

Abstract

A customer who stays longer with an organization brings forth a lot of benefits. This forces organizations to employ a number of strategies to keep in touch with customers and in the long run built customers loyalty. The purpose of the study was to examine the role of brand identity on the relationship between communication with customers and customer loyalty among selected supermarkets in Western Kenya. The study was guided by social exchange theory and the study applied explanatory survey research design. The target population of the study was 30,200 respondents drawn from the four supermarkets namely, Choppies, Tuskys, Khetias, and Naivas operating in Western Kenya. The study adopted a stratified random Sampling method from which a sample of 395 customers was obtained using Yamane's formula. Cronbach alpha method was used to test the reliability of the research instruments while factor analysis and expert judgment was used to test the validity of the research instruments. Further, the data collected was analyzed using descriptive and inferential statistics. To test the null hypotheses multiple regressions was used. Mediation test was conducted following Barron and Kenny four steps. Further, Sobel test was used to test the level of significance of the mediation. The results revealed that Communication with customers had significant effect on Customer loyalty. Further, Brand identity had partial mediation effect on the relationship between Communication with customers and Customer loyalty. The study recommends that supermarket management should put more emphasis on Communication with customers strategies since they influence Brand identity and hence Customer loyalty. The study provides new theoretical insight into factors influencing customer loyalty by incorporating Brand identity as a mediator in the relationship between Communication with customers and customer loyalty.