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Customer Loyalty and Firm Performance: An Indepth Analysis of the Edible Oils Manufacturing Firms

Dr. Alice Ngele Mwazuna[1], Prof. Charles Yugi Tibbs[2], Dr. Elijah Museve[3], Dr. Judith Asiimwe Bijurenda[4]

[1]*Department of Business Studies, Kabale University: Uganda*
ORCiD: https://orcid.org/0000-0001-7537-9391
[2]*Department of Accounting and Finance, Masinde Muliro University of Science and Technology: Kenya*
ORCiD: https://orcid.org/0000-0001-8261-2091
[3]*Department of Accounting and Finance, Jaramogi Oginga Odinga University of Science and Technology: Kenya*
[4]*Department of Management Science, Kabale University: Uganda*
ORCiD: https://orcid.org/0009-0001-8335-0131

ABSTRACT: *The study sort to analyse of the effect of customer loyalty on performance of edible oils manufacturing firms in Kenya. The constructs of customer loyalty included: repurchase, positive word of mouth, recommendations and commitment to the brand while firm performance was measured using sales volume. The study adopted a causal research design and was underpinned by the customer loyalty business model. The target population was 535,840 which included 104 employees from the marketing departments of the three firms and 535,736 households from the middle-class estates in Nairobi and the Yamane 1967 formula was used to get a sample size of 504 respondents and data collected using structured questionnaire and document analysis guide. Data was analyzed using descriptive statistics, linear regression and correlation analysis and results presented using tables. The findings revealed a positive and significant effect of customer loyalty on firm performance. The study concluded that all the aspects of Customer Loyalty as depicted by repurchase, positive word of mouth, recommendation, commitment to brand had a positive and significant effect on performance of the edible oil manufacturing firms. The study, therefore, recommended that for firms to improve their performance and compete effectively in the market, they should strive to acquire and maintain loyal customers.*

Keywords: *Customer loyalty, repurchase, positive word of mouth, recommendation, commitment to brand, firm performance.*

I. INTRODUCTION

Customer loyalty can be defined as customers' commitment to a particular firm's product based on good past experiences with the firm or the product (Czepiel & Gilmore, 2007). Thomas and Tobe (2013) argue that customer loyalty creates a suitable foundation for profit maximization. They further state that it is more expensive to get a new customer than retaining the already existing customers. Loyal customers more often encourage others to purchase a firms products and/or services and they always have a sense of guilt whenever they buy from competitors. To achieve customer loyalty management of a firm must craft strategies through sourcing and designing for customer loyalty. Customer loyalty designing can be achieved by ensuring that customer centered approaches are developed with key focus on customer satisfaction (Thomas and Tobe, 2013).

The essence of customer loyalty is not only pegged on customers being able to pay premium prices for products and services and continued patronage but also the customers' willingness and freeness to point out if the product or service does not meet their expected standards. In addition, the customer should be ready to give ample time for the problems or defects to be rectified (Anderson and Swaminathan, 2011). Success of customer relationship management highly depends on customer loyalty. Customer loyalty is paramount in the process of attracting new customers by word-of-mouth marketing and retaining the already existing customers. Customer loyalty ensures long-term positive performance of enterprises since the customers are long-term thus will keep buying the products for a prolonged period. Loyal customers are often committed to a firms products/brands by repurchasing them frequently and also possess the power to influence other customers to purchase the product by spreading positive word of mouth about the product or service and recommending the products to other consumers. (Lee, 2010). A firm will not achieve customer loyalty merely by introducing customer loyalty programs or schemes but majorly by ensuring that their products or services meet or satisfy their customer's expectations. Which therefore means that it is very important for an organisation to focus on the factors responsible for customer loyalty if they want to be successful (Gangadhar, 2017). Mosahab (2010) stated that perceived product quality factors such as reliability, conformance, responsiveness and performance lead to customer satisfaction which in turn influences customer loyalty.

Several recent studies have emphasized on the importance of customer loyalty for a firms survival, growth and performance in the market place. El-Adly and Eid (2016) emphasized on the importance of directing marketing research towards the antecedent factors of customer loyalty and the relationships among these factors. Marketing researchers have also been advised to concentrate on factors that could affect customers' attitudes, evaluations, choices and various purchasing behaviours in the marketplace by investigating their needs, wants, and other aspects that determine what they would purchase. According to Jiang and Zhang (2016), customer loyalty is a vital source of competitive advantage for most firms. However, due to strong competition in the market place, customer loyalty is regarded as a challenging issue for existing corporations because brand switching is becoming a common behaviour among consumers. Based on a firm's nature and customer's type or goals, determinants of customer satisfaction and loyalty might vary. Maintaining loyal customers has been considered as one of the most important measurements of success for any organisation (Nyadzayo and Khajehzadeh, 2016), and marketing practitioners should ultimately work towards embracing appropriate marketing strategies and approaches to acquire and maintain loyal customers towards their businesses (Zhang, Li, Wang, & Wang, 2016).

The manufacturing sector in Kenya, like many other developing countries, has remained largely underdeveloped as compared to the agriculture and services sectors respectively despite it being considered as the back born of the economy. Historically in Kenya, the sector's contribution to the GDP has stagnated at 10% with the country further experiencing premature deindustrialization as revealed by a further decline in GDP contribution by the manufacturing sector which was a mere 7% in 2018, 8.4% in 2017 and 9.2% in 2016 (Kenya Association of Manufacturers, 2018). The manufacturing sector in Kenya is comprised of 14 main sub-sectors which include; textile and apparels sector, food and beverage sector, edible oils sector, paper and board sector, automotive sector, metal and allied sector, pharmaceutical and medical equipment sector, leather products and foot wear sector, timber, wood and furniture sector, energy, electrical and electronics sector, chemical and allied sector, plastic and rubber sector, building construction and mining sector and small and medium enterprises (KAM 2018). The edible oils sector in Kenya majorly engages in the production of cooking oils and fats, soaps and detergents and has an installed capacity of 1,307,000 MT/year and a production capacity of 755,000 MT/year. The total investment of the sector as of December 2015 stood at US$ 180 million while the total import value was estimated at US$ 25 million (KNBS 2016). The edible oils manufacturers have invested approximately 16 trillion in the industry and their turnover amounts to Ksh. 110 trillion annually, additionally, the sector has directly employed over 7,000 employees and indirectly employed over 23,000 employees in their supply chain, and it contributes 2% to the country's GDP annually (KNBS 2016). The sector is comprised of a total of 10 companies which include: Kapa oil refineries ltd, Bidco Africa Oil refineries ltd, Unilever Kenya ltd, Pwani oil products, Menengai oil refineries, Golden Africa Kenya Ltd, Galana oil Kenya ltd, Salwa Kenya ltd, Giloil company ltd and premier oil mills ltd (KAM 2018).

1.1. Statement of the Problem

In Kenya the manufacturing sector is majorly recognised as the back born of the economy because of the significant role it plays in employment of thousands of youths, wealth creation and in the Governments Medium term development goals where the sectors overall objective as envisaged in the Vision 2030 is to develop the economy of the country by increase its contribution to the country's GDP by at least 10% per annum (Republic of Kenya, 2013). Out of the 14 main sub-sectors operating within the manufacturing sector, the edible oils sub-sector has proven to be more promising which saw the government investing a lot of money and other resources to ensure its growth and development. The total investment towards the sector as of December 2015 stood at US$ 180 million while the total import value was estimated at US$ 25 million (KNBS 2016) and the edible oils manufacturers themselves have invested approximately 16 trillion.

However, the growth of the sector in Kenya has continued to constantly decline with the sectors contribution to the country's GDP significantly declining over the years as depicted by a GDP of 9.2% in the year 2016, 8.4% in the year 2017, 7.3% in 2018, 7.1% in 2019 and 7.04% in 2020, (KAM 2020). The performance of Kenya's manufacturing firms has steadily declined since 1970s with emerging firms in the sector having only a 35% chance rate of competing effectively and surviving in the market (World Bank report, 2014). In general, the sector has been struggling with stagnation in terms of size and structural inefficiencies which has led to low overall productivity and loss of its market share locally and abroad. In addition, the sector is also struggling with competition from imported products that seem to be taking over the market not forgetting substitute and counterfeit products that are cheaply priced and have dominated the Kenyan market. This is a clear indication that the industry in Kenya is struggling with operational inefficiencies, performance challenges and steep competition from other countries leading to profit warnings and poor performance of most of the firms in the sector. The study therefore analysed the effect of customer loyalty on performance of the edible oils manufacturing firms in Kenya.

1.2. Objectives of the Study

To establish the effect of customer loyalty on performance of edible oils manufacturing firms in Kenya

1.3. Research Hypothesis

H_{01}: Customer loyalty has no significant effect on performance of edible oils manufacturing firms in Kenya.

II. LITERATURE REVIEW

1.4. Theoretical Literature Review

The Customer Loyalty Business Model (CLBM) which was developed by (Storbacka, 1994) averts that a customer's experience with a product or service will highly determine the level of customer satisfaction. This implies that if their experience with the product or service exceeded their expectations the customer will purchase the product again and again and the probability of retaining that customer becomes higher. According to the model, customer satisfaction will still be high even with poorly performing products in the market if the consumer's expectations of the product were lower in the first place. In the CLBM, customer loyalty and the loyalty of other stakeholders is achieved by employing the resources of a firm with the expectation that the firm's corporate objectives will also be met or exceeded.

According to Storbacka (1994), there are three elements that can affect customer loyalty: Strength of the relationship between firm's products and the consumers, occurrence of a critical episode and availability of perceived alternatives. The relationship between products and customers can easily be broken if: Alternative products that are better and more superior are introduced to the market, Due to natural causes the consumer changes his place of residence or relocates away from the firms location and is unable to access the firms products, a curtail episode occurs in the company and the management handles it poorly, when the customer simply no longer needs the firms products due to change in needs and finally when there are unexpected and unexplainable changes in prices of a firms product. The CLBM faces some limitations due to the fact that it assumes that a firm must employ the use of resources in order to acquire new customers which is not always true because some of the differentiation strategies adopted by firms do not necessarily require finances to be effected but rather policy changes.

1.5. Conceptual Literature Review

Consumer loyalty has for long been an area of interest in marketing and services literature. Customer loyalty can be defined as the continuous willingness of a customer to prefer purchasing a firm's goods or services over those of its competitors that may be available in the marketplace (Singh and Khan, 2012). The subject has received attention from both academicians and businesses on how imperative it is in the running of businesses. Therefore, it is imperative to realize the importance of customer loyalty to businesses and how it is affected (Heskett and Sasser, 2010). The concept of customer loyalty delves primarily with attitude of customers and their behaviours of preferring a product or service brand over brands from other competitors due to the level of satisfaction they receive from the product or service and hence become committed to the brand by purchasing it frequently and consistently (Magatef and Tomalieh, 2015). Customer loyalty arises from the customers having developed past positive experiences which make them to always consider goods and services from these firms every other time due to the past experiences regardless of whether the firm may be able to provide the best service, price or product (Ghavami & Olyaei, 2006). Anderson and Swaminathan (2011) further state that customer loyalty also entails willingness of the customers to voice their dissatisfaction or discontent with the products or services willingly and accord the firm ample time to make improvements. According to Jiang and Zhang (2016) customer loyalty is a paramount source of achieving competitive advantage by firms. However, it is also noted that it is a challenging issue for firms to maintain customer loyalty due to the high levels of competition in the marketplace.

Customer loyalty is an important intangible asset that numerous companies use to achieve competitive advantage. Loyal customers would always exhibit certain common behaviours by often repurchasing the same brand/ product, recommending the product to other consumers and talking positively about the product (Jiang and Zhang, 2016). Different conceptualizations of the term customer loyalty have been provided by marketing scholars (Ali, Kim & Joen 2018). Several definitions have been adapted by different researchers in the marketing field depending on the objectives of their studies. For instance, Casidy and Wymer (2016) conceptualized customer loyalty as an individual's feelings of commitment and devotion to an object and not repeated commercial transactions. On the other hand, Thakur (2016) conceptualised attitudinal customer loyalty as a customers' willing intention to remain committed to specific products/ brands in the marketplace by repeating their purchasing experiences over and over again. Oliver (1999) argued that customer loyalty entails commitment by a consumer that is deeply geared towards the repurchase or re-patronization of a preferred product/service consistently leading to repetitive purchase of the same brand or same brand set of products and positive word of mouth, despite marketing efforts and situational influences having the potential of causing brand switching behaviour by the consumers. A review of the literature reveals that numerous marketing scholars have adopted Oliver (1999) definition of customers' loyalty (Haryanto, Moutinho & Coelho 2016). Kandampully et al. (2015) argue that customer loyalty exists in two forms: first; active loyalty and second; passive loyalty. Companies could have either of the two. Both types are important in achieving competitive advantage however, active loyalty has become more imperative due to the widespread usage of internet and social media applications.

The concept of firm performance has been in existence from the 20th century with its indicators varying from time to time. For instance, in the 1950s it was equated to efficiency while in the 1970s and 80s it was more affiliated to the ability of the firm to take advantage of the environment to access and utilize the available limited resources. In the 1990s henceforth performance was more of how effective and efficient a firm is in both their internal systems and output. In the twenty first century in addition to efficiency and effectiveness, competitiveness has become key to the positive performance of firms (Taouab & Issor, 2019) which is the ability of the firm to capture a large market share through its products and increase its sales volume which eventually leads to profitability of the firm. De Loeker and Goldberg (2014) reiterate that there is a difference between productivity and profitability whereby profitability will depend on factors such as pricing and marketing in addition to product physical efficiency. The author argues that the two must go together to ensure positive firm performance.

1.6. Empirical Literature Review

Chen & Lai (2010) conducted a study in the Taiwanese life insurance industry to examine how distribution systems and customer loyalty influences the performance of the firms in the industry using the data envelopment analysis approach. The study's results revealed that the insurance firms which had a higher number of loyal customers performed better than those which had lower loyal customers. This study was conducted in the insurance sector in Taiwan which is basically a service sector and using the data envelopment approach necessitated the carrying out of the current study in a different geographic location, Kenya and in the manufacturing sector using a different methodology. In a separate study, Boonmalert, Phoothong, Nualkaw & Klakhaeng (2020) conducted an empirical study on the effects of market orientation and customer loyalty on performance of businesses in the rice industry in Thailand. A survey research design was employed in the study and data was collected from 255 employees in various companies in the Thailand's rice industry. Data was analyzed using Partial Least Squares method to obtain the results. The results indicated a direct relationship between customer loyalty and business performance. The results further indicated that customer loyalty mediates the relationship between market orientation and business performance. The study was carried out in Thailand which has a different technical efficiency from Kenya and in the rice industry which is also different from the manufacturing sector. The study used a survey research design and Partial Least Squares for data analysis whereas the current study used causal research design and linear regression for data analysis. Additionally, Singh, Nayyar & Das (2019) studied the antecedents of customer loyalty in the banking and insurance sector and its impact on performance of businesses in India. Customer loyalty was conceptualized as repurchase intention, word of mouth, premium price and share of wallet. A survey method was used to collect data using structured questionnaires and the study adopted an exploratory and descriptive research design. The results of the study revealed a significant and positive relationship between customer loyalty and business performance. The fact that this study was conducted in India and in the banking and insurance sector using an exploratory and descriptive research design and conceptualizing customer loyalty using different variables necessitated the carrying out of the current study in the manufacturing sector in Kenya using explanatory research design.

Magasi (2016) conducted a study to determine customer loyalty in the South African long-term insurance industry and how it affects the performance if the industry. Primary data for the study was collected using questionnaires and the sample consisted of 254 consumers in 4 walk-in centers of a long term insurance provider in South Africa. The results of the study revealed that customer loyalty is evident and critical in the insurance industry and contributes positively toward the performance of the firms. Additionally, Ofori, Boakye & Narteh (2018) conducted a study to identify the factors that influencing consumer loyalty towards the 3G mobile data service providers in Ghana and to further determine how customer loyalty affects the performance of these firms using partial least square structural equation modelling analysis. The results of the study indicated that service quality, trust and satisfaction were significant factors that impacted positively on customer loyalty and that customer loyalty had a significant and positive effect on the market share and profitability of the mobile data service firms. This study was conducted in Ghana and in the telecommunication industry which is operationally different from the manufacturing sector in Kenya necessitating the current study.

Daniel (2012) conducted a study among consumers in the commercial banking sector in Nakuru Municipality where he looked at service quality, satisfaction, perceived value and customer loyalty and how these variables affect the performance of the commercial banks. The results of the study revealed a positive and significant relationship between service quality, satisfaction, perceived value and customer loyalty. The study recommended that banks should embrace a model consisting of the three constructs to create and maintain customer loyalty so as to improve firm performance. As much as this study was conducted in Kenya which was the same geographical location as the current study, the study was conducted in the banking sector which is different from the manufacturing sector. In a separate study, Amboko & Namusonge (2015) studied the effects of strategic brand awareness and customer loyalty on the performance of Kenya Power and Lighting Company Limited in Kenya using a descriptive statistical approach. The study employed an exploratory survey research design to target 379 respondents in Kenya power, North Rift region and Trans Nzioa County. The results of the study indicated that strategic brand awareness and customer loyalty positively affect the performance of KPLC. The study also established that the two variables are key factors in ensuring sustainable organizational profitability and that Organization should utilize customer loyalty and awareness programs to increase the sales turnover and market share, by creating long term business relationships and emotional attachments to the brand. Bwire (2016) evaluated the effect of customer loyalty programs on financial performance of mobile telecommunication firms in Kenya. The study used a descriptive research design and targeted three mobile companies in Kenya; Safaricom, Airtel and Telkom Kenya. The results of the study revealed that customer loyalty programmes positively affected the performance of the telecommunication firms in Kenya. This study was conducted in a different sector from the manufacturing sector and also used a different design from this current study.

1.7. Conceptual Framework

Source: Researcher (2024)

III. METHODOLOGY

1.8. Research Design

In order to effectively study the cause and effect relationship between customer loyalty and firm performance, the study adopted the causal research.

1.9. Population

The study was conducted in 3 edible oils manufacturing firms which included; Bidco Africa Ltd, Kapa Oil Refineries Unilever Kenya Ltd and 20 middle class estates in Nairobi which included; South C, South B, Langata, Hurlingham, Parklands, Kitengela, Nyayo Esatate, Utawala Buruburu, Ong'ata Rongai, Madaraka, Pangani, Kahawa West, Greenfield, Umoja, Embakasi, Ngong, Kasarani,Ruiru and Donholm (KNSB 2019). The three firms were selected because they are the largest market share holders in the sector (KAM 2018) and the middle class because they are the major consumers of the products in Nairobi. The target population was 535,840 which included 104 employees from the marketing departments of the three firms and 535,736 households in the middle-class estates in Nairobi.

1.10. Sample size

The sample size was determined in two phases: First, the study determined the sample size for the employees in the marketing departments of the 3 firms where the census method was adopted to include all the 104 respondents in the study. Secondly, the study used the Yamane's (1967) formulae to determine the sample size for the consumer respondents within the middle-class estates in Nairobi and a sample of 400 respondents was attained making the total sample size for the study to be 504 respondents.

1.11. Sampling technique

The study adopted purposive sampling technique to target the marketing managers and product line managers of the firms and simple random sampling technique to sample the sales representatives and consumers of the products.

1.12. Data collection Instruments

Data was collected using structured questionnaires and document analysis guide. The structured questionnaires were used to collect data from the consumers of the products in the middle class estates in Nairobi and from the employees of the 3 firms while the document analysis guide was used to collect data on the performance of the 3 firms.

1.13. Validity and Reliability

The researchers used appraisal of a marketing expert to ascertain the validity of the research instruments that were used in the study and his comments and suggestions were effected. Reliability of the instruments was determined using the test retest method. The instruments were administered to 10 employees of Menengai Oil Refineries Ltd Sales and Marketing department and 40 consumers of the products within the middle-class estates in Nakuru town twice. The Cronbach's Coefficient Alpha was then used to establish internal consistency whose values were greater than 0.7 as indicated in table 1 below.

Table 1: Cronbach's Alpha Coefficient Test

Variable	**Number of Items**	**Cronbach alpha**
Firm Performance	13	0.861
Customer Loyalty	11	0.845

1.14. Statistical Treatment of Data

Data was analyzed using descriptive statistics which included frequencies and percentages and then regression statistical data analysis was used to determine the effects of customer loyalty on firm performance. The findings were then presented using tables.

IV. RESULTS AND DISCUSSIONS

The objective of the study was to establish the effects of customer loyalty on performance of edible oils manufacturing firms in Kenya. First the study established if the consumers were using the various products in the categories of products under study.

Table 2: Personal care products (Beauty Soaps) used by consumers

S/N	**Products**	**Frequency (N =400)**	**Percentage**
1	Jamaa	84	21
2	Geisha	81	20.25
3	Others	63	15.75
4	Lifebuoy	50	12.5
5	Msafi	35	8.75
6	Lux	24	6
7	Nuru	21	5.25

8	Dove	14	3.5
9	Lanzo	10	2.5
10	Pure	9	2.25
11	Pears	5	1.25
12	Gaea	4	1

The study was interested in finding out the products that consumers preferred the most in each of the product categories and also to make consumers aware of the various products in each category. The results form table 2 above clearly indicate that among the personal care products Jamaa 84 (21%) was the most preferred followed by Geisha 81 (20.25%), Others 63 (15.75%), Lifebuoy 50 (12.5%), Msafi 35 (8.75%), Lux 24 (6%), Nuru 21 (5.25%), Dove 14 (3.5%), Lanzo 10 (2.5%), Pure 9 (2.25%), Pears 5 (1.25%) and the least preferred was Gaea 4 (01%). Of all the sampled personal care products, Nuru, Gaea, Pure and Msafi which collectively represented a frequency and percentage of 69 (17.25%) were products from Bidco Africa Ltd, Jamaa and Lanza 94 (23.5%) form Kapa Oil Refineries Ltd and Dove, Lifebuoy, Lux, Geisha and Pears 174 (43.5%) from Unilever Kenya Ltd. This implies that when it comes to personal care products most of the consumers 174 (43.5%) preferred products form Unilever Kenya Ltd followed by products form Kapa Oil Refineries Ltd 94 (23.5%) and lastly products for Bodco Africa Ltd 69 (17.25%) The finding that Jamaa was the top most preferred personal care product among the consumers can be attributed to the fact that it is the most differentiated products in terms of price compared to the other products. Most of the consumers who selected others indicated Diva and white wash from Pwani oils.

Table 3: Home care products (Detergents) used by consumers

S/ N	Products	Frequency (N =400)	Percentage
1	Sunlight	177	44.25
2	Omo	107	26.75
3	Toss	50	12.5
4	Others	24	6
5	Gental	20	5
6	Msafi	11	2.75
7	Power Boy	10	2.5
8	Surf	1	0.25
9	Rono IDP	0	0

Table 3 above indicates that among the home care products Sunlight 117 (44.25%) was the most preferred followed by Omo 107 (26.75%), Toss 50 (12.5%), Others 24 (6%), Gental 20 (5%), Msafi 11 (2.75%), Power Boy 10 (2.5), Surf 1 (0.25%) and the least preferred was Rono IDP 0 (0%). Out of the nine sampled home care products; Msafi, Gental and Power boy were from Bidco Africa Ltd, Toss and Rono IDP from Kapa Oil Refineries Ltd and Omo, Sunlight and Surf from Unilever Kenya Ltd. This implies that when it comes to home care products, most of the consumers 285 (71.25%) preferred products form Unilever Kenya Ltd followed by products from Kapa Oil Refineries Ltd 50 (12.5%)) and lastly products from form Bodco Africa Ltd 41 (10.25%). The finding that sunlight and omo are among the top most preferred home care products among the consumers can be attributed to the fact that they are the most differentiated products in terms of design, price and perceived quality. Most of the consumers who selected other indicated Arial from proctor and Gamble.

Table 4: Edible oils and fats (cooking oil) used by consumers

S/ N	Products	Frequency (N =400)	Percentage
1	Fresh Fry	93	23.25
2	Rina	79	19.75
3	Ufuta	65	16.25
4	Golden Fry	64	16

5	Elianto	47	11.75
6	Corn Oil	25	6.25
7	Other	12	3
8	Bahari fry	8	2
9	Olive Oil	3	0.75
10	Soya	2	0.5
11	Fortune	2	0.5
12	Captain Cook	0	0

As indicated in table 4 above, for the edible oils the most preferred by the consumers was Fresh Fry 93 (23.25%) followed by Rina 79 (19.75%), Ufuta 65 (16.25%), Golden Fry 64 (16%), Elianto 47 (11.75%), Corn Oil 25 (6.25%), Others 12 (3%), Bahari fry 8 (2%), Olive Oil 3 (0.7%), Soya 2 (0.5%), Fortune 2 (0.5%) and finally Captain Cook 0 (0%) was the least preferred. Out of the twelve sampled edible oils; Ufuta, Golden fry, Soya gold, Elianto and Bahari fry, were from Bidco Africa Ltd, Rina, Captain Cook, and Olive Oil, Soya and fresh fry from Kapa Oil Refineries Ltd and Fortune and Corn oil from Unilever Kenya Ltd. This implies that when it comes to edible oils, most of the consumers 186 (46.5%) preferred products from Bidco Africa Ltd followed by products form Kapa Oil Refineries Ltd 175 (43.75%) and lastly products Unilever Kenya Ltd 27 (6.75%). The finding that fresh fry and ufuta are among the top most preferred edible oil products among the consumers can be attributed to the fact that they are the most differentiated products in terms of price and perceived quality. Most of the consumers who selected other indicated Salit from Pwani oils and Avena from Pacific Oils and Fats industry.

Table 5: Frequency of repurchase and duration of use of the products by the consumers

Measures	**Responses**	**Personal care products**		**Home care products**		**Edible oils**	
		n	**%**	**n**	**%**	**n**	**%**
Do consumers frequently repurchase the products	Yes	381	95.2	366	91.5	367	91.7
	No	19	4.8	34	8.5	33	8.3
Frequency of repurchase of the products	Weekly	82	20.8	73	18.4	58	14.6
	Monthly	299	74.5	302	75.4	305	76.2
	After 3 months	15	3.7	18	4.5	31	7.7
	After 6 months	1	0.2	5	1.2	3	0.7
	Yearly	3	0.7	2	0.5	3	0.7
Duration of use of the products	Less than 1 month	19	4.9	15	3.9	19	4.9
	1 - 3 months	81	20.0	70	17.4	65	16.2
	4 – 6 months	17	4.4	17	4.4	16	4.2
	7 – 9 months	15	3.9	22	5.6	18	4.7
	10 – 12 months	15	3.9	21	5.4	20	5.1
	More than I year	253	62.8	255	63.2	262	65.0

Form the results in table 5 above, out of the 400 consumer respondents who were asked whether they repurchase the various products frequently, 381 (95.2%) agreed that they do repurchase the personal care products frequently while 19 (4.8%) indicated otherwise. 366 (91.5%) said yes to repurchasing the home care products frequently while 34 (8.5%) indicated no and finally 367 (91.7%) of the respondents said yes they engage in the frequent repurchase edible oils while 33 (8.3%) indicated no. This indicates that all the three product categories are highly repurchased by the consumers. Nevertheless when the repurchase of the three product categories was compared, personal care products were repurchased more frequently followed by edible oils then home care products.

The respondents were then asked how often they repurchased the products. According to the responses for personal care products, most of the respondents 74.5% (299) indicated that they repurchase the products monthly followed by 20.8% (82), 3.7% (15), 0.7% (3) and 0.2% (1) who indicated repurchasing the products weekly, after 3 months, yearly and after 6 months respectively. Home care products on the other hand had 75.4% (302) monthly repurchases followed by 18.4% (73), 4.5% (18) 1.2% (5) and 0.5% (2) who indicated repurchasing the products weekly, after 3 months, after 6 months and yearly respectively. For edible oils, most of the respondents 76.2% (305) indicated that they repurchase the products monthly followed by 14.6% (58), 7.7% (31), 0.7% (3) and 0.7% (3) who indicated repurchasing the products weekly, after 3 months, after 6 months and yearly respectively. Looking at the responses, it is evident that monthly repurchases was the most frequent for all the three types of products. Even though the different types of products are repurchased on a monthly basis, the rate of repurchasing edible oils was the highest (76.2%) followed by home care products (75.4%) and lastly by personal care products (74.5%).

The study also purposed to establish the duration of usage of the various products by the respondents in order to determine the consumers commitment to the products which was very necessary as a measure of customer loyalty. For personal care products, most of the respondents 62.8% (253) indicated having used the product for more than one year, 3.9% (15) had used the product for 10 to 12 months, 3.9% (15) for 7 to 9 months, 4.4% (17) for 4 to 6 months, 20% (81) for 1 to 3 months and 4.9% (19) had used the product for less than one month. For home care products, most of the respondents 63.2% (255) indicated having used the product for more than one year, 5.4% (21) had used the product for 10 to 12 months, 5.6% (22) for 7 to 9 months, 4.4% (17) for 4 to 6 months, 17.4% (70) for 1 to 3 months and 3.9% (15) had used the product for less than one month. Comparatively for edible oils, most of the respondents 65% (262) indicated having used the product for more than one year, 5.1% (20) have used the product for 10 to 12 months, 4.7% (18) for 7 to 9 months, 4.2% (16) for 4 to 6 months, 16.2% (65) for 1 to 3 months and 4.9% (19) had used the product for less than one month.

Of all the different durations highlighted, the most frequent was more than 1 year. For the more than 1 year duration, 62.8% was for personal care products, 63.8% for the home care products, and 65% was for the edible oils. In this case, the duration of use of the products was longest for edible oils followed by home care products and shortest for the personal care products. The results of these findings indicate that both the personal care products, home care products and edible oils products are frequently repurchased and the frequency is on a monthly basis. Further most of the consumers have used the said products for more than one year which means they are committed to the products. Form this it can be concluded that the consumers of the products are loyal to the products because they frequently repurchase and are committed to the products.

Table 6: Whether consumers have used the customer loyalty strategies

	Product	**n=400**	**%**
Consumers commitment to the brand	Personal care products	228	55.7
	Home care products	218	53.3
	Edible oils	201	49.1
Use of positive word of mouth to communicate the products to others	personal care product(s)	329	80.4
	Home care products	315	77
	Edible oils	316	77.3
Recommended someone to purchase products	Personal care product(s)	322	78.7
	Home care products	301	73.6
	Edible oils	306	74.8

From table 6 above, (55.7%, 53.3% and 49.1%) of the respondents confirmed that they had used the personal care products, home care products and Edible oils receptively for more than one year. Additionally, most of the respondents (80.4%, 77% and 77.3%) indicated that they had used positive word of mouth to communicate about the personal care products, home care products and Edible oils receptively to other consumers. Finally, (78.7%, 73.6% and 74.8%) of the respondents also agreed to having recommended someone to repurchase the products. This further confirms that customer loyalty is evident among the consumers of personal care products, home care products and edible oils.

Table 7: Approximate number of people recommended to purchase the products

		None	**Less than 5 people**	**5-10 people**	**More than 10 people**
Personal care product(s)	n	71	161	107	61
	%	17.9	40.0	26.7	15.4
Home care products	n	78	157	112	53

	%	19.6	39.0	27.9	13.5
Edible oils	n	91	136	111	62
	%	22.8	33.8	27.7	15.7

From Table 7 above, most of the consumers of personal care products 161 (40%) agreed to having recommended the products to less than 5 people followed by 107 (26.7%) who had recommended the products to between 5-10 people and 61 (15.4%) who had recommended the products to more than10 people. Only a small number 71 (17.9%) did not recommend the product to anyone. For home care products, 157 (39%) agreed to having recommended the products to less than 5 people followed by 112 (27.9%) who had recommended the products to between 5-10 people and 53 (13.5%) who had recommended the products to more than10 people. Only a small number 78 (19.6%) did not recommend the product to anyone. For edible oils, 136 (33.8%) agreed to having recommended the products to less than 5 people followed by 111 (27.7%) who had recommended the products to between 5-10 people and 62 (15.7%) who had recommended the products to more than10 people. Only a small number 91 (22.8%) did not recommend the product to anyone. These results indicate that indeed the consumers of the three categories of products are loyal as there was recommendation of the products to other people by the loyal customers aggregated at (82.1 % for personal care products; 80.4% for the home care products and 77.2% for the edible fats and oils).

Table 8: The effects of customer loyalty on firm performance

Variable	**Options**	**N=85**	**%**
Consumer re-purchase having positively affected the performance of the firm	Strongly Agree Agree Neutral Disagree Strongly Disagree	72 10 3 0 0	84.7 11.8 3.5 0 0
Positive word of mouth having positively affected the performance of the firm	Strongly Agree Agree Neutral Disagree Strongly Disagree	49 21 10 5 0	57.6 24.7 11.8 5.9 0
Consumer recommendation having positively affected the performance of the firm	Strongly Agree Agree Neutral Disagree Strongly Disagree	53 19 5 5 3	62.4 22.3 5.9 5.9 3.5
Consumer commitment to the brand having positively affected the performance of the firm	Strongly Agree Agree Neutral Disagree Strongly Disagree	60 15 4 0 0	77.6 17.6 4.8 0 0
Extent to which customer loyalty has affected the general performance of the firm	Very high extent High extent Medium extent Low extent	35 22 18 10	41.2 25.9 21.2 11.8

The study evaluated the effects of customer loyalty on firm performance by asking the respondents questions ranging from how consumer repurchase aspects, positive word of mouth, Consumer recommendation and Consumer commitment have affected the performance of the firms and finally, extent to which customer loyalty has affected the general performance of the firm.

From table 8 above, respondents were asked if consumer re-purchase had positively affected the performance of the firm, majority of the respondents 72 (84.7) strongly agreed to the fact that consumer re-purchase had positively affected the performance of the firm, 10 (11.8) agreed to the fact and only a small number 3 (3.5) of the respondents indicated neutral. The respondents were also asked whether positive word of mouth had positively affected the performance of the firm and majority 49 (57.6) strongly agreed to that fact, 21 (24.7) agree, 10 (11.8) were neutral while only a small percentage 5 (5.9) disagreed to that fact.

The respondents were further asked if consumer recommendation had positively affected the performance of the firm. Out of the 85 respondents, majority 53 (62.4) indicated that the strongly agree to the fact that consumer recommendation had positively affected the performance of the firm, 19 (22.3) agreed to the fact, 5 (5.9) were neutral 5 (5.9) disagreed to that fact while 3 (3.5) strongly disagreed. When the respondents were asked if consumer commitment to the brand had positively affected the performance of the firm, majority of them 60 (77.6) strongly agreed to that fact, followed by 15 (17.6) who agreed to the fact, then 4 (4.8) who were neutral. Lastly the respondents were asked the extent to which customer loyalty has affected the general performance of the firm and majority of the respondents 35 (41.2) indicated very which extent, followed by 22 (25.9) who indicated high extent, then 18 (21.2) who indicated medium extent and finally 10 (11.8) who indicated low extent.

In summary, most of the respondents strongly agreed that consumer re-purchase 72 (84.7), positive word of mouth 49 (57.6), Consumer recommendation 53 (62.4) and consumer commitment to the brand 60 (77.6) positively affected the performance of the firms. The extent to which customer loyalty has affected the general performance of the firm was also aggregated at 57 (67.1) being very high extent to high extent. These findings agreed with the findings by Singh, Nayyar & Das (2019), Magasi (2016), Ofori, Boakye & Narteh (2018), Daniel (2012), Amboko & Namusonge (2015) and Bwire (2016) whom in their studies they all found a significant and positive relationship between customer loyalty and firm performance. Chen & Lai (2010) noted in their study found out that firms with higher customer loyalty performed better than those which had lower customer loyalty. Additionally Boonmalert, Phoothong, Nualkaw & Klakhaeng (2020) in the rice industry in Thailand also found out that customer loyalty has a direct relationship with business performance.

Hypothesis Testing: Customer Loyalty and Firm Performance

The main purpose of the study was to evaluate the effect of customer loyalty on performance of edible oils manufacturing firms in Kenya. The null hypotheses and alternative hypotheses stated:

H_{01}: Customer loyalty has no significant effect on performance of edible oils manufacturing firms in Kenya.
$H1_2$: Customer loyalty has a significant effect on performance of edible oils manufacturing firms in Kenya.
A correlation analysis of the study variables was done to determine the association between customer loyalty and performance of the edible oils manufacturing firms. The summary of the correlation was as shown in 9 below

Table 9: Correlation analysis of Customer loyalty and firm performance

		Customer loyalty	**Firm performance**
Customer loyalty	Pearson Correlation	1	
	Sig. 1-tailed		
Firm performance	Pearson Correlation	.452	1
	Sig. 1-tailed	.008	

Correlation is significant at the 0.05 level - 1-tailed.

From Table 9 above, results indicate that there was a positive and significant relationship between customer loyalty and firm performance. This is depicted by a Pearson correlation coefficient r=0.452 p-value =0.008< 0.05 which was significant at 0.05 level of significance. This implies that improved customer loyalty results in an increase in firm performance.

Table 10: Model Summary: Customer Loyalty and Firm Performance

Model	**R**	**R-Square**	**Adjusted R-Square**	**Std. Error of the Estimate**
1	.668[a]	.542	.548	5.14618

Predictors: Customer Loyalty (Repurchase, Positive word of mouth, Recommendation, Commitment to brand)

The findings in Table 10 above indicate that the value of R-square is 0.542 implying that, customer loyalty is responsible for the 54.2% variation in firm performance. The study therefore assumed that the model was a good fit for the data since the r-square was not equal to zero and ANOVA was further conducted to confirm the goodness of fit of the model.

Table 11: ANOVA: Customer loyalty and firm performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	543.673	2	423.85	18.542	.003[b]
	Residual	681.287	7	31.463		
	Total	1224.960	8			

Dependent Variable: Firm performance
Predictors: Customer loyalty (Repurchase, Positive word of mouth, Recommendation, Commitment to brand)

The ANOVA test from table 11 above indicates that the independent variable (customer loyalty) is significant in predicting firm performance as indicated by significance value (0.003) which is less than 0.05 level of significance (p=0.003<0.05). The study therefore rejected the null hypothesis and accepted the alternative hypothesis. In conclusion the ANOVA test indicated that in this model the independent variable (customer loyalty) was important in predicting performance of the edible oils manufacturing firms in Kenya as indicated by significance value = 0.003 which was less than 0.05 level of significance (p=0.003<0.05).

Table 12: Coefficients of Regression: Customer loyalty and Firm Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	4.159	1.682		1.827	.058
	Customer loyalty	.687	.064	.675	13.164	.003

a. Dependent Variable: Firm performance
b. Predictors: (Constant), Customer loyalty

From Table 12 above, the study findings revealed that customer loyalty positively and significantly influenced firm performance with t-statistic (13.164) and p-value (0.003< 0.05).
By using the regression coefficients in Table 12 above and letting Y be firm performance and M be customer loyalty, the regression model can be substituted as follows:
$Y= \beta_0 + \beta_4 M$
$Y=4.159 + 0.687*M$
Since the coefficient for customer loyalty is positive (0.687), this implies that customer loyalty positively affects performance of the edible oils manufacturing firms in Kenya. For every one unit increase in customer loyalty there is a corresponding increase of 0.687 in performance of the edible oils manufacturing firms.

V. CONCLUSION

The study rejected the null hypothesis and concluded that Customer Loyalty as measured by repurchase, positive word of mouth, recommendation and commitment to brand has a positive and significant effect on performance of the edible oil manufacturing firms. Customer loyalty was found to have a significant positive effect on performance of the edible oils manufacturing firms with a t-statistic of 13.164 and p-value of 0.003 which was less than 0.05.

VI. RECOMMENDATION

This study recommends that for firms to improve their performance and compete effectively in the market, they should strive to acquire and maintain loyal customers who are committed to their brands and frequently repurchase their products and recommend them to other consumers. Further to this customer loyalty can be attained by offering high quality products with innovative design features that offer value for money to the consumers.

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