the possibly explosive revolution tendencies of the lower class, nor the absolutist tendencies of an entrenched upper class" (Goldschmidt, 2009). Thus, educational qualification is part of the variables being used to stratify the society into classes (National Bureau of Statistics, 2013).

Just like the upper class, the middle class is divided into upper-middle class and lower-middle class (Ghafournia, 2013). The upper middle class is made up of the professors top business men, lecturers, public servants, teachers while the lower-middle class comprises of people such as small business men and women, police men and women (El-Omari, (2002.). according to El-Omari (2002.), the working class can also be called the lower class. This is where the majority of population of people in developing countries is higher and they consist of the petty traders, brick layers, and temporary job workers.

### 2.1.6 Reference groups and membership groups

Reference group is defined as a group which act as a reference point for comparison of one individual or another (Carbonell, 2005; Bearden & Etzel, 1982). Generally, reference groups are seen as those groups that provide to an individual some points of comparison more or less direct about the groups' behaviour, attitude, lifestyle, desires, emotion or habits when consumers are involved (Goodrich & Mangleburg, 2010). The membership groups of an individual are social groups to which the individual belongs and which will influence his decisions and presents his social image (Eszter, 2008). The memberships of a reference group are usually related to the social origin, occupation, age, residential area, culture, family type, hobbies, and leisure time and type (Childers & Rao, 1992). Reference groups, according to Park and Lessig (1977), have three types of influences on their group members and they include informational, utilitarian and value-expressive (Goodrich & Mangleburg, 2010). Reference group according to Kotler (2002), provides information to their members on social, cultural, religious and economic issues. They equally showcase their values and what they value to their members and outsiders which distinguished them from other groups (Sewer, 1994). They are practical in every aspect of their relationships with group members and their purchase behaviour which differentiate them from other groups. In the past some wealthy class shows affluent tastes with ostentatious products rather than utilitarian products (Kotler, 2002; Sewer, 1994; Labich, 1994).

Reference groups have potential in forming a person attitude or behaviour (Leal, Hor-Meyll, & Pessôa, 2014), hence it has been a focus of research since 1950s (Deutsch & Gerard, 1955; Burnkrant & Cousineau, 1975). The impact of reference groups varies across products and brands hence Alam, Mohd and Hisham (2011) posited that the influence of reference groups on visible products such as clothes, shoes, furniture and car will be high while it may not be as high when intangible products are involved. Tejavibulya and Eiamkanchanalai (2011) asserted that reference groups also include opinion leader who is a person that influences others as a result of his special experience, skill, wealth, knowledge or possession of other traits (Mand, 2006).

Opinion leaders within reference groups influence the image that the opinion seekers aspire to for themselves as well as their behaviour notwithstanding whether the opinion seekers belong or not to the membership group (Clark & Goldsmith, 2006). Opinion seekers as individuals can be influenced by the groups to which they do not belong to yet but wishes to be part of (Tejavibulya & Eiamkanchanalai, 2011). This is called an aspirational group which Khan and Khan (2010) defined as "the types of reference group to which a person does not currently belong but to which one desires to belong". According to Reza and Valeecha, (2013), these groups exhibit an aspiration to embrace the norms, values, attitudes and behaviour of the group members which the individual aspires to associate with. The indirect influence of aspirational groups can play a prominent part in product purchase choices (Reza & Valeecha, 2013). Aspirational reference group will sometimes have a direct effect on the individual consumer who is desiring to fit in to the group and looking like the group members (Rani, 2014). The aspiring member will strive to buy similar goods and services and patronise the same market and firm even though the aspiring members do not need the products or services or brands (Schiffman & Kanuk, 2000).

An individual may want a model of a smart phone which is used by a group of a popular individuals who he/she does not belong to (aspirational group) so as to be accepted within the group (Rani, 2014). This is why marketers who understand the desires of aspirational reference group will communicate to consumers on the social benefits that a product or

service will provide implicitly or explicitly (Solomon, Bamossy, Askegaard & Hogg, 2006). Some of the roles identified within a reference group which serves to influence individual consumer purchasing behaviour include the role of an initiator who is the individual that suggests the purchasing of the product or service (Kotler, 2002). Another role of an influencer may be played by reference group members in which the individual's point of view or opinion will influence the members buying behaviour (Solomon, *et al.,* 2006*)*.
Reference group members may be influenced by an individual outside the group who may be a role model in the society but which members of the group admire or rely on (Blythe, 2008). Within a reference group, there may be the decision-maker who will decide on which product or service the members should patronise or be loyal to which sometimes might be a consumer of the product or service or in other cases may not be consuming the product but just an adopter such as a sportsman or actress (Schiffman & Wisenblit, 2006). The buyer is another role being played among the reference group where the member is the one that patronise and purchase the product or service.

According to Kotler and Armstrong (2008), marketers always make attempt to ascertain in their target markets the reference groups. Reference groups initiate a consumer into new lifestyles and behaviours and subsequently influence the consumer's attitudes and self-concept, which produces pressures on him/her to conform (Reza & Valeecha, 2013). The pressure to conform with the group may affect the consumer's choices of product, service and brand. The importance of reference group influence differs across products, services and brands. The influence may be likely to be strongest when the product is noticeable to others whom the buyer respects (Pechmann & Wang, 2010).

Marketers of products, services and brands that are subjected to strong reference group influence first make out how to influence the opinion leaders or people within the group. Marketers do this because the opinion leaders possess special personality, knowledge, skills, and other traits, and therefore exert social influence on the group members. Some marketing experts call this the influential or leading adopters. Marketers who adopt these types of consumers drive trends, influence mass opinion and, most importantly, achieve high patronage and sell a great deal of many products as well as enhancing great deal of customer loyalty (Escalas & Bettman, 2006). Opinion leaders within a reference group regularly make use of their great circle of connections to spread their knowledge on what is good or bad about a product or service Reza & Valeecha, 2013). Marketers often try to identify opinion leaders for their products and direct marketing efforts toward them. Marketers adopt buzz marketing by recruiting or forming positive opinion leaders who will introduce people or members of the group to their brands (Alam, Mohd & Hisham, 2011).

Social networks are important part of business today (Kardes & Cronley, 2012). Reference groups may have a link with social networks in which members are a part of and they are usually considered as consumers within the group (Lewis & Takahashi, 2005). However, reference groups and social networks may not necessarily be the same. This could be because consumers do not necessarily identify themselves with all members of their social networks (Terry & Hogg, 1996), or find themselves in particular situations in which they are more likely to opt for reference groups outside their social networks.

A reference group, according to Beardon and Etzel (1982) is a group of people that significantly have influence on individual's behaviour. Reference groups are able to influence their members buying behaviour because consumers judge their attitudes and behaviour through the standards or norms set by the groups they belong (Alam, *et al.,* 2011). People are beings found of belonging to one group or the other because of the possession of the instinct to survive in a competitive environment on the basis of practical and social benefits. Reference groups wield significant power on their members because each individual member will strive to fit in with the group (Reza & Valeecha, 2013). When friends are involved within the group, majority of them will go along with group norms concerning buying behaviour and attitudes (Asch, 1951; Blythe, 2008).

Carlson and Sally (2002) are of the opinion that reference group membership is about social interaction and perception about how to behave will be influenced by social interaction with the group an individual belongs to at a period in time. This is the reason while a group of people will continue to patronise a product even with an increase in its price because they see the price increase as fair especially the well-to-do group while on the other side this will not be so when the poor in another group are involved even though there may be a considerable improvement in the quality of the product.

Suhttleworth (2008) contended that conformity with reference group member is strong in making decisions because peer pressure would influence the judgment of group members in order to conform to the majority even if the judgement of the majority was wrong. Dewey (2008) asserted that people frequently accepted to be influenced just for the aspiration to accomplish a sense of security within a reference group that is of the same age, career, culture, beliefs, religion, or educational attainment. Any member that is unwilling to be influenced by the group have the very risk of being socially rejected (Dewey, 2008).

#### 2.1.6.1 Classification of Reference Group

A reference group according to Solomon *et al.,* (2006), is "an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behaviour" (Park & Lessig, 1977). This is why there are different types of reference group an individual could belong. In a reference group, the places where people feel accepted and free to associate, socialise and speak of things important to them have a substantial consequence on their behaviour and attitudes (Mukama, 2010). According to Solomon *et al.,* (2006), there are two major types of reference groups that can influence an individual purchase decisions, and they are primary and secondary reference groups.

Primary reference groups consist of friends, family and those individuals that have interaction face-to-face and informally on a daily basis (Eszter, 2008). They could be the people who share hobby and close workmates and/or classmates/course mates that interact on a day-to-day basis. The interactions in these groups permit unity and common participation with one another and results in similar beliefs, attitudes and behaviour within the group (Kotler, Wong, Saunders & Armstrong, 2005).

Secondary groups according to William and Hickey (2005), are more formal groups where group members see themselves occasionally and irregularly. Secondary group's members include members of trade association and sports club and may be less influential in influencing members' attitudes, beliefs and behaviour. However, when subjects of shared benefits and agreements are involved, the group can exercise influence on group members' attitudes and behaviour (Mangleburg, Doney & Bristol, 2004). It is possible for primary group to emerge from secondary group such as when close friends who interact regularly emerge from sport club or trade association. In this case, the influence of members on purchase behaviour will be strong (Mangleburg, *et al.,* 2004).

From the two major reference group types, there could be other groups such as association, dissociative, formal, informal, automatic/category, and virtual groups (Clark & Goldsmith, 2006; William & Hickey, 2005; Kotler, *et al.,* 2005). An associationgroup is the one which an individual aspires to belong and they do not meet regularly (Kotler *et al.,* 2005). Because the aspiring individual wants to become a member of the group, such group could be a powerful influencer of the individual because he/she will do everything the group is doing in order to be accepted by the group (Choi & Winterich, 2012). Marketers use images of inspirational groups such as endorsers believing that their use will make consumers to buy the products in order to be like the members of the group the individual aspire to belong (Chan, Berger, & Boven 2012). The GSM firms in Nigeria make use of endorsers such as sportsmen and women to encourage people to patronise their products and services (Ike, 2016; Zipporah, 2013; Saouma, 2005).

Dissociative groups are types of reference groups an individual does not want to belong to, hence such individual will not patronise or purchase a product or service which the group's members he dissociate with are using (Chan, Berger, & Boven 2012). Formal groups consist of groups such as professional associations' members, and they have guidelines and rules which are writing and laid down which group members must obey (Reza & Valeecha, 2013). Because rules and regulations binding this group are laid down and writing, buying behaviour which is a private matter may not be influenced within the group (Khan, 2012). Informal groups are the type of reference groups who do not have any writing or laid down guidelines and conformity with members' behaviour may be more binding more than formal groups written rules (Khan, 2012). In an informal group, the scope of coverage of buying behaviour is wider than that of a formal group Khan, 2012).

Automatic or category groups are the groups which an individual belongs to as a result of age, religion, gender, beliefs, culture, career or education (Mangleburg, Doney & Bristol, 2004). These groups are involuntarily joined, most of the time, they however, exert some significant influence on members' behaviour (Choi & Winterich, 2012). As a result of mobile phone technology, majority of young people now use social media and chart with their age group using their mobile phones devices, while fewer aged ones will do so. The younger age will therefore prefer telephone service providers whose data technology is fast (Bishnoi & Mann, 2015).

The virtual groups are the development of recent issues which was as a result of advent of information and communication technology which is represented by the internet (Okleshen & Grossbart, 1998). The four types of these groups include brand communities, communities' interest, fantasy communities and relationship communities (Muniz & O'Guinn, 2001).

Brand communities are groups that have a common interest in a particular brand such as a mobile service firm, product or service (Bishnoi & Mann, 2015). Communities of interest type of reference groups consist of individuals who share similar interest in a hobby such as conference phone calling, football, professional traveling, and telephone charting. These groups of people will influence purchase decisions of consumers of mobile phone services (Scaraboto, Rossi & Costa, 2012).

It is possible for one reference group to overlap to the other such that informal group could be a dissociative while a secondary group will often be a formal one (Escalas & Bettman, 2005). Escalas (2004) asserted that the level in which a reference group influences members' behaviour is dependent on the individual members' personality, the type of the product or service which is being purchased and social factors. According to Escalat and Bettman (2005), member of a group whose experience of a product or service is very little or who do not even have experience about the product, or who do not have access to objective information on the product, will more likely follow other members within the group advice or example. Reference groups influence group members behaviour because they look at the group members being reliable and they hold similar principles hence, they will be able to offer suggestions that will influence individual consumer's purchasing behaviour (Shen, Huang, Chu, & Liao, 2010).

#### 2.1.6.2 Opinion Leader Influence within Reference Group

Within a reference group, the opinion that is seen as more credible and reliable will likely be that of the experts or professionals in the area hence, members will have a tendency to agree more with the experts and change their attitude and behaviour in line with their professional opinion (Leal *et al.,* 2014; Bonner, Baumann, Lehn, Peirce, & Wheller, 2006). Opinion leaders are considered as those members that are influential, respected, word-of-mouth-spreading individuals among the reference group (Kozinets, de Valck, Wojnicki & Wilner, 2010). Opinion leaders are those members in a reference or peer group whose observed expertise could be specifically considered as very credible (Shen et al., 2010), and that others go to for advice or information, therefore exercising peculiar influence over a number of people (Leal *et al.,* 2014; Rogers &Cartano, 1962).

However it should be known that some theorists did not agree about the role reference groups play in shaping members' attitudes, behaviours and values (Cocanougher& Bruce, 1971). However, majority of scholars agree that interpersonal influences could be normative and informational when reference group influence on purchase behaviour is being considered (Burnkrant & Cousineau, 1975; Deutsch & Gerard, 1955).

Researchers considered the informational influence of opinion leader in a reference group as a tendency to agree with and accept the leader's information, and considered it to be true (Deutsch & Gerard, 1955). The information is dominant when the member's primary concern is with the quality of a decision (Cruz, Henningsen, & Williams, 2000). As it assists real purposes, the information would echo the cognitive, utilitarian purpose of group relationships (Shen,*et al.*, 2010).

The normative influence of opinion leaders is the inclination to monitor other people's beliefs, replicating the psychological needs individual members have to follow the group norms and standards, so as to be accepted in the group (Shen,*et al.*, 2010; Bearden, Netemeyer, & Teel, 1989). This has to do with the affective and emotional affiliation among members. The opinion leader's normative stimulus was categorised as value-expressive and effective (Leal, *et al.*, 2014*;* Bearden,*et al.*, 1989). However, it was contended that the difference between informational and normative stimuli could not simply be identified (Deutsch & Gerard, 1955; Cruz, *et al.,* 2000).

Reference groups influence people's behaviours through socialisation process (Naytko & Baker, 2004), development of self-concept, conformity and social comparison (Blythe, 2008).

Socialization process is a learning process for an individual which is anticipated to lead to the understanding of satisfactory and objectionable behaviour within the reference group. (Eszter, 2008). The old members in socializing with the new ones will explain which behaviour is essential and which ones are not so essential that can be ignore among the laid down rules within the group (Naytko & Baker, 2004).

Development of self-concept among members of a reference group comes as a result of interactions within the group in which individuals will be able to have a clear picture of members from the feedback they received from others (Kotler, *et al.,* 2005). Marketers will use endorsers to sell their product because individual consumer will like to be associated with them and try to see himself/herself in the class of the celebrity (Ofori-Okyere& Asamoah, 2015).

According to Bikhchandani, Hirshleifer and Welch (1998), conformity is required within reference group members where **i**ndividuals are expected to change their beliefs, attitudes or purchase behaviour so as to conform with the members of the group. A child who may not like a telephone service provider as a result of the fact that the family is using the service provider may at the end subscribe to the providers service. Conformity is a behaviour one adopts by observing others when confronted with membership of a new group (Blythe, 2008; Bikhchandani, Hirshleifer & Welch, 1998).

Members of a group will conform to a purchase behaviour because they believe that they will have self-esteem, being acceptable by the group they aspire to, have companionship and get practical benefit such as earning or saving money from a purchase (Homans, 1961). In refernce group behaviour are influenced through social comparison in which members of a group will see themselves as superior to others and will like to purchase a product with high price instead of purchasing similar product with lower price (Eszter, 2008). A banker will prefer to use high data capacity mobile service provider handset because other bankers are using (Bishnoi & Mann, 2015; Eszter, 2008). It should be noted that some members of a group will accept to conform with the group while others may not comply (Venkatesan, 2006; Reza & Valeecha, 2013).

Group will influence members buying behaviour through socialisation and the urge to conform with the norms within the group hence the model for modifying members behaviour when groups are involved is presented in figure 2.2 below.

**Modifying behaviour through Groups**

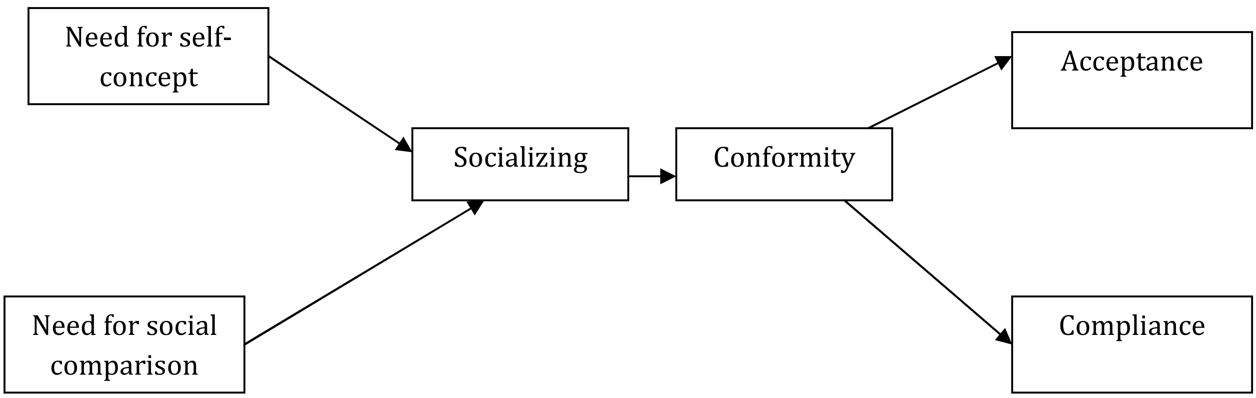


**Figure 2.1: Model for modifying behaviour through Groups**

**Source:** Blythe, 2008.

The model for modifying behaviour shows that the needs for self-concept and social comparison make people to socialize with others and when people socialize, this results into conformity with group members which will either be accepted or complied with by members of a reference group (Blythe, 2008). This may or may not result into buying what other members of the groups are buying (Bikhchandani, Hirshleifer & Welch, 1998).

**2.1.6.3 Types of Influence Reference Groups exert on Consumers**

Reference group is used as a choice-mechanism to control consumer behaviour (Dennis, 2005). Narrative compliance, value expressive and informational influences are the ways depicting the types of influence on which reference groups exert on consumers in making their choice.

Normative compliance influence according to Bearden, Netemeyer and Teel (1989) is the tendency of an individual to "conform to the expectations of others regarding purchase decisions in order to be identified with those others, to gain rewards or to avoid purnishment from others". This is the type of pressure that is put on a consumer to conform and comply with the groups' norms (Pechmann & Wang, 2010). This influence is used when the motive of joining a reference group is to be socially accepted in the group (Pechmann & Wang, 2010; Witt, 1969). Therefore, the pressure to obtain the product stems from the fact that it is being used for a purpose by the members of the group (Zhan & He, 2012).

Value expressive influence in a situation when customers have value consciousness, whichaccording to Zhan and He (2012), "is the tendency to seek the best features and performance of a product or service for a given price". Value expressive influence is seen by Burnkiant and Cousineau (1975) as the need for psychological purpose of staying with the best group hence this generates the pressure for influence. Value expressive influence by reference group is a psychological need of esteem instead of the need to belong. It is the need to be respected by others (Escalas & Bettman, 2005).

Informational influence according to Calder and Burnkrant (1977), is a need arising from asking for information from the group about choice of a product category. One sometimes belongs to a reference group in order to seek expert advice and opinion about a product category (Pechmann & Wang, 2010; Reza & Valeecha, 2013). The pressure to belong to the group will come because the reference group has the experts that can provide advice and opinion about the product. The groups will include professional association and trade unions who can provide free-advice about a product. The use of high capacity internet modern being provided by GSM service providers will compel a potential owner to seek friendship with those people that have such product.

#### 2.1.6.4 Determinants of Reference Group Influence

Batra, Homer and Kahle (2001) asserted that out of the three factors (normative compliance, value expressive and informative) that influence and put pressure on consumers to purchase a product, normativepressure is considered to be the most powerful (Zhan & He, 2012). According to Blythe (2008), the source of normative compliance lies in "operant conditioning theory".Operant conditioning which is equally known as instrumental conditioning is used where learning takes place to avoid outcomes that are negative and adopt outcomes that are positive (Solomon, Bamossy, Askegaard & Hogg, 2006). This is different from Pavlov's classical conditioning which suggest that the learner need not play any role in order to be conditioned to learn. Classical conditioning is applied when repetitive advertising campaigns are being run believing that consumers will follow what the advertisement says and results into positive purchase behaviour such as repeat purchase or loyalty (Foxall & Yani-de-Soriano, 2005; Blythe, 2008).

In some situations individuals may remain passive to the advertisement encouraging them by endorsers to exhibit positive behaviour in the process of buying, thus the group members purchase behaviour is not shaped (Solomon, *et al.,* 2006). Operant conditioning occurs when individuals who has affiliation within a group take active role in the purchasing process and this is what happens in most cases (Dennis, 2005). What is important in operant conditioning is the reinforcements for a given behaviour when an individual has affiliation with a reference group hence for abiding by the rules of a group, an individual member should be assured of being reinforced by marketers (Dennis, 2005; Foxall, 1994).

Furthermore, judgemental standard, product characteristics, membership characteristics, group characteristics and role model are other determiners of reference group influence (Childers & Rao, 1992). Judgment standards are the objective or subjective criteria which the individual used to evaluate the need to conform with the group norms Rani, 2005). Objective judgment standards will occur when the reference group norms are clear and the method adopted is a sensible course of action (Goyal & Kumar, 2012). A judgement standard is subjective when the reference group norm is not clear and norms adopted are the most sensible course of action (Eszter, 2008).

Product characteristicspoint out about the features of the product that the group selects (Eszter, 2008). The product will be the one that is unique to the group (Rani, 2005).Member of the group characteristicsreflected the traits of the group member which allow individual member to be more or less susceptible to the group influence (Rani, 2005) because within a group, some members will be independent while others will be habitual conformist (Goyal & Kumar, 2012). The member personality, standing and possession of security will define individual member's level of conformity with the group's standards (Eszter, 2008). People that are young, unemployed and stay away from the family will toe the line with outside group so as to belong (Manz & Sims, 1981).

Group characteristicsconcerns about the traits of the group that put pressure on the members to conform (Goyal & Kumar, 2012). The ability of the group to influence members will be dependent on the group size, cohesiveness and leadership (Tenenhaus, Pages, Ambroisine & Guinot, 2005). The bigger the size of the group the more it will be difficult to reach a consensus among members. If the leader of the group is strong, the ability to influence members is great since the leader will make it possible to reach a clear decision hence advertisers are found of targeting others if the product decision will be made by the opinion leader within the group (Rani, 2005).

Role model is an individual that is seen as a hero, star or anybody a member of a group respected and admired which the members intend to emulate (Eszter, 2008). Marketers use endorsers in the telecommunication sector by using stars, actors and actresses for subscribers to imitate (Ladipo, *et al.*, 2014).

Influencers within a reference group pass on information to members because they are involved, showing self enhancement, in possession of message intrigue, and enhancing reduction of dissonance (Solomon, *et al.,* 2006). Influencers' involvement occurs where others need to be told about the influencers' actual interest, excitement and experience with the products or services. Self enhancement occurs when the influencer within the group intends to show superiority in the buying decision within the group. On the other hand, message intrigue is concerned with the furring or intriguing messages the influencer is adopting to influence members in the group (Kotler & Armstrong, 2010).

Dissonance reduction is about the intention of reducing doubts after making a major purchase decision (Blythe, 2008). The influencers' use of word-of-mouth may be good or bad. If the influencer uses word-of-mouth to convince the individuals about the good characteristics of the product, the non-performance of the product or service will be blamed on the firm (Munthiu, 2009).

### 2.1.7 The Family Influence

The family as a social group may change in structures but it is considered to be the most influencer of purchasing choice within a primary reference group (Scaraboto, Rossi & Costa, 2012). Parents influence their children in making purchasing decisions, so also too children influence their parents and brothers and sisters in making buying decisions (Durmaz, Celik & Oruc, 2011). Family shapes purchase decisions of members because parental influence on children starts at a very earlier stage in life and this enhances or permits the colouration of children sensitivity of almost everything (Ramya & Ali, 2016). Furthermore, parents influence their children purchase decision because of the desire of the parents to do the best for their children and this encourages them to make the purchasing decision where the children are involved. On the other hands, siblings within a family act as advisers and role model to younger ones and hence this roles put pressure on what they purchase and not what they want (Ishaque & Tufail, 2014).When the issue of joint consumption or utilization of a product or serviceis involved, purchasing choice decision will lie with all the family members or it will take a formalized pattern which act as check on consumption behaviour within the family (Khattak & Raza, 2013).

Kiriinya (2014) posited that a family consists of the parents and their natural or adopted children,but in Africa there is addition of aunts, uncles, grandparents and cousins. The later inclusions are the extended family which is, in most cases, not so common in the industrialized economy but which is prominent in Africa continent (Kiriinya, 2014). The United Nation Economic Commission for Europe (2000) defined a family as “the persons within a private or institutional household who are related as husband and wife or as parent and never-married child by blood or adoption” (Section 191).

According to Juergen, Hoffmeyer-Zlotnik & Warner (2009), the European Community Household Panel (2001) sees a family as “a shared residence with common housekeeping arrangements”. This is broader in coverage than the United Nation Economic Commission for Europe (UNECE) definition. Marketers’ interest in family is on the basis of consumer behaviour more than on the basis of consumer demand rate (Khattak & Raza, 2013). The level of purchase is not of much concern to marketers than their behaviour to purchase a product (Ishaque & Tufail, 2014).

According to Schiffman and Kanuk (2007), the family has the traits of contact level, shared consumption, subordination to individual member's needs, and purchasing agent when looking at it in the perspective of a primary reference group.On the perspective of contact level,most family see face-to-face in most every day and interact to provide advice, information and to sometimes act as deciders unlike in other types of reference groupwhere the level of contact is not available (Makgosa & Mohube, 2007).

In the perspective of share consumption some buying decisions are made collectively by members of a family on some products such as domestic item and these items include fridges, freezers,food, television, cars and houses (Carasi, 2006). In othersituations some families pass on products such as properties and investments to their children (Williams, 2006). Members' subordination to individual needs is done because it is ordinarily possible for some family members needs not to be met because they shared consumptions among the family members (Carasi, 2006). In the situation where a family member act as purchasing agent, the family buying choices and needs in some instant are done by a single person who most of the times may be the mother (Williams, 2006).

Purchasing decision in the family sometimes is very difficult to make because it is not a straight forward matter (Ramya & Ali, 2016).In some cases,the person that provide the money will make the decision while in other cases the parents will make decision on what to buy and how to buy it (Blythe, 2008).

According to Kiriinya (2014), culture sometimes plays a great influence on how family make their buying decisions. In this case religion and nationality will frequently sway the way buying decision are made. In Sub-Saharan Africa the husband will dominate the family unlike Europe and America hence the husband will take major role in purchase decision (Kiriinya, 2014).

### 2.1.7.1 Family's Social Class and Purchasing Decision

The type of social class a family belongs to may influence the role being played by the members of the family (Mihić&Čulina, 2006). According to Mihić and Čulina (2006), the social class a family belongs to is the major determinant of purchase decision when products meant for life-style are involved. Hamilton and Catterall (2006) posited that a family in a high class status will likely give the purchase decision to the husband and discussion about the purchasing decision within the family may not be entertained (Komarovsky, 1961). However, when family in the middle class is involved, the purchase decision may likely be a joint one within the family while in the lower class family, the decision to purchase will likely be made by the wife (Hamilton & Catterall, 2006).

When social class determined the family purchase decision, there may be need to identify the need for the product, define and locate the need, proposed alternate solution to satisfy the need, consider all the alternatives and finally chose the best alternatives that fit their lifestyle and social status (Dewey, 1910).

However, Blackwell, Miniard and Engel (2006) agree that the seven stages proposed by Engel, Kollat and Blackwell in 1961 which they called consumer decision process (CDP) model may be followed by some families in making their purchase decisions. Some families will first recognise their needs for the product or service, search for information for the products or services that will fulfil their aspirational status, embark on pre-purchase evaluation of all available alternatives products or services, embark on purchase of the choice alternative, consumption of the purchased products and finally embark on post-consumption evaluation of the products to know whether it satisfied the need of the family members and meet their status. When the product purchase could not meet the need of the family by identifying a problem the family will go through divestment (Blackwell, *et al.,* 2006).

Polya and Szucs(2013) asserted that within a family, it is possible for different individuals to be involved in making decisions at each stage of the buying process. The person that needs the product will be very important at the initial states while at latter stages the decision to purchase may be joint (Polya & Szucs, 2013).The person that earns the income in the family will participate in the decision. When the mother and father earn income the decision to buy may be joint because each will probably contribute to the cost of the item. However, when it is the husband that earns income, the husband will likely make the purchase decision (Filiatrault and Ritchie, 1980). Furthermore, technical durable products will likely be bought by male.

#### 2.1.7.2 Resolving Buying Decision Conflict in Family

Khattak and Raza (2013) contended that conflicts do occur when purchase decisions are being made in the family and these conflicts are resolved through persuasion by exchanging information playing expected roles, establishing norms and exerting power or browbeating (Drikvisit & Shaw, 1994). Persuasion through exchange of information is carried out where each family member strives to convince others through dialogue which will result into a compromise (Barlés-Arizón, Fraj-Andrés & Martínez-Salinas, 2013). When settling family buying decisions when there are conflicts using role expectation is used when persuasion and compromise failed and it involves the family members consulting the most member that has the expertise in the product or service to make the decision (Hamilton & Catterall, 2008). Norm's establishment as a purchasing decision conflict resolution involves the permission of the members of the family following what they are known of in making the purchase decision (Sheth & Cosmas, 1975; Su, Zhou, Zhou & Li, 2007). A member of the family who has the power will exert it when compromise failed to resolve the issue of conflicts and disagreement in purchase decision, this is the use of browbeating (Sheth & Cosmas, 1975; Su, Zhou, Zhou & Li, 2007).

In making purchase decisions within the family, there could be influencers, gatekeepers, deciders, preparers, users, maintainers, buyers and disposers (Polya & Szucs, 2013; Perreau, 2014). Influencers when making purchase decisions are members of the family who can make suggestion but are not involved directly in the product purchasing or consumption (Su, *et al.,* 2007). Gatekeepers as members of a family when purchase decision is involved are those who have the necessary information about the products or services and they make it available in order to help in making purchase decision (Hamilton & Catterall, 2008). A member of a family will be called a decider when he/she is the one that makes the final decisions on the purchasing of the product or service (Dhyani & Agarwal, 2014; Hamilton & Catterall, 2008). When a member of a family becomes a preparer, he/she makes the products or services reached the stage where they are finally consumed or ready for consumption. Users among the members of the family consume the product or service while buyer is the one that is actually involved in the purchase of the products (Kotler & Armstrong, 2012).Maintainers of the product or service among the members of the family ensures that the product is in good condition or order while the disposer ensures that any product that is not in good condition and cannot be put in good order is done away with (Hamilton & Catterall, 2008)

### 2.1.8 Perceived Market Risk

In the last 40 years, many different researchers have attempted to operationalise the perceived risk concept (Kim, Ferrin & Rao, 2008). The prevailing view is still the same; that uncertainty and significance of consequences (importance of losses) should combine interactively to compose perceived risk (de Mello & Collins (2001). Perceived risk is a risk in the perspective of marketing where there is the likelihood of the cost of product failure or dissatisfaction. Perceived market risk according to Kim, *et al.,* (2008), is the uncertainty that the consumers face when they cannot foresee the consequences of their purchase decisions. Consumers often perceive risk because of uncertainty as to the consequences of their product purchase decisions. The degree of risk that consumers perceive and their own tolerance for risk taking are factors that influence their purchase decisions. The major types of risks that consumers perceive when making purchase decisions include functional risks, physical risk, financial risk, social risk, psychological risk, and time risk (Kotler and Keller, 2012).

The GSM service firms are similar and it is difficult to differentiate one brand from the other and information is expensive and may lead to risky purchase, dissatisfaction may occur through the purchase of one mobile brand rather than the other (Adjei & Denanyoh, 2015). This reason has made people to have more than one service provider in case one brand disappoints they can switch to the other (Calvo-Porral & Lévy-Mangin, 2015;Saeed, Hussain & Riaz, 2011).

Saeed, *et al.,* (2011) posited that consumers might experience post-purchase dissatisfaction (after-sales discomfort) when they notice certain disadvantages of the purchased products or services or hear favourable things about other products or services not purchased. In order that such dissatisfaction could be countered, marketers adopt after-sale communications to provide proof that their products or services will help consumers to get the values for the purchase both before and after the choice of their brand (Knox & van Oest, 2014; Gilly & Gelb, 1982).

According to Hong and Yi (2012), during the purchasing process, customers will face many types of perceived market risks, in which some can be perceived by themselves, while others cannot be. Some market risks can be extravagated while others can be dwindled. So the perceived risk may be different from the actual risk because the risk cannot influence the buying decision without knowing it (Hong & Yi, 2012).

The degree of risk that consumers perceive and their own tolerance for risk taking are factors that influence their purchase decisions (Hong & Yi, 2012). The major types of risks that consumers perceive when making purchase decisions include functional risks, physical risk, financial risk, social risk, psychological risk, and time risk (Hong, 2015). Perceived financial market risks are the perceived risk that the product or service purchased will not be worth its cost and that the benefits gotten from the product will not worth the price paid on it (Hong, 2015).

Functional market risks are those risks perceived that the product will not perform as expected and that the GSM network will not function well when a call is to be made Kotler & Armstrong, 2012). Physical risk is one of the types of perceived risk and it is the physical risk to the consumers and others that the product may pose when it is being used (Bergadaà, Coraux, & Gueroui, 2005). Customers also faces financial risk in the market and this is the perceived risk that the product will not be worth its cost. Furthermore, functional risk perceived by customers are the risk that the product will not perform as expected (Cho, Bonn & Kang, 2014).

When looking at routine products risk, in the perspective of a purchasing situation routine products are those products that have low value and cost to the customer and involve little risk (Arshad, Zafar, Fatima& Khan, 2015). For example, GSM service cost to an individual is not high and the product is purchased frequently at a lower cost.

**Perceived Market Risk, Socio-economic Variables and Customer Loyalty Framework**

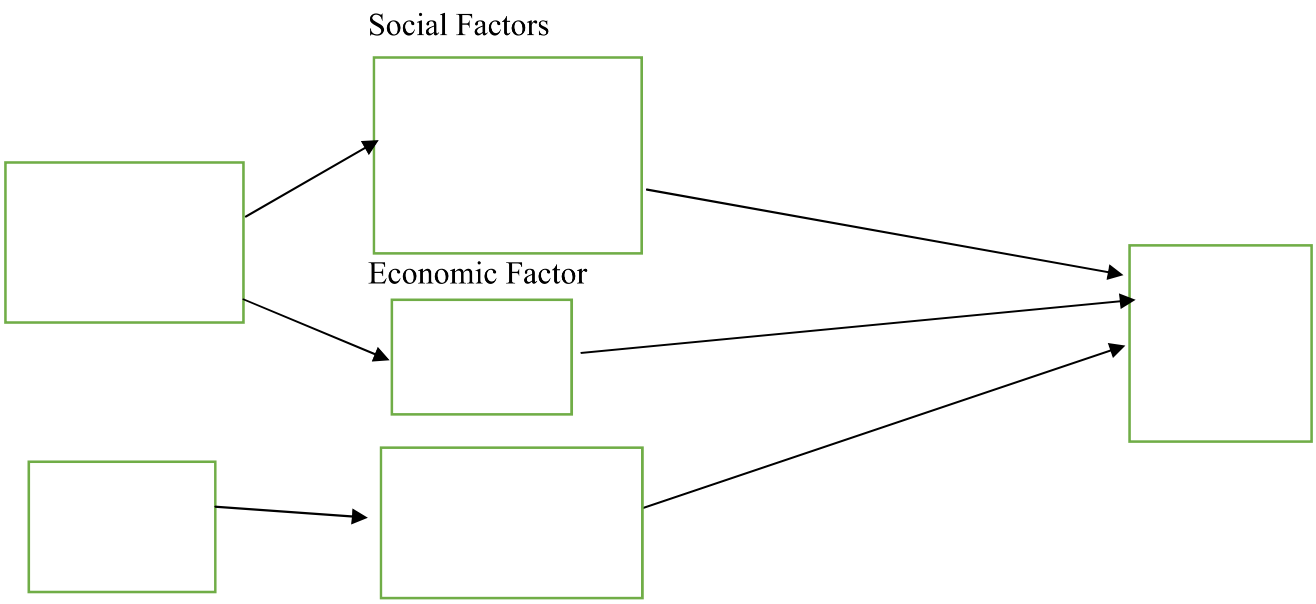

**Fig. 2.2: Conceptual Framework for the Study**

**Source**: Researcher, 2016

The conceptual framework in figure 2.2, explains the relationships that exist between the dependent variable (customer loyalty) and the independent variables (perceived market risks and socio-economic factors). The socio-economic factors, which include family, reference group, social status/class and income, are proposed to have relationship with loyalty.Perceived market risk is also proposed to have a link with customer loyalty. If the market risks, such as functional and financial, are high, loyalty to the product will be low. The framework shows that income (economic factor) affects the level of loyalty to a GSM service provider. Furthermore parents, colleagues, members of social clubs, students and social status/class (social variables) influence customers to patronise a GSM service product and repeat purchase the product or service. The level of risk perceived in purchasing a GSM service affects repeat purchase of the service.

## 2.2 Theoretical Review

This study is underpinned by the Theory of Planned Behaviour (TPB) and Theory of Reasoned Action (TRA). These two theories are based on the assumption that people behave logically and in a sensible manner. The theories explain the behaviour of human being (Williams, 2014) and assume that purchase behaviour and action is followed by consumers' intentions (Ajzen & Fishbein 1980; Ajzen 1991). The Theory of Reasoned Action was named by Ajzen and Fishbe in 1980 after their practical research on health, consumer behaviour in purchasing a brand and voting behaviour of electorates in any election. Theory of planned behaviour (TPB) links beliefs with behaviour by explaining individual or consumer behaviour. It was Ajzen (1991) that proposed this theory by adding the perceived behavioural control with the aim of improving the predictive power of theory of reasoned action which was first proposed by Ajze and Fisbein in 1980.

### 2.2.1 Theory of Reasoned Action

The theory of reasoned action (TRA) was first developed by Fishben and Ajzen in 1969 and subsequently in 1980 as one of the three classic persuasion models of psychology, and is also used in communication discourse as a theory of understanding persuasive messages (Southey, 2011). The theory of reasoned action was derived from previous research that began as the theory of attitude (Erdoğmuş& Ergun, 2016). The theory of reasoned action considered one individual or one variable as a basis of making decision (Phau, Huimin & Chuah, 2015). Furthermore, the roots of the TRA were already laid down in the previous Theory of Planned Action (TPA) research in 1969 and 1975. The TRA was in 1980, further developed and a third component that predict intention was added (East 1993; Ajzen 2005). The theory aims to explain the relationship between attitudes and behaviours within human action (Zarzuela & Antón, 2015). TRA is used to predict how individuals will behave based on their pre-existing attitudes and behavioural intentions (Paul, Modi & Patel, 2016). It could be seen in this theory that an individual's decision to engage in a particular behaviour is based on the outcomes the individual expects will come as a result of performing the behaviour (Alqasa, Isa, Othman & Zolait, 2014).

The TRA is a social psychology theory which proposed two types of illustrative variables that influence intention (Ajzen, 2005). According to Ajzen & Fishbein (1980), the two variables are the subjective norm and attitude to behaviour in which purchase behaviour is a good example (Ajzen & Fishbein, 1980). Concerning the issue on attitude to behaviour, Fishbein and Ajzen (2014) concluded that attitude is the person's disposition that is influencing the creation of a specific behaviour which is determined by a person's beliefs towards a behaviour. Person's belief towards a behaviour is based on the evaluation arrived at or the meaning attached to the beliefs (Fitzmaurice, 2005). Concerning the subjective norm as the first dimension of TRA, this shows that the influence on the person's behaviour is shown by the views of other people such as family or friends. These outside influence affects the individual's behaviour in the end in making a purchase decision (Fishbein & Ajzen, 2014; Ha, 1998).

Lei, Jingxiao and Ruyang (2011) conducted a study on the consumption of green electricity using theory of reason action. Parts of the variables that determined attitude of consumers to purchase and consume green electricity which was examined include income (economic factor), education, occupation and rich or poor environment (social factors). Theory of reasoned action is widely used in marketing field to developed framework with willingness, situation, consumption and other behaviour as dimensions of the framework (Myresten & Setterhall, 2015; Fishbein & Ajzen, 1980). Therefore, the theory of reasoned action was used in designing the conceptual model of green electricity consumption by Lei, *et al.,* (2011) to show consumption intention that ended in consumption behaviour.

Furthermore, Fraj and Martinez (2003) contended that the TRA is based on two principles which are the assumption of the existence of rationality in behaviour and the use of available information systematic, and secondly the premise that the consequence of individuals actions determined their decision to compel themselves or not to a particular course of behaviour (Zarzuela & Antón, 2015). This current study adopted TRA because it is on the premise that opinion of individual people among friends, family, social class, reference group will ultimately influence members purchase behaviour and this is the subjective norm which theory of reasoned action reflects (Zarzuela & Antón (2015).

The theory of reasoned action serves to understand an individual's voluntary purchase intention and ultimate behaviour (Fishbein & Ajzen, 2010). The ideas found within the theory of reasoned action have to do with an individual's basic motivation to perform an action. According to the theory, intention to perform a certain behaviour precedes the actual behaviour (Myresten & Setterhall, 2015; Azjen & Madden, 1986). This intention is known as behavioural intention, and comes as a result of a belief that performing the behaviour will lead to a specific outcome (Fishbein & Ajzen, 2010). Behavioural intention is important to the theory of reasoned action because these intentions are determined by attitudes to behaviours and subjective norms (Colman, 2015). The theory of reasoned action suggests that stronger intentions lead to increased effort to perform the behaviour, which also increases the likelihood for the behaviour to be performed (Thrasher, Andrew & Mahony, 2007).

When customer loyalty and theory of reasoned action are involved, two factors that should be looked into which determine intention to be loyal to a product, service or brand include attitudes and subjective norms (Fishbein & Ajzen, 2010; Ajzen & Fishbein, 1986). An attitude is a person's opinion about whether a behaviour is positive or negative (Alqasa, *et al.,* 2014). Attitude of a customer to repurchase a product will determine his/her purchasing action of being loyal to the product. The subjective norm or normative belief is a perceived social pressure arising from one's perception (Colman, 2015). A subjective norm describes the social pressure an individual feels to perform or not to perform the behaviour at hand (Ajzen & Fishben, 1969, 1980, 2005). Together, attitudes and subjective norms are thought to determine behavioural intention. Behavioural intention then leads to performing the behaviour for example of being loyal to a GSM service firm.

Theory of reason action was an extension of Ajzen and Fishbein (1969) theory of planned action (Southey, 2011). The roots of the TRA were already laid down in the previous TPA research in 1967 and 1975. Theory of Reasoned Action was in 1980 further developed and a third component that predict intention was added (East 1997; Ajzen 2005; 2014). The model below explains the interactions of the variabes in TRA.

**Theory of Reasoned Action Model**

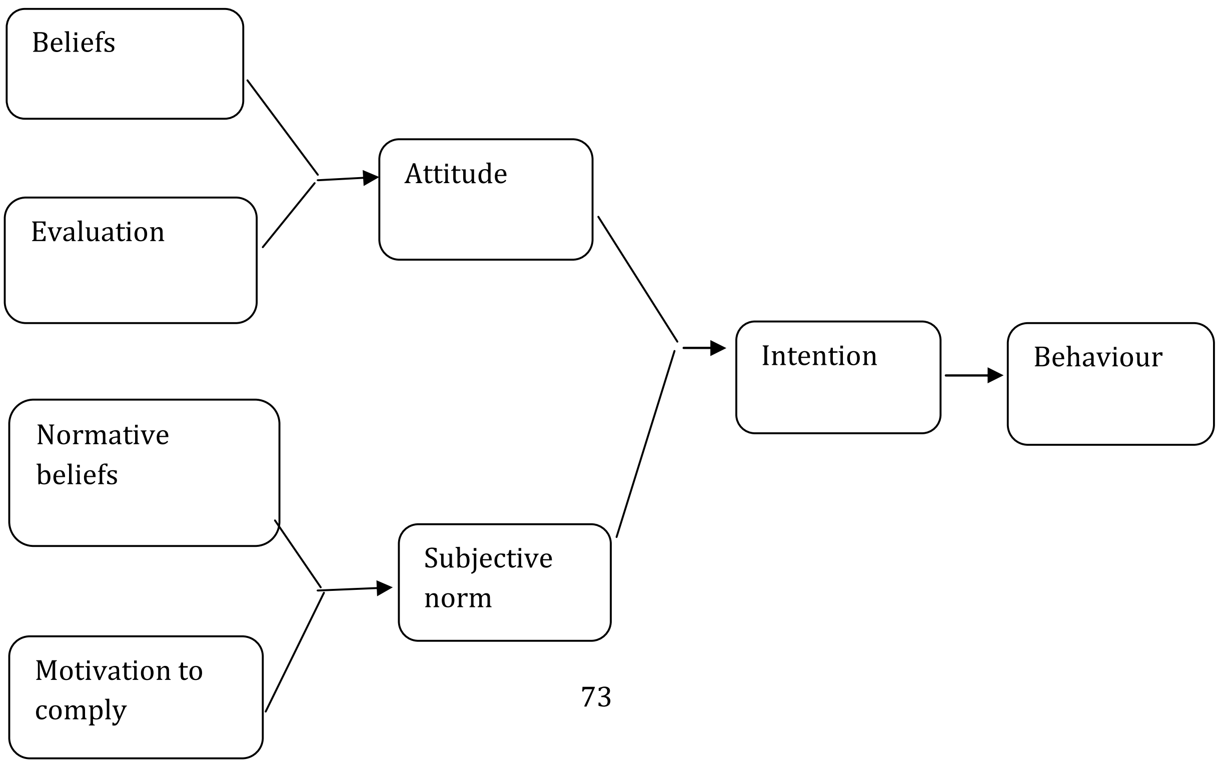

**Figure 2.3: Ajzen & Fishbein, (1969, 1980) Theory of Reasoned Action Model**

**Source**: Southey, 2011

Figure 2.3 presents the Model of the Ajzen and Fishbein Theory of Reasoned Action Model which shows the two dimensions of attitude and subjective norm as preceeding the intention which leads to individual behaviour. The individual beliefs and the evaluation lead to the development of attitude which lead to individual intention. The normative beliefs and the motivation to comply lead to subjective norm which eventually lead to the individual intention. The intention of the individual leads to behaviour.

The theory of reasoned action is relevant to this study because the concept of loyalty is an action (behaviour) which is the outcome of the intention of the customers (Malik, Ghafoor, Iqbal, Riaz, Hassan, & Mustafa (2013). This study examined the implication of social and economic factors on actions of GSM service subscribers. Thus, economic power which is represented by the income a consumer has, create an intention that he will patronise or not patronise a GSM firm whose services are expensive more than the others (Malik, *et al.,* 2013). The social class or status a GSM subscriber belong will create an attitude that he is going to or not patronise a GSM service provider. The club members, parents, workers and students have a predetermined attitude that a particular GSM firm has the capacity to provide the service needed. These are attitude of GSM service providers that will lead to intention and action of patronising a GSM firm and repeat purchase its products and services. The attitude of the subscriber will lead to the behaviour of being an advocate of the GSM product and thereby convincing those in his group to patronise the services of a GSM firm and repurchase its products and services (Ajzen, 2005).

### 2.2.2 Theory of Planned Behaviour

According to Ajzen (1991), theory of planned behaviour postulates that "individual behaviour is driven by behaviour intentions, where behaviourintentions are a function of three determinants: an individual's attitude toward behaviour, subjective norms, and perceived behavioural control." The theory has been applied in finance and investment, however, Sondari and Sudarsono (2001, 2015) contended that the theory is appropriate in predicting behaviour and exposing those who and what can control people's behaviour and how behaviour of people can be controlled. The third dimension of TPB differentiate it from TRA because the intention to behave is being controlled by another person or variable (Armitage & Conner, 2001). Marketing scholars use this theory because it shows the way consumers can be influence by others and by some variables by changing their attitudes about products and services on the premise that it will lead to changes in buying behaviour (Paul, Modi & Patel, 2016).

Jansone (2012) adopted TPB in his loyalty study during economic recession because he believes that customers will re-evaluate the product they are loyal to as a result of decrease in income. Apart from recession, there other variables that influence customer purchase behaviour hence there is need to investigate these variables that control customers' purchase attitude, intention and behaviour (Jansone, 2012; Miller, 2010; Lodes, 2009). The act of patronage, repeat purchase and advocating behaviour for a product by consumers of a GSM service firm relate to issue of planned behaviour. It was asserted that customer loyalty manifests itself in behavioural consequences including repurchase behaviour, spreading of positive word of mouth communication, resistance to counter persuasion and reduced product category search (Dickinson, 2013).

The TPB posited that person's intentions predict behaviour (Ajzen, 1991). This implies that components of personal element, social influence and subjects of control have an effect on people's intentions. People have certain beliefs of their actions. Beliefs form positive or negative attitudes toward the intended behaviour (Erdoğmuş & Ergun, 2016). Members of a group have belief on other members before they can be influenced. The perception that a product will function well (functional risk) and that it is worth of its purchase price (economic risk) is a belief which will influence the opinion of group members in persuading others in purchasing a GSM service, repurchase it and be an advocate of the service to others through word-of-mouth advertising by consumers.

The Theory of Planned Behaviour model was developed by Ajsen in 1991 and itis presenting how the theory affects purchase behaviour.

**Theory of Planned Behaviour**

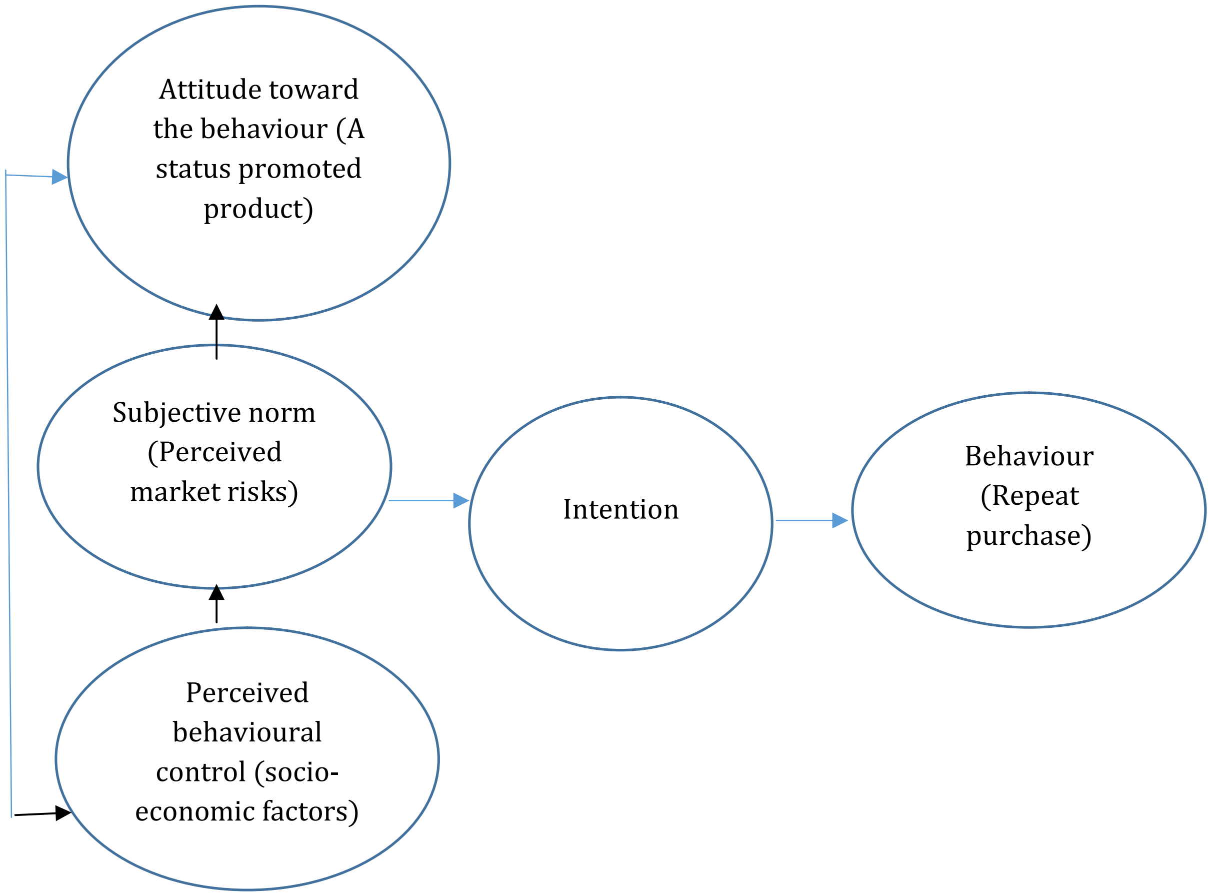


**Figure 2.4. Theory of Planned Behaviour Model**

**Source**: Ajzen, Theory of Planned Behaviour, 1991

Diagram 2.4 (model) demonstrated that a person's intentions will predict his/her behaviour (Ajzen, 2014). Applying this theory to this study it could be inferred that the subjective norm will be the level of perceived risk of customers. Perceived market risks differ from customers to customers hence it is seen as subjective. Attitude toward the behaviour might be that the GSM service will act as a status symbol or perform what it is bought for after consumption. Theory of planned behaviour posited that "components of personal factor, social influence and issues of control have an effect on person's intentions. People have certain outcome beliefs of their actions" (Ajzen, 2014). This theory implies that people beliefs produce attitude which can bepositive or negative behaviour (Southey, 2011).

Marketers have certain beliefs toward customer's actions (Elkrghli & Mohamed, 2016). Parents may be influencing buying behaviour of children (Arul & Vasudevan, 2016; Thomson, Laing & McKee, 2007), club members may be influencing the purchase behaviour of other members (Zhang & Li, 2014), colleagues at work may influence the behaviour of others, people in upper class may influence those who are millionaires and billionaire to patronise a GSM firm through their word-of-mouth advertising (Cheng, 2011). The TPB is based on social influence, normative expectation or social pressure which is referred to as subjective norm.

Theory of Planned Behaviour asserts "that person's intentions predict behaviour" (Ajzen, 1991). This implies that elements of personal characteristics, social influence and subjects of control affect people's intentions. Individualspossess specific outcome beliefs of their actions. Beliefs form positive or negative attitudes toward the intended behaviour (Southey, 2011; Ajsen, 2005).

This theory added the issue of perceived behavioural control over how customer can be influenced by others and by other variables (Cameron, 2010). In this study, family, reference group, income, and social class/status are proposed to have perceived influence over customers to be loyal to the GSM service providers. Perceived market risks are other factors envisaged to have perceived control over intention of customers to patronise the product and service (GSM services) (Wackowski, O'Connor, Strasser, Hammond, Villanti, & Delnevo, 2016). The perceived intention translates to repeat purchase behaviour (customer loyalty). Purchase intention is a planned behaviour that a consumer is willing to buy certain product (Ajzen, 1992), however, perceived market risks act as a behavioural control ove customer loyalty.

Loyal customers are good advertisers through the use of word-of-mouth advertising (Basri, Ahmad, Anuar & Ismail, 2016; Virvilaitea, Tumasonyteb & Sliburyte, 2015). Customers are good advertisers of a product when they are loyal to a product and an advocate of such product. Marketers belief that advertising is a major factor to increase brand image on consumer, for that reason some companies use different kind of advertisement stimuli to capture purchase intention (Özdemir, Tozlu, Şen&Ateşoğlu, 2016). They will easily convince their peers, members in their groups to purchase and repurchase a product or service as they act as control variable when they perceived that market risk on the product is low. Therefore, consumers who are influenced by advertisement shift their interests to the other brand which advertises the products and they control the intention and behaviour of other consumers (Jaafar, Lalp & Naba, 2012; Hashim & Muhammad , 2013).

Additionally consumers who purchase product frequently resist switching to other brand. Jean-Louse (2011) mentioned that consumers intend to purchase a GSM provider service because they think the firm has the right price or quality relation. But this intention can be controlled (The third dimension of theory of planned behaviour) by the perception of the risk level. Because there is a relation between attitude and purchase intention, if the consumers have a positive attitude towards the brand it will lead to increase in purchase intention and actual purchase (Byoungho & Yong, 2005).

Marketers have certain beliefs toward customer's actions that some customers are being influenced or controlled by some variables thereby influencing them indirectly (Asiegbu, Powei & Iruka, 2012). Directly or indirectly, parents may be influencing purchase action of children (Virmani & Dash, 2016), club members may be influencing the purchase behaviour of other members (Burnett, 2008), colleagues at work may influence the behaviour of co-workers (Hashemy, Yousefi & Soodi, 2016), people in upper class may influence those who are millionaires and billionaire to patronise certain product and services (Asshidin, Abidin & Borhan, 2016) through their word-of-mouth (Blythe, 2008). This theory is based on social influence, normative expectation or social pressure and this is referred to as the subjective norm.

It should be noted that TPB is different from TRA as a result of the perceived behavioural control dimension which was included in the TPB. This is why this theory is more appropriate because some variables are influencing or acting as a control in predicting purchase behaviour of consumers (Ajzen, 2005). Using perceived market risk as a mediating variable in this study, the theory of planned behaviour is appropriate because the theory asserts that people tend to perform an action when they have positive evaluations about the desired behaviour, they feel social pressure to do it and they also feel capable of doing so (Ajzen, 2005).Maulana and Craig-Lees (2003) asserted that the Fishbein's theory of reasoned action and Ajzen theory of planned behaviour are two theories that are prominent when scholars examined the concept of repeat purchase or customer loyalty.

### 2.2.3 Conclusion on Theoretical Review

Theory of reasoned action has two dimensions when it is related to influence on consumer purchase behaviour. The two dimensions that influence consumer purchase behaviour (customer loyalty)in the study are social and economic variables. The social and economic variables are the attitude and subjective norms which create intention to repeat purchase a GSM service.Social and economic factors was taken in the study to be the firstaspect of the two independent variable that influences consumers of GSM services purchase behaviour. Theory of planned behaviour added perceived bahavioral dimension to the attitude and subjective norm dimensions of Theory of Reasoned Action. In this study, perceived market risks acted as the behaviour controller which is the third dimension.Therefore, since Theory of Planned Behaviour has three dimesions that controlled behaviour, social, economic variables were controlled by perceived market risk which act to influence customer loyalty. Theory of planned behaviour is more relevant to this study because perceived market risks, as the additional independent variable (third dimension), acts as the perceived behavioural control.

## 2.3 Empirical Review

### 2.3.1 Empirical Research on Customer Loyalty

Kim, Wong, Chang and Park (2016) conducted an empirical study on the determinants of customer loyalty in the Korean Smartphone market in the perspective of the moderating effects of usage characteristics. They identified and measured customer satisfaction, switching barriers, usage characteristics and used survey research design, administering questionnaire on 700 smartphone users. They used t-statistics to analyse the data collected. They equally used structural equation model to test the moderating effects of usage effects on customer loyalty. They discovered that perceived costs have an indirect effect on loyalty, mediated by trust

In another study, Gerpott, Rams and Schindler (2001) examined customer retention, loyalty and satisfaction in German mobile cellular telecommunications market using survey research in measuring customer retention, satisfaction and loyalty. The data collected were from 684 respondents who are customers of digital cellular service firms in Germany. They used LISREL analyses to test the hypotheses formulated in the study. The study discovered that perceived customer care performance of mobile network operator had no significant impact on customer retention.

Deng, Lu, Wei and Zhang (2010) conducted an empirical study on mobile instant messages (MIM) in China in order to understand customer satisfaction and loyalty. The researchers used survey method in collecting data by administering questionnaire on MIM users. Results showed that trust, perceived service quality, customer value (functional and emotional value) influence customer satisfaction. It was indicated that trust, customer satisfaction and switching cost enhance customer loyalty directly.

Yacob, Ali, Baptist, Nadzir and Morshidi (2016) conducted their study on the level of mediation satisfaction of members of a cooperative credit society influence the level of their loyalty to the society services. The study was conducted using cross-sectional research design where survey research design was adopted and self-administered questionnaire was used to collect data from members of credit cooperative society that consumer the organisation's services. It was revealed that there was a positive relationship between satisfaction and customer loyalty and that a loyal customer is ready to be an advocate of the brand or organisation. The authors agreed that they failed to identify and recognised some partial variables that mediate when customer loyalty construct is being examined.

Oghojafor et al (2012) conducted a study on customer attrition in the telecommunication industry in Nigeria using logistic regression. They contended that the telecommunication industry experienced an average of 41 per cent customer attrition despite the fact that maintaining existing customers will earn s firm 25 percent reduction in costs of acquiring new ones. Cross sectional survey research was adopted in which questionnaire was used in collecting primary data. Logistic regression was used in analysing the data. It was found out that call expenses, type of service plan, providers' advertisement medium, providers' service facilities and number of mobile connections are the factors that determined customer attrition.

Omotayo and Joachim (2008) investigated the influence of quality service on consumer retention in the perspective ofGSM consumers in Nigeria. The authors linked customer retention as an antecedence of customer loyalty. Survey research design was adopted in which questionnaire was used in collecting data from academic staff of a privately owned university in Nigeria South western Region. The 150 sample size was randomly selected while 96 respondents questionnaire returned were used. Bivariate frequency distribution statistical tool was used to analyse the respondents' biodata, while t- and f-test and Pearson product-moment correlation statistical tools were used in testing the hypotheses of the study. Customer satisfaction (behavioural loyalty) on customer services has significant relationship with customer retention. The authors concluded that it is important for managers to improve on all the constructs that influence customer retention. However, they examined only customer service in the study and they contended that the GSM industry was still growing when the study was carried out.

Oyeniyi and Abiodun (2009) conducted a study on the relationship between switching cost and customer loyalty in the mobile phone market in Nigeria using survey research design method. The authors administered questionnaire on three major GSM companies in Nigeria because they control over 70% of the mobile telecommunication market. The study adopted convenience sampling method in selecting 1000 respondents that cut across all age groups. The data collected from 263 respondents were analysed using descriptive statistical tool and the hypotheses were tested using regression statistical tool. The study concluded that switching barriers has relationship with customer loyalty because the more it cost a consumer to switch to other mobile phone firm the more the customer remained with the firm. The researchers limited the study to Lagos State because it is the commercial centre of Nigeria and all the three telecommunication firms have their head offices in Lagos. The study also concluded that switching barrier interfered with customer satisfaction and loyalty in that an unsatisfied customer may not switch to another mobile phone firm if the switching cost is high.

### 2.3.2 Empirical Studies on Perceived Market Risk

On perceived market risk, Cho, Bonn and Kang (2014) adopted cross-sectional survey method to study wine attributes, perceived risk and repurchase intention. Questionnaire was administered on respondents and multi-variate analysis was used to analyse the data. The result showed that product-related attributes positively influence perceived risk. Also, information quality and service quality moderate the impact of the origin attribute, which in turn reduces perceived risk with product purchase.

Sun (2014) conducted a survey research examining how risky are services looking at the antecedents and consequences of perceived risk for hotel service. Perceived risk, firm reputation, face consciousness, risk aversion, word-of-mouth, switching intention were the variables measured using questionnaire instrument. The result indicated that those who are averse to risk perceived risk to service (hotel service) and performance risk influences switching intention significantly.

Kim, Ferrin, & Rao (2008) examine the role of perceived risk, trust and their antecedent on consumer purchase decision using web survey in collecting data. They analysed the data collected using structural equation modelling technique. The results of the study revealed that perceived risk has a strong influence on purchase decision of consumers. The study generalisability is lacking because the respondents may not be a fair representation of all consumers that patronise the product.

Hong (2015) adopted survey research to examine the effects of perceived risk and trust expectation on consumer choice of product on the internet. Perceived risk was conceptualised as a multi-component construct. And the components are financial, performance, deliver, psychological and social risks. Survey research design was adopted to collect data from respondents and correlation statistical tool was used with confirmatory factor analysis. The author contended that perceived may precede the purchase of a product as well as occurred after the purchase of the product. The study concluded that Situational involvement positively affected all the five types of perceived risk, whereas only product performance risk was positively related to consumer's trust expectation. The study was unable to statistically analyse the mediation role of perceived risks on the relationship between trust expectation and situational involvement

Santoso and Erdaka (2015) examined the issue of customer loyalty in collaborative consumption model in the perspective of customer relationship marketing (CRM) for product-service system-based e-commerce in Indonesia. Perceived risk was used as a moderating variable between satisfaction loyalty and intention to pay a premium price. A sample size of 364 comprising respondents from Amazon's Mechanical Turk panel were used to collect data. The descriptive research design was adopted in carrying out the study and survey research method was used.Questionnaire was the instrument administered on the respondents in their study. It was revealed that only financial risk have significant negative relationship between satisfaction and intention to pay premium price. Furthermore, financial risks have significant negative influencewith respect to the relationship between loyalty and intention of customers to pay premium price. Adopting moderated mediation analysis, it was revealed that the mediating effect of perceived market risks reduced significantly on loyalty when social risk conditions were involved. On the mediating effect of perceived financial risks on loyalty, the financial risk reduced completely.

### 2.3.3 Empirical study on Income

Mata, Said, Bakar, Kori, and Munir (2016) examined income as a determiner of consumer behaviour. The researchers adopted survey research method to carry out the study using self-administered questionnaire to collect data. The result showed that income did not affect consumer behaviour when consumers of car repair are involved. Furthermore, Mata, Said, Bakar, Kori, and Munir (2016) study equally examined the role income differences played in the rate in which consumers' complaint about dissatisfaction on service quality. The authors used cross sectional study adopting survey research design to collect information from respondents who patronise car repair services. It was found out that there is no differences in the level of complaints with respect for complaint about dissatisfaction with the service of the firms providing car repair works. The authors identified that previous research generated diverse findings on the effects of income on customers' complaints about customer satisfaction.

Akpan (2016) examined the influence of cultural factors on consumer purchasing behaviour in Nigeria in the perspective of Pork meat purchase. In the study, income was considered as one of the independent variables. Structured questionnaire was used to collect data from 82 respondents in Ado Ekiti, Ekiti State, South Western region. Multiple regression analysis and relative important index statistical tools were used to analyse the data collected from the 70 returned copies of questionnaire. The study discovered that income was a significant factor that influence the quantity of Pork purchased by the respondents. The researcher concluded that apart from age and cultural factors, income should not be ignored when customer buying behaviour is being considered. The study failed to established the intervening power of culture such as regious belief on the relationship between income and purchase behaviour.

Razak, Palilati, Hajar, and Madjid (2016) examined how customer income moderate the relationship between satisfaction and loyalty using survey research method and conducting interview. The data for the study was collected using questionnaire among bank customers in Negara, Indonesia.Partial least square statistical method was adopted to analyse the data collected through questionnaire. It was discovered that income gave satisfaction a reinforcement influence on customer loyalty. The research was concluded by recommending the meditative effects of demographic factors such as gender, age and education on income influence on loyalty.

Klopotan, Vrhovec-Žohar and Mahič (2016) conducted empirical research on impact of income on customer loyalty putting a hypothetical question on whether customers with high income are more loyal to their firms' product, brand, or services. The researchers collected data using on-line survey by sending questionnaire to the e-mail addresses of the respondents. It was found out that lower income group considered price as a mediator of loyalty while high income and average income earners do not considered price as a determinant of loyalty. The study concluded that income is a determinant of customer loyalty.

Dong, Ding, Grewal and Zhao (2011) conducted a study on intervention of income on satisfaction-loyalty relationship because the researchers asserted that the linear relationship between customer satisfaction and loyalty may not be at all situations. The data collected were obtained from Chinese Customer Satisfaction Index survey on services, durable and non- durable products using telephone survey. Questionnaire drawn used 10-point scales to measure satisfaction and repurchase intention. The study found out that income moderate between customer satisfaction and loyalty. The study failed to differentiate between purchase intention and repurchase behaviour because data for repurchase intention and repurchase behaviour were drawn from the same respondents. A customer may have intention of repurchasing without actually repurchasing the product.

### 2.3.4 Empirical study on Family Influence

On family influence on purchase decision, Martensen and Grønholdt (2008) conducted a study on children's influence on family decision making in recognition of parents' perception about their children. The researchers adopted survey research using children of age 5-13 year old. Mobile phones were parts of the products that were sampled. It was shown that older children influenced the family more than younger ones.

Sharma and Sonwaney (2014) conducted an empirical study on the influence of children on family purchase decision making and contended that children were not seen as being an important consumer segment that influence purchase decisions hence research on them was very scanty. The authors proposed five hypotheses and concluded that in India, children are not just consumers but they equally make decision on what the family will buy. The model that was developed was not empirically tested and this model needs to be tested in future.

Barlés-Arizón, Fraj-Andrés and Martínez-Salinas(2013) examined the influence of spouse in purchase decision-making and the evolving conflict solving tactics being adopted. Survey research method was adopted where data were obtained through 300 copies of questionnaire administered on co-habiting couples. A snowball (convenience) sampling method was used in selecting the sample size and factor analysis of principal components and t-test independent sample statistics and analysis of variance statistical methods were used to analyse the data collected. Couples influenced the purchase decision within the family. However, this influence is dependent on the type of product or service being purchased. The study used survey research method which the authors considered that may not be sufficient to study the degree of influence of couples in making purchase decision and their decision process.

Ishaque and Tufail (2014) investigated the influence of children on family purchase decision because the authors believed that children matter when family is making purchase of products and services. The study was conducted in Pakistan using survey research method where parents formed the respondents of the study. The primary data were collected from 125 parents using internet to complete the questionnaire. Correlations and regression statistical tools were used in analysing the data. It was discovered that 40% of the children influenced their families purchase decision which was contrary to the local stereotype believed of marketers in Pakistan that children will only influence decision on products that relate to them and that only parents make decisions on family products purchase.

### 2.3.5 Empirical study on Reference Group Influence

On reference group influence, Goodrich and Mangleburg (2010) investigated the perception of adolescent on their parent and peer influences on teen purchase. They adopted social power theory. Survey research was adopted where open- and close-ended questionnaire was administered on teens. It was found out that members of a group from high social oriented communication environment are highly influenced by their peers more than those from high concept-oriented communication environment.

Reza and Valeecha (2013) examined the influence of reference group on buying decision of automobile products among young executives because they look at reference groups as a factor among many other subconscious factors that influence consumers purchase decisions. The study investigated the three major reference groups' influences such as informational, utilitarian and value-expressive influences on Pakistan, a low income country with low purchasing power of the consumers. The study adopted survey research method where questionnaire was adapted from previous studies. The study was conducted to close the gap that existed on the influence of formal/informal reference groups on automobile buying behaviour of only young executives between the age group of 22-35 years.The respondents were male and female graduate working in local or multinational companies. One-sample t-test and pair sample test were conducted and it was revealed that reference group such as workmates influenced purchasing behaviour of young executives in buying automobile. The limitation of the study was that the 125 young executives could not be used to represent the much-diversified respondents as a result of demographic and psychographic variables in the location of the study.

Leal, Hor-Meyll and Pessôa (2014) investigated the influence of virtual communities as a reference group in purchasing decisions in the perspective of the participants using telephone survey. This was done as a result of the adoption of technology and social networks by some group of people in today's business environment. The findings revealed that a community may act as normative reference group because the group leaders are active in influencing the members. This indicated that intention to purchase a product or service can be changed because of interaction among members of a group.

Turčinkova and Moisidis, (2011) examined the impact of reference group on teenager's purchasing behaviour with particular reference to cloth buying process in Czech Republic. The study combined qualitative and quantitative methods. The study adopted online survey research method. In-depth-interview with sample size of 96 youths, form the qualitative method while pilot study used quantitative method. Descriptive method was used in analysing the data where results were presented in graphical and pictorial forms.It was discovered in the study that some sets of teenagers are influenced by their reference groups while other sets are not influenced by their group when purchasing clothes. The use of online social network shopping is not popular in the location of the study hence the online interview conducted is a limitation to the study.

Bishnoi and Mann (2015) investigated the influence of reference group on mobile phone purchase behaviour on customers in a rural area in Haryana villages. Friends, neighbour, relatives and friends constitute group within the reference group that formed the population of the study. A sample size of 769 was selected adopting convenience sampling method. Questionnaire was used in collecting data from the respondents examining the informational, utilitarian and value-expressive influences of the members on the group. Factor analysis, descriptive statistical tool and t-test were used in analysing the data collected. It was discovered that purchasing decision of mobile phone is moderately influenced by reference groups.

### 2.4.6 Empirical study on Social Class

Dumaz (2014) investigated cultural factors influence on consumer buying behaviour in Turkey. Cultural factors were presented in three dimensions as culture, sub-culture and social class. A survey research method was adopted and a face-to-face questionnaire was administered on respondents measuring social class construct as one of the tree cultural dimensions the study investigated. The data collected were processed with computer package and analysed with descriptive statistical tool using frequency distribution. On the part of social class, it was found out that friends and occupational social groups are important in influencing buying behaviour of consumers. The study did not provide for the test of hypotheses because they are not formulated for the study.

Sethi and Chawla (2014) conduct a study on the influence of social, cultural and marketing variables on consumer buying behaviour among telecommunication users in urban, rural, semi-urban areas in Chandigarh, India. The authors considered social class as a factor that marketers have no control over hence the study of the concept is very important in understanding of customer buying behaviour. The study used descriptive research method in which questionnaire was personally administered on sample population of respondents that used mobile phone services which was randomly selected in Chandigarh. It was discovered that social class influences purchase behaviour of consumers of mobile phone service users differently in urban, semi-urban and rural areas. People considered their status, role and social circle as important when purchasing mobile phone services.

Agyeman (2013) examined the influence of culture as a catalyst on buying behaviour of mobile phone in Koforidua town in Eastern region of Ghana using social class as one of the independent variables. The study adopted survey research design method where questionnaire was used to collect data from on 375 respondents who are customers of mobile phone firms in Koforidua Polytechnic and they cut across male and female. The researcher used chi-square statistical tool to test the hypotheses of the study. It was discovered that the social class customers belong to influences their purchase behaviour. The study suggested that marketers in designing a product or service should look at the social class of people that will be using it and segment the market according to the social class of people. The study considered social class as a cultural factor which will influence consumers' purchase decisions without considering other factors hence the study did not give the real picture of factors that influence purchase decisions of customers. The study data were drawn only from one Polytechnic which may not be a good representation of all categories of social class in Koforidua, Ghana.

El-Omari (2002) examined the influence of the categories of social class on customer loyalty in Jordan capital, Amman. The study adopted quantitative approach collecting data from 1000 households using questionnaire. The study concluded that high and upper-middle class people are loyal to some products and services while lower-middle and lower class are not loyal to the same products and services the high class and high-middle class are loyal to. The study recommended that manufacturers of apparel should use social class to influence customer loyalty to their products by promoting information about psychological and social prestige of their products.

## 2.4 Gaps in Literature

The literature review presented the summary of works that have been done by scholars on variables of this study. There weregaps in the literature concerning these study's variables. There were few studies that investigated customer loyalty in the smartphone market among users (Kim, Wong, Chang and Park, 2016). Smartphone is used for mobile telephone hence this cannot be separated from GSM service quality and socio-economic variables which this study investigated. Smartphone are mostly used by the rich and the educated and the possession could be influenced by the social class one belongs to. Kim *et al* (2016) examined customer satisfaction, switching barriers and usage characteristics effects on customer loyalty towing the lines of those who ascribed customer satisfaction as major factor that affect loyalty construct.The work of Gerpott, Rams and Schindler (2001) focused more on loyalty, retention and customer satisfaction in German mobile cellular telecommunication industry. This study also concentrated on the customer satisfaction paradigm as the variable that will affect customer retention and loyalty. The Gerpott *et al* (2001) focused on over the counter goods where transactions were done once rather than the one in the mobile phone market where transactions were continuous.

Deng, Lu, Wei and Zhang (2010) investigated customer satisfaction and loyalty in mobile instant messages in China looking at variables such as; customer trust, perceived service quality, perceived customer value, functional and emotional values, and personal factors. The personal factors were age, gender and usage time. Geng *et al* (2010) study went beyond behavioural variable (customer satisfaction) by including personal factors, but customer loyalty goes beyond satisfaction and personal factors.

Oghojafor, Mesike, Omoera and Bakare (2012) conducted their study on socio-economic variables as determiner of customer attrition in the telecommunication sector in Nigeria.However, their study ended up examining personal factors such as age, occupation, gender, marital status, place of residence, occupation and income as what determined customer attrition. Customer attrition or churn could not be equated with customer who are loyal minus those who withdrawn.Customers that are loyalty will not churn but will recommend others to patronise a product or service.Many studies established relationships between customer satisfaction and loyalty. Other studies looked at personal factors as variables that affected loyalty construct. There were no study that investigated the effect of social, economic factors and perceived market risks on customer loyalty.

Majority of the literature review showed that descriptive research design was mostly adopted by the researchers where cross-sectional survey research was conducted using questionnaire which was either self-administered or distributed on-line. The past studies showed that understanding loyalty cannot be done looking at one or two constructs, rather, loyalty would be determined by the combination of various factors. The various factors include satisfaction, quality service delivery, income level, personal factor, price, culture, loyalty programmes, perceived market risk, the nature of the product and many other factors. The literature review shows that socio-economic factors were not combined with perceived market risks to influence customer loyalty.

# CHAPTER THREE

# METHODOLOGY

## 3.0 Preamble

This chapter focuses on the research designs and techniques deployed in this study. The discussion begins with the research design.Following this, justification for the study'spopulation, sampling procedures, sampling size, instruments selected for data collection will be done.The chapter concludes with procedures adopted for this study and goes on to identify the statistical analysis usedin this study.

## 3.1 Research Design

The objective of this study is to empirically examine the effects of perceived market risk and socio-economic variables on customer loyalty in the Nigerian mobile telecommunication sector. Thus, a cross-sectional survey design was employed. Survey research is a descriptive research method, it is thereforea method used for the collection of primary data based on verbal or written communication with a representative sample of individuals or respondents from the target population (Mathiyazhagan & Nandan, 2010).

Survey research has been adopted.This is because part of the objectives of this study is to understand the behaviour of customers of GSM firms. Therefore, the survey instrument was used in collecting information from consumers of GSM telephone services in Lagos state.

To examine a relationship between variables, quantitative method was employed.It was employed because the method allows statistical manipulation and analyses that will ensure the reliability and validity of data gathered (Ghauri, 1995). Therefore, a mixed method of research was used for this study.Using this method, qualitative and quantitative research approaches were adopted. At the preliminary stage, a qualitative method was applied. At this preliminary stage, variables identified subjects who were asked questions. This was done in a formal interview in order to identify socio-economic factors that determine customer's choice and continuous patronage - loyalty to a particular GSM firm.

## 3.2 Area of Study

This study was carried out in Lagos State, Nigeria. The choice of the study's area is premised on the fact that it houses the highest number of consumers of mobile telephone service (Juwah, 2013). Forming the independent variables in this study are the socio-economic variables and perceived market risks. The study locates the socio-economic factors among people living in Lagos state. It was done so becauseLagos is reputed to be the most urbanized city in Nigeria, and where different social classes and languages in Nigeria aresituated. The National Population Commission (2016) has placed Lagos as the second most populated state in Nigeria. It is therefore, as Juwah (2013) has contended, where 15% of 139 million mobile phone subscribers in Nigeria are found. What this translates to is that 21 million consumers of GSM services in Nigeria are found in Lagos State.

### 3.3 Study Population

This study's setting is the GSM telecommunication firms in Nigeria. There are currently four active mobile service providers (firms) in Nigeria: MTN Nigeria Limited, Airtel, GLO Mobile Limited, and Etisalat. According to the Nigerian Communication Commission (2015), the subscribers' base of these mobile service providers is 184,782,512 (NCNC, 2015). The customers (subscribers) of these four GSM mobile firms provide the required setting for this research. Determining the subscribers-based is based on the data supplied by the telecommunication regulatory agency in Nigeria (Nigerian Communication Commission, 2015) Table 3.1 in this regard, presents the statistics of subscribers of mobile telephone services in Nigeria. Indeed, this is the basis for drawing the population of this study.

**Table 3.1: Mobile (GSM) Connected and Active Lines**

| | Operators | Dec. 2014 |
|---|---|---|
| **Connected Line** | Mobile (GSM) | 184,782,512 |
| | Mobile (CDMA) | 3,743,811 |
| | Fixed Wired/Wireless | 365,871 |
| | **Total** | 188,892,194 |
| **Active Lines** | Mobile (GSM) | 136,676,606 |
| | Mobile (CDMA) | 2,187,845 |
| | Fixed Wired/Wireless | 183,290 |
| | **Total** | 139,047,741 |
| | **Teledensity** | 99.32 |

**Source:** NCC, 2015

Most of the mobile CDMA companies are owned by the GSM service firms. Arriving at 139 million as the population of this study is based on the fact that there is no difference between the mobile CDMA firms and the GSM firms.

The population of mobile telephone subscribers in Nigeria was taken to be 139 million active customers of mobile service provider firms. Since this study is carried out in Lagos state, following the disclosure of Juwah (2013), 15% of the mobile phone subscribers are from Lagos state. Therefore, 15% of 139 million translates to approximately 21 million. This population aligns with the estimated population of Lagos by the National Population Commission. This formed the population of Lagos state subscribers who were the subjects of this study. The participants of this study are made of customers of the mobile (GSM) firms andnetwork operators in Lagos state. Likewise, participants in this research are basically subscribers of mobile telephone services in Lagos state. As already stated, the study's population is estimated to be 20,501,491 subscribers.

## 3.4 Sample Size and Sampling Procedure

The scientific approach has been employed for calculating the appropriate sample size of the study. The study anchors this approach on that proposed by Saunders, Lewis, and Thorhills (2009).In their proposition, a view that this study adopts, they proposed different minimum sample sizes of 95% confidence level and arrived at 384, for a population of 1 million and above. In adopting the proposition of Saunders and his colleagues, the minimum sample size of this study is 384 participants for allowing for 5% margin of error.

Also, in order to arrive at appropriate sample size in this study, the scientific computation of the sample size, as proposed by Yamane (1967) was adopted. The formula states that:

$$n = \frac{N}{1 + N(e^2)}$$

In which:

n = the sample size

N = actual/estimated population = 20,501,491

e = margin of error (0.05)

Therefore, the sample size is computed as follows:

$$n = \frac{20,501,491}{1+20,501,491(0.05^2)} = 399.99$$

Since there cannot be 0.99 people, the sample size is adjusted to 400.

Based on the response rate according to Saunders *et al.*(2009), the adjusted sample size is calculated as follows:

$$n^{\propto} = \frac{100 * n}{re\%}$$

Where:

$n^{\propto}$ = adjusted sample size;

n = actual sample size (400);

re% is the expected response rate which is equal to 25%.

The adjusted sample size is:

$$n^{\propto} = \frac{100 * 400}{25} = 1600 \text{ participants}$$

This study administered a total of 1,600 copies ofquestionnaire to sample respondents, covering demographic measurementsthat include: age, gender, marital status,religion, educational qualification, job status, social class, and income.

Based on this, and the fact that the population of customers of mobile firms in Nigeria is finite, yet in terms of cost and time,it will be foolhardyto include all participants in this study. Therefore,adesign samplingmethod was adopted in selecting participants for the study.

From the data presented in Tables 3.1, coupled with the fact that some consumers of mobile services have more than one ‘Sim Card’, there are consumers who patronisetwo or more different GSM firms.Participants in this study are stratified using socio-economic factors. Specifically, the 1600 sample size is stratified into workers, students, club members, and parents to cover teenagers/youth, income factor, family setting and reference/peer groups. This stratification overlaps because among the students there wereteenagers/youths (the undergraduate) and parents (post graduate students). Furthermore, regarding the issues of income and employees, some students are workers and earn salaries. Equally, parents receive income because they are workers. Club members, classified reference group, are also employees. Equally, people in different social classes are workers and belong to different social clubs.

**Table 3.2: Distribution of Sample Respondents of the Study**

| **Sample Respondents** | **Distribution** | **%** |
|---|---|---|
| Parents | 400 | 25 |
| Students/teenagers/youth/Children | 400 | 25 |
| Workers | 400 | 25 |
| Club members (reference group) | 400 | 25 |
| **TOTAL** | **1600** | **100** |

Source: Researcher, 2016

Therefore, quota sampling technique was first applied in dividing the participants into four groups, while convenientsampling procedure was adopted in selecting participants from each group.

### 3.5 Instruments

This study used questionnaire in collecting data. The questionnaire was adopted because it is the tool mostly used in social and behavioural research (Poryman & Bun, 2010). In this study, a pilot study was first conducted through an informal interview. This produced information regarding the independent variables such as family, social class, reference group, income, and perceived market risk (financial and functional risks). The following variables were identifiedasrelevant to this study. These variables are:

a) Family.
b) Social class/status.
c) Reference group.
d) Income.
e) Perceived market risks.

This study, therefore examined the independent variables (income, family, social class, reference group and perceived market risks) and the dependent variable (customer loyalty). The succeeding sub-sections describe the measurement scale(s) that were used for the independent and dependent variables in the instrument.

#### 3.5.1 Family Scale

Family influence was measured by using the revised 18-item instrument,formerly developed by Shao, Chuang, and Chen (2015) on dietary self-efficacy scale for older Taiwanese adult.This was adapted because it was found to be suited to this study. The authors used 18 items to measure the level of confidence for each item with scale of 1 (very little to 5 (quite a lot). Out of the 18 items, 7 were adapted.These were adapted for this study because they were found to be relevant in analysing the family scale questionnaire

This instrument tapped three family dimensions (family independent in selecting GSM firm, family influence and family influence when members are not around) of any family influence in patronizing a product or repeat purchase (loyalty).Out of these three family dimensions, 7 items were measured when a family does not usea GSM mobile phone. Also, within the 7items, measurement was also done to ascertain the use of mobile phone when family is not around.While of the 7 items, those who are loyal to a given mobile network service against the will of their families were also measured. Others include: patronising a GSM firm even, against family choice; buying of mobile phone services without influence from family; reduction of spending on mobile phone without recourse to family and ability to refuse family request to patronise a mobile phone service.

A measurement of dietary self-efficacy for cardiac patients, the Cardiac Diet Self-Efficacy (CDSE) scale, which was adapted in this study, was developed in the United States by Hickey, Owen, and Froman (1992). The Items were scored from 1 (very little) to 5 (quite a lot). Total scores were obtained by summing the item scores.The greater the score, the greater the confidence in one's ability to engage in healthy dietary behaviours. The CDSE demonstrated acceptable content validity among 525 cardiac rehabilitation subjects. Internal consistency was demonstrated (Cronbach's alpha values of 0.89 to 0.92), and test-retest stability correlation of 0.86 (Hickey et al., 1992).

### 3.5.2 Income Scale

In this study income was measured by adapting the socio-economic scale that was developed by Head and Faul (2008). This scale has three subheads,which include: access to material, human and social capital. Head and Faul (2008)asserted that material capital is "the observable, tangible, owned materials that are under people's control and that impact the ability to afford and access healthcare services". The major components of this construct are disposable income, earnings, savings, insurance coverage and assets. Human capital was seen as the innate and acquired characteristics to possess material goods and purchase services. Cognitive ability, educational skills and ability, motivation and drive are the components of human capital (Head and Faul, 2008). However, Head and Faul did not use the scale for human capital, because of problems of reliability, content and construct validity. Social capital was described as "the individual, family, and neighbourhood resources that are available, based on people's positions in the social system". Norms, reputation, prestige, influence, information channels, and obligations to and from others are the major components identified by (Head and Faul, 2008).

The scale developed was used in the health sector, which was adapted to GSM phone industry in this study. Part of this measurement scale was used under social class in this study. The scale developed relates to quality of life (QOL) index scale. Head and Faus' socio-economic scale was initially developed with 30 items.In these items, each subhead has 10 items, but after experts review, including the developer of QOL Index, the items were reduced to 23. Six items used in this study measured loss of money, when using a particular GSM service firm, ability of people in similar income level to use GSM they want, having ability to make money to pay for mobile telephone services, paying more money for mobile phone chosen, ability to pay mobile phone service bills, and ability to afford to use expensive chosen GSM phone service firm.

Material capital measure in Head and Faus' scale contains9 items.However, in this study,6 items in the scale were adapted. Using factor loading to test the validity of the material capital measuring nine items, the average rate was 0.72, while for social capital which was used for social class construct below, a factor loading of 0.64 was generated. Income construct responses were anchored on Likert five-point scale of strongly agree (5-point), agree (4-point), averagely agree (3-point), disagree (2-point), and strongly disagree 1-point).

### 3.5.3 Social Class/Status Scale

Social capital scale, developed by Head and Faul (2008), as mentioned above, was adapted to social class/status measurement. Specifically, the social capital considered as appropriate in this section and for this subscale.Head and Faul (2008) adopted Coleman's social class theory to define and develop social class/status construct scale. Social prestige and influence, according to Head and Faul (2008), determined"whether one belongs to an affluent family or lives in a neighbourhood".

The social class construct was measured by using the 8-item from the 8-item social capital scale developed by Head and Faul (2008). The items are: being well informed about mobile phone; using the mobile phone because of type of job; people believing about having prestigious job, ability to get high-quality mobile phone services within the neighbourhood; colleagues at work/school understand everything about GSM services; residents ability to help others when the need arises; educational qualification enhances the use of some GSM service firms; and club members/colleagues/school mates use expensive mobile phone services. The Social capital scale has a reliability coefficient of 0.64.Likewise, the test items were positively constructed with five-point Likert scale of strongly agree (5-point), agree (4-point), fairly agree (3-point), disagree (2-point), and strongly disagree 1-point)

### 3.5.4 Reference Group Scale

The construct of reference group was measured by the Parker and Asher (2012) Friendship Quality Questionnaire (FQQ) scale. The scale was developed by Bukowski (1987) and modified for Parker, and Asher's study. The FQQ has gone through two administrations and appraisals before Parker and Asher (2012) adapted it to their study by changing the wording and response format. The FQQ has six subscales with 41items.However, this study used three constructs: Help and Guidance, Companionship and Recreation and Intimate Exchange with average Cronbach Alpha coefficient of 0.9, 0.75 and 0.86 respectively. The three constructs have 20 items.However,only 6-items were used and adapted to suit the purpose of this study.Equally, two items from each of three subscale were used.

The items measured include: friends possession of good ideas about mobile phone; friend sharing problems about mobile phone services; friends giving good ideas to one another on the GSM phone to patronise, neighbours sharing issues about mobile phone, co-workers/schoolmates depends on one another on how to get mobile phone problems solved and club members furnish one another on how to do things with GSM service firms. Thestudy items weremeasured on responses using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).

### 3.5.5 PerceivedMarket Risks Scale

It was Bauer (1960) who first proposed that "consumer behaviour could be viewed as an instance of risk taking" The "perceived risk scale" construct was divided into three subheads which are risk perceived when buying food (14 items); when buying household appliances (16 items); and when purchasing tourism services (16 items). Because this study is about telephone services, the perceived risk when purchasing tourism services is adapted covering financial and functional risks. The scales developed by Maciejewski (2011) have a reliability of over 0.7. In this study, 9 items were reworded to fit the construct of the study, with responses on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The 9item scale include: inconsistency of mobile phone services, occasional malfunctioning of mobile phone calls sometimes, additional and unexpected charges being incurred, mobile bills are sometimes overcharged, mobile firms habitually cheat subscribers, mobile phone services are unpleasant, mobile phone services do not lead to satisfaction, inability of mobile phone services to fulfil expectations, and loss of time when using a particular GSM service firm.

### 3.5.6 CustomerLoyalty Scale

Gerpott, Rams and Schindler (2001) carried out a study on customer retention, loyalty and satisfaction on mobile cellular phone market in Germany. The researchers distinguished between three constructs in their study, following Homburg and Bruhn's (1998) study. Gerpott *et al*(2001) believed that customer satisfaction is a determining factor for customer loyalty. This study is not a longitudinal one, hence it is based on customer intention to repurchase and willingness to recommend (Herrmann & Johnson, 1999; Peter, 1997) a GSM mobile service firm to others.

This study adapted Gerppott *et al.*2-item scale that were direct questions in measuring customer loyalty by using the five point Likert Scale. The scale used definitely opt for/recommended another network operator (1); recommend/opt for another network (2 point), averagely recommend/opt for another network (=3), reselect/recommend the present network (=4) and definitely reselect/recommend the present network operator (=5). This scale reported a factor reliability of 0.89. This was used because the question items relate to customer intention to be loyal to a product or service. The items include not willing to recommend current or another network operator to friends or acquaintances and willingness to recommend the present mobile service provider. The adapted Gerppott *at al.* 2-item scale is in the section of the instrument that measures the dependent variable.

In addition to the above scale, the work of Dehghan and Shahin (2011) on MADEIRAN, a distributor of information and technology products of LG Electronics in Iran, was adapted in this study. The comprehensive 15-item measuring scale was drawn, based on different loyalty measurement scales used by Kassim and Abdullah (2010); Thuy and Hau (2010), Colwell et al (2009); Wong (2004); Butcher et al (2001); Wong and Sohal (2003); Soderlund (1998); Pedersen and Nysveen (2001); McMullan (2005); Foster and Cadogan (2000); Chaudhuri and Holbrook, 2001; Oliver, 1997; Pritchard et al., (1999); Sirdeshmukh et al., (2002); and Taylor et al., (2004). This study adapted 10-item from the Dehghan and Shahin (2011) 15-item scale.

The authors did not record the test of reliability and validity of the scale.But because they asserted that the results of the t-test, one-way analysis of variance (ANOVA), Tukey HSD and Waler-Duncan tests show that 5 questions reported that there exist differences between the means.These five questions were dropped in this study, hence 10-item was used in which the respondent either strongly agree (5-point), agree (4-point) fairly agree (3-point), disagree (2-point), strongly disagree (1-point).

Therefore, this study adapted the works of Dehghan and Shahin (2011); Kassim and Abdullah (2010); Thuy and Hau (2010) that have previously measured customer loyalty. This study used 12-item scale to measure customer loyalty as a dependent variable. The items are: customer’s refusal to switch to competitors, even in the face of network problem with current GSM service provider; not migrating to another GSM service provider in the face of temporary network unavailability; acknowledgement of the growth of current network providers; assertion that customers’ current GSM firm is different from other competitors;

and intention to always say good thing about customers' current GSM service firm. Other items include intention to recommend current GSM to those who seek for advice from the customer; having positive emotional relationship with current GSM service firm; customer assertion of being strongly committed to GSM service provider, customers voluntarily patronising chosen GSM firm and customer considering himself as a loyal patron of the current GSM firm. Lastly, the items strive to measure if customers will recommend their own or another GSM firm; and considering whether customers will recommend their present GSM firm.

### 3.6 Procedures for Data Collection

The first approach was the conduct of a pilot study that led to the understanding of the basics and unique peculiarities of the predictive variables and customer loyalty. The pilot study's findings defined the objectives and the scale-related measures and validity that were used in thisstudy. This study was then carried out to uncover the value of the initial examination and contingent information.This snowballed to the broadinvestigation of the research participants, as presented using appropriate sampling procedure.

#### 3.6.1 Pilot Study

Despite the fact that all the items adapted in drawing the questionnaire have been used in the past with the computation of the reliability coefficient and validity test, in order to ensure the reliability and validity of the instrument, a pilot study was conducted. This becomes necessary because some of the constructs' scales were used in different environment and were adapted to this study. In conducting the pilot test, forty copies of the questionnaire were administered to respondents in the University of Lagos, because all the socio-economic variables are present. The respondents were also selected using quota and convenience sampling methods. Equally, the Statistical Package for Social Science (SPSS) version 20 was used to process the data collected.Reliability test also was conducted. The Cronbach Alpha reliability coefficient was 0.808, indicating that the instrument is reliable.

### 3.6.2 Main Study

In this study, questionnaire was the instrument used to collect primary data which forms its findings. The data collected through thequestionnaire were processed with SPSS. This study involved various groups in the perspective of the socio-economic factors, even though there are overlap among the group, The copies of questionnaire were self-administered to the different members of the groups of respondents of the study in schools, club houses, and offices in Lagos metropolis (Insurance firms, bank branches, R.T Briscoe Nigeria Plc). The 400 copies of questionnaire were distributed to undergraduate students in the University of Lagos.Another 400 copies were self-administered to workers of UNILAG, while 400 copies were given to various club members ranging from Rotary Club Oyingbo Districts, UNILAG staff club and Federal College of Education (Technical) Akoka, Lagos staff club. The remaining 400 copies of questionnaire were administered to bankers, insurers, and Civil servants.These representthe working classand parents in Lagos metropolis. The respondents were selected using the convenience sampling method. Some of the respondents completed and returned the questionnaire immediately, while others requested the researcher to come back for collection.

### 3.7 Statistical Analysis

This study was meant to establish a relationship between the dependent variable (customer loyalty) and the independent variables (perceived market risks and socio-economic variables). Therefore, the research was a correlational one, which Omotayo and Joachim (2006) adopted in their study. This study embracedCorrelation Statistical Tool to test the hypotheses formulated,which Foroudi, Jin, Gupta, Melewar and Foroudi(2016) adopted in their study. Similarly, the data analysis was divided into sections in which the descriptive statistical tool was used in computing the mean score and standard deviation of each of the items used to measure the variables that provided answers to the research questions. Foroudi *et al* (2016) equally adopted descriptive statistics to analyse the data collected in their study. They presented the mean scores and standard deviation of the items in their questionnaire. The second section presented the results of the demographic data of the respondents, using the descriptive statistical tool. This showed the frequency and percentage of the response variables. The last section presented the testing of the hypotheses, using correlation statistics, t-test, linear regression, and Analysis of Variance (ANOVA).

In conducting validity test for the variables of this study, the Cronbach alpha statistical test was conducted on each variable.The results were as follows:

Income = 0.772

| | |
|---|---|
| Family influence = | 0.715 |
| Reference group = | 0.720 |
| Social class = | 0.719 |
| Perceived market risk = | 0.741 |
| Customer loyalty = | 0,853 |

The Crombach Alpha coefficient of 0.7 was considered to be a sign of validity of the data used in the study. According to George and Mallery (2003), a Cronbach's alpha coefficient of > 0.7 is acceptable as being internally consistent of the items in the scale measuring the variables.

### 3.7.1 Model

The linear regression model was used in this study. This was what Rasheed and Abadi (2014) also adopted in their loyalty study. Because this study's independent variables were grouped into two; socio-economic and perceived market risks, two regression models were formulated.

Model 1: This model considered the relationship between socio-economic factors and customer loyalty. Model 1 was formulated using a multiple regression. This model was developed after the review of theoretical and empirical literature which was aligns with the Theory of Planned Behaviour where some variables lead to consumer purchase behaviour, such as being loyal to a product and thereby repeat purchase it (Ajzen, 1991). Jason (2012) equally adopted Theory of Planned behaviour in his loyalty study. Miller (2010) and Lodes (2009) used the Theory of Planned Behaviour in their studies on customer purchase behaviour.This study also considered three social variables.Theyinclude: family, reference group and social class.Likewise, only one economic factor – income – was considered.The linear regression model 1 presents the relationship between socio-economic variables and customer loyalty. The model was proposed as follows:

$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$......... (1)

Where, $\beta_o$, $\beta_1$, $\beta_3$, and $\beta_4$ = the unknown estimates to be determined (regression coefficients)

Y = Customer loyalty

$X_1$ = income

$X_2$ = family

$X_3$ = social class

$X_4$ = reference group

$\varepsilon$ = error term

Model II: (Market Risks)

The model II showing the relationship between market risk and customer loyalty was as follows:

$Y = \beta_o + \beta X + \varepsilon$

Where Y is customer loyalty,

X is market risks which comprised financial and functional risks

$B_O$ and$\beta$ = Regression coefficient

$\varepsilon$ = error term

Analysis of Variance (ANOVA):

## CHAPTER FOUR

## DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

Based on chapter three of this study, this chapter presents the results of data obtained from the questionnaire. The copies of questionnairewere administered to customers of the GSM service providers who were the respondents in the study. The results presented were obtained by adopting the statistical methods as presented in the previous chapter.This chapter presents the demographic characteristics of the participants. It also presents the descriptive statistics of variables measured in the study.Equally, presented were the testing of hypotheses and summary of findings.

### 4.1 Response rate of Respondents

Out of the 1600 copies of the questionnaire administered to respondents in this study, 861 were returned.The returned copies of questionnaire represent 53.8% return rate. This is considered to be a good response rate. This inference is drawn from that proposedby Saunders *et al.,* who reveald that questionnaire return rate in the developed countries was 25%.

Table 4.1 shows the response rate of the participants in the study. Of the 861 respondents, parents constituted 24.4%, students/youth/teenagers formed 26.7%, workers constituted 24.7% while 24.2% of those who represented reference groups had 24.2%. Furthermore, 400 respondents in the four groups were given the instrument and each group returned at least 50% of the questionnaire.

**Table 4.1: Response Rate of Respondents**

| Sample Respondents | Distribution | Response | % Response Rate |
|---|---|---|---|
| Parents | 400 | 210 | 24.4 |
| Students/teenagers/youth | 400 | 230 | 26.7 |
| Workers | 400 | 213 | 24.7 |
| Club members (reference group) | 400 | 208 | 24.2 |
| Total | 1600 | 861 | 100.0 |

Source: Field Survey, 2016

## 4.2 Demographic Profile of the Respondents

This section presents the demographic data of the respondents who are subscribers of GSM services in Lagos state. It does this by taking into account all the sections in which they are divided. The results of the demographic profiles of the respondents are here given in Table 4.2.

**Table 4.2: Respondents' Demographic Characteristics Summary**

| S/N | Questionnaire Item | F (%) | F (%) | F (%) | F (%) | F (%) | F (%) | F (%) |
|---|---|---|---|---|---|---|---|---|
| 1 | Gender | Male | Female | | | | | |
| | | 454 (52.7%) | 407 (47.3%) | | | | | |
| 2 | Age of respondent | <20 years | 20-29 years | 30-39 years | 40-49 years | >50 years | | |
| | | 147 (13.2%) | 349 (40.5%) | 214 (24.9%) | 144 (13.2%) | 37 (4.3%) | | |
| 3 | Marital status | Single | Married | Divorced/separated | Widow/widower | | | |
| | | 532 (61.8%) | 315 (36.6%) | 11 (1.3%) | 3 (0.3%) | | | |
| 4 | Social class you belong | Upper class | Middle class | Lower class | | | | |
| | | 94 (10.9%) | 595 (69.1%) | 172 (20%) | | | | |
| 5 | Educational status | Secondary School | Undergraduate | OND/NCE | B.Sc./BA/HND | Master's degree | Ph.D. | |
| | | 29 (3.4%) | 202 (23.5%) | 118 (13.7%) | 239 (27.8%) | 205 (23.8%) | 68 (7.9%) | |
| 6 | Total monthly income | <₦50,0000 | ₦50,000-₦100,00 | ₦100,000-₦300,000 | ₦300,000-₦500,000 | ₦500,000 - ₦1million | >₦1million | |
| | | 256 (29.7%) | 255 (29.6%) | 236 (27.4%) | 62 (7.2%) | 45 (5.2%) | 7 (0.8%) | |
| 7 | Monthly use of GSM Recharge cards for calls only | <₦500 | ₦500-₦1,000 | N1001-N2,000 | N2,001-N3,000 | N3,001-N5,000 | N5,001-N10,000 | >N10,000 |
| | | 21 (18.1%) | 45 (38.8%) | 30 (25.9%) | 20 (17.2%) | | | |
| 8 | No. of person in your immediate/nuclear family | One | Two | Three | Four | Five | Six | >Six |
| | | 22 (2.6%) | 45 (5.2%) | 124 (14.4%) | 202 (23.5%) | 126 (14.6) | 176 (20.4%) | 166 (19.3%) |
| 9 | No. of person in your household using GSM phone | One | Two | Three | Four | Five | Six | >Six |
| | | 22 (2.6%) | 108 (12.5%) | 109 (12.7%) | 158 (18.4%) | 125 (14.5) | 117 (13.6) | 222 (25.8) |
| 10 | Level of Satisfaction with financial status | Highly satisfactory | Satisfactory | Averagely satisfactory | unsatisfactory | | | |
| | | 25 (2.9%) | 114 (13.2%) | 408 (47.4%) | 314 (36.5%) | | | |

**Source:** Field Survey, 2016

Table 4.2showed 52.7% were male, while 47.3% were female. The composition regarding gender revealed that all the genders were represented fully hence a comprehensiveand reliable information were provided. The result of the study covered young,teenagers as well as adult. The resultsabout the age of the participants revealed that 13.2% of them were below age 20 years. Furthermore, 40.9% of the respondents stood between ages 20-29 years. The results revealed that 24.9% of the respondents were between 30-39 years, 13.2% were between the ages of 40-49 years while 4.3% were above 50 years. Since the study focused on teenagers and parents in one aspect, the result showed that 61.8% were single while 36.6% were married.

The economic factor was one of the variables of this study, and this was measured regarding monthly income of the respondents. It was shown that 29.7% earned below ₦50,000; 29.6% earned between N50,000-N100,000 and 27.4% earned between N100,001-300,000. It was further shown that 7.2%, 5.2%, and 0.8% respectively earned between N300,000-N500,000, N500,001-N1million and above N1 million. Furthermore, the level of satisfaction with the financial status showed that 63.5% are satisfied with the various degree of satisfaction while 36.5% are not satisfied.

The composition of the respondents showed that undergraduate students were covered and they were not salary earners.However, they do receive allowances from their parents, and some of them are equally working hence the results as shown here were comprehensive, balanced and reliable. About the educational attainment of the respondents, the highest percentage (27.8%) went to people that obtaineda first degree, and respondents with Master's Degree (23.5%) followed. Those who are undergraduates are third on the list with 23.5%, and the least respondents are those with secondary education (3.4%) while the second respondents with least percentage are Ph.D. holders with 7.9% (68 respondents). The result demonstrated and confirmed that students on the campuses who represent teenagers were represented in the study.

A family member influence as one of the social factors was measured in this study. This variable represented the numbers of persons who used GSM services in the respondents' household. The results showed that 25.8% of respondents with more than six people in the respondents' household used GSM services.This was followed by those with four family member (18.4%), and those with five family members constituted 14.5%. This is an indication that family member as social variable could be used to measure the usage of GSM services. In Table 4.2, 2.6% respondents had one person in their immediate nuclear family as well as those that are using GSM. This was an indication that the measurementof family as a social variable was valid.

### 4.3 Descriptive StatisticalResults about the Variables of the Study

The descriptive statistics of the variables in this study were presented in this section. Descriptive statistics of the variables presented the mean and standard deviation of the items measuring the study's variables. The mean showed the average value of all the data.The standard deviation revealed the degree of the differences in the values of the data from the mean. Items in the study were developed adopting the 5 point Likert scale.Therefore, the expected maximum mean score was 5.0 whereas the minimum expected mean score was 1.0 while the median was 3.0. The median is "the point on the score scales below which one-half or 50 percent of the scores fall" (Bloomers & Lindquist, 1960).

The index for the interpretation of the results of the descriptive Statistics was as follow:

When the mean score is:

> 4.4 the result showed that the respondents strongly agree

4.44 – 3.44 respondents agree

2.45 – 3.44 respondents averagely agree

1.45 – 2.44 respondents disagree

Below 1.45 respondents strongly disagree

**Table 4.3: Descriptive Statistics on Family Influence**

| Item | Mean | Std. Deviation | t Statistics |
|---|---|---|---|
| Patronizing a GSM service without influence from family | 3.58 | 1.476 | .050 |
| Refusing to abide by family pressure to use a GSM service provider. | 3.41 | 1.414 | .048 |
| Independently taking a decision to reduce patronage of a GSM service provider without consulting family. | 3.38 | 1.434 | .049 |
| Stop patronizing a GSM service provider that the family members are using. | 3.38 | 1.533 | .052 |
| Patronizing a GSM service provider that none of the family members is using. | 3.33 | 1.450 | .049 |
| Independent to use a GSM service provider only when not with the family. | 2.53 | 1.391 | .047 |
| The family will not allow a member to patronize a GSM service provider. | 2.13 | 1.234 | .042 |
| **Average** | **3.11** | **1.419** | **0.048** |

**Source**: Field Survey, 2016

Table 4.3 presented the mean score as well as the standard deviation of items that measured family influence on GSM services. The questionnaire items were designed to show independence of respondents to family influence on their continuous patronage of GSM service providers. On average, the mean score of all the items is 3.11 while the standard deviation is 1.419. On the average, all the respondents fairly agreed that family would influence their decision to patronise and be loyal to a GSM service provider. It was shown that five items have the mean score above 3.0 while only two items have the mean score below the median (3.0). This result implied that family influence was minimal when an issue of loyalty to GSM service provider is considered. The implication of this findings is that parents may fairly have an influence on their children in the choice and continuous patronage of a GSM service provider.

**Table 4.4: Descriptive Statistics on Customer Loyalty**

| Item | Mean | Std. Deviation | t Statistics |
|---|---|---|---|
| GSM brand is growing in popularity. | 3.86 | 1.073 | .037 |
| Recommending GSM operator to friends or acquaintances | 3.78 | 1.156 | .039 |
| Loyal to a GSM service provider depends on necessity and not by compulsion. | 3.70 | 1.133 | .037 |
| Recommending GSM service firm to whoever seeks advice. | 3.66 | 1.063 | .036 |
| A hard-core loyal customer of a GSM service provider | 3.64 | 1.211 | .041 |
| Ready to recommend present GSM service firm | 3.58 | 1.136 | .039 |
| Ready always to say positive things about GSM service provider to other people. | 3.52 | 1.092 | .037 |
| Strongly committed to a particular GSM service firm. | 3.49 | 1.141 | .039 |

| | | | |
|---|---|---|---|
| GSM service firms differ from one another. | 3.46 | 1.179 | .040 |
| Possession of positive emotional relation and attachment with a chosen GSM firm. | 3.33 | 1.181 | .040 |
| Refused to switch away from problematic GSM brand. | 3.15 | 1.412 | .048 |
| Refused to switch GSM network even if it is not available. | 2.60 | 1.340 | .046 |
| **Average** | **3.481** | **1.176** | **.040** |

**Source:** Field Survey, 2016

Table 4.4presented descriptive statistics of customer loyalty construct.It was shown that the average mean score of the 12 item is 3.481 with a standard deviation of 1.176. It was revealed that the majority of the respondents believed that the GSM brands were growing in popularity (mean = 3.86; SD = 1.073). Loyalty of customers was beyond repeat purchase; it involved the customer having a passionate relationship with the brand,and would not hesitate in recommending the brand to others.Respondents with a mean score of 3.78 asserted that they would recommend their GSM service operator to friends. Majority of the respondents equally agreed that they were dealing with their GSM service providers because they wanted to (mean = 3.7; SD = 1.133) and they are ready to recommend their service firm to someone who seeks their advice (mean = 3.66; SD = 1.063). Despite the fact that respondents are very loyal to their service provider, about 50% (mean = 2.6; SD = 1.34) asserted that if the network of their service providers is not available, they will use another service providers' network.

**Table 4.5: Descriptive Statistics on Reference Group**

| Item | Mean | Std. Deviation | t Statistics |
|---|---|---|---|
| Possession of good ideas by friends about GSM services and providers | 4.06 | .982 | .033 |
| Sharing information with friends about GSM service problems | 3.78 | 1.167 | .040 |
| Sharing good ideas on ways to patronize GSM firm services | 3.60 | 1.147 | .039 |
| Sharing information with neighbours about GSM services | 3.60 | 1.162 | .040 |
| Sharing with co-workers/mates on how to get things done about GSM services. | 3.39 | 1.163 | .040 |
| Sharing advice with club members about GSM services | 3.38 | 1.118 | .038 |
| **Average** | **3.635** | **1.123** | **.038** |

**Source:** Field Survey, 2016

Over the issue of the reference group, the descriptive statistics in Table 4.5 showed that the average mean score of all the six questionnaire items was 3.635 and the standard deviation of 1.123. It was demonstrated that friends of the respondents have good ideas about GSM network services and providers (mean = 4.06; SD = 0.982). The result equally showed that it goes beyond reference group having fantastic ideas about GSM services and providers, they exchanged these ideas and shared problems they were having with one another (mean = 3.78; SD = 1.167).

Furthermore, Table 4.8 demonstrated that neighbours, as one of reference group variable, shared issues relating to GSM mobile services with one another (mean = 3.60; SD = 1.162). Co-workers/mates/friends equally counted on their colleagues in exchanging good ideas on how to get thing done about mobile phones and service providers.

**Table 4.6: Descriptive Statistics on Social Class**

| Item | Mean | Std. Deviation | t Statistics |
|---|---|---|---|
| Well informed about GSM services | 3.91 | 1.029 | .035 |
| Type of job determined GSM service usage | 3.69 | 1.291 | .044 |
| Possession of prestigious job | 3.54 | 1.198 | .041 |
| Availability of quality GSM service services in neighbourhood | 3.49 | 1.206 | .041 |
| Colleagues have to understand GSM services | 3.43 | 1.189 | .041 |
| Residence capability to assist in GSM services | 3.38 | 1.266 | .043 |

| | | | |
|---|---|---|---|
| Educational attainment determined the GSM service firm patronage | 3.36 | 1.294 | .044 |
| Ability of club members/colleagues to use expensive GSM service | 3.28 | 1.230 | .042 |
| **Average** | **3.51** | **1.213** | **.041** |

**Source:** Field Survey, 2016

Table 4.6 presented social class as one of the social variables, the average mean score of the eight questionnaire items was 3.51 with a standard deviation of 1.213. From Table 4.11, it was revealed that as a result of socialisation the respondents were well informed about telephone services (mean = 3.91, SD = 1.029). This point was supported by the fact that the respondents claimed that their colleagues at work/school understood everything about GSM telephone service system (mean = 3.43; SD = 1.189) and that their colleagues, school mates, and club members used GSM services that is costly (mean = 3.28; SD = 1.23). Furthermore, educational attainment was a variable of social class, the result showed that the level of their education made them use the GSM services they were currently using. This result was in line with the personal information supplied where the majority of the respondents claimed that they belong to the middle class (69.1%).

**Table 4.7: Descriptive Statistics on Income**

| Item | Mean | Std. Deviation | t Statistics |
|---|---|---|---|
| Capability to pay for telephone bills | 4.05 | .974 | .033 |
| Ability to use any GSM service | 3.53 | 1.151 | .039 |

| | | | |
|---|---|---|---|
| Possession of money to pay for any GSM service needed | 3.75 | 1.173 | .040 |
| Sustaining loss when using a particular GSM service firm | 3.72 | 1.214 | .041 |
| The cost of phone service does not matter. | 3.39 | 1.356 | .046 |
| Paying too much for GSM service | 3.56 | 1.155 | .039 |
| **Average** | **3.67** | **1.171** | **.040** |

**Source:** Field Survey, 2016

Table 4.7 presented the descriptive statistics on the effects of income in the GSM market. The result of the mean score of 4.67 indicated that all the respondents agree that income will influence the decision of respondents to remain loyal to a GSM service provider. The results revealed that customers remained loyal to a GSM service provider because they can pay for their services (mean score = 4.05, SD = 0.974). It was equally shown that people were able to make enough money to pay for their telephone service they need (mean score = 3.75, SD = 1.173). The item that has the least mean score was still very significant. Table 4.15 revealed that more than 60% of the respondents agreed that they could afford to use mobile phone service no matter the costs (mean = 3.39, SD = 1.356). The implication of this result was that if income is low and people cannot pay for GSM services, they may not be loyal to their service providers. The result of income was buttressed by item 10 in Table 4.1 where only 36.5% of the respondents agreed that they are not satisfied with their financial status.

**Table 4.8: Descriptive Statistics on Perceived Market Risk**

| Item | Mean | Std. Deviation | t Statistics |
|---|---|---|---|
| Inconsistency of GSM service with the offer | 4.20 | 1.019 | .035 |
| Unbearable malfunctioning of GSM calls | 4.18 | 1.031 | .035 |
| The occurrence of additional and unexpected charges in GSM services. | 4.08 | 1.051 | .036 |
| Overcharging of call rates by GSM firms | 4.07 | 1.026 | .035 |
| GSM service providers do cheat subscribers | 3.77 | 1.090 | .037 |
| Unpleasantness of GSM services | 3.70 | 1.188 | .040 |
| GSM services are unsatisfactory | 3.58 | 1.139 | .039 |
| Sometimes GSM services do not fulfill customers' expectations. | 3.58 | 1.208 | .041 |
| Loss of time when using a particular GSM service firm | 3.23 | 1.185 | .040 |
| **Average** | **3.821** | **1.104** | **.038** |

**Source:** Field Survey, 2016

Perceived market risks (functional and financial risks) were considered as independent variable in this study. Table 4.8 showed that perceived market risk has an average mean score of 3.821 for all the nine questionnaire items with a standard deviation of 1.104. The descriptive statistics result revealed that network services of the GSM providers were seen to be inconsistent with their offer (mean = 4.20; SD = 1.019). Furthermore, it was shown that there were unbearable malfunctioning (functional risk) of GSM services (mean = 4.18; SD = 1.031) and that additional and unexpected charges (economic risk) occur (mean = 4.08; SD = 1.051). It was obvious in Table 4.6 that the level of perceived risk in GSM market was high and significant because the least item has a mean score of 3.23 (64.6%) and a standard deviation of 1.185.

## 4.4 Relationship among Socio-Economic Factors and Customer Loyalty

**Table 4.9: Pearson Moment Correlation Matrix Result among Family Influence, Reference Group, Social Class, Income and Customer Loyalty**

| | | Family Influence | Income | Social Class | Reference Group | Customer Loyalty |
|---|---|---|---|---|---|---|
| Family Influence | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| Income | Pearson Correlation | -.061 | 1 | | | |
| | Sig. (2-tailed) | .074 | | | | |
| Social Class | Pearson Correlation | -.092** | .363** | 1 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Sig. (2-tailed) | .007 | .000 | | | |
| Reference Group | Pearson Correlation | -.084* | .262** | .507** | 1 | |
| | Sig. (2-tailed) | .014 | .000 | .000 | | |
| Customer Loyalty | Pearson Correlation | -.162** | .174** | .315** | .289** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

**Source**: Field Survey, 2016

Tables 4.9 presented the correlation matrix table showing the relationships between the dependent variable (customer loyalty) and independent variables (socio-economic factors). The results indicated that there was a statistically significant relationship between family influence and customer loyalty where the *P* value is 0.000. The table indicated that the Pearson Correlation coefficient was -.162**. The P value of 0.000 indicated that $P < 0.05$.Considering the degree of the relationship between family influence and customer loyalty, Table 4.9 revealed that the level of influence between family and loyalty was very low 16.2% ($R = 0.162$). Furthermore, it was revealed in Table 4.9 that there was a statistically significant relationship between the reference group and customer loyalty with Pearson correlation coefficient of .289** and a *P* value of 0.00 which indicates that $P < 0.05$. On the strength of the relationship between the reference group and customer loyalty, the R value of 0.289 indicated that the relationship was low and accounted for only 28.9%.

Table 4.9 further revealed that there was a statistically significant relationship between social class and customer loyalty with a correlation coefficient of .315** P < 0.05. On the strength of the relationship between customer loyalty and social class, the R value of 0.315 showed that social class has a relationship of 31.5% with customer loyalty.

Table 4.9 revealed that there is a statistically significant relationship between income, and customer loyalty with a correlation coefficient of .174**and P value of 0.000 indicating that P < 0.05. On the strength of the relationship between customer loyalty and income, the result showed R value of 0.174, indicating that 17.4% of relationship existed between income and customer loyalty. The subsequent section presented the testing of the five hypotheses of the study.

### 4.4.1 Relationship between Perceived Market Risks and Customer Loyalty

Perceived market risk was the second independent variable in this study after socio-economic factors. Table 4.10 presented the relationship between perceived market risk and customer loyalty.

**Table 4.10: Pearson Moment Correlation Matrix Result between perceived market risk and Customer Loyalty**

| | Customer loyalty | Perceived market risk |
|---|---|---|
| Customer loyalty | 1 | |
| Perceived market risk | -.008 | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).

**Source**: Field Survey, 2016

Tables 4.10 presented the correlation statistics on perceived market risk and customer loyalty. It was revealed that there is no statistically significant relationship between perceived market risk and customer loyalty with a correlation coefficient of -.008 and P value greater than 0.05.

## 4.5 Testing of Hypotheses

This section presents the testing of hypotheses which will be used to provide an answer to research questions of the study. The section presented one-sample test, and regression statistics for Model 1.

## 4.6 Assumptions Tests for Correlation Statistics, Regression Analysis and Variance of Analysis

Assumptions on correlation statistics, regression analysis and Analysis of variance were tested by carrying out data cleaning to test normality, homoscedasticity, linearity and multicollinearity. According to Bewik, Cheek and Ball (2003), failure to meet these assumptions undermined the use of multivariate statistics methods (Hair, Black, Babin & Anderson, 2010). In testing for whether the data deviated from normality assumption, the skewness and kurtosis tests were performed. It was discovered that the absolute value of skewness were between -1.305 to 0.988 while that of kurtosis of the data were between -1.345 and 1.230.The test of normality was okay since and kurtosisabsolute value should not be more than 3 and 10 respectively (Kline, 2005).

The condition of homoscedasticity was met in this study through the use of scatterplots for residuals. The scatterplot visual examination did not conform to any definite pattern, indicating that the assumption of homoscedasticity was met. In testing linearity assumption, the Normal Probability P-P Plotindicated that all the points almost fell on a straight line around the diagonal axis. This is an indication that the linearity assumption was met (Hair, Black, Babin, Anderson& Tatham, 2006).

The test of the independence of the error terms was done using Durbin-Watson statistical tool.It was indicated that the two regression models did not have autocorrelation in their residuals, because their values were around 2.0.This, according to Kasperowicz (2014), shows an absence of autocorrelation(Dufour & Dagenais, 1985). Test for multicollinearity was conducted using tolerance values and variance inflation factor (VIF) for all the variables of the study. The tolerance values were between 0.45 and 0.50, which were greater than 0.10 but less than 1.0. The variance inflation factor computation indicated values between 1.78 and 4.64 which were less than 10. The implications of these are that the tolerance values and variance inflation factor figures suggested that there was absence of multicollinearity (Vatcheva, Lee, McCormick & Rahbar, 2016; O'Brien, 2007).

### 4.6.1 Testing Hypotheses one

$H_O1$. There is no significant relationship between family influence and customer loyalty in the GSM market

**Table 4.11: One-Sample Test for Family Influence**

| | | | Test Value = 17.5 |
|---|---|---|---|

| | Mean | SD | t | Df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Lower | Upper |
| Family Influence | 3.11 | 1.419 | 23.332 | 860 | .000 | 4.23403 | 3.8779 | 4.5902 |

Source: Field Survey, 2016

Table 4.11 presented the one-sample test results with the descriptive statistics showing the mean and standard deviation. The family influence means score of 3.11 and standard deviation of 1.419 revealed that the respondents averagely agreed with family influence as a variable that is vital in the GSM market. The one-sample test shows that t = 23.332, P value < 0.05 and the 95% interval estimate which confirms that the relationship is statistically significant. This confirmed that hypothesis one ($H_O1$) is rejected which indicated that there was a statistically significant relationship between family influence and customer loyalty.

**Table 4.12: Regression Statistics on Socio-economic variables and Customer Loyalty: Model 1:**

| | **Beta (β)** | **t-value** | **p-value** | **R** | **$R^2$** | **F-value** | **F-sig** |
|---|---|---|---|---|---|---|---|
| Constant | | 12.084 | 0.000 | .374 | **.140** | 34.829 | **0.000** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Family Influence | -.190 | -3.960 | **0.000** | | | | |
| Social class | .313 | 5.281 | **0.000** | | | | |
| Reference Group | .321 | 4.407 | **0.000** | | | | |
| Income | .112 | 1.466 | **.143** | | | | |

Model 1:

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Reference Group, Family Influence, Income, Social Class

**Note:** Significant at the 0.05 level.

Source: Field Survey, 2016

Table 4.12 presented the regression statistics showing family influence, social class, reference group, income (socio-economic variables) and customer loyalty. Model 1 in Table 4.12 demonstrated not too robust fitness between socio-economic variables and customer loyalty with R = 0.374, R2 = 0.140, t statistics for family influence = -3.960, and F statistics = 34.034. However, the regression results indicated that t-statistic is significant at 0.000 (t = 12.084, P < 0.05) with about 14.0% of the variation in customer loyalty explained by family influence.

### 4.6.2 Hypothesis Two Testing

The one-sample test presented the descriptive statistics of the variables revealing the mean score and standard deviation (SD).

**Table 4.13**: **One-Sample Test Reference Group**

| | Descriptive Statistics | | Test Value = 15 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mean | SD | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | Lower | Upper |
| Reference Group | 3.64 | 1.123 | 49.239 | 860 | .000 | 6.81185 | 6.5403 | 7.0834 |

Source: Field Survey, 2016

Table 4.13 presented the one-sample test results with the descriptive statistics showing the mean and standard deviation. The reference group means score of 3.64, and standard deviation of 1.123 revealed that the respondents averagely agreed that reference group as a variable is vital in the GSM market. The one-sample test shows that t = 49.239, P value < 0.05, and the 95% interval estimate which confirms that the relationship is statistically significant. This confirmed that hypothesis two ($H_O2$) is rejected, which indicated that there was a statistically significant relationship between reference group and customer loyalty.

With Table 4.12 presenting the regression statistics showing the socio-economic variables (family influence, social class, reference group, income) and customer loyalty. Model 1 in Table 4.12 demonstrated not too robust fitness between reference group and customer loyalty with R = 0.374, R2 = 0.140, t-value for reference group = 4.407, and F statistics = 34.034.

However, the regression results indicated that t-statistic is significant at 0.000 ($t = 12.084$, $P < 0.05$) with about 14.0% of the variation in customer loyalty explained by reference group.

### 4.6.3 Hypothesis Three Testing

**Table 4.14: One-Sample Test Social Class**

| | Test Value = 20 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mean | SD | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | Lower | Upper |
| Social Class | 3.51 | 1.213 | 45.754 | 860 | .000 | 8.06969 | 7.7235 | 8.4159 |

**Source**: Field Survey, 2016

Table 4.14 presented the one-sample test results with the descriptive statistics showing the mean and standard deviation. The social class means score of 3.51, and standard deviation of 1.213 revealed that the respondents that social class as a variable is averagely vital in the GSM market. The one-sample test shows that $t = 45.754$, P value $< 0.05$, and the 95% interval estimate which confirms that the relationship is statistically significant. This confirmed that hypothesis three ($H_O3$) is rejected, which indicated that there was a statistically significant relationship between social class and customer loyalty.

With Table 4.12 presenting the regression statistics showing the socio-economic variables (family influence, social class, reference group, income) and customer loyalty. Model 1 in Table 4.12 demonstrated not too robust fitness between social class and customer loyalty with

R = 0.374, R2 = 0.140, t-value for social class = 5.281, and F statistics = 34.034. However, the regression results indicated that t-statistic is significant at 0.000 ($t = 12.084$, $P < 0.05$) with about 14.0% of the variation in customer loyalty explained by social class.

### 4.6.3 Hypothesis Four Testing

**Table 4.15: One-Sample Test Income Level**

| | Descriptive statistics | | Test Value = 15 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mean | SD | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | Lower | Upper |
| Income | 3.67 | 1.171 | 57.718 | 860 | .000 | 7.02323 | 6.7844 | 7.2621 |

**Source**: Field Survey, 2016

Table 4.15 presented the one-sample test results with the descriptive statistics showing the mean and standard deviation. The income means score of 3.67, and standard deviation of 1.171 revealed that the respondents consideredincome as a variable that is averagely vital in the GSM market. The one-sample test shows that $t = 57.718$, P value $< 0.05$, and the 95% interval estimate which confirms that the relationship is statistically significant. This confirmed that hypothesis four ($H_O4$) is rejected, which indicated that there was a statistically significant relationship between income and customer loyalty.

With Table 4.12presenting the regression statistics showing the socio-economic variables (family influence, social class, reference group, income) and customer loyalty. Model 1 in Table 4.12 demonstrated not too robust fitness between income and customer loyalty with R = 0.374, R2 = 0.140, t-value for income = 1.466, and F statistics = 34.034. However, the regression results indicated that t-statistic is significant at 0.000 ($t = 12.084$, $P < 0.05$) with about 14.0% of the variation in customer loyalty explained by income.

### 4.6.5: Testing of Hypothesis Five: $H_O5$

The hypothesis stated that there is no significant relationship between customer loyalty and perceived market risk.

**Table 4.16: One-Sample Test for Perceived Market Risk**

| | **Descriptive Statistics** | | Test Value = 22.5 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mean | SD | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | Lower | Upper |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Perceived Market Risk | 3.82 | 1.104 | 67.454 | 860 | .000 | 11.89721 | 11.5510 | 12.2434 |

**Source**: Field Survey, 2016

**Table 4.17: Regression Analysis on the relationship between Perceived Market Risks and Customer Loyalty**

| | **Beta (β)** | **t-value** | **p-value** | **R** | **$R^2$** | **F-value** | **F-sig** |
|---|---|---|---|---|---|---|---|
| Constant | | 22.981 | 0.000 | .0.008 | **-.001** | 26.824 | 0.812 |
| Perceived Market Risks | .174 | -0.239 | .812 | | | | |

Predictors: (Constant), Perceived Market Risks

**Dependent Variable:** Customer Loyalty

**Note:** Significant at the 0.05 level.

Tables 4.16 and 4.17 presented the one-sample test on perceived market risk, and regression analysis results on perceived market risk and customer loyalty respectively. Table 4.17 presented the one-sample test results with the descriptive statistics showing the mean score and standard deviation on perceived market risk. The means score for perceived market risk is 3.82, and the standard deviation is 1.104 indicating that market risk is a variable respondentaveragely agreed to be relevant in GSM market.

Table 4.17 presented the regression statistics showing the extent of the relationship between perceived market risk and customer loyalty. The t-test value between perceived market risks and customer loyalty = -0.239, F statistic = 26.825, R = .008, $R^2$= .001, F statistics is 0.057, and *P* value = 0.812 indicating that there is no statistically significant relationship. On the strength of the relationship between customer loyalty and perceived market risk, the regression table shows R value of 0.008, $R^2$ of 0.001 and F-statisticsfor of 0.057. The regression results revealed p > 0.05, while $R^2$ is 0.0%. This revealed the variation in customer loyalty as explained by perceived market risk was .1%. Overall, the regression results confirmed that perceived market risk was a poor predictor and explained no variation in customer loyalty.

**Table 4.18: Summary of Hypotheses Testing**

| Study Hypotheses | Description of Hypotheses | Results |
|---|---|---|
| **$H_1$** | There is no significant relationship between family influence and customer loyalty in the GSM market. | **Rejected** |

| | | |
|---|---|---|
| **$H_2$** | There is no significant relationship between reference group and customer loyalty in the GSM market. | **Rejected** |
| **$H_3$** | There is no significant relationship between consumer's social class and customer loyalty in the GSM market | **Rejected** |
| **$H_4$** | There is no significant relationship between income level and customer loyalty in the GSM market. | **Rejected** |
| **$H_5$** | There is no significant relationship between perceived market risks and customers loyalty in the GSM market. | **Accepted** |

**Source**: Field Survey, 2016

### 4.7: Summary of Findings

In sum, the hypotheses tested in this study show that in $H_1$, $H_2$, $H_3$, and $H_4$ the independent variables (socio-economic factors) were significantly and statistically related to customer loyalty hence the null hypotheses were rejected. However, $H_5$ was accepted, indicating that there is no statistically significant relationship between perceived market risks and customer loyalty.

The findings indicated that there was a statistically significant relationship between family influence and customer loyalty in the Global System of Mobile (GSM) telecommunication in Lagos state, Nigeria.This study result was buttressed by Martensen and Grønholdt (2008), that concluded that older children influenced the purchasing behaviour of family. Sharma and Sonwaney (2014), in their study, also concluded that children in Indian were not just consumers of products and services, but can influence the purchasing decisionsoftheir various families. When married couples were examined, Barlés-Arizón, Fraj-Andrés and Martínez-

Salinas (2013) concluded that the influence of a family member on purchasing decision depends on the type of product or service intended for purchase.

This study found that reference group members could influence the decisions of other members to repeat purchase on a GSM service. As Goodrich and Mangleburg (2010) found out in their study, members of a group from high social oriented communication environment were highly influenced by their peers more than those from high concept-oriented communication environment. In the same vein, Reza and Valeecha (2013) investigated the influence of formal and informal reference groups on the purchasing behaviour of their members. They concluded that reference group, such as workmates, influenced the purchasing behaviour of young executives in buying automobile.

This study also considered social class as having effect on the level of customer loyalty in the GSM market. The result of this study was supported by Dumaz (2014) who concluded that friends and occupational social groups are important in influencing the buying behaviour of consumers. Furthermore, Sethi and Chawla (2014) concluded in their study that social class can influence the purchasing behaviour of consumers of mobile phone service differently in urban, semi-urban and rural areas.This is because people consider their status, role and social circle as important when purchasing mobile phone services. Agyeman (2013) equally noted in his study that the social class customers belong to influences the purchasing behaviour of mobile phone users in the Eastern region of Ghana. El-Omari (2002) study found that high and upper-middle class people were loyal to some products and services, while lower-middle and lower class people were not loyal to the same products and services the high and high-middle class were loyal to.

Income was used as a variable in representing economic factor in this study. It was found that income averagely affects customer loyalty in the GSM market in Lagos state. Mata, Said, Bakar, Kori, and Munir (2016) found that income does not affect consumer behaviour, when consumers of car repair were involved. However, Akpan (2016) affirmed that income is a significant factor that influences the quantity of Pork meat purchased by consumers in Ado Ekiti in the South Western region of Nigeria.

Perceived market risk is a factor considered not to haveinfluenced customer loyalty in this study. Contrary to the findings of this study on perceived risk effect on loyalty, Cho, Bonn and Kang (2014) noted that product-related attributes positively influence perceived risk which reduced effects on customers' product purchase. In the same way, Sun (2014) concluded that for those that were averse to risk and perceived risk to service (hotel service), the perception of risk on performance affects customers' switching intention significantly.

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents a summary of major findings. It alsofeatures the conclusion, recommendations and contributions to knowledge.

### 5.1 Summary

This study contains of five chapters. Chapter one contains the introduction to the study, background to the study, statement of problem, objectives of the study, research questions and hypotheses. The chapter equally has the significance of the study, scope or delimitation of the study, and operational definition of terms. The study identified that customer loyalty was very poor in the GSM market. This is because more than 25% of customers were found to be switching from one service provider to another within one year. The study also found that there have been limited research on loyalty construct in the GSM industry in Nigeria, because the sector came up less than two decades ago. There were equally issues regarding of the combination of socio-economic factors and perceived market risk as independent variables that affect customer loyalty which any study has not done in the past. The study proposed five objectives, research questions and hypotheses, in line with the stated objectives. The study's scope was limited to Lagos state. In this regard,it identified those that would benefit from the study as: the GSM marketers, firms, and competitors, customers and researchers in the field of marketing and consumer behaviour.

Chapter two is on the review of extant literatures on the variables of the study. The chapter hasthe theories of Reasoned Action, and of Planned Behaviour, as relevant to the study. It has adopted these theories because they tried to measure variables that affect behaviour, such as customer loyalty as a purchasing behaviour. Conceptual review on family influence, reference group, social class, income, and perceived market risks as the independent variables was done. Conceptual review on loyalty as a dependent variable was done, while a conceptual model based on the relationship between dependent and independent variables was developed. Reviews on previous empirical studies on dependent and independent variables were carried out. In so doing, the gapsin the literature were identified and established.

Chapter three featured the research methods adopted in carrying out the study. The chapter has established that the cross-sectional survey research design was adopted.The population of the study was users of GSM services in Lagos state,which stood at over 20million.A sample size of 1600 participants was selected by adopting Yamane sample size formula computation. Questionnaire was used as instrument to collect data from a group of people that fell into social class, family, reference group, and income. Scales that were previously used in some studies were adapted to measure the variables. The instrument was self-administered by the respondents to parents, workers, club members, and undergraduates/youths. A pilot test was equally conducted to test for reliability of the instrument. The Cronbach alpha coefficient computed for each variable was above 0.7. Linear regression was also used in analysing the data collected. Similarly, two regression models were formulated in which socio-economic variables were used for the first model, while perceived market risk was used for the second model.

Chapter four was on data analysis. In this regard, the following findings were made:

i. There is a statistically significant relationship between family influence and measurement of loyalty of customers in the GSM market. This indicates that to some extent parents influence their children to patronize a GSM service provider.Equally, husband and wife may influence each other to patronise a particular GSM firm. This might be as a result of the strategic tools, which some of the GSM firms use. For example, call rateswithin a GSM network is cheaper, when compared with when call rates to another network. In some cases, free calls are allowed when calls emanate from a GSM network to the same network.

ii. Reference groups in marketing are constantly being used to influence members of the groups. In this study, it was revealed that peer group would influence members' loyal to a particular GSM service provider. Group members will provide information to their members about the advantages and disadvantages of patronizing a GSM firm. By doing this, they act as advertisers to the GSM service provider, through word-of-mouth advertising.

iii. Income, according to the findings of this study, will significantly influence the loyalty of customers to a GSM service firm. The call rates for all GSM service firms are almost similar, hence they use promotional tools to reduce their prices. In the GSM industry,it is sometimes the case for firms to copy one another strategy. Once a GSM firm employs a given price reduction strategy, the others will do the same.Hence it can be implied that price reduction will make low income earners to patronize a GSM service firm.

iv. The social class an individual belongs significantly influences the level of patronage, and repeat purchase of a GSM service. The study identified three categories of social class: lower class, middle class and upper class. Majority of the respondents claimed that they belong to the middle class. In the past and before the advent of GSM phone, only the rich individuals used phones. However, this has changed, in that the poor people can now afford to use GSM phones, because the cost has drastically reduced.

v. Perceived market risks will not significantly affect customers from being loyal to a GSM service provider, neither will it mediate the relationship between socio-economic factors and customer loyalty in the GSM market.This is as revealed by the pilot study conducted. This inability of perceived market risks to influence customer loyalty might be because the service quality of these firms are the same.Therefore, the functional and financial risks customers' face in one GSM firm are the same in another. Furthermore, many of the respondents and GSM service users patronize more than one service provider.Therefore, the perception of risk for different GSM companies is the same.

## 5.2 Conclusion

Based on the findings of this study, the four socio-economic factors have a significant relationship with patronage, repeat purchase and intention of customers to recommend their GSM service providers to others. The socio-economic variables considered are family, income, reference/peer group, and social class. Members of these groups when satisfied with the services of a GSM firm, will act to influence others to patronise and engage in a repeat purchase of the services of a GSM frim. When the members of these groups are satisfied, they will encourage others to patronise the firms (Mata, *et al.,* 2016; Akpan, 2016; Razak *et al.,* 2016; Klopotan, *et al.,* 2016; Dong, *et al.,* 2011; Sharma & Sonwaney, 2014; Barlés-Arizón, *et al.,* 2013; Isaque & Tufail, 2014; Goodrich & Mangleburg, 2010; Reza & Valeecha, 2013; Leal, *et al.,* 2014; Agyeman, 2013; El-Omari, 2002).

Marketers believe in segmenting customers through the use of socio-economic variables. They also believe in customer segmentation through focusing on strategies that constitute members of a group. There is always the presence of an influencer that shapes the opinion of members of a group. It is therefore believed that parents can shape or influence the decisions of their children.Husbands can also influence the decisions of their wives and vice versa. Equally so, the head or president of a club may influence the decision of members of that club. Similarly, peer group, family, social status/class and economic grouping may influence the decisions of other customers, depending on the group they belong.

Perceived market risk in this study include functional and financial risks. Functional risk is the loss a customer will sustain, if the GSM service fails to perform the function it was acquired for, while financial risk is the monetary loss that the GSM subscriber will sustain, if the GSM firm fails to perform due to inability to make calls by customers. In this study, none of these have significant relationship with customer loyalty. It is common to see GSM service user having more than one GSM network, hence if one does not work the other will. This may also contribute to the issue of financial risk, hence if monetary loss will be sustained by one GSM network not working, another one will be used to avoid the loss. However, perceived market risks have influence on the purchase of wine, according to the study conducted by Cho, Bonn and Kang (2014) on hotel services (Sun, 2014) and on choice of products on the internet (Hong, 2015).

There is a link between customer satisfaction with the services provided by a firm and perceived market risks (Kim, Ferrin & Rao, 2008). In this study, since perceived market risk relationship is low, it implies that customers are satisfied with the GSM services. Therefore, if perceived market risk relationship is significant with loyalty, customer satisfaction would have been low.

With respect to loyalty construct, the findings of this study showed that customers who are loyal to a GSM service provider will patronise the firm and repeat purchase of the services. In addition, customers will recommend their GSM service provider to others. This aligns with Kotler and Keller's (2008) view that customer loyalty goes beyond repeat purchase, because a loyal customer may become a mouthpiece of the firm and, through words-of-mouth, becomes her advertiser. Harris & Goode (2004) put it succinctly that "loyal customers buy more, are willing to spend more, are easier to reach, and act as enthusiastic advocates for the firms." Marketers believed that consumers sometimes question recommendations from companies.However, when it comes to comments (words of mouth) from consumers, their recommendations are believed to be more credible (Bansal & Voyer, 2000; Senecal & Nantel, 2004; Casaló, Flavián, Guinalíu & Ekinci, 2015).

### 5.3 Contributions to Knowledge

This thesis contributes to knowledge in the following ways:

1. This study has established that there is no significant relationship between perceived market risk and customer loyalty, unlike previous studies.
2. This study has contributed to scholarship on consumer behaviour and decision making and how groups can influence individual members in making purchase decisions in the GSM market.

3. This study has meaningfully developed a new conceptual framework on the relationship between perceived market risk, socio-economic variables and customer loyalty.
4. The study empirically established that apart from behavioural loyalty in which customer satisfaction and quality of services have been the major factors that affect loyalty, there are other factors (socio-economic factors) that affect customers loyalty to a firm or brands.

## 5.4 Recommendations

Base on the findings and conclusion of this study, the following are recommended in the study

i. Marketers in the GSM industry should formulate and implement marketing strategies that will focus on customers, using socio-economic variables. Pricing, customer relationship, quality service delivery (product), promotional and communication strategies should be formulated and implemented by focusing on leaders and members of the three classes, social clubs, workers groups, students and parents.

ii. It is equally important to evaluate marketing strategies to know whether it is working or not. Quality service and customer satisfaction will still play a prominent role when focusing on social and economic grouping of customers.

iii. Despite the fact that perceived risk has no statistical relationship with customer loyalty, individual organisation in the GSM industry should not relax on customer quality service delivery, because if one firm in the industry could provide quality service more than others, the perceived risk of other firms will be exposed.

## 5.5 Marketing Implications

One of the noticeable strategy when groups are the target of GSM firms is the charging of lower price when calls are made within the same GSM network. This will encourage members of the same group to patronise and be loyal to a particular GSM network. The other strategy encouraging friends, family members and members of groups to use the same network was the free night call where call to the same network are free when it is made during night hours. Marketers are in the habit of targeting leaders of a group when formulating and implementing strategy. However, it is like the GSM firms are not using these groups hence the coefficient of correlation in this study are very low. Therefore, marketing managers of GSM firms should focus their strategies on peer groups, family, social class, workmates, students' groups and other groupings. When any of these groups are captured, they function as advertisers of the services and products of the GSM firm.This is customer loyalty to the cure.

## 5.6 Limitations of the Study

This study considered socio-economic variables, using the opinions of participants that are subjective, rather than use their personal factors that ate verifiable and not subjective. Thus, variables such as actual income or salaries of respondents would have provided objective result on income more than when opinion on whether income being earned by respondents will affect their loyalty. This study used cross-sectional research method.However, this did not show the history of past repeat purchases. The study presented intended loyalty of customers which may not result in actual purchase behaviour. A longitudinal study shows actual purchasing behaviour.It, however, would have shown the consistency of a customer's loyalty to a GSM service.

### 5.7 Recommendations for Future Research

Since this study was examined using data collected from participants, which may be subjective, a comparative study on the subjective opinions and use of personal factors such as salaries being earned is desirable. Likewise, the pilot study examined the role of mediation played by perceived market risk between customer loyalty and socio-economic variables.It is therefore necessary to examine the moderating role of perceived market risk on customer loyalty.

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## APPENDIXA

**Summary of Empirical Studies on Customer Loyalty, socio-economic factors and Perceived Market Risks**

The table below presents the summary of works that have been done by scholars on this study. The table presents the names of the author(s), title of the work done, concepts/variables in their study and the research design. The table in addition presents the gaps in the works of these authors.

**Table 2.1: Summary of literature on past studies**

| S/N | Author(s)/ Year | Title of Article | Journal name | Concepts/variables | Research Design | Gap | Findings |
|---|---|---|---|---|---|---|---|
| 1 | Kim, M. K., Wong, S. F. Chang, Y. & Park, J. H. (2016) | Determinants of Customer Loyalty in the Korean Smartphone Market: Moderating Effects of Usage Characteristics | Telematics and Informatics | Customer satisfaction, switching barriers, usage characteristics and customer loyalty | The study was on Smartphone market.<br>Used Survey method | Few studies investigated loyalty in the smartphone market among users | The findings showed that perceived costs have an indirect effect on loyalty, mediated by trust |
| 2 | Gerpott, T. J., Rams, W. & Schindler, A. (2001) | Customer retention, loyalty and satisfaction in the German mobile cellular telecommunications market | Telecommunication policy | Customer retention, loyalty | Survey using telephone | Researchers focused more on loyalty, retention and satisfaction on over the counter goods where transaction is once rather than being a continuous one such as the mobile phone sector | |
| 3 | Deng, Z., Lu, Y., Wei, K. K. & | Understanding customer satisfaction and loyalty: An empirical study of | International Journal of Information | Customer satisfaction, loyalty, | Cross sectional | The use of satisfaction as a measure of | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Zhang, J. (2010) | mobile instant messages in China | Management | trust, perceived service quality, perceived customer value, functional value, emotional value, age, gender and usage time | Survey | loyalty is not enough because there are many other variables that encourage customer loyalty | |
| 4 | Kim, M. K., Wong, S. F. Chang, Y. & Park, J. H. (2016) | Determinants of Customer Loyalty in the Korean Smartphone Market: Moderating Effects of Usage Characteristics | Telematics and Informatics | Customer loyalty, usage characteristics, smartphone market | Cross sectional Survey | Few studies investigated loyalty in the smartphone market among users | |
| 5 | Gerpott, T. J., Rams, W. & Schindler, A. (2001) | Customer retention, loyalty and satisfaction in the German mobile cellular telecommunications market | Telecommunication policy | Customer retention, loyalty | Survey using telephone | Researchers focused more on loyalty, retention and satisfaction on over the counter goods where transaction is once rather than being a continuous one such as the mobile phone sector | |
| 6 | Mata, A., Said, A. M., Bakar, E. A, Kori, N. L., Munir, Z. A. (2016). | Determining the Income Differences and Complaint Behaviour among Automobile Repairs and Service Consumers in Shah Alam, Malaysia. | Economics and Finance, 37: 21 – 26 | Complaint behaviour, income and dissatisfaction | Cross sectional survey | There is no consistency in findings about the relationship between income and complaint about customer satisfaction. | The study discovered that income did not determine complaint behaviour about service dissatisfaction. |
| 7 | Cho, M., | Wine attributes, | International | Wine | Cross- | The gap filled | Sensory and origin- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Bonn, M. A., & Kang, S. (2014) | perceived risk and online wine repurchase intention: The cross-level interaction effects of website quality | Journal of Hospitality Management | Attributes, Website Quality, Perceived Risk, Online wine repurchase Intention | sectional Survey | by the study is the relationship between product (wine) attributes, perceived risk and product (wine) repurchase intention | related attributes positively influence perceived risk. Also, information quality and service quality moderate the impact of the origin attribute, which in turn reduces perceived risk with online wine shopping |
| 8 | Wu, K., Vassileva, J., Noorian, Z., & Zhao, Y. (2015) | How do you feel when you see a list of prices? The interplay among price dispersion, perceived risk and initial trust in Chinese C2C market | Journal of Retailing and Consumer Services | Perceived risk, consumer to consumer, trust, price dimension and purchase intention | Survey and Experimental | exploring in what way does trust influence perceived risk in different levels of price dispersion | Price dispersion positively affect perceived risk |
| 9 | Hong, I. B. (2015). | Understanding the consumer's online merchant selection process: The roles of product involvement, perceived risk, and trust expectation | International Journal of Information Management | Perceived risk, trust, product involvement | Survey | failure to statistically analyse the mediation effect of perceived risks in the relationship between situational involvement and trust expectation | Situational involvement positively affected all the five types of perceived risk, whereas only product performance risk was positively related to consumer's trust expectation |
| 10 | Sun, J. (2014) | How risky are services? An empirical investigation on the antecedents and consequences of perceived risk for hotel service | International Journal of Hospitality Management | Perceived risk, firm reputation, face consciousness, risk aversion, word-of-mouth, switching intention. | Survey design | Non incorporation of external variable such as country-of-origin in the model | Those who are averse to risk perceived risk to service (hotel service). Performance risk influences switching intention significantly |
| 11 | Yang, Q., Pang, C., Liu, L., Yen, D. C., & | Exploring consumer perceived risk and trust for online payments: An empirical study in | Computers in Human Behaviour | Perceived risk, trust, online payment, | Survey | Perceived risk accounted for 55% of influence | Not all perceived risks have a significant effect on perceived total risk. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Tarn, J. M. (2015). | China's younger generation | | trust beliefs | | indicating that there are other factors that should be investigated. | Economic risk, functional risk and privacy risk are significantly related to perceived total risk |
| 12 | Yacob, Y., Ali, J. K., Baptist, C. J., Nadzir, H. M., & Morshidi, M. H. (2016). | How Far Members' Satisfaction Mediated Members' Loyalty? Investigating Credit Cooperative in Sarawak Borneo. | Social and Behavioural Sciences, 224: 376 – 383 | Members' satisfaction, service quality dimension | Cross sectional research with survey research design | There are other mediating variables on loyalty which the study did not covered | The results indicated that there is a relationship between satisfaction and loyalty |
| 13 | Klopotan, I., Vrhovec-Žohar, K., & Mahič, E. (2016). | Impact of Income on Customers' Loyalty: Are Customers with Higher Income more Loyal? | Business Systems Research, 7(1), 81-88 | Marketing, economics, customer loyalty management | On-line survey research | The reseach did not consider cultural difference even among Crotians where culture within the country differ. | It was found out that lower income group considered price as a mediator of loyalty while high income and average income earners do not considered price as a determinant of loyalty. The study concluded that income is a determinant of customer loyalty |

# Appendix B

## Department of Business Administration

## University of Lagos, Akoka, Yaba, Lagos

## Questionnaire

Dear Respondent,

I am a Ph.D. student conducting a study on my final thesis. Please, provide the appropriate information to the questions below. The information provided will be treated with confidentiality and used only for academic purpose. Your assistance and cooperation will be appreciated.

Thank you.

**Olufayo, Thaddeus, O.**

Below are lists of how you can be influenced by or you influence your family on the use of a mobile network. Note that VL = very little, L = little; U = undecided, AL = a lot and QL = quite a lot

| SN | FAMILY INFLUENCE ON USE OF A GSM NETWORK | | | | | |
|---|---|---|---|---|---|---|
| **A** | **Item** | **QAL** | **AL** | **U** | **L** | **VL** |
| 1 | I can continue to use a GSM mobile phone when no one in my family is using it. | | | | | |
| 2. | I can stay on using a GSM service provider only when I am not at home with my family | | | | | |
| 3 | I know the GSM mobile phone I should be loyal to but my family will not allow it. | | | | | |
| 4 | I can stop patronizing a poor GSM mobile service provider even if my family members stick to such firm | | | | | |
| 5 | I can increase the usage of my GSM phone without any influence from my family | | | | | |
| 6 | I can reduce the amount of calls using a GSM service provider without recourse to my family. | | | | | |
| 7 | I can say no to my family if they ask me to patronize a GSM service firm. | | | | | |
| Please indicate the extent to which you agree with the following statements by ticking [√] the appropriate column. Use SA = Strongly agree; A = Agree; N = Neutral, D = Disagree; andSA = Strongly disagree | | | | | | |
| | **INCOME** | | | | | |
| | **Item** | **SA** | **A** | **N** | **D** | **SD** |
| 1 | I lose money when I use a particular GSM service firm | | | | | |
| 2 | People of my income level are able to use GSM service they need | | | | | |
| 3 | I am able to make enough money to pay for telephone service | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4 | I have to pay more for the mobile phone service that I am using | | | | | |
| 5 | I am able to pay for my telephone bills | | | | | |
| 6 | I can afford to use mobile phone service no matter the costs | | | | | |
| Please indicate the extent to which you agree with the following statements by ticking [√] the appropriate column. Use SA = Strongly agree; A = Agree; N = Neutral, D = Disagree; and SA = Strongly disagree | | | | | | |
| | **SOCIAL CLASS/STATUS** | | | | | |
| | **Item** | **SA** | **A** | **N** | **D** | **SD** |
| 1 | I need the GSM service I am using as a result of type of my job/status | | | | | |
| 2 | I am well informed about telephone services | | | | | |
| 3 | People believe that I have a prestigious job/status | | | | | |
| 4 | I know people around my residence who will help me out when I need mobile telephone services | | | | | |
| 5 | My club members (school mates) use expensive mobile telephone service | | | | | |
| 6 | My colleagues at work (school mates) understand everything about GSM telephone service system | | | | | |
| 7 | My educational attainment make me use some GSM service provider | | | | | |
| 8 | Quality mobile telephone services are easy to get in my neighbourhood | | | | | |
| Please indicate the extent to which you agree with the following statements by ticking [√] the appropriate column. Use SS = Strongly satisfied; S = Satisfied; N = Neutral, D = Dissatisfied; and SD = Strongly dissatisfied. | | | | | | |
| | **REFERENCE GROUP** | | | | | |
| | **Item** | **SS** | **S** | **N** | **D** | **SD** |
| 1 | My friends have good ideas about GSM network services and providers | | | | | |
| 2 | My club members (friends) give me advice in figuring things out about GSM services | | | | | |
| 3 | My co-worker (school mate) count on each other for good ideas on how to get things done about our mobile phones. | | | | | |
| 4 | My friend loan each other with good ideas on ways to patronize mobile firm services | | | | | |
| 5 | My neighbours share mobile issues with each other | | | | | |
| 6 | I and my friends always tell each other our problems with our mobile | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | phones | | | | | |
| Please indicate the extent to which you agree with the following statements by ticking [√] the appropriate column. Use SA = Strongly agree; A = Agree; N = Neutral, D = Disagree; and SA = Strongly disagree | | | | | | |
| | **PERCEIVED MARKET RISK** | | | | | |
| | **Items** | **SA** | **A** | **N** | **D** | **SD** |
| 1 | Network service sometimes turns out to be inconsistent with the offer | | | | | |
| 2 | GSM service providers are in the habit of cheating me | | | | | |
| 3 | Additional and unexpected charges sometimes occur with my network provider. | | | | | |
| 4 | Charge rates are sometimes overcharged by some networks | | | | | |
| 5 | There are sometimes unbearable malfunctioning of GSM calls | | | | | |
| 6 | I sometimes buy mobile telephone services which do not fulfil my expectations. | | | | | |
| 7 | Sometimes GSM mobile telephone services are unpleasant | | | | | |
| 8 | Patronizing GSM service providers with people will not lead to my satisfaction | | | | | |
| 9 | I lose time when I use a particular GSM service firm | | | | | |
| Please indicate the extent to which you agree with the following statements by ticking [√] the appropriate column. Use SA = Strongly agree; A = Agree; N = Neutral, D = Disagree; and SA = Strongly disagree | | | | | | |
| | **CUSTOMER LOYALTY** | | | | | |
| | **Item** | **SA** | **A** | **N** | **D** | **SD** |
| 1 | I would not switch to a competitor, even if I had a problem with my GSM Network. | | | | | |
| 2 | If my GSM network is not available I will not try an alternative. | | | | | |
| 3 | In comparison to other brands I know, my GSM firm is growing in popularity. | | | | | |
| 4 | My GSM company is different from competing brands. | | | | | |
| 5 | I will always say positive things about the GSM firm I use to other people. | | | | | |
| 6 | I definitely recommend the GSM firm to someone who seeks my advice. | | | | | |
| 7 | I have a positive emotional relation with the company I have chosen and I feel attached to it. | | | | | |
| 8 | I am strongly committed to the GSM Network I am using. | | | | | |
| 9 | I deal with my GSM Network because I want to, not because I have to. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 10 | I consider myself to be a loyal patron of my GSM company | | | | | |

Please indicate the extent to which you agree with the following statements by ticking [√] the appropriate column. Use DRAN = Definitely recommend another network; RAN = recommend another network, U = undecided, RPN= recommend the present network, and DRPN = definitely recommend the present network

| | **CUSTOMER LOYALTY** | | | | | |
|---|---|---|---|---|---|---|
| | **Item** | **DRPN** | **RPN** | **U** | **RAN** | **DRAN** |
| 11 | I recommend my own or another network operator to friends or acquaintances | | | | | |
| 12 | I will recommend the present network | | | | | |

**Personal Information**

**Gender:** Male [ ] Female [ ]

**Age:** Less than 20 years [ ] 20-29 years [ ] 30-39 years [ ] 40-49 years [ ] 50 years and above

**Educational status:** Secondary school [ ] undergraduate student [ ] OND/NCE [ ] B.Sc./BA/HND [ ] Masters degree [ ] Ph.D. [ ]

**Marital Status:** Single [ ] Married [ ] Divorced/separated [ ] widow/widower [ ]

**How will you describe the social class you belong:** Lower class [ ] Middle class [ ] Upper class [ ]

**Total monthly income**: Less than ₦50,000 [ ] ₦50,000-₦100,000 [ ] ₦100,000-₦300,000 [ ] ₦300,000-₦500,000 [ ] N500,000-N1million [ ] Above ₦1milion [ ]

**Monthly use of GSM recharge cards for calls only**: Less than N500 [ ] N500-N1,000 [ ] N1,001-N2,000 [ ] N2,001-N3,000 [ ] N3,001-N5,000 [ ] N5,001-N10,000 [ ] Above N10,000 [ ]

**Number of persons in your immediate/nuclear family**: 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ] 6 [ ] more than 6 [ ]

**Number of persons in your household using GSM phone**: 1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ] 6 [ ] more than 6 [ ]

**Indicate how satisfied you are with your financial status**: Unsatisfactory [ ] Averagely satisfactory [ ] satisfactory [ ] highly satisfactory [ ]

Thank you

# Appendix C

## Pearson Correlation Matrix Table and Regression Statistical Table for all the Variables

**Correlations**

| | | FI | IN | SC | RG | PMR | CL |
|---|---|---|---|---|---|---|---|
| FI | Pearson Correlation | 1 | | | | | |
| | Sig. (2-tailed) | | | | | | |
| IN | Pearson Correlation | -.061 | 1 | | | | |
| | Sig. (2-tailed) | .074 | | | | | |
| SC | Pearson Correlation | -.092** | .363** | 1 | | | |
| | Sig. (2-tailed) | .007 | .000 | | | | |
| RG | Pearson Correlation | -.084* | .262** | .507** | 1 | | |
| | Sig. (2-tailed) | .014 | .000 | .000 | | | |
| PMR | Pearson Correlation | .026 | .207** | .169** | .251** | 1 | |
| | Sig. (2-tailed) | .452 | .000 | .000 | .000 | | |
| CL | Pearson Correlation | -.162** | .174** | .315** | .289** | -.008 | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .812 | |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

## Multiple Regression Result for all Variables

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .386[a] | .149 | .144 | 7.407 |

a. Predictors: (Constant), Perceived Market Risk, Family Influence, Social Class, Income, Reference Peer Group

The unstandardized coefficients is used to formulate the regression model:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$

Where Y = Customer loyalty

$X_1$ = family influence and $\beta_1$ = coefficient of family influence

$X_2$ = income and $\beta_2$ = coefficient of income

$X_3$ = social class and $\beta_3$ = coefficient of social class

$X_4$ = reference group and $\beta_4$= coefficient of peer group

$X_5$ = perceived market risks and $\beta_5$ = coefficient of perceived market risk

Constant = $\beta_0$

The regression model is:

$14.093 - 0.035X_1 + 0.038X_2 + 0.083X_3 + 0.15X_4 + 0.042X_5 + 1.257X_6$

**ANOVA**[a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 8207.636 | 5 | 1641.527 | 29.916 | .000[b] |
| | Residual | 46914.631 | 855 | 54.871 | | |
| | Total | 55122.267 | 860 | | | |

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Perceived market risk, Family influence, Social class, Income, Reference group

**Coefficients**[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 31.018 | 2.543 | | 12.196 | .000 |
| | Family Influence | -.182 | .048 | -.121 | -3.805 | .000 |
| | Income | .146 | .077 | .065 | 1.889 | .059 |
| | Social Class | .315 | .059 | .204 | 5.339 | .000 |
| | Reference Group | .362 | .074 | .184 | 4.904 | .000 |
| | Perceived Market Risk | -.153 | .051 | -.099 | -2.994 | .003 |

a. Dependent Variable: Customer Loyalty

## Appendix D

### Mediation Test Result of the Pilot Study

A mediation test was carried out in a pilot study showing if Perceived market risk will mediate between customer loyalty and socio-economic factors which was the first intention of this study.

**Hypothesis**: Perceived risk will not significantly mediate the relationship between socio-economic variables and customer loyalty in the GSM market.

This hypothesis was tested adopting Hayes (2013) PROCESS Procedure which shows how mediating variable affects the relationship between a dependent variable and independent variable(s). The result of this test is presented as follows

**Socio-Economic (SE) Variables predict Customer Loyalty (CL)**

**Model Summary**

| R | R-sq | MSE | F | df1 | df2 | p |
|---|---|---|---|---|---|---|
| .238 | .057 | 4.1770 | 8.1982 | 2.0000 | 858.0000 | .0003 |

Model

| | coeff | se | t | p |
|---|---|---|---|---|
| constant | 33.8553 | .7418 | 45.6404 | .0000 |
| SE | .0249 | .0332 | 7.197 | .0000 |

**************************************************************************

Source: Field Study, 2016

**TOTAL DIRECT AND INDIRECT EFFECTS**

Total direct effect of X (socio-economic variables) on Y (customer loyalty)

| Effect | SE | t | p |
|---|---|---|---|
| **-.0476** | .0131 | -3.6835 | .0003 |

Direct Effect of X on Y

| Effect | SE | t | p | BootLLCI | BootULCI |
|---|---|---|---|---|---|
| -.0482 | .0010 | -3.6835 | .0002 | -.0739 | -.0225 |

************************* TOTAL EFFECT MODEL
***************************

Source: Field Study, 2016

Indirect Effect of X on Y

| Effect | Boot SE | BootLLCI | BootULCI |
|---|---|---|---|
| .0006 | .0010 | -.0006 | .0038 |

************************* TOTAL EFFECT MODEL
***************************

Source: Field Study, 2016

Outcome: Customer Loyalty

Preacher and Kelley (2011) Kappa-squared

Model

| | Effect | Boot SE | LLCI | ULCI |
|---|---|---|---|---|
| SE | .0239 | .0131 | .0003 | -.0734 |

**************** TOTAL, DIRECT, AND INDIRECT EFFECTS
*******************

Normal theory tests for indirect effect

| Effect | se | Z | p |
|---|---|---|---|
| .0006 | .0010 | .6148 | .5387 |

The result revealed that socio-economic variable significantly predict customer loyalty, $p = 0.0000$, $R = 0.238$, $R^2 = 0.057$, $b = 0.178$, $t = 7.197$. The relationship is positive indicating that as social and economic factors (Family influence, social status/class, preference group influence and income) improved customer loyalty will increase. However, the level of contribution is small 5.7%. The result equally shows the results of the total, direct and indirect effects of both the predictor variable (socio-economic factors, SE) and the mediator of the dependent variable (customer loyalty). The total effect represents the effect of socio-economic variables affecting customer loyalty in which $b = -.0476$, $t = -3.6835$, $p = 0.0003$. The direct effect is the effect of socio-economic on customer loyalty when perceived market risk is introduced in the equation; $b = -0.0482$, $t = -3.6835$, $p = -.0225$. The indirect effect which shows the mediating effect of perceived risk on the relationship between socio-economic variables and customer loyalty; $b = 0.0006$, CI = [0.0006, .0038], this represents a relatively small effect Kappa-squared = 0.0239 at 95% CI [0.0003, -0.0734]. This is insignificant since Sobel test is $p = .5387$. Therefore, it could be concluded that perceived market risk does not significantly mediate the relationship between socio-economic variables and customer loyalty.