

Chapter 78

Brands Loyalty: Empirical Evidence from the Emerging Egyptian Mobile Industry

Maha Mourad

The American University in Cairo, Egypt

Karim Youssef

Orange, Egypt

ABSTRACT

Over the last couple of decades, the mobile communication companies have been growing rapidly and it plays a major role in the emerging economies that can't be underestimated. This study was conducted to better understand the factors that lead to brand loyalty in the Egyptian mobile retail industry as an example of an emerging economy. Based on the literature review and an exploratory study a conceptual framework was proposed that was tested using a quantitative technique. It was launched with 245 responses to test the hypothesis using SPSS tool. The findings of the research showed that Brand Trust, Customer Satisfaction, Brand Affect, and Resale Value are determinants of Brand Loyalty. The outcomes of this study will help in better understanding the determinants of brand loyalty and can be used by marketers to know how to create loyalty of the Egyptian consumers to the multinational brands in the mobile retail market.

INTRODUCTION

Over the last couple of decades, the multinationals mobile communication companies have been growing rapidly and it plays a major role in the emerging economies that can't be underestimated. It has been changing the lives of millions of people all around the world. It facilitates the knowledge flow, makes it possible to exchange information in a timely manner, aids in decision making, and helps establish the required levels of communication. Mobile telecommunication was introduced commercially in Egypt back in 1998 with Mobinil as the sole network operator and it has been merged with "Orange" the globally renowned operator owned by France Telecom. "Click" was the second operator to launch in the Egyptian

DOI: 10.4018/978-1-5225-7116-2.ch078

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market and it was later on acquired by British world-wide operator “Vodafone.” Finally, “Etisalat” was the last network operator to launch in Egypt back in 2007 and it represents a third multinational company,

Different multinational Mobile handset producers introduced their brands to the emerging Egyptian markets such as Nokia, Motorola, LG, Ericsson and Siemens. Some of those brands managed to create customer loyalty in spite of the introduction of other multinationals players to the market such who managed to acquire large market shares like Samsung, Apple and Blackberry. It should be noted that these new brands face difficulties in penetrating the markets and gaining customers’ acceptance despite their high value products due to customers’ loyalty and resistance to change. The objective of this research is to identify and understand the factors that affect Brand Loyalty and how it could be used by multinational companies to create loyalty in an emerging economy such as the Egyptian market.

Mobile Market Overview in the Emerging Egyptian Market

The extent to which the telecommunication industry in an emerging economy is developed affects the pace on which it conducts domestic and foreign activities. In modern times, growth of quality telecommunication services has become mandatory for the faster growth of the emerging economy. The mobile phones market is considered to be one the most unstable and dynamic markets due to the growing competition and rapidly adopted innovation.

Mobinil was the first mobile network operator to launch in Egypt back in 1998. Later on that year another operator was introduced under the name “Click” which was later acquired by “Vodafone” and held that brand name ever since. The third and last operator to be introduced in the Egyptian market was Etisalat which was introduced in 2007. The market is divided over those three multinational operators until the delayed introduction of a fourth license that is yet to be announced by the NTRA “National Telecommunication Regulatory Authority”. Based on a latest survey, Vodafone is the leader with 44% market share followed with Mobnil with 39% markets share and finally Etisalate with 17% market share (NTRA, 2011).

After the introduction of the new technology in Egypt back in 1998 the mobile handsets market was established to serve for the customers’ needs. The mobile multinationals brands’ that were available back then were limited as compared to nowadays; they were limited to Ericsson, Nokia, Motorola, Alcatel, Philips and Siemens. Some of those brands don’t exist anymore as Ericsson which was acquired by Sony with the new brand Sony Ericsson, while new brands have entered and invaded the market ex: Blackberry, Apple, Samsung, HTC and the of course the Chinese brands ex: Huawei and ZTE. Based on the latest market statistics of October 2011, Nokia has the highest market share (54%), followed by Samsung (18.5%), Blackberry (15.4%), HTC (3.9%), Sony Ericson (3.7), and Apple (3.1%) (GFK, 2011).

Brand Loyalty

Multinational companies put brand management on the top of their priority lists, because creating powerful brands adds more value to the company, makes the customers’ accepting paying a price premium for a specific brand, and creates brand loyalty. Brand loyalty has always been the focus of market researchers and marketing managers (Srivastava, 2007). Some researches prefer to call it customer loyalty as opposed to brand loyalty, as according to them it’s the customers’ behavior rather than something, which is inherited by brands (Jacoby & Chestnut, 1978; Dick & Basu, 1994; Oliver, 1999). However, according to

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