

**UNIVERSITY OF GHANA**

**THE MODERATING ROLE OF INVOLVEMENT ON CUSTOMER  
ENGAGEMENT AND LOYALTY IN THE GHANAIAN  
TELECOMMUNICATION INDUSTRY**

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**THIS THESIS IS SUBMITTED TO THE DEPARTMENT OF  
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## DECLARATION

I do hereby declare that this thesis is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

I bear sole responsibility for any shortcomings.

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## CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University of Ghana, Legon.

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## **DEDICATION**

To my parents and guardians, my wife and my lovely daughters for the investment in my life, sacrifice, prayers and encouragement.

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I acknowledge the Almighty God for the gift of life and strength He has given me throughout this project.

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## **ABSTRACT**

This study examines the moderating role of involvement on the relationship that exists between the dimensions of customer engagement and loyalty. Explanatory research design is used to establish the relationship between behavioural, cognitive and emotional dimensions of engagement and the loyalty of customers in the telecommunication industry, by way of the social exchange theory. The study employs a self-administered questionnaire to survey 305 mobile network subscribers. Covariance-based Structural Equation Modeling was used to analyse and test the hypotheses. The findings from the study reveal that customers' engagement with preferred brands has a positive significant relationship with their loyalty for the brand. In addition, the level of involvement of customers moderates the relationship, such that involvement strengthens the positive relationship between customer engagement and loyalty. Particularly, with behavioural and emotional engagement, involvement is a significant factor in enhancing loyalty. In terms of contribution, the study enhances theory by empirically testing the social exchange theory while providing credence to the observed positive relationship between customer engagement and loyalty. The moderating effect of involvement on this relationship is a relatively original contribution to empirical works on engagement. This study provides a recommendation for policy-makers and management in the telecommunication industry to encourage customer involvement, participation and co-creation in order to build stronger bonds and loyalty for their brands. It reaffirms the relevance of the roles of social media and other online engagement tools on loyalty building. The study further highlights the interdependent roles of online and offline customer engagement.

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## LIST OF ABBREVIATIONS

AGFI	–	Adjusted Goodness-of-Fit-Index
AT&T	–	American Telephone and Telegraph
AVE	–	Average Variance Extracted
BEH	–	Behavioural
BESC	–	Brand Engagement in Self-Concept
CB-SEM	–	Covariance-Based Structural Equation Modeling
CE	–	Customer Engagement
CFA	–	Confirmatory Factor Analysis
CFI	–	Comparative Fit Index
COG	–	Cognitive
CR	–	Composite Reliability
CSR	–	Corporate Social Responsibility
$C\alpha$	–	Cronbach's Alpha
EMO	–	Emotional
ENGAGE	–	Engagement
ETACS	–	Extended Total Access Communication System
GFI	–	Goodness-of-Fit-Index
GSM	–	Global System for Mobile communication
GSMR	–	Annual Ghana Social Media Rankings
INV	–	Involvement
ITU	–	International Telecommunications Union
LLC	–	Limited Liability Company
LOY	–	Loyalty
MoC	–	Ministry of Communications

MTN	–	Mobile Telecommunications Network
NCA	–	National Communications Authority
NFI	–	Normed Fit Index
P.E.S.T.	–	Political/Legal, Economic/Environmental, Social and Technological Spaces
PLS-SEM	–	Partial Least Squares Structural Equation Modeling
R <sup>2</sup>	–	Squared Multiple Correlations
RM	–	Relationship Marketing
RMSEA	–	Root-Mean-Square-Error of Approximation
RMSR	–	Root-Mean-Square-Residual
RNI	–	Relative Non-Centrality Index
S-D	–	Service-Dominant
SD	–	Standard Deviation
SEM	–	Structural Equation Modeling
SET	–	Social Exchange Technology
SPSS	–	Statistical Package for Social Sciences
TV	–	Television
UK	–	United Kingdom
USA	–	United States of America

# CHAPTER ONE

## INTRODUCTION

### 1.0 Chapter Overview

This chapter provides a background to the subject matter being investigated in the study. It introduces the concept of customer engagement and how it has evolved from the general concept of branding. Furthermore, the research gaps and problem that this study seeks to address are also stated within this chapter of the dissertation. The chapter also outlines the research objectives and research questions, in addition to the research purpose, significance, and chapter disposition.

### 1.2 Background of the Study

Over the years, studies in branding have made significant contributions in both theory and practice to the marketing concept (*see* Aaker, 1997; Berry, 2000; Keller, 1993; Keller & Lehmann, 2006). The knowledge emanating from the study of branding has enabled marketers to strategically brand market offerings. According to Kohli, Suri and Thakor (2002), brands communicate, but they do more than communication; they personify the customer's experience and provide a central point for engagement (Franzak, Makarem & Jae, 2014). What's more, brands serve as product value enhancers and indispensable tools in achieving a differential competitive edge (Fiocca, Marino & Testori, 2006; Keller, Busacca & Ostillio, 2005). Brands also bring together and deliver the experience of using a product, in addition to setting the foundation for a customer-product relation (Spratt, Czellar & Spangenberg, 2009). Consequently, it is worth noting that brands require continuous injections from innovative strategies and systems in order to stimulate positive reactions from customers and establish their confidence and trust (Gambetti & Graffigna, 2010).

Another salient observation in consumer behaviour and in the realm of marketing and management driving the shift to a new customer-centric approach, is the eruption of social media and other interactive features of Web 2.0 conveyed by the power of the internet (Sashi, 2012). Verhoef, Reinartz and Krafft (2010) observe that firms are progressively advancing into strategies to track non-transactional customer behaviour, which emanates from the increasingly networked culture where consumers, through social networks and other new media, interrelate easily with each other and with firms. For instance, leisure firms increasingly request recent customers to rate their services on independent comparison websites. Case in point, *Lays' Chips* had a contest in which they requested their customers to develop a new flavour of chips, with 1% of the revenue from the resulting new product being given to the winner (Verhoef *et al.*, 2010). In view of that, it is imperative to recognise that in this extremely dynamic and interactive business era, customer engagement plays an irreplaceable role in the co-creation of customer experience and value.

Notwithstanding, the advent of new media (via the proliferation of information technology), deregulation, and a plethora of alternate ways of communication have changed the level of competition in the telecommunication industry (Nimako, 2012). According to Nimako (2012), this change has made it difficult to achieve customer loyalty in the telecommunication industry, even though it is generally known that loyal customers offer word-of-mouth referrals as well as consume more of telecommunication products (Yeboah-Asiamah, Nimako, Quaye & Buame, 2016; Yeboah-Asiamah, Quaye & Nimako, 2016). Marketing literature (*see* Sureshchandar, Rajendran & Anantharaman, 2002; Taylor & Baker, 1994) has extensively covered the role of the orthodox marketing constructs, like perceived quality and customer satisfaction, in clarifying and forecasting consumer behaviour outcomes, loyalty inclusive. However, Oliver (1999, p. 33) iterates that “*although satisfaction is a necessary step in loyalty*

*formation, it becomes less significant as loyalty begins to set through other mechanisms.”*

Bowden (2009) and Hollebeek (2011a) echo that customer engagement may, thus, be one of those constructs that could better predict customer loyalty comparative to the traditionally-used marketing constructs. Emerging studies have established a positive relationship between customer engagement and loyalty (Bowden, 2009; Brodie, Hollebeek, Juric & Ilic, 2011; Brodie, Ilic, Juric & Hollebeek, 2013; Hollebeek, 2011a; Vivek, Beatty & Morgan, 2012; Wirtz, Den Ambtman, Bloemer, Horvath, Ramaseshan, Van de Klundert & Kandampully, 2013). In this era of multichannel communication and assorted customer-to-customer interaction platforms, the role of customers in co-creating value for a telecommunication brand, and the potential of building and maintaining loyalty through customer-brand interaction cannot be overemphasised. Besides, it has also been observed that customer interactions with brands and companies are ever-changing from the traditional one-way mass media to interactive online, social and mobile platforms (Thakur, 2016). Consequently, it has become necessary for mobile network operators to reach out to their clients beyond purchase.

Both online and offline customer engagements of a brand have been established to go hand in hand (de Vries & Carlson, 2014). Social media platforms and online brand communities are some of the ways firms use to engage their customers online. It has also been argued that the former can be leveraged to create the latter. Through social media, consumers are telling and sharing brand stories and experiences on fan pages and online brand communities (Gensler, Volckner, Liu-Thompkins & Wiertz, 2013). However, customers typically must have had an episode of experience with the brand offline before they get their stories to share online, as observed by Estrella-Ramon, Sanchez-Perez and Swinnen (2016).

It is an indisputable fact that the telecommunication industry in Ghana is a melting pot of different players (Nimako, 2012). Currently, the industry is made up of five main players (MTN, Vodafone, Tigo, Airtel, Glo) serving about 30 million customers (NCA, 2017b). As such, the industry is characterised by a myriad of branding activities (for instance, there has been a major headline news of a merger between Tigo and Airtel) as a means of differentiation, survival, and competition (Nimako, 2012). Due to this intensity of rivalry, loyalty has become the most desirable outcome of most of these telecom operators. Retaining existing customers is, thus, preferable to acquiring new ones because it costs more to do the latter than the former (Kotler & Keller, 2006; Kotler, Keller, Ancarani & Costabile, 2014). As a result, this research seeks to investigate how the dimensions of customer engagement can result in loyalty vis-à-vis the moderating role of customer involvement in the telecommunication industry in Ghana.

### **1.3 Problem Statement and Research Gap**

It is enshrined in extant literature the positive relationship that exists between customer engagement and brand loyalty (Greve, 2014; Hollebeek, 2011a; Thakur, 2016; Zheng, Cheung, Lee & Liang, 2015). For instance, Greve (2014) establishes that customer engagement has a positive significant effect on loyalty. Also, in a more recent study, Thakur (2016) postulates that customer engagement is a superior predictor of loyalty comparative to the traditional relational constructs of quality and satisfaction. Dwivedi (2015) reaffirms the role of customer engagement in measuring customer loyalty by establishing that engagement meaningfully clarifies more variations in loyalty better than the orthodox scales like value, quality and satisfaction. Customers may, nonetheless, exhibit diverse levels of loyalty, as argued by Dick and Basu (1994) and Rowley (2005).

Until recently, earlier studies in engagement have predominantly thrown more light on the online context, with most of them focusing on social media (*see* Brodie *et al.*, 2013; Gummerus, Liljander, Weman & Pihlstrom, 2012; Hollebeek, Glynn & Brodie, 2014) and online brand communities (Wirtz *et al.*, 2013). However, there is a recent shift towards the examination of offline contexts, such as retail settings (Vivek *et al.*, 2012), tourism services (So, King, Sparks & Wang, 2016), nursing homes (Verleye, Gemmell & Rangarajan, 2014), public transportation services (Jaakkola & Alexander, 2014), sports (Yoshida, Gordon, Nakazawa & Biscaia, 2014) and banking (Giannakis-Bompolis & Boutsouki, 2014).

Despite the significant recent interest in customer engagement, Brodie *et al.* (2011), Hollebeek *et al.* (2014), and Leckie, Nyadzayo and Johnson (2016) observe that the area remains underexplored. Although the literature on consumer engagement is growing considerably, there is limited empirical research on the growing concept of engagement (Leckie *et al.*, 2016). For instance, three of the leading engagement articles (Bijmolt, Leeflang, Block, Eisenbeiss, Hardie, Lemmens & Saffert, 2010; Van Doorn, Lemon, Mittal, Nass, Pick, Pirner & Verhoef, 2010; Verhoef *et al.*, 2010) are all conceptual, cementing the distinctive dearth of empirical studies (Wong & Merrilees, 2015). The need to conduct empirical studies on engagement is therefore of absolute necessity and timely.

Also of particular notice is the chasm in the methodological approaches employed in engagement studies. The few empirical studies conducted using quantitative approaches (*see* Bolton, 2011; Brodie *et al.*, 2013; Hollebeek, 2011a; Van Doorn *et al.*, 2010) have called for “the adoption of large-scale, quantitative methods, including econometric and/or structural customer engagement modeling” (Hollebeek, 2011a, p. 569; Hollebeek & Chen, 2014).

Another salient observation in engagement research is the deficiency of evidence-based studies on the antecedents and other factors that can influence the outcome and consequences of engagement (Wong & Merrilees, 2015). For instance, it is postulated by Pansari and Kumar (2017) that customers' level of perceived relevance placed on the product due to their needs, values and interests, otherwise referred to as involvement, can largely influence engagement and its outcome. The established relationship between engagement and loyalty, thus, may be influenced by a customer's level of involvement, be it high or low. Involvement, as an antecedent of engagement (Pansari & Kumar, 2017), may also influence the relationship between engagement and its consequences, hence acting as a moderator as well. In much the same way, Pansari and Kumar (2017) further identify that customers' level of involvement affects their expectations for a service/product, subsequently affecting satisfaction, emotion and action. This, therefore, affects how consumers will consequently engage with the service/product brand, and hence loyalty. This chain of effects is an illustration of some of the relationships of customer engagement that need to be empirically tested by researchers.

Consequently, the question is that: holding all other factors constant, will consumers' behavioural, cognitive and emotional engagement with brands lead to loyalty when they are involved with the brand?

## **1.4 Research Objectives**

In view of the research problems identified, this research seeks to explore the following objectives:

1. To examine the relationship between the dimensions of customer engagement and customer loyalty.
2. To measure the moderating role of involvement on the relationships between the dimensions of customer engagement and loyalty.

## **1.5 Research Questions**

To achieve the research objectives raised, the following research questions are posed:

1. What relationships exist between the dimensions of customer engagement and customer loyalty?
2. To what extent does involvement influence the relationships between the dimensions of customer engagement and loyalty?

## **1.6 Significance of the Study**

This research is of relevance in a number of ways. Contribution is made to literature on branding and customer engagement. Specific contributions to relevant areas of study include the following.

### **1.6.1 Contribution to Theory**

Although previous studies have examined the relationship between customer engagement and loyalty (*see* Bowden, 2009; Brodie *et al.*, 2013; Dwivedi, 2015; Gummerus *et al.*, 2012; Hollebeek, 2011a; Patterson, Yu & de Ruyter, 2006; Thakur, 2016; Zheng *et al.*, 2015), little is known about the effects of other interacting factors on this relationship. From a theoretical

perspective, this study empirically tests the moderating effect of involvement on the engagement loyalty relationship.

### **1.6.2 Contribution to Industry**

The findings from this study inform managers about the relevance of engagement and the different ways to explore in engaging with customers. Managers from mobile network firms, especially, can rely on the findings from this study to make decisions on their engagement programmes and budget for such activities. It identifies which dimension of engagement yields the best value in building loyalty. The study also better informs management about the extent to which customers must be involved during engagement to yield a more positive outcome.

## **1.7 Chapter Disposition**

The study is separated into six chapters: introduction, literature review, context of study, methodology, data analysis and discussions, as well as summary, conclusions and recommendations. A synopsis of what each chapter entails is as follows. Chapter one begins the study to introduce the concept of engagement as well as to bring to light some background information and research context. Chapter one also accounts for the objectives of the research and the research questions. Review of relevant and extant literature on customer engagement and loyalty is presented in chapter two. In this same chapter, the theoretical framework underpinning the foundation of the study is established, and the conceptual framework illustrated. Chapter three details the context of study that examines the mobile telecommunication industry in Ghana. Current statistics and changes in the industry are brought to light in this chapter of the study. A detailed description of the methodology that derives the objectives of the study is presented in chapter four. This chapter also discusses the profile of the respondents and validates the methodological and data analysis techniques used. Chapter

five focuses on the data analysis and discussion of the results of the study. It also presents the major findings and discusses the result in the light of the extant literature. The final chapter, chapter six, is dedicated to the conclusion of the study. It outlines the theoretical contributions to academia and the managerial implications of the study. Finally, there is a summation of the study together with recommendations for future research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Chapter Overview**

This chapter of the dissertation gives an account of extant literature on customer engagement, loyalty, and customers' level of involvement. An extensive review of literature on the various themes of the subject matter is discussed in this chapter. Definitions, dimensions, drivers and consequences of customer engagement, as well as the online and offline contexts of engagement are also elaborated on in this section of the study. In this same chapter, the theoretical structure underpinning the foundation of the study is also established and expatiated, together with an illustrated conceptual framework and hypotheses.

#### **2.1 Customer Engagement**

##### **2.1.1 Definitions**

Various academic disciplines, the likes of political science, sociology, organisational behaviour and psychology, have used the term "*engagement*" to a varying degree in the last decade or so (*see* Achterberg, Pot, Kerstra, Ooms, Muller & Ribbe, 2003; Resnick, 2001; Saks, 2006). According to Brodie *et al.* (2011), prior to 2005, a handful of academic articles within marketing and service literature used the terms "*consumer engagement*", "*customer engagement*", and/or "*brand engagement*". A review of studies in engagement points out the rise of several sub-forms of engagement, such as "*customer engagement*" (Patterson *et al.*, 2006), "*customer engagement behaviours*" (Van Doorn *et al.*, 2010), "*customer brand engagement*" (Hollebeek, 2011b), "*consumer engagement*" (Vivek, 2009), and "*engagement*", the more generic expression (Higgins & Scholer, 2009). All these terminologies of engagement refer to the same construct with slight variations due to the context of study, focus and dimension of the engagement studied. It is observed that despite the growing prominence of

the term “*engagement*”, definitions for the term are widely diverse, and attempts to distinguish it from other related concepts, such as *involvement* and *participation*, are not promising. Nonetheless, some notable authors such as Hollebeek (2011a, 2011b), Mollen and Wilson (2010), Patterson *et al.* (2006), and Vivek *et al.* (2012) have defined customer engagement as a psychological state. Bowden (2009), alternatively, views customer engagement as a psychological process. Vargo and Lusch (2004, 2008) have also expressed customer engagement as a “service-dominant (S-D) logic” of marketing. Existing literature defining the customer engagement concept indicates a prominence of the multidimensional (that is, behavioural, emotional, and/or cognitive) perspective of engagement. A few also articulate engagement as a unidimensional concept focusing on either behavioural, or emotional, or cognitive aspect of engagement since the expression of the unidimensional approaches is simple and straight-forward (Brodie *et al.*, 2011). Within the definitions expressing unidimensional perspective, the behavioural dimension prevails. The unidimensional perspective, however, falls short in expressing clearly the rich conceptual scope of the engagement concept. The most comprehensive attempts to define engagement recognising the existence of the behavioural, cognitive and emotional facets of customer engagement are delivered by authors including Hollebeek (2011a, 2011b), Mollen and Wilson (2010), Patterson *et al.* (2006), and Vivek *et al.* (2012). These authors, in developing their definitions, borrow from extant literature in related fields such as social psychology. Case in point, Patterson *et al.* (2006) utilise organisational behaviour research to propose four specific customer engagement components, including (a) *absorption*: “the level of customer concentration on a focal engagement object, such as a brand/organisation, mirroring the cognitive dimension of engagement”; (b) *dedication*: a “customer’s sense of belonging to the organisation/brand, reflecting the emotional dimension of engagement”; (c) *vigour*: a “customer’s level of energy and mental resilience in interacting with a focal engagement object”; and (d) *interaction*: “the

two-way communications between a focal engagement subject and object”. The last two dimensions (“vigour” and “interaction”) echo the behavioural dimension of engagement.

Patterson *et al.* (2006, p. 5), thus, define customer engagement as “*the level of a customer’s physical, cognitive, and emotional presence in their relationship with a service organisation.*”

Vivek *et al.* (2012) reinforce the understanding of customer engagement as “*the intensity of an individual’s participation and connection with an organisation’s offerings & activities initiated by either the customer or the organisation*”. Then, Hollebeek (2011b, p. 580) draws on a

plethora of social science and management research to define “*customer brand engagement*” as the “*the level of a customer’s motivational, brand-related, and context-dependent state of mind characterised by specific levels of cognitive, emotional, and behavioural activity in brand interactions*”. Furthermore, Mollen and Wilson (2010, p. 923) view online brand engagement

as “*the customer’s cognitive and affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate*

*brand value*”. Also, Bowden (2009) expresses customer engagement as “*a psychological process*” driving customer loyalty. She defines customer engagement process as “*a psychological process that models the underlying mechanisms by which customer loyalty forms*

*for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand*” (Bowden, 2009, p. 275). Van

Doorn *et al.* (2010, p. 254), however, define the concept by highlighting specific customer engagement behaviours with emphasis on specific types or patterns of focal engagement

activities. They express customer engagement behaviour as “*customers’ behavioural manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers such as word-of-mouth activity, recommendations, helping other customers, blogging, writing*

*reviews*”. As defined by Higgins and Scholer (2009, p. 107), engagement is “*a state of being*

*involved, occupied, fully absorbed or engrossed in something (that's, sustained attention), generating the consequences of a particular attraction or repulsion force. The more engaged individuals are to approach or repel a target, the more value is added to or subtracted from it*". One important cue from this definition is that Higgins and Scholer (2009) recognise the presence of both positive manifestations of engagement, such as bonding (by virtue of being attracted to the object), as well as possibly negative manifestations, including dissociating from an object. It is essential to notice that up until now, the marketing literature has focused primarily on positive expressions of engagement, to the neglect of the negative. Kumar, Aksoy, Donkers, Venkatesan, Wiesel and Tillmanns (2010, p. 297) also express customer engagement as "*active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or non-transactional in nature*". They further iterate that engagement is also seen as a means to elicit customer interaction and participation through to the creation of an in-depth connection between the brand and customers, which lasts over an extended time period. However, it is argued by Kumar *et al.* (2010, p. 298) that, customer engagement is "*incomplete without the inclusion of customer purchases from the firm*". They assert that it is so because when one envisages the various forms through which customers may engage with a firm, purchasing from the firm inherently comes to mind.

From the reviewed definitions, it can be construed that customer engagement is a customer manifestation of non-transactional (Van Doorn *et al.*, 2010) and transactional (Kumar *et al.*, 2010) behaviours beyond purchase and focus on a brand or a firm. However, generally, customer engagement is expressed as a multidimensional construct that encompasses the behavioural, cognitive and emotional interactions between customers and other customers, a firm and/or a brand. Customer engagement is thus iterated as a relationship. Furthermore, as postulated by Verhoef, Reinartz and Krafft (2010), customer engagement reflects customer co-

creation, where consumers actively contribute to the creation of services or products through customer-to-customer interaction. The authors further restate that customer engagement has the possibility to influence marketing metrics, the likes of new product performance and customer equity. Another key theme to address in the conceptualisation of customer engagement is the context-dependent nature of the concept. Van Doorn *et al.* (2010), evidently recognise the significant role of contextual factors in determining customer engagement. They cite that context-based factors influencing customer engagements may sprout from the political/legal, economic/environmental, social and technological spaces (P.E.S.T.) of the society within which firms and customers exist. Another determining contextual force of customer engagement is competitors and their actions (Van Doorn *et al.*, 2010).

On account of the multi-faceted nature of customer engagement, an all-encompassing definition is required in order to encapsulate most of the themes of the concept. One of the most inclusive definitions of customer engagement, espoused as the operational definition for this study, is delivered by Hollebeek (2011b, p. 580): “*the level of an individual customer’s motivational, brand-related and context-dependent state of mind characterised by specific levels of cognitive, emotional and behavioural activity in brand interactions*”. However, Table 2.1 provides different definitions of customer engagement from different angles as delivered in the review of literature.

**Table 2.1: Definitions of Customer Engagement**

<b>Author (s)</b>	<b>Concept</b>	<b>Definition</b>	<b>Dimensionality</b>
<b>Patterson, Yu &amp; De Ruyter (2006, p. 5)</b>	Customer Engagement	“The level of a customer’s physical, cognitive, and emotional presence in their relationship with a service organisation”	Multidimensional
<b>Bowden (2009, p. 576)</b>	Customer Engagement Process	“A psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand”	Multidimensional
<b>Pham &amp; Avnet (2009, p. 118)</b>	Engagement Behaviour	“A pattern of action or withdrawal with respect to a target object”	Multidimensional
<b>Higgins &amp; Scholer (2009, p. 107)</b>	Engagement	“A state of being involved, occupied, fully absorbed or engrossed in something (i.e. sustained attention), generating the consequences of a particular attraction or repulsion force. The more engaged individuals are to approach or repel a target, the more value is added to or subtracted from it”	Multidimensional
<b>Kumar, Aksoy, Donkers, Venkatesan, Wiesel, &amp; Tillmanns (2010, p. 297)</b>	Customer Engagement	“Active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or non-transactional in nature”	Unidimensional
<b>Mollen &amp; Wilson (2010, p. 923)</b>	Online Brand Engagement	“The customer’s cognitive and affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate brand value”	Multidimensional

<b>Van Doorn <i>et al.</i> (2010, p. 254)</b>	Customer Engagement Behaviour	“Customers’ behavioural manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers such as word-of-mouth activity, recommendations, helping other customers, blogging, writing reviews”	Unidimensional
<b>Vivek, Beatty &amp; Morgan (2012, p. 124)</b>	Consumer Engagement	“The intensity of an individual’s participation & connection with the organization’s offerings & activities initiated by either the customer or the organization”	Multidimensional
<b>Hollebeek (2011b, p. 580)</b>	Customer Brand Engagement	“The level of a customer’s motivational, brand-related and context-dependent state of mind characterised by specific levels of cognitive, emotional, and behavioural activity in brand interactions”	Multidimensional
<i>Source: Researcher (2017)</i>			

### **2.1.2 Illustrations and Forms of Customer Engagement**

Companies all over the world aspire to interact and reach out to their customers in varying ways, knowingly or unknowingly. Most companies have achieved success in consciously engaging their customers. A typical illustration of such a company is Coca-Cola. Coca-Cola's campaigns across the globe have always been creative and intended to excite the emotions of their customers. The bottling company has always succeeded in making their campaigns viral. To increase consumers' connection with the brand, Coca-Cola churned out a campaign in China that put lines from popular songs on their bottles of Lyric Coke. The bottles had QR codes that, when scanned, allowed customers to gain on-demand access to the songs and lyrics, and creating an experience that could be shared via the popular social application WeChat in China (Mobile Marketer, 2014). In a similar fashion, Lays' Chips rolled out a promotion to engage with their customers through a new product development. The company created a flavour contest requesting customers to create new flavours for the chips the company produces. The company offered to give the winner 1% of the revenue of the new product (Verhoef *et al.*, 2010). Likewise, Toyota crafts customer engagement with its global audience through the annual Toyota Dream Car Art Contest. The submissions at this art contest reach up to 660,000 in a given year. In partnership with Saatchi & Saatchi Fallon, Toyota brings to life 90 finalists' dream car drawings through 3D and 2D animations (Toyota, 2014). This is an important channel for Toyota to build brand appeal, solicit support for new product launches and deepen connections with fans and owners of the Toyota brand.

In a more general illustration, most airline companies offer mobile applications for customers to remotely book flights, check-in, provide flight times and status, and select preferred seats and meals. Some airlines are even advancing into streaming in-flight entertainment directly onto passengers' mobile devices (American Airlines, 2017; United Airlines, 2016). In sports,

customer engagement is revered to a greater extent. Sporting clubs, sports media (prints, websites, blogs, TV and radio stations), and all the affiliates (including sponsors and betting companies) are exerting a significant amount of resources to stay in sync with sports audience (Ratten, 2016). They do this by creating interactive features on their websites and mobile applications, through which fans can interact with the clubs, the auxiliary firms or other fans. Some sporting firms build networks with fans and interact with them through “*predict and win*” campaigns. Some also form fan clubs across different countries that demand high involvement such as dues payment. Mobile games and online applications simulating the real experience of the sports (for example, *Fantasy League*, *Dream Soccer League*, etc.) is also a common fan engagement tool in the sports industry (Johnson, 2016). Many among these and in diverse contexts are illustrating the success of customer engagement.

Meanwhile, customer engagement exists in many different forms, both online and offline. Companies are leveraging on the multiplicity of media channels to interact with consumers, while they enhance the delivery of products and services. In this digital era, the proliferation of online social networks and other multiple interactive online and mobile media has created an unprecedented volume of interactions and engagement between firms and customers, as well as among the customers themselves (Thakur, 2016). This has given rise to social media engagement, online brand community engagement, and online network engagement, among several other online engagement forms. Similarly, companies have been, traditionally, engaging with customers in various offline ways and indirectly turning customers into advocates through customer-to-customer interactions (Gyrd-Jones & Kornum, 2013). The traditional word-of-mouth recommendations, referrals, participation in corporate social campaigns and the firm’s community programmes are some of the offline forms of engagement.

### **2.1.3 Online versus Offline Engagement**

Customer engagement takes place in both online or offline settings (Greve, 2014). Offline engagement is inherently what engagement entails, but it is qualitatively distinct from online engagement, in that the latter provides the medium to interconnect and socialise to an extent that cannot be replaced by the former. It is also noted by Bowden (2009) that offline engagement is essentially a one-way communiqué (for example, referrals, reviews or word-of-mouth recommendations). However, in an emerging economy context, anecdotal evidence suggests that offline engagement is still highly appreciated by firms in order to bridge the gap between the significant segment of the population who are not technologically-enlightened and the few technologically-inclined.

Online media, on the other hand, affords customers the prospect of not only engaging with the brand but also participating in discussions and interactions which take place in discussion forums, blogs or social media platforms (Brodie *et al.*, 2013). Accordingly, Mollen and Wilson (2010) opine that online customer engagement represents the affective and cognitive commitment to an active relationship with a brand established through the firm's website or other computer-mediated medium communicating the value of the brand.

### **2.1.4 Dimensions of Customer Engagement**

The multidimensional perspective of customer engagement has been extensively acknowledged in literature (*see* Algesheimer, Dholakia & Herrmann, 2005; Bowden, 2009; Ilic, 2008; Patterson *et al.*, 2006). The dimensions represent the various ways through which customer engagement is expressed. The most widely accepted dimensions throughout the multidimensional literature are behavioural, cognitive and emotional dimensions of customer engagement.

The cognitive dimension of customer engagement reflects the overall level of customer concentration on a brand or a firm with which the customer engages (Brodie *et al.*, 2011; Hollebeek, 2011b; Paterson *et al.*, 2006). The cognitive dimension is represented by the psychological process involved during interactions with a brand or firm (Bowden, 2009). Mollen and Wilson (2010, p. 920) conceptualise customer engagement as “*an active, sustained cognitive processing*”, thereby giving credence to the existence of the cognitive dimension. Hollebeek (2011a) also qualifies engagement as an *immersion*, reflecting the cognitive nature of the engagement construct.

Sprott *et al.* (2009) describe the emotional dimension as a customer’s sense of belongingness to the brand, resulting from the level of engagement. They reiterate that the emotional dimension of engagement has its foundation rooted in the “*brand engagement in self-concept*” (BESC). The propensity of consumers to embrace important brands as an essential element of their self-image represents the emotional dimension of engagement (Sprott *et al.*, 2009). Heath (2007) also conceptualises customer engagement as an amount of subconscious feeling about a brand or firm. The emotional dimension of customer engagement is further highlighted in Calder, Malthouse and Schaedel’s (2009) description of engagement as an *intrinsic enjoyment*. Vivek *et al.* (2012) also use the adjective, *enthusiasm*, while Hollebeek (2011a) represents engagement as *passion*, both acknowledging the emotional dimension of customer engagement.

The behavioural dimension of customer engagement comprises the communications between customers and the brand and/or firm of engagement. Van Doorn *et al.* (2010) postulate that the behavioural dimension of customer engagement comprises a plethora of behavioural expressions of customers that have influences on the firm or brand. They further cite word-of-

mouth activities, referrals, recommendations, customer reviews, voluntary assistance, blogging, web and social media postings, brand community participation, feedback and engagement in new product development, as some of the manifestations of the behavioural dimension of customer engagement.

Drawing on organisational behaviour research, Patterson *et al.* (2006) comprehensively capture the three dimensions of customer engagement in four specific customer engagement components – *absorption* (mirroring the cognitive dimension), *dedication* (equivalent to the emotional dimension of customer engagement), *vigour* and *interaction* (both reflecting the behavioural dimension of engagement).

In much the same way, the traditional dimensions of customer engagement (behavioural, cognitive, emotional) are further extended by Ilic (2008) by adding ‘*aspirational*’ and ‘*social-engagement*’ dimensions, where they can also be seen as subcomponents of the *emotional* dimension of customer engagement. According to Hollebeek (2011a, 2011b), the manifestation of specific customer engagement dimensions may differ across various contexts although there is a general consensus with regards to the multidimensional (behavioural, cognitive, emotional) facets of engagement forms. To expatiate further, Van Doorn *et al.* (2010) theorise the dimensions of customer engagement behaviour as “*valence, form, scope, nature and customer goals*”.

Van Doorn *et al.* (2010) postulate that the valence of customer engagement can be either positive or negative, implying that customer engagement is not only about the interaction between the parties, but the behaviour of one party as well. The form or modality of customer engagement implies the varied ways in which customers express engagement. The scope

dimensionality identifies whether customer engagement is global (posting on a global website) or local (e.g., WOM delivered in person); or whether it is temporally momentary or ongoing. The nature of the impact of engagement is assessed by the immediacy of impact, the intensity of impact, the breadth of impact, and the longevity of the impact. Van Doorn *et al.* (2010, p. 260), consider the goal of the customer when engaging as another dimension. They illustrate this by focusing on three key questions: “*to whom the engagement is directed, to what extent is the engagement planned, and to what extent are the customer’s goals aligned with the firm’s goals?*” According to the authors, the responses to these key questions make up another facet of customer engagement.

In spite of the prominence of the multidimensional perspective, a handful of research expresses customer engagement as a unidimensional concept, focusing on either the behaviour, or cognitive, or emotional components of engagement. Brodie *et al.* (2011) posit that the unidimensional facet of engagement is simple, hence favoured by some researchers. However, the authors further iterate that the unidimensional view of engagement does not encapsulate all the nuances of customer engagement.

### **2.1.5 Antecedents and Consequences of Customer Engagement**

The antecedents and drivers of customer engagement have been adequately researched in marketing and management literature (*see* Bowden, 2009; Brodie *et al.*, 2011; de Vries & Carlson, 2014; Hollebeek, 2011a; Hollebeek, Glynn & Brodie, 2014; Van Doorn *et al.*, 2010). According to Van Doorn *et al.* (2010), attitudinal antecedents are primarily the most eminent factors affecting customer engagement. They reiterate that very high or very low levels of customer satisfaction, trust, brand commitment, brand attachment, brand involvement, and brand performance perceptions can initiate engagement. It is further noted by Van Doorn *et al.*

(2010) that the antecedents of customer engagement can also become consequences, considering them in the light of other factors. Drivers of customer engagement, especially those associated with the firm and context, also have moderating effects on customer engagement (Van Doorn *et al.*, 2010). The following are some of the antecedents and/or consequences of customer engagement.

**Customer Satisfaction** – Oliver, Rust and Varki (1997) define satisfaction as a customer judgement of whether a service or product provided a pleased level of consumption-related fulfilment, with no exceptions to the levels of under- or over-fulfilment. As a driver of customer engagement, Pansari and Kumar (2017) explain that a satisfied customer may repurchase the product or service, fulfilling the transactional level of engagement. The authors further explain that a customer engaging with a firm would go beyond purchase to exhibit engagement behaviours such as word-of-mouth referrals, social media referrals, and the provision of feedback to the company. This implies that satisfaction of a customer serves as a catalyst to engage, and subsequently intensifies the engagement.

As a consequence of customer engagement, customer satisfaction is presumed to precede customer loyalty (Hollebeek, 2011a). This is drawn from the positive relationship that exists between customer satisfaction and loyalty. Satisfaction is therefore conceptualised as a consequence of customer engagement when the former is considered as a driver of loyalty.

**Brand Commitment** –Moorman, Deshpande and Zaltman (1993) refer to commitment as the persistent desire to sustain a relationship. Hollebeek (2011a) adds that commitment is the value placed on an on-going relationship with another party, such that each party ensures there is a determined effort at maintaining the relationship. As an antecedent of customer engagement,

commitment is referred to as the depth of attitude that consumers show towards a brand by spending more resources such as time and money on the brand (Pansari & Kumar, 2017). This means that, when a customer is committed to a brand, the customer would be willing to spend more time and money interacting with the brand, thereby resulting in engagement. Commitment as a driver of customer engagement is true for existing customers. In spite of this, commitment is also regarded as a consequence of customer engagement. For instance, it is inherently expected that new customers of a brand engage with the brand before any level of commitment is developed. Existing customers may also alter their level of commitment successively due to their subsequent direct interactions with the brand. It can, therefore, be deduced that the role of commitment as a consequence of customer engagement may be applied to both new and existing customers.

**Trust** – According to Moorman *et al.* (1993), trust refers to the inclination to depend on an exchange partner in whom one has developed confidence.

Trust is further iterated as the perceived security and reliability [of consumers] in brand interactions, believing that the brand will act in their best interests (Delgado-Ballester, Munuera-Aleman & Yague-Guillen, 2003). In the context of existing customers, trust is primarily considered an antecedent of customer engagement. To illustrate, it is expected that trust precedes the formation of a relationship, and hence any form of engagement, as trust is considered an essential tenet of relationship marketing (Garbarino & Johnson, 1999). Inherently, a customer must trust a brand to be willing to purchase the brand, recommend the brand, or give feedback. This forms the basis to consider trust as an antecedent of customer relationship. On the other hand, trust may be accepted as a consequence of customer engagement. This comes about when customers develop or intensify their trust due to a prior

engagement with the brand. A new customer, for instance, cannot trust a brand (s)he has not come in contact with. Consequently, any level of trust is formed after transactional or non-transactional interaction with the brand. Thus, trust becomes a consequence of customer engagement in this instance.

**Involvement** – A person’s perceived relevance of a brand based on their inherent needs, values, and interests culminates in their involvement (Zaichowsky, 1985). According to Pansari and Kumar (2017), involvement is seen as a motivating factor inducing customers to seek information for managing any potential risks when making decisions regarding purchases. Typically, this risk management would occur prior to purchases, making involvement an antecedent of customer engagement.

**Loyalty** – Loyalty may comprise of repeated purchases (behavioural loyalty) emanating from a strong internal disposition (attitudinal loyalty) over a given time (Brodie *et al.*, 2011). Loyalty is iterated as a potential consequence of customer engagement (*see* Bowden 2009; Patterson *et al.*, 2006). Behavioural loyalty measuring repeated purchases of a customer may spring from repeated engagement of a customer with the firm. This is clear from the stance that continual purchase is regarded as engagement. In attitudinal loyalty, customers may exhibit certain actions such as purchases, referrals, influence, and feedback, which are also behaviours of engagement. In this sense, a customer’s level of engagement precedes his/her loyalty.

### **2.1.6 Relevance of Customer Engagement**

The theory of “engagement” is not uncommon in business relationships, although the concept only gained any significant practitioner interest one or two decades ago (Brodie *et al.*, 2011). Customer engagement has been tied to many positive business outcomes, including but not

limited to, superior competitive advantage (Sedley, 2008), enriched corporate performance through sales growth (Neff, 2007), and profitability (Voyles, 2007). Such outcomes result from the notion that engaged customers intensify the impact of viral marketing activities by providing referrals and/or recommendations for specific products, services and/or brands to other consumers. Also, key roles played by engaged customers in new product/service development cannot be overemphasised in light of the positive organisational outcomes of customer engagement.

Many firms focus primarily on customer engagement now, as reported by Pansari and Kumar (2017). In a customer engagement survey involving 438 marketing managers, 63% of the managers defined customer engagement as a value of sales and repeat sales, 15% emphasised its impact on revenue, and 22% defined it as brand love. 80% of the managers polled, agreed that customer engagement enhances advocacy and trust over time (Pansari & Kumar, 2017). The authors also give an account of a study conducted to highlight the benefits of engaging customers. Highlights from Pansari and Kumar (2017) note that fully-engaged shoppers, in the consumer electronics industry, make 44% more visits annually to their favourite retailer than the actively disengaged shoppers. This is no different in casual restaurants, where fully-engaged diners make 56% more visits monthly than actively disengaged customers. Also, fully-engaged hotel guests spend 46% more annually than actively disengaged guests in the hospitality industry. Similarly, fully-engaged customers in retail banking bring 37% more annual revenue to their primary banks than actively disengaged bank customers.

The concept of engagement is, thus, one that warrants attention from managers and academics at large. Customer engagement is comparable to the traditional measures of quality, satisfactions and loyalty, in elucidating customer behaviour. As such, its importance in

realising positive organisational outcomes cannot be overemphasised, as evinced from the literature reviewed.

## **2.2 Customer Loyalty**

Jacoby and Chestnut (1978, p. 1) write that:

*“The success of a brand on the long term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand.”*

This sentence demonstrates the level of importance that must be attached to loyalty both in academics and in practice.

To conceptualise the loyalty concept, Jacoby and Kyner (1973, p. 2) identify a set of six necessary and collectively sufficient conditions that the definition of loyalty must express. These are that, brand loyalty is *“(1) the biased/non-random, (2) behavioural response/purchase, (3) expressed over time (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological – decision-making/evaluative – processes.”* In this definition, the authors propose that brand loyalty cannot be a random event since that would defy prediction and control, making it unacceptable as an applied scientific phenomenon. It is also highlighted in the definition that intention to buy and statements of preference are insufficient to constitute brand loyalty. Loyalty, thus, requires that intentions must be backed by biased purchasing behaviour. It can also be implied from the definition that loyalty is a condition of some form of duration. Therefore, a single behavioural act cannot be qualified as loyalty. In addition to these, the definition by Jacoby and Kyner (1973) points out that the decision-maker needs not

be the user or an individual; rather, it could be an organisation or a group of individuals who may not necessarily be the user. The fifth condition of the definition points out that customers are usually multi-brand loyal. That is, a consumer is inclined to becoming loyal to not only one brand, but two or more brands in a single product category, hence the concept of an “*evoked set*.” Lastly, brand loyalty reflects a psychological purchase decision in which customers compare and evaluate various brands psychologically before selection.

Literature analysis on brand loyalty reveals two approaches that conceptualise loyalty in two different ways: the stochastic approach (purely behavioural) and the deterministic approach (expresses loyalty as an attitude).

### **2.2.1 Behavioural Loyalty**

This divide of loyalty operationalises loyalty as behaviour: the customer must systematically purchase the same brand to be considered loyal to the brand (Odin, Odin & Valette-Florence, 2001). The behavioural dimension of loyalty measures loyalty relative to the proportion of purchase, the purchase sequence, and the probability of purchase. The behavioural view of loyalty is strengthened by Tucker (1964, p. 32): “*No consideration should be given to what the subject thinks nor what goes on in his central nervous system, his behaviour is the full statement of what brand loyalty is.*” These behavioural measures are criticised by Jacoby and Chestnut (1978) and Day (1969) to be deficient of conceptual basis as they encapsulate only the inert results of a dynamic process. The stochastic approach thus, according to Dick and Basu (1994), makes little effort at elucidating the nuances underlying the repeat purchases. Dick and Basu (1994) back up their criticism by illustrating that high repeat purchases may be reflective of situational factors, such as brands stocked by retailers, while low repeat purchases may be indicative of different usage situations, variety seeking, or lack of brand preference. It is,

therefore, concluded that the behavioural definitions of brand loyalty are insufficient to explain the intensity, forms and the motivation behind the development and/or modification of brand loyalty.

### **2.2.2 Attitudinal Loyalty**

Unlike the scholastic approach, the deterministic perspective of loyalty views brand loyalty as repeated purchase backed by a strong disposition (Day, 1969). This implies that there exist a number of explanatory factors resulting in loyalty. Attitudinal loyalty uses attitudinal data to express the psychological and emotional attachments characterised by loyalty. According to Bowen and Chen (2001), a sense of loyalty, engagement and allegiance is central to attitudinal loyalty. These authors illustrate their assertion by citing that a customer may hold a favourable attitude toward a hotel and even recommend it to others, but (s)he may not stay at the hotel because (s)he cannot afford it on a regular basis. Odin *et al.* (2001) postulate that attitudinal loyalty scales have shifted from the usual loyalty/disloyalty dichotomy to more of a degree of loyalty. That is, knowing the intensity of a customer's loyalty is primarily more preferred to knowing whether s(he) is absolutely loyal or not. This unidimensional view of loyalty circumvents the criticisms of the stochastic approach to loyalty.

### **2.2.3 Composite Loyalty**

Nonetheless, a third approach (composite measurement of loyalty) emerged to fill the void the two unidimensional measurements could not, by combining the two dimensions of behavioural and attitudinal measurements of loyalty (Bowen & Chen, 2001). This new approach measures loyalty by the customer's preferences, propensity to switch brands, as well as frequency, recency and total amount of purchase (Day, 1969; Jacoby & Kyner, 1973). Jacoby and Kyner's

(1973) six-point definition stated above is the first attempt at integrating the behavioural and attitudinal approaches.

This study, therefore, adopts the composite approach to customer loyalty. Loyal customers are, thus, those customers who possess favourable attitudes to the brand, and are committed to repurchasing the brand, while making recommendations to other consumers. Regardless of the relationships established between the dimensions of customer engagement and loyalty, the presence of other factors can influence or alter the magnitude of the relationships. Among such factors is the level of involvement.

### **2.3 Level of Involvement**

Generally, as part of the rational process in making purchasing decisions, consumers actively search for information which they utilise to make informed choices. It can be implied that consumers, thus, are intelligent, thinking, and problem-solving organisms, who memorise and evaluate sensory inputs to process logical decisions.

However, Zaichkowsky (1985) discovers that a comprehensive information search or an expansive evaluation of choices is woefully limited to a greater extent in consumer behaviour, even for the purchase of major items. She further iterates that, in a day, the average consumer makes several banal decisions, such that a selected few of that may be of importance. This idea has led to the view of consumer behaviour as a two-fold dichotomy of low-involvement consumer behaviour and high-involvement consumer behaviour (Zaichkowsky, 1985).

Zaichkowsky (1985, p. 342) fundamentally refers to involvement as “*a person’s perceived relevance of the object based on inherent needs, values and interests*”.

Involvement is classified into two main types – situational or enduring. The former is a temporary elevation of interest that fluctuates, usually within the time frame of a purchase decision. On the other hand, enduring product involvement is a steady paradigm that embodies the consumer's personal interest in the product sustained over an extended period. Zaichkowsky's (1994) conceptualisation of involvement is more relatable to the concept of situational involvement or purchase decision involvement. Alternatively, others iterate involvement as a lasting interest in a product class, hence referred to as enduring involvement or product class involvement (Drichoutis, Lazaridis & Nayga Jr, 2007).

It is worthy to note that involvement varies for a specific decision and a product class; some products may innately be involving due to the nature of the purchase (Zaichkowsky, 1994). Conversely, Brennan and Mavondo (2000) argue that products typically cannot be innately involving. They further illustrate that due to the circumstances surrounding the purchase decision of shampoo (for example), it may be classified as both high involvement and low involvement. For instance, the purchase of shampoo may be classified high-involvement when it is a first independent shampoo purchase, a consumer is not familiar with the product, or a consumer may previously have had a poor experience with the shampoo. It could also be a high-involvement purchase when a customer is predisposed to have allergies, or has concerns about social issues (such as not tested on animals) that need to be taken into consideration. Brennan and Mavondo (2000) conclude by arguing that previous studies may be flawed under some circumstances on the characteristics assigned to low-involvement products. Besides, not at all times will highly-involved consumers patronise high-involvement products. For instance, a car buyer may have no interest in the purchase process, even though the outcome (a car to drive) is highly regarded as paramount to him/her. Subsequently, no assumptions should be

assigned to the product or the product class with regards to high or low involvement, as involvement may vary with the various antecedents to involvement.

Involvement with a product provides the motivation and ability for a customer to initiate product-related conversations with others. As iterated by Park, Lee and Han (2007), strong product involvement generates superfluous thoughts and emotions that are effortlessly evoked in word-of-mouth episodes. Earlier empirical evidence by Bloemer, de Ruyter and Wetzels (1999) confirms the correlation between involvement and word-of-mouth transmission, a manifestation of engagement.

## **2.4 Theoretical Foundation**

A thorough scrutiny of the customer engagement literature fundamentally grounds the concept of engagement into the tenets of *relationship marketing* – RM (Vivek *et al.*, 2012), and *service-dominant* (S-D) *logic* perspectives (Brodie *et al.*, 2011). These two theoretical underpinnings focus on the relevance of long-lasting relationships as well as co-creative interactions among valuable stakeholders in engagement. For instance, the S-D logic discusses the significance of consumers' pre-emptive roles in the co-creation of their personalised experiences, in addition to the value perception they develop through active, overt and constant discussions and interactions with firms (Vargo & Lusch, 2004, 2008). Inarguably, this fundamental proposition is also fundamental to the relationship marketing construct (Carter, 2008).

To be more specific, Verhoef *et al.* (2010) elaborate that customer engagement contributes to the principal relationship marketing tenets of customer repeat patronage, retention and loyalty by affecting the customer experience. Comparatively, Vargo, Maglio and Akaka (2008) opine that, consistent with the S-D logic, customer engagement echoes the subtleties of networked

agents, such as organisations, customers and/or other stakeholders, who generate and co-create value by providing services. To sum up, the two underlining theories of RM and S-D logic are complemented by customer engagement when conceptualised as interactivity (Brodie *et al.*, 2011), where customers may sacrifice valuable cognitive, emotional and/or physical resources depending on their perceived value levels resulting from interacting with the brands (Higgins & Scholer, 2009).

However, in this study, the *social exchange theory* (SET) is introduced as the foundational theory underpinning the conceptualisation of customer engagement as postulated earlier in this chapter.

#### **2.4.1 The Social Exchange Theory**

According to the social exchange theory, each party in the exchange has something of value that the other wants (Emerson, 1976). The two parties decide what to exchange and in what quantities. The resources exchanged can be economic or social or both. Economic resources include tangible items, such as goods, money, assets, information, advice, or services. Social resources include intangible items, such as social amenities, friendship, and prestige. The value of outcomes received during a social exchange is in the eye of the beholder. However, according to Blau (1964), the most rewarding outcomes in social exchange relationships (for example, social approval and respect) do not have any material value for which a price could be determined.

The social exchange theory, as postulated by Blau (1964, 1968), predicts that customers reciprocate their positive thoughts, feelings and behaviours toward an object (brand) upon receiving specific benefits from the relationship with the object (brand). Rousseau (1989) also

observes that the SET is made up of unspecified obligations whereby one party (i.e. a service personnel) does another (i.e. the customer) a favour (e.g. providing exceptional service), in return for some unspecified future returns (e.g. customer loyalty). Exchange partners, under the social exchange theory, endeavour to achieve equilibrium in their relationship. However, if there is any sort of imbalance, efforts are made by both parties to restore the balance (Hollebeek, 2011a). The role of a customer and what (s)he renders in a given exchange is seen as a cost, whilst anything received in return is considered a reward. Hollebeek (2011a) postulates that this cost/reward perspective tallies as the interactive nature of customer engagement.

In the conceptualisation of customer engagement according to this study, the tenets of the social exchange theory apply as follows. Primarily, the brand under review offers social resources in the form of social media platforms and events for customers to express themselves, acquire prestige and/or make acquaintances with other customers. Also, economic incentives may be provided in the form rewards and discounts. In exchange for these, consumers, through their interactions and engagement with the brand, develop loyalty for the brand. Customers may also spread positive word-of-mouth, enhance co-creation, and/or offer recommendations for service improvement and development. Analogously, customers' involvement in the engagement process is rewarded by a stronger brand image that sets the space for social approval and prestige for patronising the brand. This forms the basis of the conceptual framework of the study.

## **2.5 Conceptual Framework and Hypothesis Development**

The discourse on customer engagement has generally encapsulated customer engagement as comprising the behavioural, cognitive and emotional dimensions (Algesheimer *et al.*, 2005;

Bowden, 2009; Ilic, 2008; Patterson *et al.*, 2006). These dimensions are reflective of the customer engagement construct; hence, each one or any combination of them can help expatiate customer engagement. Thus, customer engagement in the framework of this study is measured by the behavioural, cognitive and emotional dimensions.

Moreover, various conceptual (*see* Bowden, 2009; Patterson *et al.*, 2006) and empirical studies (Brodie *et al.*, 2013; Gummerus *et al.*, 2012) have linked customer engagement to various outcomes such as customer loyalty. The framework of this study, therefore, depicts customer loyalty as a consequence of customer engagement as shown in *Figure 2.1*.

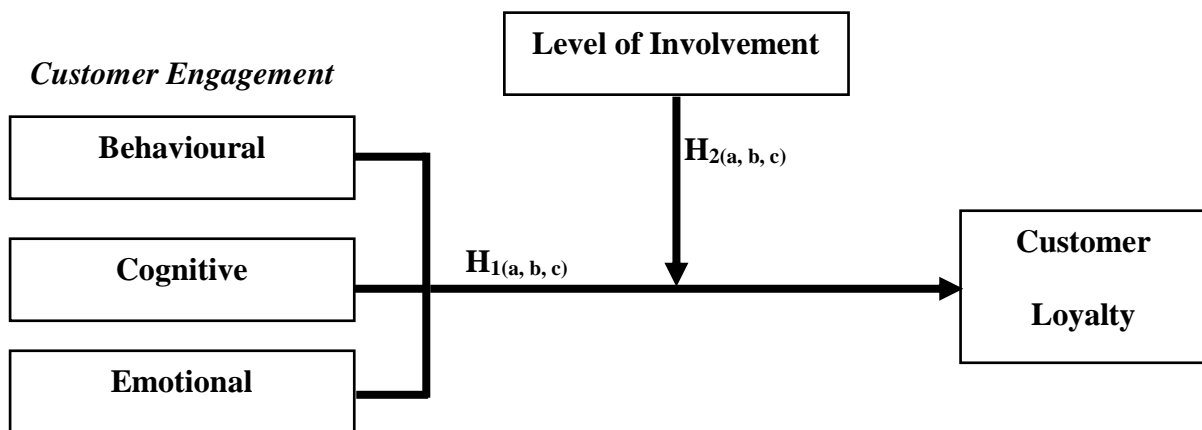
What's more, in the presence of certain factors and interactions, the relationship between the dimensions of customer engagement and customer loyalty can be altered. It is against this backdrop that the author introduces *level of [customer] involvement* as a moderating factor of the customer engagement and loyalty relationship.

Therefore, a self-authored conceptual framework based on the review of extant literature is depicted in *Figure 2.1*.

### 2.5.1 Conceptual Framework

A conceptual framework based on the review of extant literature is depicted in Figure 2.1. The framework assumes that the three dimensions of engagement are positively related to customer loyalty. The relationships are moderated by involvement.

*Figure 2.1: Conceptual Framework for the Customer Engagement and Loyalty Nexus*



*(Source: Developed by Researcher, 2017)*

### 2.5.2 Hypothesis Development

- *Customer Engagement and Loyalty*

It is widely acknowledged in literature that the traditional marketing constructs of perceived quality and customer satisfaction, fall short in the prediction of consumer behaviour outcomes like loyalty (Sureshchandar *et al.*, 2002; Taylor & Baker, 1994). Oliver (1999, p. 34) iterates that even though satisfaction is an essential determinant of loyalty, it is rendered “*less significant as loyalty begins to set through other mechanisms, such as customer engagement.*” Bowden (2009) categorically postulates that brand engagement may be a stronger determinant of customer loyalty compared to the conventional marketing constructs. Empirical findings from Brodie *et al.* (2013) conclude that loyalty is a consequence of customer engagement. They

further iterate that engaged customers exhibit enhanced customer loyalty since repeated levels of engagement establish a bond between customers and the brand.

Gummerus *et al.* (2012) establish the positive relationship between the behavioural dimension of engagement and loyalty in their study of customer engagement in a Facebook brand community. They first establish that loyalty is a fundamental factor in engagement (in the case of brand community participation), but it [loyalty] is further strengthened as an outcome of the behavioural engagement. According to Gummerus *et al.* (2012), customer engagement reinforces the customer-brand loyalty relationship. Another compelling evidence of the positive association of loyalty and behavioural engagement is established by Zheng, Cheung, Lee and Liang (2015). The authors reveal that brand loyalty is created through user engagement in their study on online brand communities on social networking sites. In the findings of their study, Zheng *et al.* (2015) conclude that customer engagement behaviours are key ingredients in nurturing brand loyalty.

On the cognitive dimension of engagement, Bowden (2009) establishes that suitable levels and forms of customer-perceived stimulation and activity in the presence of minimised customer tedium (in services), most often than not, are expected to agreeably result in satisfaction and loyalty bonds. Bowden (2009) further argues that loyalty is born out of customer engagement when through engagement, customers develop higher levels of trust and affective commitment for the brand (that is, reflections of the cognitive dimension). This ultimately leads to loyalty.

Similar findings were realised by Thakur (2016) for the emotional dimension of engagement. His study empirically reveals that the emotions consumers exhibit while mobile shopping or using mobile shopping applications have a strong influence on their loyalty intentions. The

results from Thakur (2016) position emotional engagement as a strong predictor of loyalty. In much the same way, Dwivedi (2015) found that emotional engagement results into customer loyalty intentions.

Consequently, it can be established from reviewed literature and empirical findings (Bowden, 2009; Dwivedi, 2015; Gummerus *et al.*, 2012; Hollebeek, 2011; Patterson *et al.*, 2006; Thakur, 2016; Zheng *et al.*, 2015) that all three dimensions of customer engagement (behavioural, cognitive and emotional) are good predictors of customer loyalty.

It is therefore hypothesised in this study that:

***H<sub>1a</sub>: The behavioural dimension of customer engagement has a positive and significant relationship with customer loyalty.***

***H<sub>1b</sub>: The cognitive dimension of customer engagement has a positive and significant relationship with customer loyalty.***

***H<sub>1c</sub>: The emotional dimension of customer engagement has a positive and significant relationship with customer loyalty.***

- ***Level of Involvement as a Moderator of CE and Loyalty***

It is postulated by Bowden (2009) that, given that engaged customers may develop loyalty through repeated purchases and other post-purchase behaviours, but their level of loyalty may be affected by the level of involvement with the brand. Oliva, Oliver and Bearden (1995) also argue that, over the long term, customers who are highly involved with their brands, develop and maintain consistent loyalty bond with their brands. It is also noted by Roser (1990) that involved customers will, more often than not, discredit negatively conflicting informational messages in order to preserve their existing schemas. According to Belonax and Javalgi (1989),

involved customers are also inclined to possess large brand collections and repertoires. A customer's state and level of involvement with a brand forms a sense of constant psychological commitment to that brand in relation to the thoughts, feelings, and subsequent behaviours of the customer (Gordon, McKeage & Fox, 1998), such that where the customer is involved, (s)he may be more likely to respond favourably to marketing efforts personalising the experience (Swinyard, 1993). Confirming this argument, Oliva *et al.* (1995) highlight that involvement creates some "stickiness" within the customer-brand relationship. According to Hofmeyr, Rice and Butch Rice (2003), customers who are uninvolved with the choice of brand or service provider, are practically impossible to become committed customers, and that uninvolved -- for that matter, uncommitted customers could switch brands from time to time because the brand or service provider may be seen as being irrelevant in the customer's decision-making process (Warrington & Shim, 2000). The argument, therefore, is that involvement is a basic component of the broader conceptualisation of the process of engagement, in that it influences the relationship between customer engagement and repeat purchases.

This study, therefore, proposes that:

***H<sub>2a</sub>: Level of involvement strengthens the relationship between behavioural engagement and customer loyalty.***

***H<sub>2b</sub>: Level of involvement strengthens the relationship between cognitive engagement and customer loyalty.***

***H<sub>2c</sub>: Level of involvement strengthens the relationship between emotional engagement and customer loyalty.***

**Table 2.2: Summary of Hypotheses**

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<b>H<sub>1a</sub></b>	The behavioural dimension of customer engagement has a positive and significant relationship with customer loyalty.
<b>H<sub>1b</sub></b>	The cognitive dimension of customer engagement has a positive and significant relationship with customer loyalty.
<b>H<sub>1c</sub></b>	The emotional dimension of customer engagement has a positive and significant relationship with customer loyalty.
<b>H<sub>2a</sub></b>	Level of involvement strengthens the relationship between behavioural engagement and customer loyalty.
<b>H<sub>2b</sub></b>	Level of involvement strengthens the relationship between cognitive engagement and customer loyalty.
<b>H<sub>2c</sub></b>	Level of involvement strengthens the relationship between emotional engagement and customer loyalty.

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*Source: Researcher (2017)*

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## **2.6 Chapter Summary**

This chapter captures extant theoretical, conceptual and empirical literature on the various constructs making up this study. Various definitions and conceptualisations of customer engagement are detailed in this chapter. Illustrations of engagement and other themes that reflect the engagement concept are also highlighted in the review of literature in this chapter. Literature is also reviewed on level of involvement and customer loyalty. The social exchange theory, adopted as the foundational theory of this study, is thoroughly elaborated upon in the literature review. A graphical illustration and follow-up descriptions of the conceptual framework are also captured in this chapter of the study. Finally, hypotheses are developed and elucidated within this chapter.

## **CHAPTER THREE**

### **CONTEXT OF THE STUDY**

#### **3.0 Chapter Overview**

This chapter of the study examines the trending issues in the telecommunication industry in Ghana. The chapter delves into the general overview of the industry as a whole, and also highlights the evolution of GSM and mobile telecommunications in Ghana. The market structure of the telecommunication industry in Ghana is also elaborated upon. Furthermore, this chapter provides the market statistics of the various telecommunication firms in Ghana and highlights their online and offline engagement activities that warrant a research of this kind.

#### **3.1 Synopsis of the Global Telecommunication Industry**

The global telecommunication industry is riding on the wings of advancement in computer technologies to become one of the most rapidly growing and competitive industries in the world currently. A report by the International Telecommunications Union (2013) stipulates that the growth of mobile technology has changed considerably between countries, while developing countries possess the majority of mobile subscribers. The report further discloses that globally, mobile phone subscriptions have a penetration rate of 96.2%. Vodafone (2016) identifies that the telecommunication industry has an estimated 7.6 billion clients, generating about US\$1 trillion in annual service revenue. The same report further states that 60% of telecommunications revenue comes from mobile services with the remainder represented by fixed lines. Only 2.2 billion people have fixed line telephones (Vodafone, 2016). The industry is made up of giant multinational companies like AT&T Corporation, Verizon, both in the USA, with AT&T providing wireless communication, cable TV, internet and phone services to over 96 million mobile customers. Vodafone from the UK, Airtel from India, MTN from

South Africa, and Orange from France are the few multinationals serving millions of subscribers in sub-Saharan Africa.

### **3.2 Evolution of GSM/Mobile Telecommunication**

The end of World War II marked the evolution of several technologies, among which was the cellular network. Reginald Fessenden's Radiophones in shore-to-ship communication enabled the use of cordless telephone. Although this technology was available to only the military in the late 40s to early 50s, there was an emergence of different forms of broadcasting technologies between 1950 and 1980 (Fransman, 2000). Mobile network services evolved with the first mobile phones when they could only be fastened to vehicles due to power and weight limitations. Then emerged the first-generation analogue systems before GSM (also known as second-generation) in 1991.

Ghana can trace the history of its telecommunication to as far back as the colonial era when the first telegraph line was installed in Gold Coast in 1881 between Cape Coast and Elmina (Akorli & Allotey, 1999).

### **3.3 The Mobile Telecommunication Industry in Ghana**

The first mobile network service was introduced into Ghana in March 1992 by Millicom International Cellular as Mobitel. Mobitel started its operation using the ETACS (Extended Total Access Communication System), an analogue standard as opposed to GSM which is digital. The ETACS technology had limited function which supported mostly voice services. A year after Mobitel was launched, a new telecom company Celltel (now Expresso) won a license to operate (Tobin, 2010).

The Rural Telecommunication Project by the Ministry of Telecommunications and Transport sought to provide rural telephony in southern Ghana via a wireless local loop. However, Capital Telecom, the company tasked with this project collapsed in a few years without completing the proposed rural telephony. Subsequently, only government officials and wealthy Ghanaians could own mobile phones (Frempong & Henten, 2004).

Nevertheless, Scancom Limited gained the license to operate the first GSM network in 1995, under the brand name Spacefon. Five years later, Ghana Telecom, the then state-owned only fixed line operator in Ghana, launched its GSM network under the brand name OneTouch. In that same year, Mobitel migrated to the digital platform under the new brand name Buzz which was later changed to Tigo (Frempong & Henten, 2004).

### **3.4 Regulatory Framework of Telecommunication Industry of Ghana**

Government agencies are the primary regulators of Ghana's communication environment.

#### **3.4.1 National Communications Authority (NCA)**

In 1996, the Parliament of Ghana established the National Communications Authority (NCA) by ACT 524 of 1996. The primary objective of the NCA is to issue licenses and regulate the activities of the players in the telecommunication industry to ensure consumer protection and fair competition across the industry. The Authority also serves as the mouthpiece of government in the implementation of public policy goals in telecommunication (Haggarty, Shirley & Wallsten, 2002).

The specific objectives of the NCA include the following:

- i. Setting technical standards;
- ii. Issuing licenses for service providers;
- iii. Providing guidelines on tariffs chargeable for services;
- iv. Monitoring the quality of service of providers and initiating corrective actions where necessary;
- v. Setting the terms and guidelines for interconnections of different networks;
- vi. Resolving disputes among service providers, and between service providers and consumers;
- vii. Controlling the numbering plan and the approval of equipment; and
- viii. Advising the Ministry of Communications on policy formulation and development strategies for the industry (NCA, 2017a).

### **3.4.2 Ministry of Communications**

The Ministry of Communications (MoC) plays the role of policy formulation and facilitation of development in the telecommunication industry. The Ministry has the core responsibility of initiating and developing national policies to achieve efficient information and communication infrastructure and services. It also has additional responsibility for the empowerment of the people of Ghana through information dissemination, gathering of feedback, and capacity building of the media for ownership of policies, programmes, projects and activities necessary for social and economic transformation (MoC, 2017).

## **3.5 Mobile Service Providers in Ghana**

In the last two decades, the infrastructural development in the telecommunication industry in Ghana has witnessed tremendous growth. The entry of global partners in the industry has not

only augmented the growth but has also amplified the competitiveness among players in the industry.

Prior to Vodafone's entry into the industry, other players (MTN, TIGO, AIRTEL, EXPRESSO) had their fair share of competition on the market. The newest entrant, Globacom (GLO) from Nigeria, promised newer and better infrastructure and technology. This heightened the desires and expectations of stakeholders in the industry, thereby exacerbating the competition.

There are six major network operators in Ghana's telecommunication industry, namely, Millicom Ghana (with Tigo as the brand name) as the first investor; Scancom Ghana (operating the MTN brand); Westel Ghana (trading as Airtel); CellTel Ghana (trading under the brand name Espresso); Ghana Telecom now operating as Vodafone; and Globacom operating the brand name GLO, with the National Communication Authority (NCA) supervising and regulating their operations. Espresso has discontinued operations, pending transfer of ownership to a new buyer (MyJoyOnline, 2016). In developing news, Millicom, who operates under the Tigo brand, has signed a merger agreement with Airtel in a 50/50 joint entity (Tigo, 2017a). The press release, however, discloses that the transaction is not yet finalised, subject to regulatory approval from the government.

### **3.5.1 Mobile Telecommunication Network (MTN)**

MTN Ghana is part of the MTN Group headquartered in South Africa. The company started in Ghana as Spacefon, operated by Scancom Gh Limited. It was acquired in 2005 by Investcom LLC, who changed the brand to Areeba. It was later acquired by the MTN Group and changed the name to the present MTN. MTN serves more than 220 million subscribers in 22 countries in Africa and the Middle East (MTN, 2017). It is the largest network provider currently in

Ghana in terms of subscription base, with over 50% of the market share as at December 2016 (NCA, 2016).

### **3.5.2 Vodafone Ghana**

Vodafone's history in Ghana can be traced to the then Ghana Telecom (GT), the state-owned telecommunication corporation. Vodafone Group Plc. acquired 70% stake in GT in 2008 and started operations under the brand name Vodafone. The mother company, Vodafone Group Plc. is present in almost every part of the world; and currently present in Europe, USA, Africa, Asia-Pacific, and the Middle East (Vodafone, 2017). Vodafone is the second largest mobile network in Ghana in terms of voice subscriptions with over 21% of the market share as at December 2016 (NCA, 2016).

### **3.5.3 Millicom Ghana (Tigo)**

Millicom Ghana Limited, owned by Millicom International Cellular based in the UK, owns and operates the Tigo brand in Ghana. Tigo started as Mobitel in 1991 in Ghana. In 2000, it upgraded to the digital standard and rebranded to Buzz. In March 2006, further rebranding strategies took place and the name was changed to Tigo (Tigo, 2017). Tigo is currently the third largest telecommunication firm in Ghana, behind industry giants MTN and Vodafone. Tigo possesses about 13% of the market share in voice subscriptions as at December 2016 (NCA, 2016).

### **3.5.4 Airtel (formerly Zain)**

Airtel is owned and operated by Bharti Airtel, a global telecommunication firm in India. Bharti Airtel operates in over 19 countries – 3 in Asia and 16 in Africa, with over 200 million subscribers in total. The history of Airtel in Ghana started when Airtel acquired about 75%

share in Zain, a mobile telecommunication company based in Kuwait. Zain was already a major player in the Ghana telecommunication industry. Airtel is reputed for innovative services at very affordable prices (Airtel, 2017).

### **3.5.5 Globacom**

Glo Mobile was founded by Globacom in Nigeria in 2003, where it has become the market leader (Gloworld, 2017). It provides cutting-edge technology at very low prices, thereby exacerbating the competitive nature of the industry. Its entry into the Ghanaian market was delayed excessively after the organization gained the license to operate. This affected customer patronage to a great extent. Currently, they are behind MTN, Vodafone, Tigo and Airtel in terms of voice subscription market share with only 1.8% as at December 2016 (NCA, 2016).

### **3.5.6 Expresso**

Expresso Ghana is a subsidiary of Expresso Telecom, an African telecommunication services company. It operates in 5 African countries – Mauritania, Senegal, Guinea, Nigeria and Ghana. Sudatel of Sudan owns 75% of Expresso. In Ghana, Expresso was known as Kasapa Telcom, until it was rebranded. The firm continues to lose its share in the market. It has finally suspended operations, waiting for a new undisclosed acquisition (MyJoyOnline, 2016). Expresso trails the rest of the players in Ghana's telecommunication market space with a market share less than 1% as at December 2017 (NCA, 2016).

## **3.6 Market Structure of Ghana's Telecommunication Industry**

The telecommunication sector in Ghana is one the most competitive and saturated sectors in the country (Poku, Ansah & Lamptey, 2014). After the first mobile network service was introduced by Mobitel in 1992, the client base grew from 19,000 to 43,000 in just 5 years,

representing a 226% increase. In 2000, there were four telecommunication companies competing for about 132,000 customers. However, in 2005, the subscriber base grew to 5 million. Currently, there are over 39 million customers and 5 active service providers.

The total mobile voice subscriber base in Ghana as at February 2017 is 39,824,866 with a total penetration rate of 139.09% (NCA, 2017b). MTN maintains its position as the market leader with a total voice subscription of 20,265,399 representing 51.65% of the market. Vodafone Ghana follows with 8,428,088 with a market share of 21.48%. Tigo's voice subscription decreased by 1.85% from the month before, now at 5,160,279 with a market share of 13.15%. Airtel is fourth with a market share of 11.54%, having experienced a reduced subscription base of 0.80% from the January 2017, now at 4,529,315. Glo's voice subscription is 784,283, with a market share of 2.00%. Expresso trails the pack with 66,852, a reduction of 24.88% from the prior month. This represents a market share of 0.17% (NCA, 2017b).

Mobile data subscription follows a similar trend as voice subscription in the Ghanaian market. There is a total of 19,697,062 subscriptions as at February 2017, with a penetration rate of 69.83%. MTN has the highest market share of 57.26% with 11,278,000 subscriptions. Vodafone is second with 2,555,670 subscriptions, representing 12.97%. Airtel's mobile data subscriptions for February 2017 were 2,841,368. Their market share for the month was 14.43%. At fourth position is Tigo. With 2,723,389 subscriptions, Tigo has 13.83% of the market share. Glo's 269,466 subscriptions reflect a market share of 1.37%. This places Expresso at the bottom with 29,169 subscriptions, representing 0.15% of the market share (NCA, 2017b).

**Table 3.1: Mobile Voice Subscription Trend and Market Share from Jan. 2016-Dec. 2016**

<i>Month</i>	<i>Expresso</i>	<i>Tigo</i>	<i>MTN</i>	<i>Vodafone</i>	<i>Airtel</i>	<i>Glo</i>	<i>Total</i>
<i>January</i>	121,113 <b>(0.34%)</b>	5,004,386 <b>(14.12%)</b>	16,511,670 <b>(46.58%)</b>	7,740,240 <b>(21.83%)</b>	4,821,760 <b>(13.60%)</b>	1,252,275 <b>(3.53%)</b>	35,451,444 <b>(100%)</b>
<i>February</i>	115,058 <b>(0.32%)</b>	5,026,237 <b>(14.04%)</b>	16,787,446 <b>(46.89%)</b>	7,859,486 <b>(21.95%)</b>	4,910,607 <b>(13.72%)</b>	1,103,301 <b>(3.08%)</b>	35,802,135 <b>(100%)</b>
<i>March</i>	110,549 <b>(0.31%)</b>	5,062,304 <b>(14.01%)</b>	17,004,445 <b>(47.05%)</b>	7,900,534 <b>(21.86%)</b>	5,012,239 <b>(13.87%)</b>	1,048,635 <b>(2.90%)</b>	36,138,706 <b>(100%)</b>
<i>April</i>	108,292 <b>(0.30%)</b>	5,213,398 <b>(14.32%)</b>	17,192,543 <b>(47.24%)</b>	7,976,348 <b>(21.92%)</b>	4,942,197 <b>(13.58%)</b>	962,338 <b>(2.64%)</b>	36,395,116 <b>(100%)</b>
<i>May</i>	106,082 <b>(0.29%)</b>	5,203,063 <b>(14.24%)</b>	17,428,380 <b>(47.70%)</b>	8,054,346 <b>(22.05%)</b>	4,798,480 <b>(13.13%)</b>	944,260 <b>(2.58%)</b>	36,534,611 <b>(100%)</b>
<i>June</i>	103,960 <b>(0.28%)</b>	5,261,454 <b>(14.37%)</b>	17,579,045 <b>(48.01%)</b>	8,093,710 <b>(22.11%)</b>	4,678,736 <b>(12.78%)</b>	897,082 <b>(2.45%)</b>	36,613,987 <b>(100%)</b>
<i>July</i>	101,881 <b>(0.28%)</b>	5,211,811 <b>(14.19%)</b>	17,774,481 <b>(48.38%)</b>	8,160,351 <b>(22.21%)</b>	4,636,374 <b>(12.62%)</b>	854,912 <b>(2.33%)</b>	36,739,810 <b>(100%)</b>
<i>August</i>	106,975 <b>(0.29%)</b>	5,225,021 <b>(14.16%)</b>	17,890,958 <b>(48.47%)</b>	8,223,957 <b>(22.28%)</b>	4,642,569 <b>(12.58%)</b>	822,539 <b>(2.23%)</b>	36,912,019 <b>(100%)</b>
<i>September</i>	102,566 <b>(0.28%)</b>	5,402,668 <b>(14.51%)</b>	18,050,144 <b>(48.47%)</b>	8,158,527 <b>(21.91%)</b>	4,697,653 <b>(12.61%)</b>	828,162 <b>(2.22%)</b>	37,239,720 <b>(100%)</b>
<i>October</i>	99,489 <b>(0.27%)</b>	5,362,642 <b>(14.35%)</b>	18,280,956 <b>(48.92%)</b>	8,170,504 <b>(21.86%)</b>	4,686,625 <b>(12.54%)</b>	769,450 <b>(2.06%)</b>	37,369,666 <b>(100%)</b>
<i>November</i>	95,548 <b>(0.25%)</b>	5,365,318 <b>(14.14%)</b>	18,766,106 <b>(49.47%)</b>	8,304,783 <b>(21.89%)</b>	4,649,934 <b>(12.26%)</b>	750,751 <b>(1.98%)</b>	37,932,440 <b>(100%)</b>
<i>December</i>	93,599 <b>(0.24%)</b>	5,339,052 <b>(13.94%)</b>	19,296,157 <b>(50.37%)</b>	8,289,913 <b>(21.64%)</b>	4,591,051 <b>(11.99%)</b>	695,306 <b>(1.82%)</b>	38,305,078 <b>(100%)</b>

*Source: NCA Report, 2016*

### **3.7 Customer Engagement of Mobile Network Operators in Ghana**

#### **3.7.1 Online Engagement Through Social Media**

The 2015 and 2016 Annual Ghana Social Media Rankings (GSMR) places the top four telecommunication operators in Ghana among the top 10 most influential Ghanaian brands on social media (GSMR, 2016). The network operators had the most slots in the top 10 among all the other industries (banking, media, fashion, hospitality, etc.). This shows the level of

engagement and interactions the network operators are initiating with their customers online. In the 2016 GSMR report, the most influential telecommunication brand on social media was occupied by MTN Ghana. This was followed by Airtel Ghana, Vodafone, Tigo, Glo and Expresso (GSMR, 2016). *Table 3.2* is a summary of the social media statistics which rank mobile telecommunication among the most engaging sectors in the country.

***Table 3.2: Social Media Statistics of Network Operators in Ghana***

<b>Telco</b>	<b>Facebook</b>	<b>Twitter</b>	<b>Instagram</b>	<b>YouTube</b>	<b>Total</b>	<b>Mentions</b>	<b>Engagement</b>	<b>Growth</b>
<b>MTN</b>	702,571	101,841	82,382	3,269	890,063	34,206	886,794	251,351
<b>Airtel</b>	703,051	66,828	89,022	1,337	860,238	4,607	858,901	224,059
<b>Vodafone</b>	549,875	100,177	57,687	7,060	714,799	46,252	707,739	191,821
<b>Tigo</b>	535,270	56,552	38,020	1,340	631,182	11,148	629,842	136,481
<b>Glo</b>	21,171	933	37	18	22,159	39	22,141	601
<b>Expresso</b>	2,376	183	0	2,342	4,901	0	2,559	217

*Source: GSMR (2016)*

### **3.7.2 Offline Engagement Activities Through Corporate Social Responsibilities**

Network operators in Ghana also engage with their customers and the general public through their corporate social responsibilities. Through these CSR activities, customers and non-customers of these firms have come into contact and interacted with their brands on numerous occasions. Through these interactions, brand awareness is established, brand likeability is ensured, positive word-of-mouth is passed from friends to friends, referrals are made, and most of all, some level of loyalty is achieved. The CSR activities also help to establish emotional and affective connectedness between customers and the brand. Nonetheless, the telecommunication companies use the online engagement tools (e.g. social media) to complement the offline engagement activities. *Table 3.3* is a summary of some of the CSR programmes of the network operators in Ghana.

**Table 3.3: CSR Programmes by Network Operators in Ghana**

<b>Telco</b>	<b>CSR Programme</b>	<b>Comments</b>
<b>MTN</b>	MTN Foundation	The main CSR wing of the firm. Solicits for proposals from the public to sponsor events and activities, or provide social amenities for communities.
	MTN HitMaker	A music talent show sponsored by MTN.
	21 Days of Y’ello Care	A tree planting initiative by the employees of MTN
<b>VODAFONE</b>	Vodafone Ghana Foundation	The CSR sector of Vodafone Ghana. Operates a scholarship scheme, and provides funds for NGO activities.
	Vodafone HealthLine	A free medical call centre, run by clinical staff providing healthcare solutions to rural areas deprived of medical facilities.
	Instant Network School	Provides access to technology, internet and educational content to enhance the quality of education available for students in poor communities.
	Vodafone Ghana Music Awards	Headline sponsor for the annual music awards in Ghana.

*Source: Researcher (2017)*

The rest are all involved in other forms of CSR activities: concerts, music festivals, blood donation programmes, health screening exercises, scholarship schemes, provision and renovation of social amenities, among others. These CSR programmes, not only serve the branding needs of the firms, but they are also used as engagement tools in the offline setting, and as catalysts for online engagement.

### **3.8 Chapter Summary**

This chapter on the context of the study highlights the trends in the telecommunication industry in Ghana. First, there is a brief history and summary of the global telecommunication and the evolution of telecommunication in Ghana. Statistics about the market structure and market

share of the various firms in the telecommunication industry in Ghana is also given within the chapter. Finally, both online and offline engagement tools of the network firms are also investigated to justify the choice of the telecommunication industry as the context for this study.

## **CHAPTER FOUR**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **4.0 Chapter Overview**

This chapter highlights the philosophical approaches underpinning this research. The research paradigm adopted is explained. The chapter also states the research design, purpose, process and logic. The study population, sampling technique and sample size are also found in this chapter. The data collection instrument and questionnaire design are explained in this chapter. These are followed by data collection procedure, analysis technique, reliability and validity, and the ethical considerations of the research.

#### **4.1 Research Paradigm**

Research paradigm refers to *“the researcher’s set of beliefs, values and techniques shared by other members of the scientific community, and which acts as a guide or map, dictating the kinds of problems scientists should address and the types of explanations that are acceptable to them”* (Wahyuni, 2012, p. 72).

In social science research, there are several of these paradigms, namely: positivism, relativism, realism, critical realism, and interpretivism (Creswell & Poth, 2017; Krauss, 2005; Van Merriënboer & De Bruin, 2014). According to Creswell (2013) and Creswell and Poth (2017), the choice of a paradigm is the researcher’s opinion fundamental to the methodology used in the study. They further opine that the unique arrangement of each paradigm’s epistemological, ontological and methodological ideas serves as the basis for classification and identification.

In this study, the positivist approach is adopted. The tenets of the positivist approach are observation and reasoning, as noted by Gray (2013). It forms the basis and rationale for most

management studies. The underlying principles and assumptions of science within which the positivist approach operates are noted by Cohen, Manion and Morrison (2013) as determinism, empiricism, parsimony and generality.

Gray (2013) explains that ‘determinism’ suggests that events are caused by various circumstances, and therefore, seeing such links are principal for desire and control. ‘Empiricism’ infers the gathering of verifiable empirical evidence to back hypotheses or speculations. ‘Parsimony’ implies the explanation of the phenomenon in the most moderate way comprehensible, and ‘generality’ is the method of summing up the view of the particular phenomenon to the world at large. Creswell (2013) also notes that, the positivist approach makes use of quantitative, qualitative or mixed method research approaches. Based on these fundamental features, the positivist approach is the most ideal paradigm in tune with the researcher’s beliefs and values, hence adopted for this study.

## **4.2 Research Design**

The research design is the blueprint for the research purpose. According to Saunders, Lewis and Thornhill (2009), in most cases, the research purpose is exploratory, explanatory or descriptive. This study can be said to be explanatory since it seeks to explain the underlying reasons behind the relationship that exists between the dimensions of customer engagement and loyalty, and the moderating effect of involvement.

Research can also be classified under the process it is conducted (Collis & Hussey, 2013). Under process, research can either be qualitative or quantitative or a mix of the two. Boateng (2013) notes that the focus of a qualitative research is to explore a phenomenon, hence, it makes use of people’s accounts as data, and studies their behaviours in their natural settings. Sources

of data for qualitative studies include in-depth interviews, focus group discussions, observation, among many others (Creswell, 2013). Qualitative research method is best for analysing phenomena that have limited understanding; it provides more room for describing issues as they are. This research method also enables researchers to critically analyse the thoughts, feelings and experiences of the respondents.

Quantitative research method, on the other hand, seeks to determine the extent or quantity of a problem or the existence of a relationship by quantifying the variations between the constructs of the phenomenon (Malhotra & Birks, 2007). The researchers further note that the objective of a quantitative research is to test the hypotheses generated by the researcher. Quantitative research is ideal for studies with large sample population (Malhotra & Birks, 2007). To undertake a study that involves very large sample size, the quantitative method is the most advantageous choice (Saunders *et al.*, 2009). This method is, however, criticised for lacking the ability to produce deeper insights and understanding into a phenomenon (Yin, 2003).

The mixed method includes both qualitative and quantitative methods in the same study. Creswell (2013) further asserts that the mixed method is of three different approaches: transformative, concurrent and sequential. Boateng (2013) describes the transformative mixed method approach as the use of a theoretical lens to make provisions for any anticipated changes where data could be collected sequentially or concurrently. The concurrent mixed method combines both quantitative and qualitative data collected simultaneously to provide more rigorous analysis of the problem researched. The sequential mixed method elucidates the results of one method with another. This method usually begins with a quantitative method for theory-testing and followed by a qualitative method for thorough exploration. Quantitative

method may, however, be preceded by a qualitative method for exploratory purposes, while the former is used to generalise the results.

In this study, a quantitative method is adopted to obtain the responses that will help realise the research objectives stipulated. Besides, a review of extant literature on customer engagement and loyalty reveals an extensive use of the quantitative research method in data analysis (Greve, 2014; Khan, Rahman & Fatma, 2016; Thakur, 2016).

According to Yin (2003), there are several different strategies that can be used to collect and analyse data for empirical studies, among which are: experiments, surveys, archival analysis, history, case studies, just to mention a few. Each of these can, nonetheless, be used for exploratory, explanatory, or descriptive research. This study makes use of survey due to the need to verify the hypotheses enumerated through data collected from a large sample size, in order to aid generalisation (Saunders *et al.*, 2009). Malhotra and Birks (2007) also postulate that the survey method is used to acquire information about the characteristics, actions, or opinions of a group of individuals, referred to as the population. Surveys can be cross-sectional (that is, data collected once) or longitudinal (data collected from different periods). This study, however, was based on a cross-sectional survey design, which involved the collection of data at a certain point in time from a sample selected to represent the population within a sample frame time.

### **4.3 Study Population**

The study population includes all individuals who own and use any of the six mobile networks in Ghana. Since the study is not restricted to only online engagement, but offline too, any subscriber of the mobile networks is included in the study population. The top five network

providers were used, that is, excluding Espresso, who has less than 0.5% of the market share. Tigo and Airtel subscribers were merged as one, due to the announcement of a merger earlier in the year this study is conducted. The others were MTN, Vodafone, and Glo.

#### **4.4 Sampling Technique and Sample Size**

After specifying the sample population, the sample size is determined. The sample size is a subset of the larger population (Saunders *et al.*, 2009). There are many different methods of determining the sample size. However, Cressie (2015) stipulates that using the sample sizes of previous similar studies is a good way to start. Other quantitative empirical studies on engagement used sample sizes ranging from 200 to 1000. For instance, Thakur (2016) used 433 respondents in a survey to develop a measurement model for customer engagement focusing on mobile devices for shopping; Greve (2014) conducted a study to establish the relationship between customer engagement and loyalty by using 201 respondents; Khan *et al.* (2016) also utilised 348 respondents to examine the relationship between customer engagement and brand satisfaction and loyalty in online banking. Based on the sample sizes of previous studies on engagement, this study used valid 305 respondents from a survey.

After determining the size of the sample, a technique is adopted to select the specified sample from the defined population. According to Barlett, Kotrlik and Higgins (2001), there are basically two main sampling techniques, namely, probability and non-probability sampling. Probability sampling technique occurs when sampling units are selected by chance. All elements do not necessarily have the same chance of being selected, but the probability of the selection of each element can be specified (Saunders *et al.*, 2009). Simple random sampling, systematic sampling, stratified sampling and cluster sampling are some of the methods of probability sampling technique (Zikmund, Babin, Carr & Griffin, 2013). Non-probability

sampling, on the other hand, relies on the personal judgement of researchers to select the sample. Selection procedures used to draw the sample are not by chance. Non-probability sampling technique includes convenience sampling, judgement sampling, quota sampling and snowball sampling (Malhotra & Birks, 2007).

This study used convenience sampling method to select the respondents for the survey. This method is appropriate for survey studies because cases within the sample can be conveniently selected. In addition, convenience sampling helps to overcome the challenge of determining the sample frame for probability sampling (Zikmund *et al.*, 2013).

## **4.5 Data Collection Instrument**

Questionnaire was selected as the primary data collection instrument. This is deemed the best instrument to address the stated research questions and hypothesis. The questionnaire was drafted based on the foregoing literature reviewed. It contained questions on the three dimensions of engagement (behavioural, cognitive, and emotional), loyalty and involvement.

### **4.5.1 Questionnaire Design**

The questionnaire was broken down into four main sections to include demographical data. *Section A* was dedicated to demographic data, and *Sections B, C, D* were used to capture customer engagement, loyalty and involvement, respectively. *Sections B to D*, contained a Likert scale of 1 to 5, to measure the extent to which a respondent agrees or disagrees with the questions, where 1 corresponds to *strongly disagree*, 2 *disagree*, 3 *neutral*, 4 *agree*, and 5 *strongly agree*.

*Section A* captured the demographic data of the respondents. This section included the gender, where they were required to tick between *male* and *female*. Specific age groups were provided for respondents to tick the appropriate one. The age groups were *20 and below*, *21 to 30*, *31 to 40*, *41 to 50*, and *over 50*. Their educational levels were also required. The choices were *JHS*, *SHS*, and *Tertiary*. Respondents were also asked in this section to select the number of mobile networks they use concurrently. The choices were *1*, *2*, *3*, *4* for them to tick the appropriate number. The names of the mobile networks (MTN, Vodafone, Tigo/Airtel, Glo) were also given for them to tick. Finally, the respondents were asked in this section to tick the number of years they have been using their primary networks. The choices were *below 1*, *1 to 2*, and *more than 2*.

*Section B* contained scales to measure customer engagement. These were further broken down into behavioural, cognitive, and emotional. Eight scale items on behavioural engagement were adopted from Kumar and Pansari (2016). Three items were used from Hollebeek, Glynn and Brodie (2014) to measure the cognitive dimension of engagement. Scales on the emotional dimension were five, with four adopted from Hollebeek *et al.* (2015), and one from So, King and Sparks (2014).

*Section C* measured customer loyalty, with six scale items adopted from de Vries and Carlson (2014). And finally, *Section D* measured involvement with seven scale items. All seven scale items were also adopted from de Vries and Carlson (2014).

A combination of scales from different studies was used to reflect the dynamics of this study context from the previous studies, as well as to adequately capture the required data sufficient to measure the constructs under review.

**Table 4.1: Summary of Scale Items used in Questionnaire**

<b>Variable</b>	<b>Number of Items</b>
<b>Behavioural</b>	8
<b>Cognitive</b>	3
<b>Emotional</b>	5
<b>Loyalty</b>	6
<b>Involvement</b>	7
<b>Total</b>	<b>29</b>

*Source: Researcher (2017)*

#### **4.5.2 Data Collection Procedure**

Before the final data was collected, the researcher pre-tested the questionnaire. This helps to detect any problems with the questionnaire design in terms of ambiguity of words, misinterpretation of questions, inability to answer a question, sensitivity to questions, among others. It also models the process of administering the questionnaire to prepare for possible obstacles. In this study, the pre-testing was conducted with 50 respondents to assess the level of understanding of the questionnaire. Subsequently, some of the questions were rephrased for clarity.

The data collection procedure was that, respondents were conveniently selected at customer care centres and network agent centres where calling cards are sold. Research assistants were employed to help administer the questionnaire. The researcher and assistants sought permissions from the respondents before they were approached. As earlier described, primary data was gathered using convenience sampling. The data collection process covered a period of three months from January to March 2017.

Three hundred and thirty (330) questionnaires were obtained from a total of three hundred and fifty (350) distributed for the study, representing a 94% response rate. From the data screening process, it was revealed that twenty-five (25) of the questionnaires obtained, representing 7%, were unusable due to incomplete data and/or biased responses. There were no missing data from the remaining three hundred and five (305) questionnaires, hence they were usable for the analysis of the data.

#### **4.6 Data Processing and Mode of Analysis**

In this study, data were organised and processed with Statistical Package for Social Sciences (SPSS) version 20.0 and AMOS version 21.0. The SPSS was primarily used for initial coding, imputation of raw data and data cleaning. The AMOS, on the other hand, was used for running covariance-based structural equation modeling (CB-SEM) to measure the structural model (Hair, Sarstedt, Weman & Kuppelwieser, 2014).

The substantive use of structural equation modeling in academic research has gained momentum and unparalleled popularity since its inception (Chin, 1998). Hair *et al.* (2014) assert that structural equation modeling is, by far, the dominant multivariate technique in research. SEM procedure, when used correctly, possesses substantial advantages over other traditional techniques such as principal component analysis, factor analysis, or discriminant analysis. This is because SEM gives greater flexibility: to empirically test theories and conceptual models (Hair *et al.*, 2014); to model relationships among multiple predictor and criterion variables (Chin, 1998); to assess latent variables at the observation level [measurement model], and to test relationships between latent variables on the theoretical level [structural model] (Hair, Sarstedt, Ringle & Mena, 2012); and to model errors in measurements for observed variables (Chin, 1998). Bagozzi and Yi (2012) also affirm that, SEM is generally

applicable in survey or experimental research, longitudinal or cross-sectional studies, within or across groups, and cultural or institutional contexts.

In SEM application, researchers have the option of two types of methods, namely, covariance-based SEM [CB-SEM] (Joreskog, 1978, 1993) and variance-based partial least squares [PLS-SEM] (Wold, 1982, 1985). Even though the two approaches share the same roots (Jöreskog & Wold, 1982), a considerable number of previous research in marketing has focused primarily on CB-SEM (*see* Bagozzi, 1994; Baumgartner & Homburg, 1996; Steenkamp & Baumgartner, 2000).

According to Chin (1998), CB-SEM is synonymous with the term *SEM*. He asserts that, the CB-SEM technique is most suitable for measuring variables that are *reflective* in nature, while PLS-SEM is ideal for *formative* measures, hence the use of CB-SEM for this study. CB-SEM is also the most preferred option for analysing data with large sample size. However, Astrachan, Patel and Wanzenried (2014) argue that, CB-SEM lacks the power to analyse models whose theoretical foundations are not strong and sound or lack clear directions of relationships between the variables.

In analysing the data, the first step comprises carrying out descriptive statistics, involving the mean, standard deviation, frequencies and mean errors for the latent variables. Next, the model is measured and tested for fitness, validity and reliability. Assessing model fit involves two main criteria: *absolute* fit and *comparative* fit (Bagozzi & Yi, 2012). Common absolute fit criteria include chi-square ( $\chi^2$ ), root-mean-square-error of approximation (RMSEA), root-mean-square-residual (RMSR), goodness-of-fit-index (GFI) and adjusted goodness-of-fit-index (AGFI). The absolute fit is based on the differences between the observed and the

covariance matrix (Hair *et al.*, 2014). The comparative fit, on the other hand, considers whether, in accounting for the observed data, the model being used is better than other alternative models. Comparative fit index (CFI), normed fit index (NFI) and relative non-centrality index (RNI) are some of the criteria used in the comparative fit (Hair *et al.*, 2014).

The measurement model fit of the data collected in this study was evaluated with the following fit indexes with values conventionally acceptable by researchers (*see* Bagozzi & Yi, 2012; Hair *et al.*, 2014; Hu & Bentler, 1999): Root-Mean-Squared-Error of Approximation (**RMSEA**  $\leq$  **0.08**), Goodness-of-Fit-Index (**GFI**  $\geq$  **0.90**), Normed Fit Index (**NFI**  $\geq$  **0.90**) and Comparative Fit Index (**CFI**  $\geq$  **0.90**). The chi-square ( $\chi^2$ ) goodness-of-fit value is used to evaluate the sufficiency of the theorised model's creation of a covariance matrix. Yet, it is argued by Hu and Bentler (1999) that, the value of the chi-square ( $\chi^2$ ) is affected by sample size; large sample sizes can inflate the chi-square ( $\chi^2$ ) during the assessment of model fit. Hence, many researchers tend to divide the value of the chi-square ( $\chi^2$ ) by degree of freedom (*df*), instead of only the chi-square (Bagozzi & Yi, 2012; Hair *et al.*, 2012, 2014; Schreiber, Nora, Stage, Barlow & King, 2006). It is further agreed that, generally, a  $\chi^2/df$  ratio (normed chi-square) of less than 3 is favourable for a study with a large sample size. Based on the recommendations of Byrne (2016) and Kline (2015), these fit indices were used in this study to assess the acceptability and strength of the construct measurements.

#### **4.7 Reliability and Validity**

The study checks the reliability and validity of the research instruments used. This is done by checking the Pearson's correlation coefficients. The Pearson's correlation is a measure of the strength of the association between the two variables. It gives information about the magnitude

of the association, or correlation, as well as the direction of the relationship among the variables.

The reliability is determined by the Cronbach's alpha and the composite reliability. While the Cronbach's alpha has a threshold of 0.6 as a minimum, the composite reliability has an acceptable minimum of 0.5 (Hair *et al.*, 2014).

Validity, on the other hand, comprises convergent validity and discriminant validity. Discriminant validity is assessed based on the Fornell-Lacker criterion and cross loadings, where the square root of average variance extracted (AVE) is greater than the correlation shared between the construct and the other constructs. The convergent validity also is determined by the AVE loadings. An AVE loading should have a minimum of 0.5 to be acceptable (Hair *et al.*, 2014).

#### **4.7.1 Reliability of the Research Instrument**

Reliability refers to the credibility, stability and consistency of the study findings, such that the findings can be reproduced (Cooper, Schindler & Sun, 2006). This study uses the Cronbach alpha and composite reliability to determine the reliability of the research instrument. According to Nunnally and Bernstein (1994), the Cronbach alpha determines if the scale items used are all measuring the same variable. It checks the cohesiveness and sameness of the scale items of a particular variable. Generally, the acceptable threshold of the Cronbach alpha correlation coefficient is 0.70 (Nunnally & Bernstein, 1994). However, this threshold could be as low as 0.60 with regards to exploratory research (Malhotra, Kim & Patil, 2006).

Notwithstanding the popularity of the Cronbach alpha in testing for reliability, it is argued that the Cronbach alpha underestimates the true reliability of scales because it is lower bound (Cronbach & Shavelson, 2004). As a result, the Cronbach alpha, in most cases, is complemented by composite reliability in structural equation modeling (Hair, Sarstedt, Weman & Kuppelwieser, 2014). The composite reliability measures the overall reliability of a collection of heterogeneous but similar items, while assessing the internal consistency of the measure (Hair *et al.*, 2014).

#### **4.7.2 Validity of the Research Instrument**

Validity refers to the ability and appropriateness of a measure to assess the variable being measured (Cooper *et al.*, 2006). It assesses whether the measuring instrument is measuring accurately what it is supposed to measure. Two types of validity checks are usually conducted, namely, discriminant validity and convergent validity (Hair *et al.*, 2014).

Discriminant validity is assessed based on the Fornell-Lacker criterion and cross loadings, where the square root of AVE is greater than the correlation shared between the construct and the other constructs. The discriminant validity shows the extent to which a construct differentiates itself from others (Hair *et al.*, 2014). Hair *et al.* (2014) further postulate that, discriminant validity assesses the uniqueness of each construct, and that the scale items do not relate more to other constructs than to the construct they are meant to measure. Discriminant validity is indicated by the low correlation between the measure of interest and the measures of other constructs (Hair *et al.*, 2014).

On the other hand, convergent validity ensures that the identified constructs are truly reflected by their indicators. Confirmatory factor analysis (CFA) and the resulting average variance

extracted (AVE) measures are used to test for the convergent validity of the constructs. Hair *et al.* (2014) stipulate that the confirmatory factor loadings determine the conformity between the number of factors and the loadings of measured variables, and the evidence in extant literature. The authors further prescribe the threshold as loadings of 0.50, to be considered significant and proof of validity. The AVE describes the proportion of the variance that is explained by the indicators in relation to a specific construct. The acceptable AVE score is 0.50 and above (Hair *et al.*, 2014).

#### **4.8 Ethical Consideration**

The issue of ethics in academic research is of paramount consideration. Malhotra and Birks (2007) notes that ethical issues arise when there exist some conflicts of interest between the respondents and the researcher. The basic tenets of ethical practice in academic research involve the consent of respondents, respect of autonomy, anonymity and confidentiality.

In order to observe these principles, the researcher ensured that respondents gave their informed consent before administering the questionnaire. Furthermore, requirements with respect to filling the questionnaire were made clear to the respondents. As a basic principle, a preamble detailing who the research is, the research topic and the purpose of the research was provided at the beginning of the questionnaire. In addition, the demographic questions were structured to ensure anonymity. Verbal assurances were also given to respondents about the academic purpose of the data provided and the confidentiality involved.

#### **4.9 Chapter Summary**

This chapter delved into the methodological approaches that were adopted for the study. The research paradigm was stated clearly and justified. The research design stated the research

purpose as explanatory, since the study seeks to explain the reasons behind the relationship between customer engagement and loyalty. The chapter also highlighted the need to use the quantitative approach through the survey technique of data collection. The study population, sampling technique and sample size were also specified in this chapter. In addition, the structure of the questionnaire and the data collection procedure were clearly expanded in the chapter. Measures to test for the reliability and validity of the study were highlighted, as well as the ethical considerations that were involved in the data collection procedure.

## **CHAPTER FIVE**

### **DATA ANALYSIS AND DISCUSSION OF FINDINGS**

#### **5.1 Chapter Overview**

This chapter of the study presents the results obtained from the analysis of the data gathered. The responses collected from the survey of mobile network subscribers are also analysed in this chapter. In this chapter, the descriptive statistics of the respondents, in addition to a structural analysis from a structural equation modeling using SPSS AMOS, are the highlights. A confirmatory factor analysis (CFA) for the constructs in the conceptual framework (that is, customer engagement, customer loyalty, and level of involvement) follows the descriptive statistics of the respondents. In addition to this, various reliability and validity tests on the scales used are carried out to authenticate and validate the final model obtained from the empirical data presented. The chapter ends with the structural model assessments, as well as interaction tests as evidenced in the conceptual framework presented in the preceding chapter. There are further discussions of major findings and presentation of the results of the hypothesis testing.

#### **5.2 Data Screening and Treatment of Missing Data**

Data collected from the survey was coded, entered into the Statistical Package for Social Sciences (SPSS) and screened for analysis. The screening process, according to Coakes and Steed (2001), involves scanning through the data to check for missing data and outliers that could skew the data and the results of the analysis.

Three hundred and thirty (330) questionnaires were obtained from a total of three hundred and fifty (350) distributed for the study, representing a 94% response rate. From the data screening process, it was revealed that twenty-five (25) of the questionnaires obtained, representing 7%,

are unusable due to incomplete data and/or biased responses. There were no missing data from the remaining three hundred and five (305) questionnaires, hence they were usable for the analysis of the data.

### **5.3 Demographic Profile of Respondents**

The demographic profile of the respondents sought to describe the demographics of customers who from time to time, engage with their mobile network providers. It also gives an impression of how the respondents' engagement is related to their loyalty and duration of patronage. *Table 5.1* depicts the frequency and percentages of the various demographic variables describing the respondents. The participants in the survey were profiled according to age, gender, educational level, number of mobile networks they use, their primary network, and the number of years they have been patronising the network.

**Table 5.1: Demographic Profile of Respondents**

<b>Demographic Variable</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>SD</b>
<b>Age (in years)</b>			1.59	.63
20 and below	145	47.5		
21 – 30	142	46.6		
31 – 40	15	4.9		
41 and above	3	1		
<b>Gender</b>			1.51	.50
Male	148	48.5		
Female	157	51.5		
<b>Educational Level</b>			2.83	.49
JHS	16	5.2		
SHS	19	6.2		
Tertiary	270	88.5		
<b>Number of Mobile Networks in Use</b>			1.81	.70
1	104	34.1		
2	159	52.1		
3	38	12.5		
4	4	1.3		
<b>Primary Network</b>			1.96	.84
MTN	113	37		
Vodafone	92	30.2		
Tigo/Airtel	100	32.8		
Glo	0	0		
<b>Number of Years with Primary Network</b>			2.63	.63
Below 1	24	7.9		
1 – 2	64	21		
More than 2	217	71.1		
<b>Total Valid Responses (N) = 305; Missing = 0 for all variables presented (Source: Field Data, 2017)</b>				

From *Table 5.1*, it can be observed that, from a total of 305 respondents the majority were aged 20 years and below. This was closely followed by those in the range of 21 to 30 years, representing 47.5% and 46.6% respectively. Those ranging from 31 to 40 years, and 41 years and above were represented by 4.9% and 1% respectively. This is an indication of the youthful nature of the respondents. The statistics on the gender of the 305 respondents depicts that 48.5% of them were male, while female constituted 51.5%. In terms of their educational levels, only

5.2% of the 305 had attained only basic education. 6.2% also had only a high school qualification, and a whopping 88.5 % had tertiary education. This is an indication that, to a greater extent, most of the respondents had a better understanding of the concept of customer engagement and loyalty. The number of networks a customer may be using simultaneously revealed that while 34.1% use only one network, a majority of them (52.1%) have two networks in operation at the same time. Those on three and four networks represented 12.5% and 1.3% respectively. Anecdotal and observatory evidence from this context confirm the description of the number of networks customers use, and also suggest that there exists multi-brand loyalty in the telecommunication industry in Ghana. The various networks in Ghana were represented by 37% for MTN, 30.2% for Vodafone, 32.8% for Tigo/Airtel, and none for Glo. This is a fair representation and assessment of the market shares of the telecommunication networks in Ghana. Finally, respondents were queried on the number of years they have been patronising their primary networks. The responses depicted show that a greater number of them have been using the same network for more than 2 years. This is followed by those who have used the same network provider for 1 to 2 years. The remaining have been using their networks for less than 12 months. They are represented in the ratio 71.1%, 21% and 7.9%, respectively.

#### **5.4 Descriptive Statistics and Tests of Normality**

The variables and scale items measuring the constructs of customer engagement, loyalty, and level of involvement were subject to a test of normality, as suggested by Hair, Joseph, Babin and Black (2010) and Pallant (2011). *Skewness* and *kurtosis* were used to test the normality of the dataset. The underlying assumption for using this method of normality is that, the variables are normally distributed if the skewness and kurtosis are not significant. On the contrary, Hair *et al.* (2010) argues that small deviations from normality can be significant, though not substantive, for studies with sample sizes above 200 respondents. Osborne (2010) defines

skewness as a measure of the asymmetry of distribution, and kurtosis as a measure of the point where the distribution of variables in the dataset peak. According to Hair *et al.* (2010), the threshold for any data to be considered normal is when the *skewness* and *kurtosis* fall within the range of +1 or -1. *SPSS version 20* was used to test for the normality of the dataset in this study. The resulting figures indicated that the data was normally distributed.

On the other hand, the descriptive statistics analysed in this study include measures of central tendency such as mean and standard deviation. *Table 5.2* displays the descriptive statistics of the variables used in the survey instrument. They indicate the extent to which the respondents disagreed or agreed with the statements in the questionnaire and indicate how each statement performed from the respondents' point of view.

**Table 5.2: Descriptive Statistics and Test of Normality of Variables**

Scale Item	Code	Mean	S.E.	Std. Dev.	Skewness	Kurtosis
<b>Behavioural</b>						
I actively discuss my network on social media	<b>BE1</b>	2.72	.064	1.12	.305	-.638
I love talking about my network experience (online/offline)	<b>BE2</b>	3.08	.063	1.11	-.135	-.824
I discuss the benefits that I get from this network with others (online/offline)	<b>BE3</b>	3.45	.061	1.06	-.625	-.325
I feel I am a part of this network and I mention it in my conversations (online/offline)	<b>BE4</b>	3.01	.063	1.09	-.225	-.825
I provide feedback about my experiences with the network to the firm (online/offline)	<b>BE5</b>	3.03	.063	1.11	-.052	-.902
I provide suggestions for improving the performance of the network (online/offline)	<b>BE6</b>	2.70	.064	1.12	.310	-.764
I provide suggestions/feedbacks about the new product/services of the network (online/offline)	<b>BE7</b>	2.74	.060	1.05	.069	-.954
I provide feedback/suggestions for developing new products/services for this network (online/offline)	<b>BE8</b>	2.64	.062	1.08	.318	-.743
<b>Cognitive</b>						
Using telecommunication devices gets me to think about my network	<b>CO1</b>	3.45	.072	1.26	-.479	-.797
I think about my network a lot when I'm using it	<b>CO2</b>	3.45	.073	1.23	-.450	-.862
Using my network stimulates my interest to learn more about it	<b>CO3</b>	3.46	.071	1.25	-.486	-.777
<b>Emotional</b>						
I feel very positive when I use my network	<b>EM1</b>	3.33	.058	1.01	-.526	-.116
Using my network makes me happy	<b>EM2</b>	3.25	.054	.95	-.594	-.041
I feel good when I use my network	<b>EM3</b>	3.32	.055	.97	-.652	.080
I am proud to use this network	<b>EM4</b>	3.33	.056	.99	-.517	-.030
I love this network	<b>EM5</b>	3.36	.057	1.00	-.566	.074
<b>Customer Loyalty</b>						
I recommend this network to other people	<b>CL1</b>	3.40	.061	1.07	-.592	-.139
I introduce this network to other people	<b>CL2</b>	3.40	.062	1.08	-.620	-.104
I say positive things about this network to other people	<b>CL3</b>	3.40	.062	1.09	-.638	-.121
I intend to remain loyal to this network in the future	<b>CL4</b>	3.37	.065	1.14	-.637	-.271
I will not stop supporting this network	<b>CL5</b>	3.38	.064	1.12	-.616	-.242
I think of myself as a loyal customer/supporter of this network	<b>CL6</b>	3.37	.064	1.12	-.606	-.274
<b>Involvement</b>						
The first time I chose a network, it was a very important decision for me	<b>IN1</b>	3.38	.062	1.08	-.469	-.435
This network means a lot to me	<b>IN2</b>	3.30	.054	.945	-.338	-.238
This network is significant to me	<b>IN3</b>	3.23	.056	.970	-.445	-.098
I consider this network to be a relevant part of my life	<b>IN4</b>	3.16	.055	.955	-.190	-.374
For me personally, this network is important	<b>IN5</b>	3.28	.057	.993	-.407	-.163
I am interested in this network	<b>IN6</b>	3.34	.060	1.04	-.308	-.365

**Source: Field Data (2017)**

## **5.5 Confirmatory Factor Analysis**

It is essential to run a confirmatory factor analysis in order to estimate the multi-interrelated relationships that exist among the constructs (Bagozzi & Yi, 2012; Hair *et al.*, 2010). Bagozzi and Yi (2012) also postulate that, testing the reliability and validity of the measurement is highly esteemed in structural modeling, without which, the model is meaningless. This study, therefore, employed *Structural Equation Modeling* using *AMOS 21.0* for Windows to describe the overall strength of the model's predictions.

## **5.6 Assessment of Measurement Model**

The measurement models of the five constructs (Behavioural, Cognitive, Emotional, Customer Loyalty, and Involvement) were assessed through a CFA. The CFA results of the initial model are displayed in *Table 5.3*.

**Table 5.3: Initial Measurement Model for Constructs**

<b>Construct</b>	<b>Items</b>	<b>Standardised Loadings</b>	<b>t-Values</b>	<b>R<sup>2</sup></b>
<b>Behavioural</b>	BE1	.431	6.417	.186
	BE2	.299	4.549	.089
	BE3	.388	5.811	.151
	BE4	.500	7.322	.250
	BE5	.643	9.015	.413
	BE6	.792	10.068	.626
	BE7	.613	11.322	.376
	BE8	.667	FIXED	.444
<b>Cognitive</b>	CO1	.959	26.48	.920
	CO2	.935	25.31	.874
	CO3	.880	FIXED	.774
<b>Emotional</b>	EM1	.771	15.06	.595
	EM2	.854	17.398	.729
	EM3	.886	18.331	.785
	EM4	.828	16.664	.686
	EM5	.809	FIXED	.655
<b>Customer Loyalty</b>	CL1	.909	22.685	.826
	CL2	.847	19.704	.717
	CL3	.843	19.547	.711
	CL4	.903	22.397	.815
	CL5	.879	21.215	.773
	CL6	.865	FIXED	.749
<b>Involvement</b>	IN1	.456	FIXED	.208
	IN2	.672	7.057	.451
	IN3	.766	7.414	.587
	IN4	.688	7.126	.473
	IN5	.725	7.275	.526
	IN6	.499	10.343	.249

*Source: Field Data (2017)*

The first output generated by the AMOS software indicated some unfit indices (see *Table 5.4* below). In order to improve the fitness, there was the need for modifications and further purifications (Bagozzi & Yi, 2012). Based on possible modifications indicated by the AMOS software, some items that did not perform well with respect to the model integrity, fitness and

validity were deleted, subject to the suggestions of Hair *et al.* (2010, p. 713). Consequently, the initial measurement model was modified based on the sizes of factor loadings, cross-loadings, measurement errors, and the correlation between the measurement errors.

To improve the fitness, some scale items were dropped systematically to ensure the deletion of each item was necessary. In the first modification (Phase II), four items were deleted from *Behavioural*, and one from *Involvement*. Yet, there was the need to delete more to improve the fitness. As a result, the second modification (Phase III) ensured the deletion of one more item from *Behavioural* and two more from *Involvement*. That's, eight items were deleted after the CFA, leaving the constructs with 20 scale items which achieved the best fit indices (see *Table 5.4*).

**Table 5.4: Improvement in Fit of Measurement Model**

Phase	Modification	Fit Indices					
		PClose	RMSEA	GFI	NFI	CFI	$\chi^2/df$
I	Original Measurement Model	.226	.053	.873	.897	.950	1.85
II	Deleted: BE1, BE2, BE3, BE4, IN1	.041	.058	.890	.916	.955	2.03
III	BE5, IN2, IN6	<b>.087</b>	<b>.058</b>	<b>.906</b>	<b>.935</b>	<b>.966</b>	<b>2.00</b>

*Source: Field Data (2017)*

## 5.7 Validity and Reliability for Final Measurement Model

Drawing on the recommendations of Hair *et al.* (2014), three main criteria were used to assess the measurement model, namely: (1) Convergent validity; (2) Reliability; and (3) Discriminant validity.

**Table 5.5: CFA Results for Final Measurement Model**

Construct	Items	Standardised Loadings	t-Values	R <sup>2</sup>	(CR)	(AVE)	Cronbach's $\alpha$
<b>Behavioural</b>	BE6	.658	3.70	.433	.820	.605	.803
	BE7	.789	11.36	.622			
	BE8	.873	FIXED	.761			
<b>Cognitive</b>	CO1	.959	26.46	.920	.947	.856	.946
	CO2	.935	25.29	.874			
	CO3	.880	FIXED	.774			
<b>Emotional</b>	EM1	.773	15.06	.597	.917	.690	.916
	EM2	.857	17.34	.734			
	EM3	.885	18.13	.782			
	EM4	.829	16.56	.687			
	EM5	.806	FIXED	.650			
<b>Customer Loyalty</b>	CL1	.908	22.62	.825	.951	.765	.953
	CL2	.846	19.65	.716			
	CL3	.843	19.49	.710			
	CL4	.904	22.40	.817			
	CL5	.880	21.23	.775			
	CL6	.865	FIXED	.748			
<b>Involvement</b>	IN3	.709	10.69	.503	.779	.540	.778
	IN4	.740	11.00	.548			
	IN5	.753	FIXED	.567			

*Source: Field Data (2017)*

Convergent validity of the items was assessed by factor loadings and Average Variance Extracted (AVE). As displayed in *Table 5.5*, the factor loadings ranging from .658 to .959 are well above the minimum threshold of .70 as established by Hair *et al.* (2014). This, thus, provides sufficient support for convergent validity (*see Hair et al., 2014*). Similarly, the AVE

values of .540 to .856 are above the minimum required value of 0.50, as suggested by Fornell and Larcker (1981), also confirming the convergent validity for all the constructs measured.

The Cronbach's Alpha ( $C\alpha$ ) and Composite Reliability (CR) were calculated to assess the reliability of each item. *Table 5.5* reveals that, the reliability measures for the modified measurement model are above the acceptable standards ( $C\alpha > .70$ , AVE  $> .50$ , and CR  $> .70$ ) as established by Hair *et al.*, 2014; Nunnally & Bernstein, 1994). That is, the internal consistencies (Cronbach's alpha values of .953 to .778, and composite reliability values of .651 to .779) for each construct are larger than the minimum threshold of 0.70.

Further on, the study employed the Fornell-Lacker criterion and cross loadings to establish the discriminant validity of the constructs. According to Fornell and Lacker (1981), the square root of the AVE should be greater than the correlation between the construct and the other constructs. *Table 5.6* displays the square root of the AVE and the correlations among the constructs diagonally.

***Table 5.6: Pearson Correlations***

	SD	Mean	BEH	COG	EMO	LOY	INV
BEH	0.881	2.654	<b>0.778</b>				
COG	1.074	3.106	0.238	<b>0.925</b>			
EMO	0.776	3.153	0.122	0.539	<b>0.831</b>		
LOY	0.947	3.321	0.111	0.163	0.108	<b>0.875</b>	
INV	0.673	2.994	0.617	0.170	0.221	0.630	<b>0.735</b>

*Note: Since the Variances Extracted (values on the diagonal) are greater than the corresponding inter-construct square correlations (values off the diagonal), discriminant validity is supported (Source: Field Data, 2017).*

## **5.8 The Structural Model**

After establishing that the construct measures are dependable and valid, assessment of the structural model results is next. This specifies how the latent variables are related to, and interact with each other. According to Kline (2015), the structural model assesses the statistical test and examination of the hypothesised relationships between the latent variables. Thus, the structural model conducted in this study intends to test the hypothetical propositions based on the conceptual framework for this research.

## **5.9 Validation Test of Structural Model**

According to Byrne (2016), key issues of interest that are required to validate the hypothesised relationships are: “(i) whether the directions of the relationships between the constructs are as hypothesised, which can be examined looking at the signs of the respective parameters; (ii) the strength of the hypothesised links, reflected by the estimated parameters, which should be at least significant (i.e., their respective t-values should be greater than 1.96); and (iii) the amount of variance in the endogenous variables explained by the respective proposed determinants, which can be evaluated looking at the squared multiple correlations ( $R^2$ ) for the structural equations”.

There are four main relationship paths, four other paths for the control variables, and one path showing the relationship between the moderator and the dependent variable. The four main relationship paths represent the correlation between the three dimensions of engagement (behavioural, cognitive and emotional) and loyalty, and the relationship between aggregated customer engagement and loyalty.

For this study, the  $R^2$  for the dimensions of engagement leading to loyalty is 0.45. This value indicates that the dimensions of engagement as reflected by behavioural, cognitive and emotional manifestations could have a moderate capacity in determining the loyalty of customers (*see* Henseler, Ringle & Sarstedt, 2016).

The signs and magnitude of the estimates were used to assess the path coefficients. The path coefficient for behavioural engagement is positive but not significant, with  $\beta$  of .023, t-value of .526, and p-value of .599. Similarly, cognitive engagement has a  $\beta$  of .039, t-value of .912, and p-value of 0.362. Therefore, the path coefficient of cognitive engagement is also positive but not significant. As a result, the proposed hypotheses (**H<sub>1a</sub>**, **H<sub>1b</sub>**) in the framework are not supported. However, the path coefficient for emotional engagement is positive and significant, thereby supporting the theory represented in the model. Since the parameter estimates ( $\beta$  of .661; t-value of 15.108; and p-value of 0.000) are significant in the magnitude expected, predictive validity is highly supported (Byrne, 2016). This shows that the proposed hypothesis (**H<sub>1c</sub>**) in the conceptual framework is supported by the data, and also supports the nomological validity of the constructs. The combined effect of an aggregate of the three dimensions of customer engagement also yields a positive and significant relationship with loyalty. This relationship has a  $\beta$  of .665, t-value of 7.486, and p-value of 0.000.

In addition, the assessment of the absolute fit and incremental fit of the proposed model was measured. A normed chi-square value of 1.95; root-mean-square-error of approximation (RMSEA) value of 0.056; and goodness-of-fit index (GFI) of 0.921, indicate an excellent absolute fit for the model. The incremental fit measures produced a normed fit index (NFI) value of 0.915, and a comparative fit index (CFI) of 0.956. These indicate that the structural

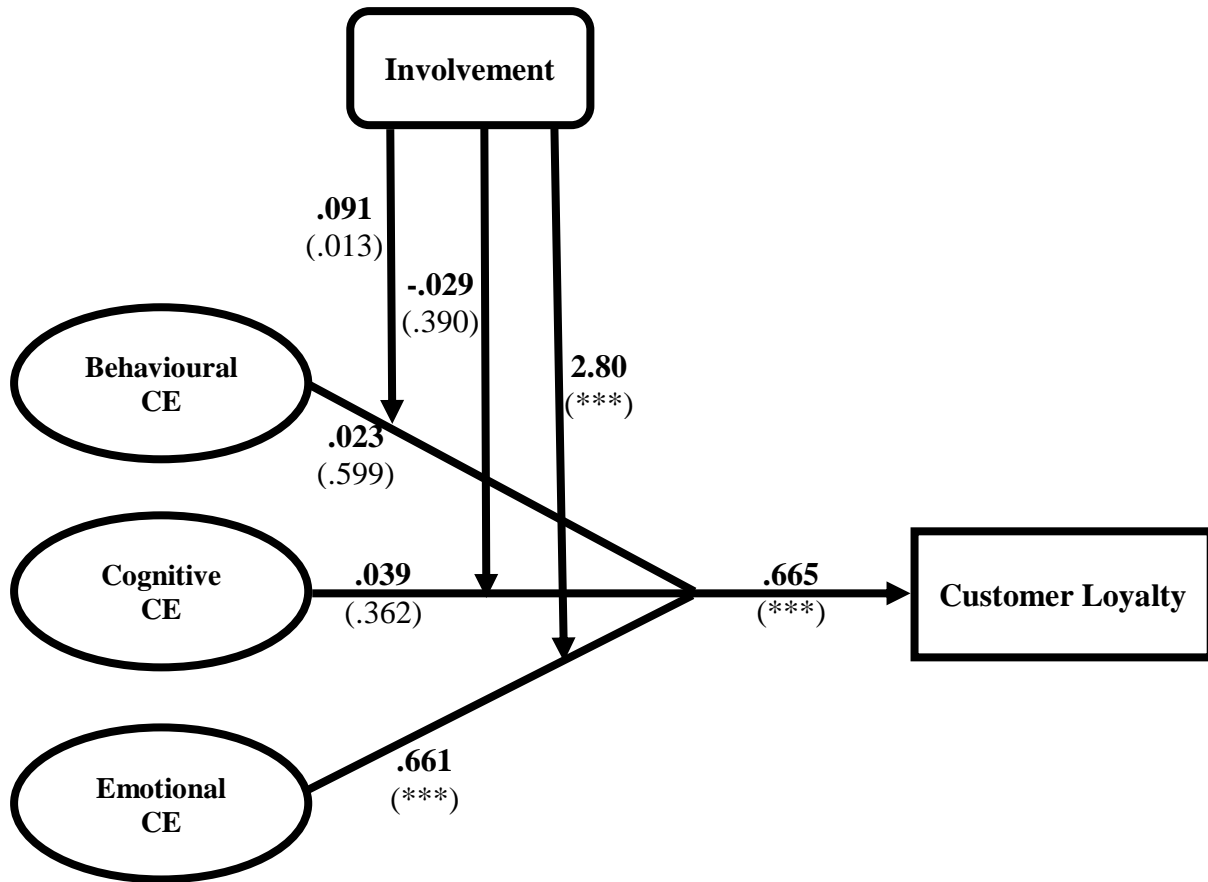
model has an acceptable fit and has accomplished a satisfactory level of nomological validity (Bagozzi & Yi, 2012; Hair *et al.*, 2014; Hu & Bentler, 1999)

Table 5.7 and Figure 5.1 depict the statistical and graphical results respectively, from the structural equation modeling test of the hypothesised paths.

**Table 5.7: Structural Model Assessment**

<b>Relationship</b>	<b>β Estimate</b>	<b>t-Value</b>	<b>p-Value</b>
<b>Controls:</b> Gender	-.012	-.275	.783
Age	-.027	-.583	.560
Education	.083	1.887	.059
Network	-.024	-.542	.588
<b>Direct Relationships</b>			
Behavioural CE -----> Loyalty	.023	.526	.599
Cognitive CE -----> Loyalty	.039	.912	.362
Emotional CE -----> Loyalty	.661	15.108	***
Aggregate Customer Engagement -----> Loyalty	.665	7.486	***
<b>Moderator:</b> Involvement -----> Loyalty	.388	7.395	***
<b>RMSEA = .056    GFI = .921    NFI = .915    CFI = .956    X<sup>2</sup>/df = 1.95    R<sup>2</sup> = .45</b>			
*** <i>p</i> < .001; <i>N</i> = 305			

*Figure 5.1: The Structural Model Assessment Results*



Source: Researcher (2017)

## 5.10 Test of Moderation

It is hypothesised in this study that the level of a customer’s involvement with the brand can cause a variation in the relationships between behavioural, cognitive and emotional dimensions of engagement and loyalty, hence, a moderating effect. These moderating effects of involvement were tested and analysed as presented in *Table 5.8*. To carry out the tests of moderation, multiple regression analysis with interactions was used. The composite scales derived from the CFA analysis are used as continuous variables with the interaction effects applied (that’s, the moderating effect of INV on the BEH---->LOY, COG---->LOY, and EMO---->LOY paths). According to Baron and Kenny (1986), in a moderation test the

interaction/moderating term(s) should be a statistically significant predictor symptom of the relationship between the constructs being tested, as well as be able to change the direction and/or strength of the relationship. See *Table 5.8* for the results of the moderation tests.

**Table 5.8: The Moderation Effects of Involvement**

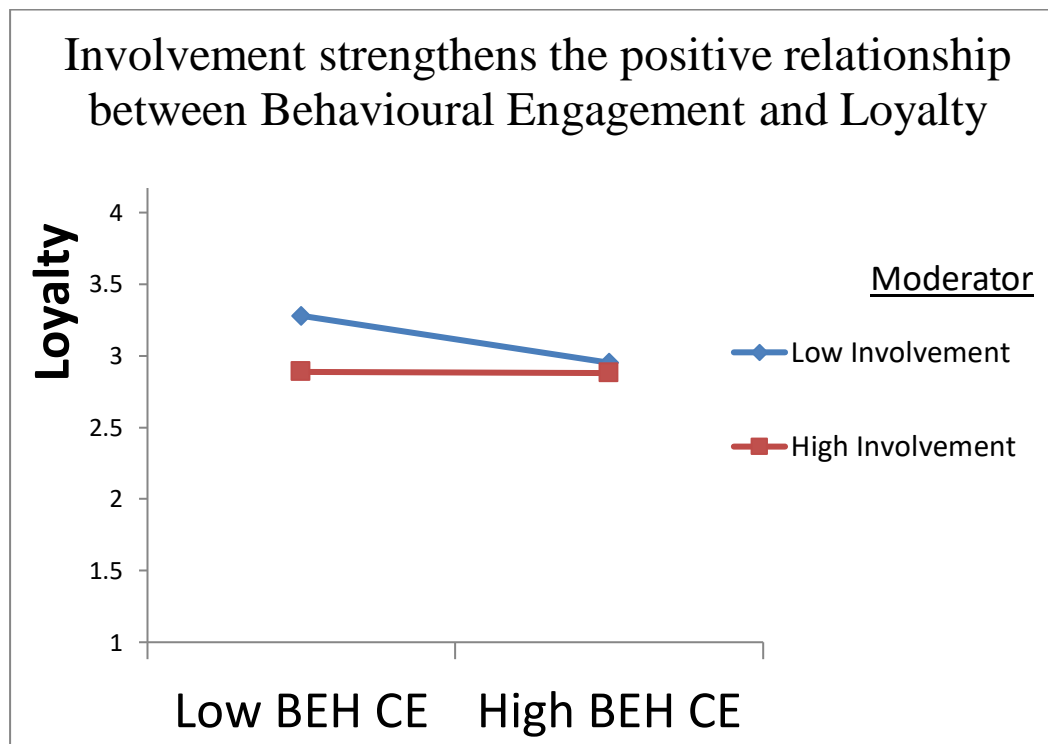
Model	Hypothesis	Relationship	$\beta$ Estimate	t-Value	p-Value	
1	H <sub>1a</sub>	BEH ----> LOY	.023	.526	.599	
2	H <sub>1b</sub>	COG ----> LOY	.039	.912	.326	
3	H <sub>1c</sub>	EMO ----> LOY	.661	15.108	***	
4	H <sub>2a</sub>	INV*BEH ----> LOY	.091	2.489	.013*	
		BEH ----> LOY	-.088	-2.423	.015*	
5	H <sub>2b</sub>	INV*COG ----> LOY	-.029	-.859	.390	
		COG ----> LOY	-.097	-2.845	.004	
6	H <sub>2c</sub>	INV*EMO ----> LOY	2.799	3.656	***	
		EMO ----> LOY	-9.925	-12.483	***	
RMSEA = .055		GFI = .970	NFI = .985	CFI = .993	X <sup>2</sup> /df = 1.93	R <sup>2</sup> = .69
* <i>p</i> < .05; ** <i>p</i> < .01; *** <i>p</i> < .001; N=305						

As presented in *Table 5.8*, *Model 1*, *Model 2*, and *Model 3* represent the structural baseline relationships that exist between behavioural, cognitive and emotional engagements and loyalty, respectively, as originally proposed in the framework of the study. *Model 3*, however, represents the moderation effect of involvement on the relationship between behavioural engagement and loyalty. Notwithstanding, the interaction effect of involvement and behavioural engagement has a positive significant relationship ( $\beta$  value of .091, t-value of 2.489, p-value of .013) with loyalty. This implies that, involvement strengthens the positive relationship between behavioural engagement and loyalty. However, in *Model 5* the combination of involvement and cognitive engagement results into a negative insignificant relationship ( $\beta$  value of -.029, t-value of -.859, p-value of .390) with loyalty. This indicates that, involvement weakens the positive relationship between cognitive engagement and loyalty. On the other hand, *Model 6* presents the moderation effect of involvement on emotional

engagement and loyalty. The interaction effect strengthens the baseline relationship between emotional engagement and loyalty. In addition, involvement, as a moderator, maintains the positive significant relationship between emotional engagement and loyalty. In light of the postulations of Baron and Kenny (1986), it is clear from the  $\beta$  value of 2.799, t-value of 3.656, and p-value of 0.000 that, involvement positively affects the strength of the relationship between emotional engagement and loyalty.

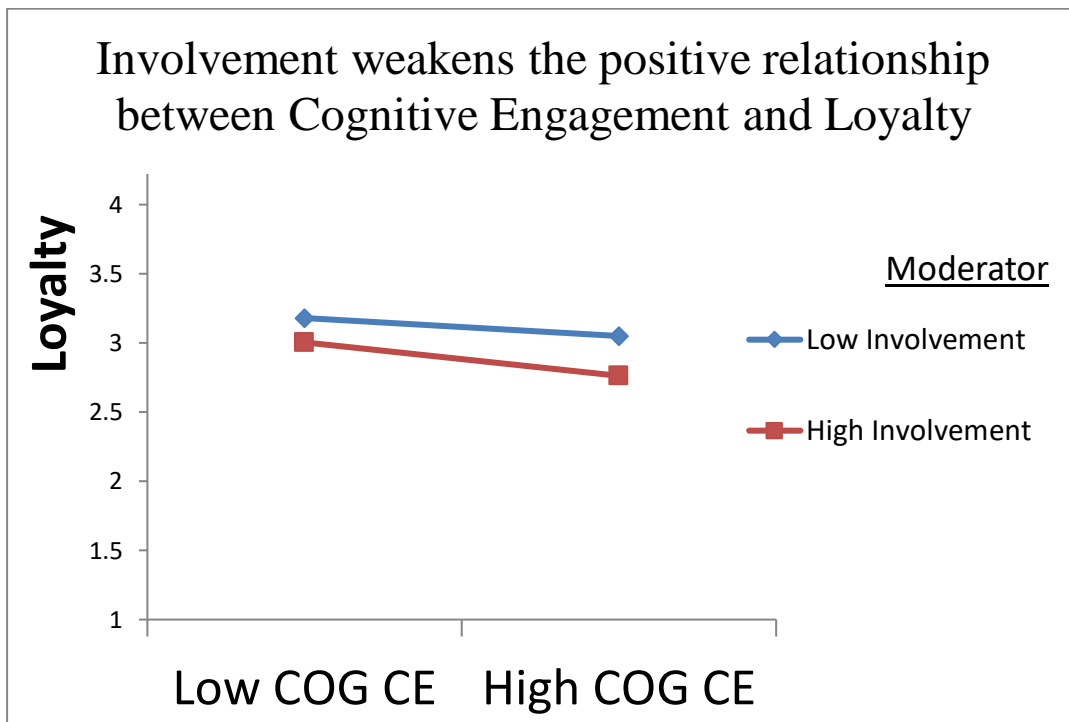
Figures 5.2, 5.3, and 5.4 graphically illustrates the moderation effects of involvement on the relationships between behavioural engagement and loyalty, cognitive engagement and loyalty, as well as emotional engagement and loyalty, respectively.

**Figure 5.2: Test of Moderation Effect of Involvement on Behavioural CE**



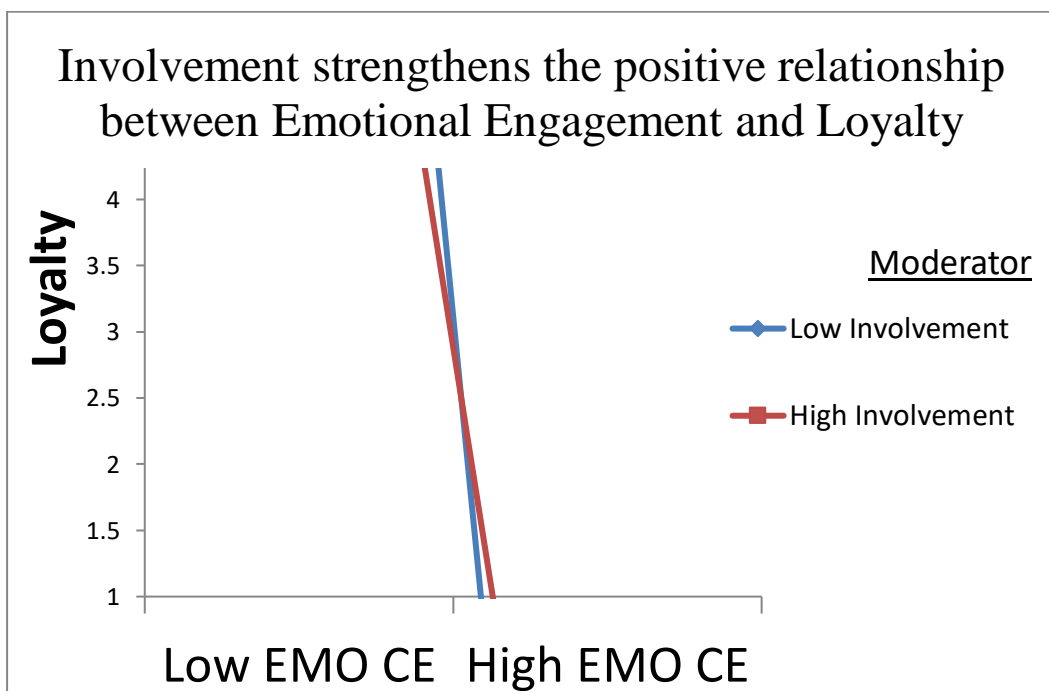
Source: Field Data (2017)

Figure 5.3: Test of Moderation Effect of Involvement on Cognitive CE



Source: Field Data (2017)

Figure 5.4: Test of Moderation Effect of Involvement on Emotional CE



Source: Field Data (2017)

## **5.11 Discussion of Major Findings**

One of the principal calls for research in engagement literature is to empirically examine the moderating effect of involvement on the engagement loyalty nexus (Mathis, Kim, Uysal, Sirgy & Prebensen, 2016; Pansari & Kumar, 2017). In the telecommunication industry, intense competition is pushing the firms to strive for loyalty from their customers. One of the main vehicles to achieving the loyalty is through customer engagement, as via social media and the use of corporate social responsibility programmes, telecommunication firms in Ghana are immensely engaging with their customers both online and offline. However, inasmuch as there is a positive relationship between customer engagement and loyalty, the effect of the customers' involvement on this relationship is not empirically elucidated; neither is it clear which dimension of engagement fetches the best value. As a result, this study sought to use the social exchange theory to determine the moderating role of customers' level of involvement on the relationship that exists between the dimensions of customer engagement and loyalty.

### **5.11.1 Customer Engagement and Loyalty**

First of all, this study investigates the relationship between the three dimensions of engagement (behavioural, cognitive and emotional) and loyalty from customers. The results of the analysis of the study show that, in the context of the telecommunication industry in Ghana, customer engagement (both online and offline) may lead to loyalty. The two constructs have a positive direct relationship between them. That is, when customer engagement (through all three dimensions) increases, customer loyalty rises too. Through engagement, subscribers of telecommunication networks develop affection their brands, think about the brands, and exhibit loyalty behaviours and intentions towards the brands. Some subscribers, in Ghana, especially may paint their houses and/or shops in the logos and colours of their favourite

telecommunication brand. This goes a long way to show the level of emotional engagement and the resulting loyalty customers develop for their brands.

This finding is not too different from what other scholars have discovered in previous engagement studies. Bowden (2009) noted that the right levels and forms of engagement are expected to result in loyalty under all circumstances. Bowden (2009) further argued that, loyalty as a result of engagement is possible when trust and affective commitment are developed in the course of engagement. In much the same way, Brodie *et al.* (2013) also concluded that loyalty is a consequence of customer engagement. They argued that repeated levels of engagement establish a bond (emotional) between customers and the brand, hence loyalty. Another compelling evidence of loyalty as an outcome of customer engagement is from Gummerus *et al.* (2012). They iterate that customer engagement reinforces customer loyalty even if it exists already. The works of Thakur (2016), Zheng *et al.* (2015) and Patterson *et al.* (2006), and Hollebeek (2011a) also confirm the positive relationship between customer engagement and loyalty.

### **5.11.2 The Moderating Role of Involvement**

Bowden (2009) discovered that engaged customers may develop loyalty through repeated purchases and other post-purchase behaviours, but their level of loyalty may be affected by the level of involvement with the brand. This was better clarified by Oliva *et al.* (1995) who concluded that more highly involved customers become more loyal over the long term. Similarly, Belonax and Javalgi (1989) have postulated that, generally, involved customers engage more and become more loyal over the long term. In consolidation with previous findings, this study found that, involvement strengthens the positive relationship between behavioural and emotional engagements and loyalty, such that the higher the involvement, the

higher the loyalty resulting from both behavioural and emotional engagement. This can be interpreted as loyalty resulting from the affectionate relationships, activities and interactions that firms initiate with their customers. It is therefore expected that the social activities that telecommunication firms organise serve as grounds for customers to exhibit engagement activities that enhance loyalty. Likewise, the social networking platforms that telecommunication firms provide for their customers to express themselves serve as an avenue for users to identify with the brand, and develop a sense of belongingness that goes a long way to grow and maintain loyalty for the brand.

### 5.11.3 Hypothesis Testing

**Table 5.9: Summary of Hypothesis Testing**

Hypothesis	$\beta$	t-Value	p-Value	Result
<b>H<sub>1a</sub></b> : The behavioural dimension of customer engagement has a positive and significant relationship with customer loyalty.	.023	.526	.599	Not Supported
<b>H<sub>1b</sub></b> : The cognitive dimension of customer engagement has a positive and significant relationship with customer loyalty.	.039	.912	.326	Not Supported
<b>H<sub>1c</sub></b> : The emotional dimension of customer engagement has a positive and significant relationship with customer loyalty.	.661	15.108	***	Supported
<b>H<sub>2a</sub></b> : Level of involvement strengthens the relationship between behavioural engagement and customer loyalty.	.091	2.489	.013*	Supported
<b>H<sub>2b</sub></b> : Level of involvement strengthens the relationship between cognitive engagement and customer loyalty.	-.029	-.859	.390	Not Supported
<b>H<sub>2c</sub></b> : Level of involvement strengthens the relationship between emotional engagement and customer loyalty.	2.799	3.656	***	Supported
<i>*p &lt; .05; **p &lt; .01; ***p &lt; .001; N=305 (Source: Researcher, 2017)</i>				

Table 5.9 depicts the results of the hypotheses as tested by the data analysis of the study. **H<sub>1</sub>**, which sought to predict the positive and significant relationship between customer engagement and loyalty is supported and confirmed by the data. This means that when customers are engaged with a brand, in the long run, they develop a bond and loyalty for the brand. In much

the same way, **H<sub>2</sub>**, which predicted the moderating role of level of involvement on the relationship between customer engagement and customer loyalty, is supported and confirmed. It stipulates that, generally, involvement strengthens the relationship between engagement and loyalty. The finding further reveals that, in the long run, higher levels of involvement strengthen the relationship between engagement and loyalty better than in the short run.

## **5.12 Chapter Summary**

This chapter was dedicated to the analysis of the data, presentation of findings and discussion of major findings. Tables and figures were used to empirically examine the relationships that exist between the constructs. CFA analysis was conducted; so were the tests for validity and reliability. The chapter also presented results from the structural modeling and the interaction test. The analyses have revealed that, indeed, customer engagement leads to customer loyalty. However, this relationship is strengthened in the presence of high levels of customer involvement.

## CHAPTER SIX

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 6.0 Chapter Overview

This is the concluding chapter of the study, hence it accounts for the summary of the study, conclusions, as well as implications and recommendations for future studies. The summary of the study is based on the purpose and research objectives developed in *Chapter One*. Conclusions are also drawn on the major findings discussed earlier. This chapter also presents the managerial and research implications of the study, in addition to recommendations for future research.

#### 6.1 Summary

In the era of rapid technological advancement and a borderless global village, the mobile telecommunication industry is experiencing its toughest competition among industry players. This has necessitated the implementation of novel strategic marketing programmes, to not only capture new customers but also to develop loyalty among existing customers. One of such strategies, driven by the power of the internet and Web 2.0 applications, is *customer engagement*. Nonetheless, when complemented by other factors and customer tools, the loyalty expected from customer engagement is enhanced to a greater extent.

It is against this background that this study aimed at establishing the relationship between the dimensions of customer engagement and customer loyalty, and the moderating role of level of involvement of customers on this relationship. In order to achieve this goal, three specific objectives were identified. First, the study sought to examine the relationship between the three dimensions of customer engagement and customer loyalty. The second objective was to

measure the moderating role of customers' level of involvement on the relationship between the dimensions of engagement and loyalty.

To achieve these objectives, literature was reviewed on extant conceptual and empirical studies on engagement, customer loyalty, as well as involvement. A conceptual framework was developed based on the social exchange theory as the foundational theory for the research. Further, six hypotheses were developed and empirically tested using 305 subscribers of telecommunication services in Ghana, surveyed via a self-administered structured questionnaire. Using structural equation modeling approach, the data collected was processed and analysed with SPSS version 20 and AMOS version 21. The results from the structural equation modeling confirmed a positive relationship between the behavioural and cognitive engagement and customer loyalty, and a positive significant relationship between emotional engagement and loyalty; in addition to an enhanced relationship in the presence of the interaction effect of involvement.

**Table 6.1: Summary of Major Findings**

Research Objective	Hypothesis	Major Findings
<b>Objective 1:</b> To examine the relationship between the dimensions of customer engagement and customer loyalty.	<b>H<sub>1a</sub>:</b> The behavioural dimension of customer engagement has a positive and significant relationship with customer loyalty.	The findings from the study confirm that there is a positive significant relationship ( $\beta=0.665$ , $t=7.486$ , $p=0.000$ , $R^2=0.45$ ) between customer engagement and customer loyalty. On specific dimensions of engagement and loyalty, only emotional engagement produced a positive significant relationship ( $\beta=0.661$ , $t=15.108$ , $p=0.000$ ) with loyalty. Earlier studies by Bowden (2009), Brodie <i>et al.</i> (2013), Dwivedi (2015), Gummerus <i>et al.</i> (2012), Hollebeek (2011a), Patterson <i>et al.</i> (2006), Thakur (2016), and Zheng <i>et al.</i> (2015), all confirm the positive significant relationship between customer engagement and loyalty.
	<b>H<sub>1b</sub>:</b> The cognitive dimension of customer engagement has a positive and significant relationship with customer loyalty.	
	<b>H<sub>1c</sub>:</b> The emotional dimension of customer engagement has a positive and significant relationship with customer loyalty.	
<b>Objective 2:</b> To measure the moderating role of involvement on the relationships between the dimensions of customer engagement and loyalty.	<b>H<sub>2a</sub>:</b> Level of involvement strengthens the relationship between behavioural engagement and customer loyalty.	In this study, it was found that, involvement strengthens the positive relationship between behavioural engagement and loyalty ( $\beta=0.091$ , $t=2.489$ , $p=0.013$ ), as well as emotional engagement and loyalty ( $\beta=2.799$ , $t=3.656$ , $p=0.000$ ) such that the higher the involvement and engagement, the greater the loyalty. This is credited by the findings of Bowden (2009), Mathis <i>et al.</i> (2016), and Pansari and Kumar (2017).
	<b>H<sub>2b</sub>:</b> Level of involvement strengthens the relationship between cognitive engagement and customer loyalty.	
	<b>H<sub>2c</sub>:</b> Level of involvement strengthens the relationship between emotional engagement and customer loyalty.	

*Source: Researcher (2017)*

## 6.2 Conclusions

The challenges of intense competition facing the mobile telecommunication industry in Ghana can be ameliorated by the controlled application of customer engagement, coupled with involvement of customers, to achieve loyalty.

Customer engagement was conceptualised in this study to encapsulate the behavioural, cognitive and emotional transactional and non-transactional (Kumar *et al.*, 2010) brand interactions that customers exhibit based on the level of their motivational, brand-related and context-specific state of mind (Hollebeek, 2011a). By this standard, firms in the telecommunication industry in Ghana are leaders in the online space, present on all the social media platforms, with mass followers, and minute-by-minute engagement with their followers. In addition to this, the telecommunication industry possesses the resources and capabilities to embark on corporate social responsibilities, which triggers offline engagement to augment online interactions with their followers on their internet spaces.

It is construed from the results of this study that, online presence is no longer a luxury tool for businesses, but a requirement if one wants to survive in the current competitive environment. The resulting loyalty born out of engaging with customers is further enhanced by involving customers in the engagement process. Over the long term, highly involved customers develop sustainable levels of loyalty and emotional bonds for the brand with which they engage.

In conclusion, the purpose of this research to examine the positive relationship between the dimensions of customer engagement and loyalty, vis-à-vis the moderating role of customer involvement is achieved, and the results lend credence to the assertion that engaged customers,

when given the opportunity to be involved with the brand, will develop higher levels of loyalty over a long period of time.

## **6.3 Recommendations**

### **6.3.1 Recommendations for Management and Practice**

The results and discoveries from this study can be translated into useful strategic implications and recommendations for practitioners, management and policy-makers of mobile service providers in Ghana.

First of all, it is an undisputable fact that social media and other online engagement platforms provide firms access to unreachable markets, existing and prospective customers. Given this, management should utilise these platforms to open and maintain a two-way communication stream between the brand and its audience. Presence on social media is the new marketing strategy to favourably control the competition that exists in the industry. Social media platforms such as Facebook, Twitter, Instagram, YouTube, among others, are free to use. Other ways of maintaining a relevant online presence are the use of independent review sites, blogging and website. It improves viral marketing and brand evangelism, and can also be used as a tool for providing after sales service, suggestions and feedback, updates and public relations. Customer engagement, as a marketing strategy, is fundamental in building higher brand equity and loyalty, as it enhances likeability, involvement, awareness, knowledge, visibility, association and positioning of the brand.

In an offline context, management and service providers are encouraged to make efforts to organise events and programmes that bring together different segments of their customers and prospects in tune with their marketing objectives. This encourages word-of-mouth

recommendations and brand evangelism, and also improves the brand's image. Firms in the telecommunication industry may use their CSR programmes to spark conversations on their social media platforms. In this way, they can make use of both offline and online engagement in a single programme.

It can further be interpreted from this study that, customer engagement alone is not enough to build higher bonds and loyalty for the brand, as higher levels of customer involvement enhance and strengthen loyalty. It is, therefore, imperative for service providers to involve their customers while interacting and engaging with them. They may do this by encouraging and soliciting for ideas and suggestions from customers. Service providers should communicate to customers the message that subscribers' ideas are sought and welcomed. Subsequently, platforms must be provided and made conducive to encourage customer involvement, participation and co-creation.

Lastly, management should allocate sufficient resource and investment into customer engagement. Gone are the days where just any employee and business owners were managers of their social media and online platforms. It is about time management got dedicated to the engagement programmes both at the policy level and the operational level. This means experts in social media and engagement must be hired and assigned responsibilities to manage the process and tools of engagement. Only stability and consistency in the use of these new media platforms will result in the expected value.

### **6.3.2 Recommendations for Future Research**

The use of cross-sectional survey confines the study to a restricted time frame within which the process of engagement and results cannot be accurately predicted over a long period. Within

this short period data was collected, prevailing events could influence respondents' response. As a result, future studies can undertake a longitudinal study to truly measure loyalty as an outcome of engagement, and how the customers' involvement with the brand can affect the result.

Moreover, data collected from only the subscribers of mobile telecommunication services leaves out the perspective of management entirely from this study. To have a broader understanding of how management perceives engagement and its consequences, future research can conduct qualitative studies or a combination of both qualitative and quantitative.

Last but not least, further research can be conducted to examine the mutual benefit of complementing both online and offline customer engagement. Particularly in this context (telecommunication industry in Ghana), the study provided a glimpse of how telecommunication firms utilise offline engagement tools and platforms to propel engagement and interactions on their online platforms, and vice versa. Future studies can, therefore, investigate this phenomenon of engagement as a novel area of engagement research.

## **6.4 Chapter Summary**

This chapter concludes this study. It gives a summary of the findings and results of the study. In addition, there is a general conclusion drawn on the findings and discussions. Several valuable recommendations are also proposed for both managers and future researchers.

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# APPENDIX

## Appendix 1: Questionnaire

UNIVERSITY OF GHANA BUSINESS SCHOOL (UGBS)  
DEPARTMENT OF MARKETING AND ENTREPRENEURSHIP

**Customer Engagement and Customer Loyalty: An Empirical Study in the Telecommunication Industry**

This researcher is a final year MPhil Marketing student of the University of Ghana Business School. The researcher seeks to determine whether Customer Engagement leads to Customer Loyalty, and the moderating roles of Involvement and Brand Image. This activity is in partial fulfillment of the requirements leading to the award of a Master of Philosophy degree in Marketing.

As subscribers of mobile networks (MTN, Vodafone, Tigo/Airtel, Glo), this survey seeks to find out how you engage with these networks both online and offline, seeing them as brands.

The information provided will be solely used for the purpose of research and confidentiality is assured. In this regard, kindly take a few minutes to complete this questionnaire.

**Section A: Demographic Information of Respondents**

1. **Age:** 1) 20 and Below  2) 21 – 30  3) 31 – 40  4) 41 – 50  5) Over 50
2. **Gender:** 1) Male  2) Female
3. **Education:** 1) JHS  2) SHS  3) Tertiary
4. **How many mobile networks do you use?:** 1  2  3  4
5. **Name of primary mobile network:** 1) MTN  2) Vodafone  3) Tigo/Airtel   
4) Glo
6. **Number of years with primary network:** 1) Below 1  2) 1 – 2  3) More than 2

**Section B: Customer Engagement – Behavioural, Cognitive, Emotional**

On a Likert Scale of 1 to 5, please indicate the extent to which you agree or disagree with the following statements on customer engagement and customer loyalty in the Ghanaian telecommunication industry. Tick the appropriate number on the Likert Scale, with *SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree.*

Section B – CUSTOMER ENGAGEMENT		SD	D	N	A	SA
<b>Behavioural</b>						
BE1	I actively discuss my network on any media					
BE2	I love talking about my network experience (online/offline)					
BE3	I discuss the benefits that I get from this network with others (online/offline)					
BE4	I feel I am a part of this network and I mention it in my conversations (online/offline)					
BE5	I provide feedback about my experiences with the network to the firm (online/offline)					
BE6	I provide suggestions for improving the performance of the network (online/offline)					
BE7	I provide suggestions/feedbacks about the new product/services of the network (online/offline)					
BE8	I provide feedback/suggestions for developing new products/services for this network (online/offline)					
<b>Cognitive</b>						
CO1	Using telecommunication devices gets me to think about my network					
CO2	I think about my network a lot when I'm using it					
CO3	Using my network stimulates my interest to learn more about it					
<b>Emotional</b>						
EM1	I feel very positive when I use my network					
EM2	Using my network makes me happy					
EM3	I feel good when I use my network					
EM4	I'm proud to use my network					
EM5	I love this network					
Section C – CUSTOMER LOYALTY		SD	D	N	A	SA
CL1	I recommend this network to other people					
CL2	I introduce this network to other people					
CL3	I say positive things about this network to other people					
CL4	I intend to remain loyal to this network in the future					
CL5	I will not stop supporting this network					
CL6	I think of myself as a loyal customer/supporter of this network					
Section D – INVOLVEMENT		SD	D	N	A	SA
IN1	The first time I chose a network, it was a very important decision for me					
IN2	This network means a lot to me					
IN3	This network is significant to me					
IN4	I consider this network to be a relevant part of my life					
IN5	For me personally, this network is important					
IN6	I am interested in this network					
<i>Source: Researcher (2017).</i>						