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An Assessment Of The Effect Of Customer Loyalty (Cl) On Product Life Cycle (Plc) In The Nigerian Market. (Case Of Selected Perfectly Competitive Products)

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ABSTRACT: *This research study seeks to assess the effect of customer loyalty (CL) on Product Life Cycle(PLC). Customer's repeat purchase for a particular product from an array of products is taken to mean customer loyalty. Consistent re patronage for a product is evidence of demand and means that the life cycle of the product in the market is favourable. The area of study is the Abeokuta metropolis, the capital of Ogun State and the area sampling technique was employed where three markets were selected for study. The use of questionnaire was adopted to solicit responses from one hundred and eighty respondents from these three markets. The study is a survey research while the Pearson Correlation Coefficient was employed to test three hypotheses. Findings revealed that customer loyalty significantly affect product life cycle. Secondly, product attributes or qualities significantly affect product life cycle. Thirdly, firms benefits significantly from product life cycle. Recommendations are that firms should closely monitor its product life cycle in the market place and strengthen product attributes or qualities that motivate customer loyalty in order to positively impact on its PLC.*

KEYWORDS: *customer loyalty, product life cycle, product attributes, perfect competitive, markets.*

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I. INTRODUCTION

Sheth, Mittal & Newman (1999) stated that a customer is a person or an organizational unit that plays a role in the consummation of a transaction with the marketer or an entity. They further stated that the term "customer" is used to refer to both the household market and the business market. When customers make a repeat purchase for a particular product, it is taken that customers are loyal to the product they tend to make a repeat purchase. Thus, customer loyalty is described as the commitment of customers to a particular product that manifest in consistent re-patronage based on a strong favourable attitude for the product.

Consistent re-patronage for a product indicates that the product is demanded and its life cycle in the market place is favourable. Product life cycle (PLC) is defined as the course of a product's sales and profits over its lifetime. It involves five distinct stages such as product development, introduction, growth, maturity and decline (Kotler & Armstrong, 2004).

The Nigerian market is made up of a population of more than 170million people that demand for various commodities. The Nigerian market is filled with various commodities that are imported and locally produced. Some of these goods are homogeneous.

The problem of this study is to assess to what significant effect will customer loyalty affect product life cycle. Therefore, does customer loyalty have any effect on product life cycle in the Nigerian market?

However, the broad objective of this study is to assess the effect of customer loyalty on product life cycle. Other specific objectives include: to examine product qualities that influence customer loyalty to determine the benefits firms derive from product life cycle.

Statement of Research Questions and Research Hypotheses.

The following research questions and research hypotheses are hereby stated for the study.

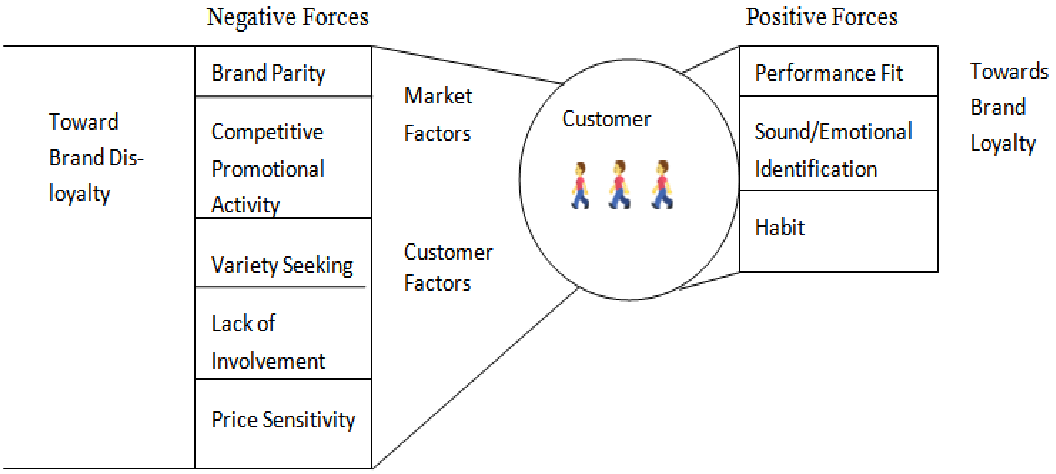
1. To what significant extent does customer loyalty affect product life cycle?
2. Are there product qualities that influence product life cycle?
3. Do firms benefit from product life cycle?

Research Hypotheses

1. H_o: There is no significant effect of customer loyalty on product life cycle.
   H_1: There is significant effect of customer loyalty on product life cycle.
2. H_o: There are no product qualities that influence product life cycle.
   H_1: There are product qualities that influence product life cycle.
3. H_o: Firms do not benefit from product life cycle.
   H_1: Firms benefit from product life cycle.

Conceptual Framework

A model of customers' brand loyalty developed by Sheth, Mittal & Newman (1999) is adopted as the conceptual framework for this study. The model postulates two forces, that is, negative forces and positive forces as factors working against or for loyalty. They stated that negative forces are factors that work towards brand disloyalty while positive forces work towards brand loyalty.



A model of Customers' Brand Loyalty
Source: Sheth, Mittal & Newman (1999; 702)

Negative forces are factors that are inherent in the market and in the customers. These factors, known as market factors and customer factors both work toward brand dis-loyalty. Brand disloyalty indicates that customers are not favourably disposed towards a particular product or brand. When there is brand disloyalty, product life cycle is negatively affected throughout its stages.

Positive factors are those factors that work in consonance toward brand loyalty. Brand loyalty shows that customers are favourably disposed towards purchase of a particular brand or product. It indicates that customers will consistently re-purchase the product or brand. Therefore, brand loyalty favourably affect product life cycle throughtout its stages.

Both negative and positive forces work differently in customers. Brand disloyalty or brand loyalty are not equally distributed in customers. This is why some customers can be dis-loyal to a product or brand while some other customers will be loyal to that particular product or brand.

Negative forces will tend to reduce sales and profits and shrink the product life cycle throughout its stages, positive forces will to increase sales and profits and elongate product life cycle throughout its stages.

II. LITERATURE REVIEW

Products and Types of Products

The American Marketing Association (AMA) has defined product as anything that can be offered to a market for attention, acquisition or consumption including physical objects, services, presentation, organizations, and desires. Lamb, Hair & McDaniel (2006) stated that products can be classified either as business (industrial) or consumer products, depending on the intentions of buyers. They opined that the basic difference between these two classifications is their intended use.

The product gets classified as a business or industrial product. In addition, a consumer product is that product bought in order to satisfy the personal wants of individuals. However, both the industrial and consumer products are marketed differently to different target market with the adoption of different marketing strategies.

Therefore, if the intended use is a business purpose, Hass (1997) said that a product can be taken as everything that is considered inclusive of the satisfactions and utilities that the buyer obtains in the purchase. Omoare (2014) simply stated that whatever a firm produces to satisfy needs is preffered to as a product.

Consumer products have been classified as follows:

1. **Convenience Products**: These types of products are relatively in expensive requiring little shopping effort. They are products consumers buy regularly with little planning. Convenience products usually require wide distribution in order to sell sufficient quantities to meet profit goals e.g. soft drinks, sweet etc.

2. **Shopping Products**: These are products that require shopping effort and are usually more expensive than convenience goods. Consumers buy shopping products after having compared several brands or stores on style, practicality, price and lifestyle compatiblility. There are two types of shopping products. These are homogeneous and heterogeneous products. Homogenous are products consumers perceived to be similar e.g. television, refridgerators, pressing iron etc. consumers look for lowest priced brand with desired features.Heterogeneous products are produces that are essentially different eg. Furnitures, clothing's, roofing sheets. In heterogeneous products, prices, quality and features vary.

3. **Specialty Products:** These are products that require extensive search and consumers are very reluctant to accept substitutes. Distribution of speciality products is more often limited to very few outlets in a geographical location. In speciality products, brand names and quality of service are very important.

4. **Unsought Products:** These are products that are unknown to potential consumers or known products that consumer, do not actively seek. New products fall within those category until advertising and distribution increases consumers' awareness for them.

Brands and Branding

Canon (1996) described brand as a name, term, symbol, design or the combination of these which helps to identify and differentiate the goods or services of one firm those of other firms.

There are some brands that have become powerful and are now accepted internationally and also in everyday use. Firms have gone ahead to create the positions of brand managers in order to effectively manage the product in the market place.

Moreover some firms have encouraged healthy competition among their brands. The brand is able to provide customers a reassurance of quality and consistency. However, there are cases of emergence of strong brand loyalty where the consumer actively searches for his preferred brand.

Nature of Branding

A brand name is that part of a brand that can be spoken including letters, words and numbers.
A brand mark is that part of a brand that cannot be spoken.
Brand equity is the value of company and brand names.
Global brand is a brand where at least 20% of the product is sold outside its home market.

Benefits of Branding

a. Product Identification: Brand functions are such a way that one product is distinguished from another. Consumers in the Nigerian market are familiar with many brand names.
b. Quality Indication: Products are produced with attributes of relative quality. Consumers perceive brands in terms of relative quality. Therefore brands indicate quality which helps to spur demand.
c. Repeat Sales: Branding allows buyers to identify and choose products they wish to buy. Brands that meet customers' satisfaction will enjoy repeat sales.
d. New Product Sales: brand names are used to facilitate the introduction and sales of new products in the market.

Brand Loyalty and Customer Loyalty

Brand loyalty has been described as a consistent preference for one brand over all others. Lamb, Hair and McDaniel (2006) opined that over half the users in product categories such as cigarettes, mayonnaise, toothpaste, coffee, headache remedies are loyal to one brand. Thus, brand identity is an essential factor to cultivating brand loyalty. Brand names act as signals to consumers. Some brand names are associated with important product qualities. Therefore, consumers associate quality and reliability with some brand names.

Conventionally, the term consumer is being referred to as household markets only. However, the corresponding term for the business market and business market (Sheth, Mittal and Newman, 1999). Customer loyalty is the commitment of a customer to a brand or a store or a supplier as a result of a strong favourable attitude that shows in consistent re-patronage. Customer retention is based on the understanding of their needs.

Customer retention benefits forms through repeat sales and referrals revenue and market share growth. In addition, cost reduces since forms spend minimal fund and energy in attempting to replace defectors. Customer satisfaction results into customer loyalty (Lamb, Hair and McDaniel, 2006)

Customer loyalty is defined within the context of behavior and attitude which result in four possible outcomes. Kotler, Armstrong, Saunders and Wong (1999) explained these outcomes.

i. **Weak attitude and Behaviour**: in weak attitude, there is no loyalty because customer has no liking or preference for the brand. In weak behavior, the brand is not purchased consistently. Weak attitude and weak behavior do not favourably affect the product life cycle.

ii. **Strong attitude and strong behavior**: in this situation, the same brand enjoys consistent purchase and strong loyalty exists. This results into a favourable product cycle.

iii. **High behavior and Low Attitude:** This is a condition of spurious loyalty that is incidental and not well founded because customer has no preferential attitude towards the product even when the same brand is purchased again and again or the same shop is patronized regularly. It may be because the brand or shop is affordable or convenient. In this situation, if the customer finds other choices, there will be a switch. Thus, to make the customer loyal, customer's perception of the brand's image need to be strengthened. In high behavior and low attitude, the product life cycle is favourable until the customer is able to switch to other choices.

iv. **High Attitude and Low Behaviour:** In this situation, the customer has likeness for the brand but unable to buy it because the price is high or lacks access to the brand or the store. In this condition, customer's loyalty is latent. Therefore, whatever is the constraint needs to be lowered or removed in order to enjoy customer loyalty. In high attitude and low behavior, product life cycle is not favoured until the constraints to customer's latest loyalty are lowered or removed. The more the constraints are lowered or removed, the more product life cycle is favoured and vice versa.

Product Life Cycle (PLC)

The product life cycle has been described as a concept that provides a way to trace the stages of a product's acceptance, from its introduction (birth) to its decline (death)(McDaniel, Lamb and Hair, 2007) Jobber(2004) stated that the product life cycle is a useful tool that describes the changes that may take place during the time that a product is on the market. Kotler and Armstrong 92006) highlighted that the product life cycle shows the course that a product's sales and profits take over its life time.

The product life cycle is said to have four classic stages: Introduction, growth, maturity and decline. However, some authors have included a new stage before the other four stages. Therefore deviating from the classical, the PLC has five distinct stages.

Products vary in the time they spent in any one stage of the life cycle. Some products do not stay long in the market place. They die not long after their introduction while others stay a long time and its life time is being maintained in the market. Organizations that are maintaining the lifetime of their products in the market place are adopting marketing strategies that help to strengthen customers' loyalty.

McDaniel, Lamb and Hair (2007) stated that the PLC concept does not dictate marketing strategies for different stages of the product life cycle because strategy is both a cause and a result of the product's life cycle. (Kotler and Armstrong, 2006).

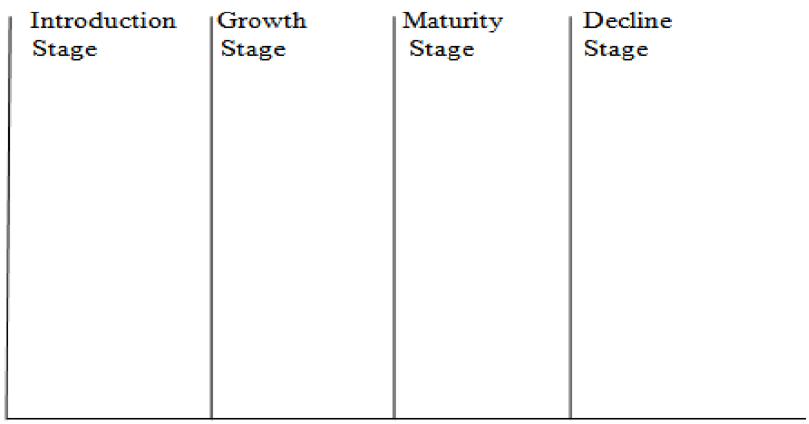


Fig A: The Four-Stages Product life Cycle

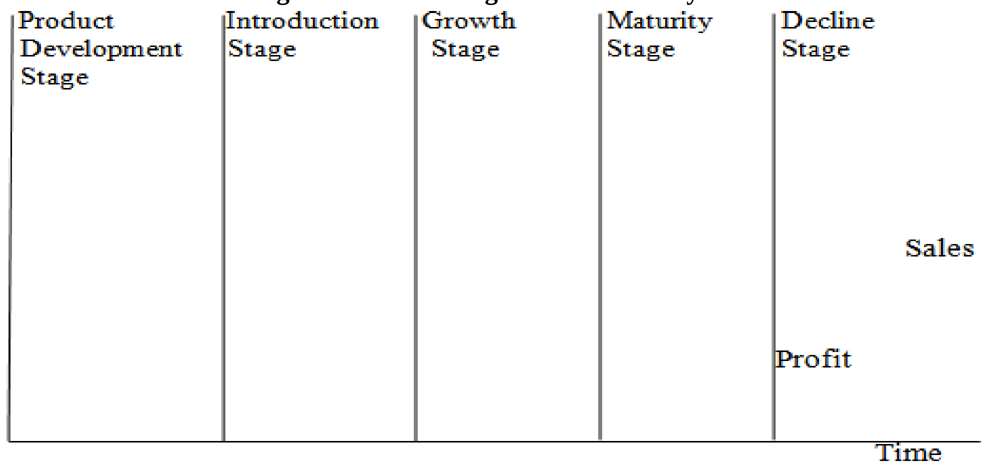


Fig B: The Five Stages Product Life Cycle

1. Product Development Stage: This is the stage of research and development (R & D) where ideas about new products are conceived and developed. There are no sales yet at this stage and costs of investment increase.
2. Introduction Stage: The product is introduced to the market with associated increase in promotional costs. Sales growth is usually slow and profits may be non-existent.
3. Growth Stage: The product has gained market acceptability as a result of repeat patronage which is due to customer loyalty and profit increase.
4. Maturity Stage: The product begins to experience slowdown in sales growth because market acceptability is saturated and customer loyalty is declining. Profits also decline because high promotional expenses against competition.
5. Decline Stage: The product is experiencing very low market acceptability and customer loyalty. With low patronage and no repeat purchase, sales decline and profit fall.

III. METHODOLOGY

The Nigerian Market is made up of a population above 170 million people. These people become the population of study. However, area sampling technique was adopted in the selection techniques were adopted in the selection of sample. The area of study where sample of selected from is Abeokuta metropolis. The metropolis is the capital of Ogun State and contains two major local governments area (LGAs) with another two LGAs having geographical territories therein. These LGAs are Odeda and Obafemi-Owode. However, Odeda LGA has its major markets (with its market days) situated within Abeokuta Metropolis. This is the Osiele market, the location of the Federal College of Education, Osiele, and Abeokuta. This is not so with Obafemi Owode LGA. Therefore two other markets are selected from Abeokuta South and Abeokuta North LGAs. These are the Kuto and Lafenwa markets respectively.

These three markets were visited on their market days. Field assistants were employed to help to solicit answers to and fill the questionnaires. The sample consists of one hundred and ninety respondents. That is, ninety respondents per market. These respondents are customers who came to the respective markets to buy different products, especially perfectly competitive products of their choices from the sellers.

This study is a survey based research. The SPSS tool was employed in data analysis and the Pearson Correlation Coefficient was adopted for purpose of test of hypotheses at a two-tailed 0.05 level of significance.

IV. RESULTS AND DISCUSSIONS

Hypothesis 1

Table 1: Relationship between Customer Loyalty and product Life Cycle.

Variable	N	R	P-value	Decisions
Customer Loyalty	180	0.17	0.02	Significant

Source: Field Survey, October, 2017

Significant at PC0.05level

Decision Rule: Reject the null hypothesis

Since point probability P value is 0.2<0.05 therefore we reject the null hypothesis (H_o) if P value < 0.05at the level of significance 0.05, otherwise accept the null, hypothesis.

Since Point Probability P value is 0.02<0.05 therefore we reject the null hypothesis (H_o) and accept the alternate hypothesis (H_1) that states there is significant effect of customer loyalty on product life cycle. Sample data provide sufficient data as evidence to back the rejection of H_0. It shows that customers are loyal to products they purchase. Customers search the market for the product of their choice. Customers do not suddenly opt for alternatives. Thus, customer loyalty indicates that customers are rational in their product choice and decision making in relation to demand.

Table 2: Relationship Between Product Qualities and product Life Cycle.

Variables	N	R	P-value	Decision
Product Qualities	180	0.16	0.04	Significant

Source: *Field Survey, October, 2017.*
Significant at P<0.05 level

Decision Rule; Reject the null hypothesis (H_0) if P value is <0.05 at a level of significance 0.05. Otherwise accept the null hypothesis.

Since Point Probability P value of 0.04<0.05, therefore we reject the null hypothesis (H_0) and accept the alternate hypothesis (H_1) that states that there are product qualities that influence product life cycle. Sufficient data from the sample shows evidence that product qualities or attributes strengthens customer loyalty which directly influence product life cycle. That is when customers are satisfied with qualities or attributes of a product, they tend to be loyal to such product and this condition favourably affects product life cycle.

Table 3: Relationship Between Firm's Benefits and Product Life Cycle.

Variables	N	R	P –value	Decision
Firms Benefits	180	0.16	0.04	Significant

Source: Field Survey, October 2017.
Significant at pc 0.05 level

Decision Rule: reject the null hypothesis (H_0) if P value is < 0.05 at a level of significance 0.05, otherwise accept the null hypothesis.

Since Point Probability P value is 0.04<0.05, therefore we reject the null hypothesis (H_0) and accept the alternate hypothesis (H_1) that states that firms benefit from product life cycle. There is sufficient evidence based on the sample data, collected that there are benefits firms derived from product life cycle. Continuous existence of the product in the market place guarantees survival of the firm. A short product life cycle terminates the availability of the product in the market place which in turn may result into the death of the firm, most especially a mono-product firm. Firms benefits from product life cycle since it extends the life cycle of the firm itself in the market place.

V. CONCLUSION

Customer's consistent re-patronage of a product indicates customers' loyalty to the product. In a perfect competitive market, where there are varieties of product competing for customers' attention, firms need to pay attention on the life cycle of their product in the market place. Customers' elongate the life cycle of the product in the market place. In addition, there are attributes or qualities a product possesses that distinguishes from another competitive product and customers tend to make a choice of product on certain attributes reinforces customer loyalty and firms benefits in terms of the elongated product life cycle in the market place.

RECOMMENDATIONS

The following recommendations are stated firms need to closely monitor the performance of its products in the market place which in turn tends to mean that firms need to monitor the life cycle of its products in the market place.

Firms need to determine those attributes or qualities of their products that influence purchase decision and strengthen customer loyalty. With this determination firms should improve on these product qualities or attributes that will motivate and strengthen customer loyalty.

Product Life Cycle (PLC) is critical to firms' existence in the market place. A mono-product firm cannot afford to loose customer loyalty. Moreover a multi-product firm cannot afford to extinct a product line in the market place, therefore, firms need to consistently involve in research and development (R & D) that will aid its benefits from customer loyalty and product life cycle.

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