FACTORS INFLUENCING CONSUMERS REPURCHASE INTENTION AMONG TELECOMMUNICATION BRANDS IN SOMALIA: THE MEDIATING ROLE OF BRAND LOYALTY

BY

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A dissertation submitted in fulfilment of the requirement for the degree of Master of Science (Marketing)

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ABSTRACT

With the fostering of social media marketing, the repurchasing intention of consumers has developed over time, and traditional marketing strategies are gradually replaced. Marketing strategy using social media channels in which customers are vigorously finding information with a product or services and other consumers' experiences before making a purchase has become the most exciting tactic that companies rely on mostly. Besides, eWOM is consumer review, comment, share and user experience via the internet and it serves as a valuable resource before making a purchase or repurchase. Both social media marketing and eWOM also influence consumers' brand loyalty, which ultimately affects repurchase intentions of consumers. The present study aims to examine factors influencing consumer repurchase intention among telecommunication brands in Somalia with the mediating role of brand loyalty. Factors used under the study include social media marketing and eWOM. A four hundred self-administrated questionnaires were distributed, among 354 of those were valid and used as the final data due to the screening question in the questionnaire. The data was collected from people living in seven cities in Somalia (Mogadishu, Hargeisa, Garowe, Baidoa, Dhusamareb, Jawhar, and Kismayo) and following at least one social media account of telecommunication brands. Uses and Gratification Theory (UGT), and Self-congruity theory were employed as the study's theoretical foundation, and seven hypotheses were developed and tested. Exploratory factor analysis, linear and multi regression analysis, and mediation analysis were used to analyse the data. The findings of the study demonstrated that social media marketing, eWOM and brand loyalty have a positive and significant influence on consumer's repurchase intention. Similarly, the results depicted that brand loyalty mediates the relationship between social media marketing and consumer's repurchase intention and the relationship between eWOM and repurchase intention. Therefore, based on the findings of the study, marketing staff for telecommunication brands in Somalia need to implement sound marketing strategies that capture and lure the consumers' mindset, which eventually lead to having loyal customers and committing repurchase intentions or buying decisions. Likewise, marketers must appreciate the importance of eWOM. They need to concentrate on creating spaces where consumers can share their experiences, enabling the firm to have potential customers leading to be real customers and, lastly, being loyal to the brand.
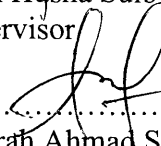
ABSTRACT

With the fostering of social media marketing, the repurchasing intention of consumers has developed over time, and traditional marketing strategies are gradually replaced. Marketing strategy using social media channels in which customers are vigorously finding information with a product or services and other consumers' experiences before making a purchase has become the most exciting tactic that companies rely on mostly. Besides, eWOM is consumer review, comment, share and user experience via the internet and it serves as a valuable resource before making a purchase or repurchase. Both social media marketing and eWOM also influence consumers' brand loyalty, which ultimately affects repurchase intentions of consumers. The present study aims to examine factors influencing consumer repurchase intention among telecommunication brands in Somalia with the mediating role of brand loyalty. Factors used under the study include social media marketing and eWOM. A four hundred self-administrated questionnaires were distributed, among 354 of those were valid and used as the final data due to the screening question in the questionnaire. The data was collected from people living in seven cities in Somalia (Mogadishu, Hargeisa, Garowe, Baidoa, Dhusamareb, Jawhar, and Kismayo) and following at least one social media account of telecommunication brands. Uses and Gratification Theory (UGT), and Self-congruity theory were employed as the study's theoretical foundation, and seven hypotheses were developed and tested. Exploratory factor analysis, linear and multi regression analysis, and mediation analysis were used to analyse the data. The findings of the study demonstrated that social media marketing, eWOM and brand loyalty have a positive and significant influence on consumer's repurchase intention. Similarly, the results depicted that brand loyalty mediates the relationship between social media marketing and consumer's repurchase intention and the relationship between eWOM and repurchase intention. Therefore, based on the findings of the study, marketing staff for telecommunication brands in Somalia need to implement sound marketing strategies that capture and lure the consumers' mindset, which eventually lead to having loyal customers and committing repurchase intentions or buying decisions. Likewise, marketers must appreciate the importance of eWOM. They need to concentrate on creating spaces where consumers can share their experiences, enabling the firm to have potential customers leading to be real customers and, lastly, being loyal to the brand.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Marketing).

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Said Ali Warsame Jimale

Signature.................................... Date. 25th September 2021

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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25ᵗʰ September 2021
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Date

ACKNOWLEDGEMENT

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Currently, telecommunications have been quite competitive in terms of their growth in the twenty-first century. Considering the fast development of technology nowadays, users have been most often utilizing telecommunication alternatives to develop a communication atmosphere. The high technological growth has made it easy to be handling ones' own company and exactly how to preserve and approach consumers. Moreover, the introduction of the world wide web 30 years ago and the advancement of the internet, and information and communication technology (ICT) had impacted the way people interact and communicate. Internet becomes an integral mechanism for communication, interactions among community and businesses. Additionally, the internet has developed a single social and cultural environment for the first time in history. It has also progressed on how information is shared among communities, transforming technology and how people carry out businesses (Brignall and Valey, 2005).

1.1.1 Telecommunication Brands in Somalia

Somalia is a country located in East Africa. It is estimated to have a population of around 16 million in 2020, placing it as the world's 73rd most populous nation. The Gulf of Aden bounds Somalia with Yemen on the north, Djibouti to the northwest, Kenya to the southwest, Ethiopia to the west, and the Indian Ocean to the east. After

overthrowing the military regime in 1991, the country was in a state of anarchy and all government institutions were shut down. The federal government of Somalia was established in 2012 with a goal for recovery, stabilization, and reconstruction after two decades of conflict and chaos (Desai, 2019). Currently, the country has five states, namely, Puntland, Jubaland, Galmudug, Hirshabelle, Southwest states, and claimed the territory of Somaliland.

However, during these challenging times, Somalia had made progress in the private sector, especially the telecommunication industry (Sagal, 2015). Many private-owned telecommunications companies immediately started operations with minimal and inadequate infrastructure. However, several providers were established and began to stay competitive with local and international essential telecommunication services. Additionally, brands offered their consumers local and international services through their own networks, and their reach had grown as a result of Somalia's privatization (Ahmed & Kising'u, 2019). Currently, several mobile network operators exist whose networks cover the entire country, but the most prominent operators include HORMUUD, SOMTEL, TELESOM and GOLIS Telecom Somalia. These companies provide a comprehensive range of services to people, such as mobile voice, landline bundles, broadband, internet, international roaming and mobile money transfer services (Osman, 2012).

HORMUUD Telecom Somalia is a leading telecommunication brand by its market share and established in April 2002. The headquarters is in Mogadishu, the capital of Somalia. Since that day, it has worked hard to earn its name and reputation with more than 5,000 staff and an enormous number of temporary workers (Abdi & Sasaka, 2017). The company operates in most states in the country, especially

Galmudug, Hirshabelle, Southwest, Jubaland and Mogadishu, with 12,000 shareholders, 800 customer service centers, and 4 million subscribers (Telecom-review, 2020). Furthermore, it is the only Somali company awarded ISO 9001:2015 certification since March 2020 (Total-telecom, 2020). HORMUUD offers several services to its customers, including GSM mobile services, fixed-line services, internet services, mobile money transfer (EVC PLUS) services, value-added services, international roaming and so on.

On the other hand, GOLIS Telcom Somalia is another leading brand in Puntland state of northeastern Somalia, offering a wide range of services to its customers, including internet services, local and long-distance calls, and mobile money payment services (SAHAL). The company was founded in 2002. Similarly, TELESOM company is the first telecom firm operated in Somaliland since 2002. It is the region's leading ICT service provider offering a wide range of services such as mobile broadband, fixed lines, internet services, mobile money transfer (ZAAD) services and much more.

HORMUUD, GOLIS and TELESOM were established in the same year, and they have a relationship between them but operating separately in different regions of the country. Together these three sister companies have dominated the telecommunication industry's market share in Somalia and Somaliland with 81% (Meester et al., 2019). The biggest competitor of these three firms is SOMTEL which operates in all country's provinces under the same name. It was established in 2009 in Hargeisa-Somaliland. It offers all telecom services like other brands including internet, mobile calls, and mobile payment (E-Dahab) services. It is also spreading its services to the entire country. In 2019, the market share reached 16% (Meester et al., 2019). However, Somalia's telecom industry operated largely unregulated until 2018, where

the National Communication Authority was established to issue licenses to communication brands.

Table 1.1 Somali telecom brands

No	Brand Name	Number of Employees	Number of Customers
1	HORMUUD	5000+ & enormous temporary staff	4 million
2	TELESOM	1000+	N/L
3	GOLIS	1500+	N/L
4	SOMTEL	6000+	4 million

Source: (GOLIS, 2021; HORMUUD, 2021; SOMTEL, 2021; TELESOM, 2021)

1.1.2 Internet Utilization among Somalis and Its Telecommunication Brands

Even though Somalia was one of the last African countries connected to the internet and established its first internet service provider in 1999 (Dhaha & Igale, 2013), the world bank reported that internet users in Somalia were 200 people in 2000. Now, in 2020, Somalia is among the top seven countries with the cheapest internet rate globally. According to a 2020 study conducted by Cable.co.uk (2020), in 228 countries worldwide, it positioned Somalia as the seventh nation with the cheapest internet with 1GB of data expensing on average $0.5, and it became the most affordable country in Africa in 2020. The astonishing thing is that in the 2019 report, Somalia was ranked as the 133rd nation with an average cost of $6.19 per 1 GB. Internet prices in Somalia are much lower than those of its neighbors; Kenya came the 41st with $1.05, Djibouti ranked as 48th with $1.12, or Ethiopia, which placed as 94th nation with $2.44 (Gilbert, 2020). In the last decade, the telecommunication services in Somalia have expanded significantly, and reasonable data rates may be due to the intense market competition with at least four different service providers operating in the country (Gilbert, 2020).

Another impressive thing is that the telecommunication brands in Somalia also provide mobile money transfer to their customers. Electronic money enables Somalis to keep, obtain and make payment through their cell phones (Silva, 2016). According to the WorldBank (2019), the mobile penetration in Somalia has significantly boosted in the last two decades, going from one cellphone subscription per one hundred people in 2000 to fifty-one subscription per one hundred people in 2018 (see Figure 1). This increase has led Somalia to alternative means of payment, mobile money. In 2017, the World Bank forecasted that 73% of Somalis aged 16 years and older would have mobiles and regular usage of mobile money transfer.

Figure 1.1 Mobile Cellular Subscriptions in Somalia (per 100 people)
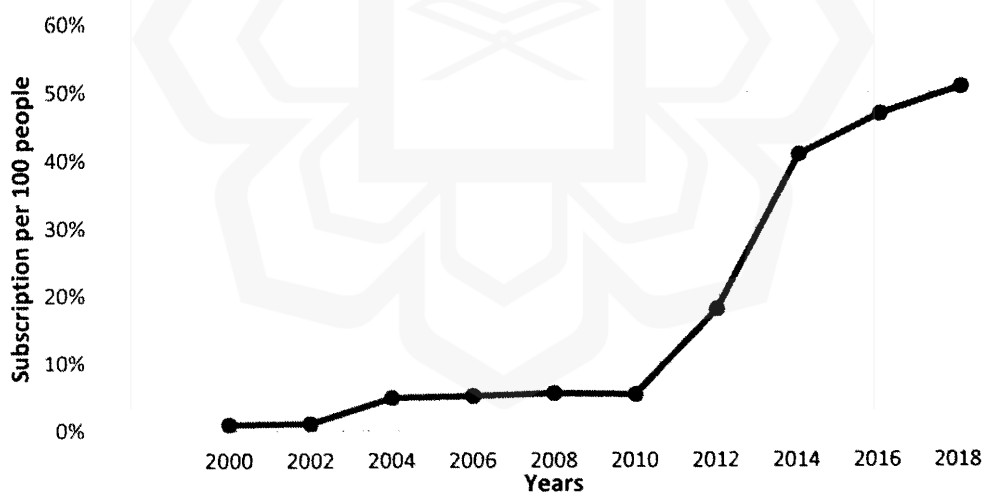
Source: World Bank (2019)

In recent years, the telecommunication industry has a massive potential market in Somalia due to technology's advancement and the mobile penetration rate. Marketing methods of reaching and engaging customers are becoming more cutting edge. Traditionally, marketers relied on old-fashioned media including TV, radio, printing media and much more. With the modern and development of technology, marketing

methods have changed, and new marketing tools have become more popular, such as social media. However, in Somalia, telecom brands still heavily depend on traditional one-way media to reach out to their customers, which is somehow relatively ineffective since the users of old media have been decreasing due to the emergence of new media.

Nevertheless, as reported by We Are Social & HootSuite (2021), in 2021, the total internet users in Somalia reached 2.1 million, with a penetration of 10%, and all users are active in social media. Besides, Facebook is the most used social media App in Somalia since it has 2 million monthly active users and 95% of Facebook users accessing through their mobile phones (We Are Social & HootSuite, 2021a). Additionally, most Somalis are in the age of adolescent and youth, with 75% from the whole population as reported by UNFPA Somalia (2019), which indicates that these ages are digital-oriented people who are heavily connected with the internet and social media. To capture and lure their intention, firms need to be where their target audience is. In Somalia, telecom companies primarily implement marketing and promotional activities of their services through traditional media such as televisions and radios (Sagal, 2015).

So far, each telecommunication brand has its own social media accounts to interact and engage their customers and lure potential clients into their business. Since most Somalis actively use Facebook as their preferred social media communication to interact with friends, family members, and source of information, all telecom firms mentioned in this study have a Facebook page to post their marketing and advertising campaigns. Hence, telecom brands must be customer-centric by reaching out to potential and existing customers by offering a customized service. Using social media platforms as a marketing tool is a terrific marketing tactic that enables telecom brands to influence customers since it is a two-way communication. Also, the cost of

investment in social media marketing is minor than using other traditional marketing methods (Ebrahim, 2020).

Additionally, to encourage their marketing efforts through social media platforms, telecommunication brands in Somalia must also recognize the importance of social media because of the enormity of the active users on these platforms. In this modern world, a conventional one-way marketing is not enough to conduct marketing campaigns because of social interactivity. Meanwhile, setting up successfully in social media for telecom business is not the end; it is just the beginning of the new world. Telecom companies should always participate and engage in social media for the customers, also they must review the comments and conversations in their comment section of post to capture the minds of their customers, which ultimately has the attention to purchase their services.

1.1.3 Social Media and its Electronic Word of Mouth

Social media, as a part of the internet, has influenced our lives professionally and individually. The evolution of social media technology has altered the way individuals and companies interconnected. Besides social media sites' consistent development, it is one of the most massive Internet movements. In the last decade, social media has improved into a significant driver of spreading and acquiring information in various fields like business, politics, entertainment, crisis management, science and environment (Hruska & Maresova, 2020). The commencement and expansion of social media worldwide have impacted individuals' behaviors. It is ingrained in daily life as the number of users increases year after year. The emergence of social media applications such as Twitter, Facebook, YouTube, Instagram, and LinkedIn has influenced consumers' lives and the way they communicate (Hutter et al., 2013).

Moreover, it has become progressively crucial for marketing professionals to impact customer preferences and purchase intention via social media (Qiutong & Rahman, 2019).

Social networking sites enable individuals to interact and engage in online communication promptly and directly, and make friends virtually (Correa et al., 2010). The arising communication applications have consequently changed customers from being easy participants in marketing to being energetic content developers and influencers (Hutter et al., 2013). Besides that, social networks offer companies a system to participate in the conversation timely and promptly contact their customers (Kaplan & Haenlein, 2010). Therefore, social media can be used as a marketing tool to develop and reinforce the connection between brands and their clients, consequently establishing more reliable relationships between both sides (Mangold & Faulds, 2009). Businesses and firms regularly communicate with their clients through social media platforms (Moslehpour et al., 2020). From a business point of view, social media can be utilized in several ways to enhance procedures and improve the business profile with boosted communication; greater exposure through intensifying referral effects; obtaining closer to and building connections with existing clients; drawing in new prospects; advertising a business's products/services; enhancing brand awareness; raising the volume of traffic to the site; boosting degrees of sales; cooperation enhancement and development of communities on internet (Fischer & Reuber, 2011; Zhang et al., 2011; Kaplan & Haenlein, 2010).

On the other hand, the conventional word of mouth is person to person interaction and typically entailing individuals they rely on such as peers, friends, family members, and so forth. Mostly, consumers use social media to find information about products or services including brands, retailers and the manufacturer's background,

when they decide to buy from them. However, social media has become the new word of mouth. Consumers now actively share their experiences with products and brands they have previously used via social media channels. Sharing is similar to non-commercial word of mouth (Sulthana & Vasantha, 2019).

Electronic word of mouth strongly influences buying decisions of the consumers. The power of eWOM persuasion is perceived as a chance for companies to impact the customers by utilizing different techniques to influence them on their purchase decisions. Individuals are looking for prices about the product when they are searching for it online and focus on the reviews of past users of the products and take their recommendations seriously (Zangeneh et al., 2014). Recently, eWOM marketing embarked another valuable marketing method that influences consumers' buying decisions. Hence, encouraging customers to engage in joyous eWOM by the telecom brands in Somalia may capture the consumers' attention, making it possible to buy services of the brand with long-lasting connection.

Additionally, marketing professionals have taken enormous ways to keep the loyalty of their customers such as traditional marketing mix, brand components, and cutting-edge marketing approaches including sponsorships, events, face to face marketing, internet and social media marketing (Erdoğmuş & Çiçek, 2012). Social media marketing provides a communicating channel for the companies to engage and connect with customers in building brand loyalty and enhance customer relationship that is beyond what traditional marketing does in the past (Erdoğmuş & Çiçek, 2012), which positively leads to having repurchase intention about the promoted products.

1.2 Problem Statement

The telecommunication sector has been a significant pillar of the Information and Communication Technology industry globally. The industry's players can offer new products and services for both consumers and businesses, through a potent and reliable telecommunications network. Also, the industry's success depends on cautious effort and viable investments. Service providers should compete in a competitive market in both price and service quality, and it is also necessary for service providers to meet consumer needs and expectations in terms of prices and service quality (Haque et al., 2010). The telecommunication industry in Somalia has considered being a competitive market (Ahmed & Kising'u, 2019). The competition between the four leading mobile service providers, namely HORMUUD, GOLIS, SOMTEL and TELESOM, is intense by offering high-quality services at affordable rates. Currently, telecommunication companies in Somalia provide cutting-edge products and services at affordable prices to lure their existing clients, and they compete to get the highest share in the market. By the same token, these mobile service providers naturally cover the telecommunication market segments in the country and offer an enormous number of value-added services for the most sophisticated mobile services. More importantly, each brand has dominated a particular region, for example, HORMUUD has dominated the country's south and central parts. GOLIS has dominated the north-eastern area. TELESOM's services cover Somaliland, and the services of SOMTEL covers the entire country competing for the other three brands since HORMUUD, GOLIS and TELESOM are partners (Meester et al., 2019).

Somali's telecommunication brands have begun to compete, and each one wishes to control the market. This competitive environment is in specific ways beneficial for clients because every company provides lower prices (Ahmed &

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Kising'u, 2019). As the competition between these companies increases, they need to appreciate their marketing efforts, particularly their social media marketing campaigns' impact on consumers' intention to rebuy their products. Even though these brands' marketing efforts heavily undertake traditional one-way communication, they are still taking advantage of digital marketing, mainly social media marketing, by frequently posting their marketing campaigns and offering rewards for their customers, which in turn enhances the favourable view of the brand.

On the other hand, one of the core elements that reflects the value of a brand is brand loyalty. Brand loyalty is significantly changing as marketers are no longer in the hierarchical authority position to raise brand awareness with traditional marketing. Now, consumers and brands are working together to create brand loyalty by engaging in various social media activities. Since it is considered a challenge in competitive markets to draw customer loyalty and keep that brand loyalty, Somali telecom businesses or marketing professionals must understand the marketing activities on social media channels to build a strong customer loyalty (Mehrabi et al., 2014).

However, many academic scholars and experts are tremendously interested in studying factors affecting consumer repurchase intention, mainly social media marketing, E-WOM, and brand loyalty (Aquinia et al., 2021; Arif, 2019; Arima et al., 2020; Chinomona & Maziriri, 2017; Hiendrawan & Bernarto, 2021; Rahmadhani & Ariyanti, 2019; Said, 2014; Subawa et al., 2020; Tandon et al., 2020). Regardless of the existing body of literature on the influence of those factors on the repurchase intention, some shortages can be revealed, particularly in Somalia. At first, social media marketing studies in Somalia are still in their initial phase, particularly in the telecommunications industry. Secondly, the field of internet marketing is permanently changing over time, which indicates that the body of understanding of social media marketing and electronic