Brands Loyalty: 
Empirical Evidence from the Emerging
Egyptian Mobile Industry

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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.

KEYWORDS
B2C, Brand Loyalty, Communication Market, Egypt, Emerging Market, Mobile 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 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 Simens. 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 Oliver (1999) brand loyalty is the consumers’ commitment to re-purchasing the same product or service every time. Also, Aaker (1991) defined brand loyalty as when the consumer has a strong relationship with a brand which results in repeated purchase whilst not paying attention to other brands despite the possibility of their products being better. The telecommunication industry has shown a lot of attention and interest for brand loyalty which was shown by researches made in France (Lee, Lee & Feick, 2001) and Greece (Santouridis & Trivellas, 2010),

Determinants of Brand Loyalty

Brand Awareness

Brand awareness is the first dimension of brand loyalty. It is the consumers’ ability to identify a brand and could easily recognize its products amongst other brands (Lee & Back, 2008 and Chaudhuri & Holbrook, 2001). Brand awareness could be measured using different techniques like brand recall and brand recognition (Keller, 2007). Brand awareness has a great influence on the consumers purchasing choices (Bornmark et al., 2005). Brand awareness has many determinants such as promotion, positive brand placement, and word of mouth (WOM). Companies invest heavily in promotions as researchers say that promotions and pricing generate an immediate sales response (Neslin, Henderson, and Quelch 1985). Promotions by the firms through different means have significant association between consumer and brand (Lattin & Bucklin, 1989). Positive brand placement even increases
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