BRAND EQUITY MANAGEMENT AND CUSTOMER LOYALTY: THE MODERATING ROLE OF BUSINESS COMPETITIVENESS IN THE HOTEL SERVICE SECTOR IN GULU CITY



BY

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A RESEARCH REPORT SUBMITTED TO FACULTY OF BUSINESS & DEVELOPMENT STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF GULU UNIVERSITY

NOVEMBER, 2024

DECLARATION

I, Ochola Alfred Onyuta, declare that this dissertation is my original work and has never been submitted to any institution for any academic award.

Signature..... Date..26/11/2024.....

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APPROVAL

This is to certify that this dissertation has been developed, examined and defended under our supervision.

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Signature..... Date.....26/11/2024.....

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DEDICATION

I dedicate this research effort to my wife Anena Innocent Juiet, my children: Atim Mildred Ruth, Onyuta Fabian Alvin, Ogenrwot Joshua Nolan and Olara Andrew Ethan whose unwavering support and encouragement have been the cornerstone of my academic journey and this piece of work should inspire them to grater achievements.

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ABBREVIATIONS AND ACCRONYMS

ACCA: Association of Chartered Certified Accountants

BEM: Brand Equity Management

CVI: Content Validity Index

SPSS: Statistical Package for Social Sciences

ABSTRACT

Management of brand equity is important in enhancing customer loyalty in the service sector in the wake of competitive business situations. This study investigated the moderating role of business competitiveness in the relationship between brand equity management and customer loyalty in the hotel service sector in Gulu city. The specific objectives of the study were: to assess the level of customer loyalty in the hotel service sector in Gulu City; to examine the association between brand equity management and business competitiveness in the hotel industry; to examine the association between Brand Equity Management and Customer Loyalty in the hotel Industry in Gulu City; and to examine the moderating role of business competitiveness in the association between brand equity management and customer loyalty in the hotel Industry. Descriptive and causal research designs were used in the study with purely quantitative approach. Data were collected using structured questionnaires from 300 customers and 100 managers from 100 different hotels within Gulu City. Data were analyzed using descriptive statistics (frequencies and percentages) and inferential statistics (correlation and regression) with the aid of Statistical Package for Social Sciences (SPSS) version 25.0. Study findings revealed: a high level of customer loyalty in the hotel sector in Gulu City; a moderate and significant positive relationship between brand equity management and business competitiveness; all the elements of brand equity management (brand evaluation, brand association and brand awareness) have a significant positive effect on customer loyalty; and finally, business competitiveness moderates the relationship between brand equity management and customer loyalty in the hotel sector in Gulu City. The study concluded that brand equity management has a significant positive effect on customer loyalty and business competitiveness has a significant interaction effect on the relationship between brand equity management and customer loyalty in the hotel service sector in Gulu City. The study recommended that; strategies aimed at improving customer loyalty should focus on brand evaluation, brand association and brand awareness; and the study recommended need to strengthen business competition while implementing brand equity management in order to influence customer loyalty.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

Brand equity and customer loyalty are two critical factors that play a pivotal role in the success and competitiveness of businesses in the hotel industry. In an increasingly crowded marketplace with numerous hotel options available to consumers, building and maintaining a strong brand and fostering customer loyalty have become essential for hotels to thrive. This research aims to investigate the effect of brand equity management on customer loyalty in the hotel industry in Gulu City.

Specifically this study hinges on the fact that brand equity contributes to a hotel's competitive advantage by distinguishing it from competitors and creating a unique position in the market Keller, 2013). Besides, brands with high equity often have the ability to command premium prices, leading to increased revenue and profitability (Kapferer, 2016). Despite numerous studies on brand equity management and customer loyalty, there exist a major gap in understanding the interaction effect of brand equity management and business competitiveness on customer loyalty most especially in the hotel sector. This chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, the significance of the study and the conceptual framework of the study.

1.1 Background of the Study

The Concept of Customer Loyalty in service markets is dimensional because one customer demonstrates different loyalty standards towards a service at different times. Loyal customers purchase regularly across products, engage in referrals and are resistant to competitors' pull. (Akunja, 2020). Loyalty among customers is key for firms seeking customer relationships. Brandt (1995), loyal patrons engage in repeat purchase and recommend the provider. Loyal customers stick with businesses longer, purchase more and often have increased lifelong value (Mokhtar,2020) and the ultimate return for an organization is loyal customers. Buying more, for longer and telling others is loyalty (Ranabhat, 2018).

Brand loyalty is building and sustaining agreeable image. Authors Andreassen and Lindestad (2017) carefully note, that buyer loyalty may be "extrinsic prompting for both current and future buyers" and "might sway brand image". Overall a hotel brand represents a connection with

visitors. That connection is built on brand knowledge, use, and evaluation of experiences and begins relationships anchored on continued usage. Eventually, brands represent experiences with providers. Augmented competition forces hotels to increasingly provide memorable experiences to guest away from simple service provision (Sen, 2019)

The hotel industry has been one of the most competitive industries especially in the 21st century. For this reason, enhancing customer loyalty is one of the key aspects of enhancing competitiveness in the industry as well as ensuring business continuity. The question of customer loyalty comes in (Ramlawati, 2018). Loyalty among customers is a major purpose for firms seeking lasting connections with their patrons. The Customer plays key role in any business; the success of the business cannot be imagined without the customer. It's important to work intimately with one's customer. The Customer is an important part of the business and the market. To endure organizations, need to deliver items and administrations of generally excellent quality that yield exceptionally satisfied and loyal customers (Ranabhat, 2018). For numerous years customer loyalty has been a significant objective of business organizations since it has been esteemed to influence customer maintenance and organizations' market share (Aramburu, 2019). On other hand loyalty is an individual perception of pleasure or the disappointment. If people's desire level meets their degree of satisfaction, it additionally expands, but if not in that point, frustration comes. Customer loyalty is significant for every organization, whether they are in service sector or in the product sector. It's not possible to satisfy each and every customer. If the customer likes the item, then they express satisfaction for the item after use (Cakici, 2019)

Customer service theories and models are all about attracting customers and keeping them with your business. The key thing to aim for in this case is loyalty. Although this is called customer theory, it is more practical than most of the theories you will find, because this theory is practical. Without understanding the principles of customer service in an intimate way, your business will not be able to survive. In the contemporary world, no one wants to do business with a firm that seems to have no regard for its customers, their concerns or their comfort.

In an event that customers are satisfied with products or brands, they most likely become loyal customers and keep spreading good word of the hotel. In that manner, in the event that they are disappointed, they will probably switch off brands and talk bad of the brand to different customers about the hotel. The brand of the hotel is an essential factor that emphatically or

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contrarily influences advertising exercises and the image is the main thing that creates a good impression of the hotel (Pearce, 2018).

Customer loyalty in Hospitality industry is a fundamental feature for Hospitality industry survival and sustainability where performance factors such as branding have been found to spur business expansion, technological progress, and wealth creation in both start-up and existing firms hence being a key aspect of management of an organization. Customer loyalty is important regardless of the scale of a customer loyalty to the business. First-time customers are harder to persuade because they don't have any experience of the products and services offered by the firm. As such, the brand needs an exhaustive marketing funnel to get them to purchase. However, Customer loyalty is portrayed as a customer's recurrent appearance or rehash purchase conduct while including the emotional commitment or articulation of a favorable attitude toward specialist organization (Marco, 2020). Customer loyalty is a customer's eagerness to purchase from or work with a brand over and over, and it's the consequence of positive customer experience, customer satisfaction, and the value of the products or administrations the customer gets from the exchange. Obviously, brands need to provide good customer service so that customers will keep buying in future again. Business with large pool of satisfied customers tend to have a long-term competitive advantage and are more likely to sustain their profitability over a more extended period (Bhat, 2021)

The hospitality industry is a vast sector, and many people think of the kind of organizations which consider hospitality brands, and a much more modest number can explain what is and is the company fairly and correctly. This implies the essence and style of the changes in the organization as do the kinds of food and celebrations and the levels of knowledge and expertise used at all levels of the company. The hospitality industry refers to a variety of organizations and administrations connected to recreation and customer satisfaction. The characteristic aspect of hospitality industry was also pointed out by Hallak, Rob & Etal, (2019), which focuses instead of providing food for necessities and fundamental values on the thinking of luxury, pleasure and experience. They also underlined three divisions of the hospitality industry, for example, Restaurants, Bars, and takeaways. The restaurant industry is encountering solid revenue development around the world. The industry reported a compound annual sales growth (CAGR) rate of 4.4 percent in the (US) from 2009 to 2017. (Deloitte, 2019). In 2018, the increase in

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appreciation in Europe, Germany and Spain's restaurant industry relative to 2013 was 7.7 percent and 7.4 percent respectively (Euromonitor Universal, 2019c). A comparable pattern across Asia, Africa and South America is seen in 2018 relative to the 2013 trend of China, China, Nigeria at 28.9 percent, Nigeria at 10.7 percent, and Peru at 24.8 percent (Euromonitor Global, 2019b). From 2015 to 2018, the regular development of deals in New Zealand was 6.93% (Restaurant Link of New Zealand, 2018), while in Australia, home food accounted for 27% of weekly household food and beverage spending in Australia. Brand loyalty is exhibited by repeated purchasing behavior and brand sensitivity. Premium guests experiencing familiar brands and attaching significance to it is said to have customer-based brand equity and is loyal (Odin et al., 2001). They are less likely to switch solely because of prices and tend to purchase frequently than those who are not loyal. (Wu, 2018).

Hospitality establishments expose their products to more customers so as to generate and boost brand loyal customers who are likely to purchase their offerings if and when available. Loyalty starts with customer awareness of the product (Suchánek, 2019). The greater the product awareness, the higher the possibility of purchase. High consciousness about a brand and positivity amplifies the likelihood of patronage, hence greater loyalty and diminished vulnerability to opponents' marketing activities (Akunja,, 2020). Initial efforts to maintain customer

Furthermore, in Asia, Brand Equity Management in Asia-Pacific, a Cross-Continental Study by Lee and Chen (2017) focused on brand equity management practices in the Asia-Pacific region. It explored the strategies employed by companies to build and maintain brand equity and how it influences customer loyalty. The findings revealed a significant effect of brand equity management of customer loyalty.

In South America, a study on Brand Equity and Customer Loyalty a Case Study of the Retail Industry by Gomez and Martinez (2016) analyzed the relationship between brand equity and customer loyalty in the context of the retail industry in South America. It investigated how brand equity dimensions impact customer loyalty and provides insights into effective brand management strategies. The study found brand equity to be positively related to customer loyalty in the retail industry by (Gomez and Martinez, 2016).

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In Africa, a Comparative Study of Brand Equity and Customer Loyalty examined the impact of brand equity on the level of customer loyalty. The study further explored the factors influencing brand equity. The study thus observed that brand equity has a significant positive effect on customer loyalty. This research examines brand equity and customer loyalty in the African and Middle Eastern regions. It explores the factors influencing brand equity and its impact on customer loyalty in these specific markets (Ali and Khan, 2015).

In Uganda, studies on customer loyalty focused majorly on commercial banks, retail businesses especially supermarkets. Key factors influencing customer loyalty were examined including; service quality, customer satisfaction, trust, and perceived value. These factors were found to significantly influence customer loyalty (Musoke, 2017; Nabukeera, 2015; Nambalirwa and Mulyungi, 2014).

1.2 Statement of the Problem

Effective management of brand equity and business competition is critical by businesses in the contemporary marketplace. Despite the recognized importance of these concepts, there is a decline in customer patronage and loyalty attached to brands among customers (Pongpatrat, 2021).Customer loyalty is an important aspect of any successful business, as it leads to increased customer retention, repeat purchases, and positive word-of-mouth recommendations. Despite of the numerous measures to improve customer loyalty in the face of competition such as; Prompt response to customer inquiries and concerns, offering personalized support, offering loyalty programs among others, customers still continue to churn company offerings in preference to other company products and services thereby pointing out to low level of loyalty among customer (Plewa, 2020 & Keller, 2021). There is therefore dire need to address the glooming status of customer loyalty, otherwise massive investment in resources, infrastructures, products and services would go to waste, leading to collapse of businesses and loss of revenue to the government and economy at large. This prompts a study in to brand equity management, business competitiveness and customer loyalty in the hotel industry.

1.3 Purpose of the Study

The purpose of the study was to assess whether business competitiveness moderates the relationship between brand equity management and customer loyalty in the hotel industry in Gulu City.

1.4 Objectives of the Study

This study was guided by the following objectives:

i. To assess the level of customer loyalty in the hotel service sector in Gulu City.
ii. To examine the association between brand equity management and business competitiveness in the hotel industry.
iii. To examine the association between Brand Equity Management and Customer Loyalty in the hotel Industry in Gulu City.
iv. To examine the moderating role of business competitiveness in the association between brand equity management and customer loyalty in the hotel Industry.

1.5 Research Questions

This study was guided by the following research questions:

i. What is the level of customer loyalty in the hotel service sector in Gulu City?
ii. What is the association between brand equity Management and business competitiveness in the hotel industry?
iii. What is the association between brand equity management and customer loyalty in the hotel Industry in Gulu City?
iv. What is the moderating role of business competitiveness in the association between brand equity management and customer loyalty in the hotel Industry.

1.6 Scope of the Study

The scope of this study was discussed under the three facets of; content, geographical location of the study area and time.

1.6.1 Content Scope

This study focused on brand equity, business competitiveness and Customer loyalty in Hotel Service Sector in Gulu City, Uganda. The relationship between brand equity management and customer loyalty was also covered under this scope.

1.6.2 Geographical Scope

This study was carried out in Gulu City, Northern Uganda. The City is located approximately 340 kilometers north of the capital city, Kampala and the coordinates of Gulu City are: *2°46'54.0"N.* The city is bordered by Amuru, Omoro and Pader districts respectively.

1.6.3 Time Scope

The study focused on data covering the period of 5 years from 2018-2023 and the general design of the study is cross-sectional in nature. This helped to capture recent trends and developments in the hotel sector. By selecting a time frame that includes recent years, such as 2018 to 2023, the study captured the most up-to-date trends, developments, and changes in the hotel industry. This ensured that the findings were relevant and reflected the current dynamics of customer loyalty.

1.7 Significance of the Study

The findings are likely to benefit many stakeholders as noted below;

The study findings would help the Hotel Service Sector in the Hospitality industry to enhance the improvement of their customer care services and products to meet the global required standard.

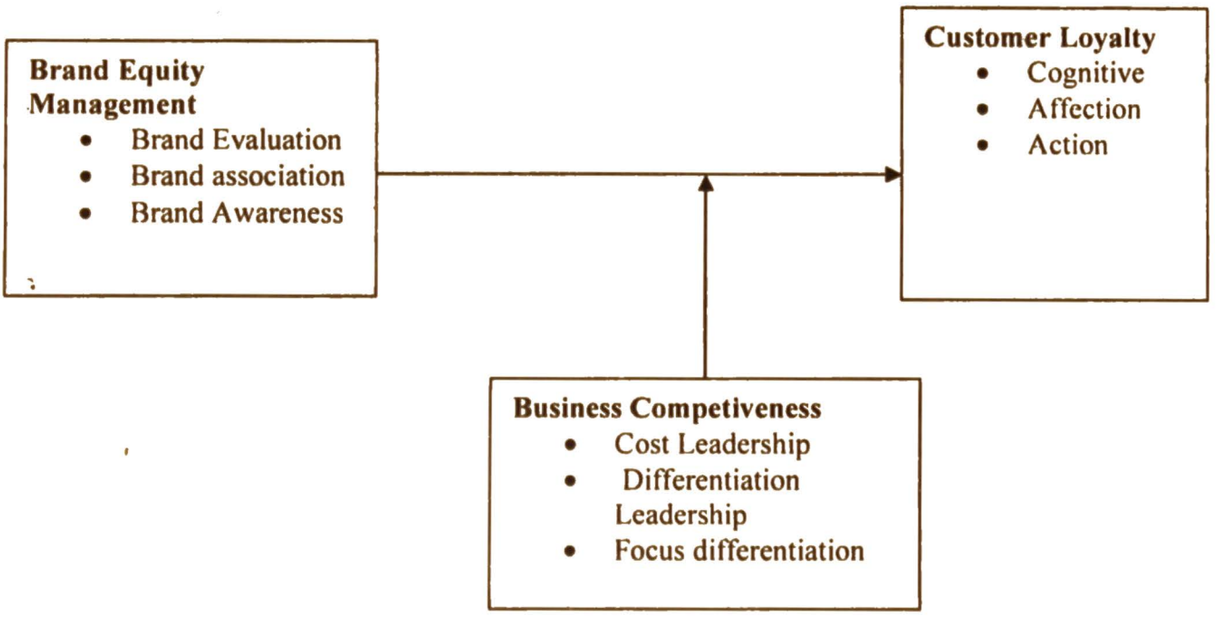
The study would benefit policy makers including the government in formulating useful policies concerning brand equity, business competitiveness.

The study would help in providing literature on brand equity, business competitiveness and customer loyalty in hospitality industry within Gulu City, Uganda which other researchers and academicians may use when conducting further studies in this, or related areas of study.

This study would help the researcher attain a Master degree of Business Administration (MBA) of Gulu University since this is a requirement in partial fulfillment of the requirements for the award of this degree.

1.8 Conceptual framework

Figure 1 Conceptual Framework



Adapted with modification from Keller (2020)

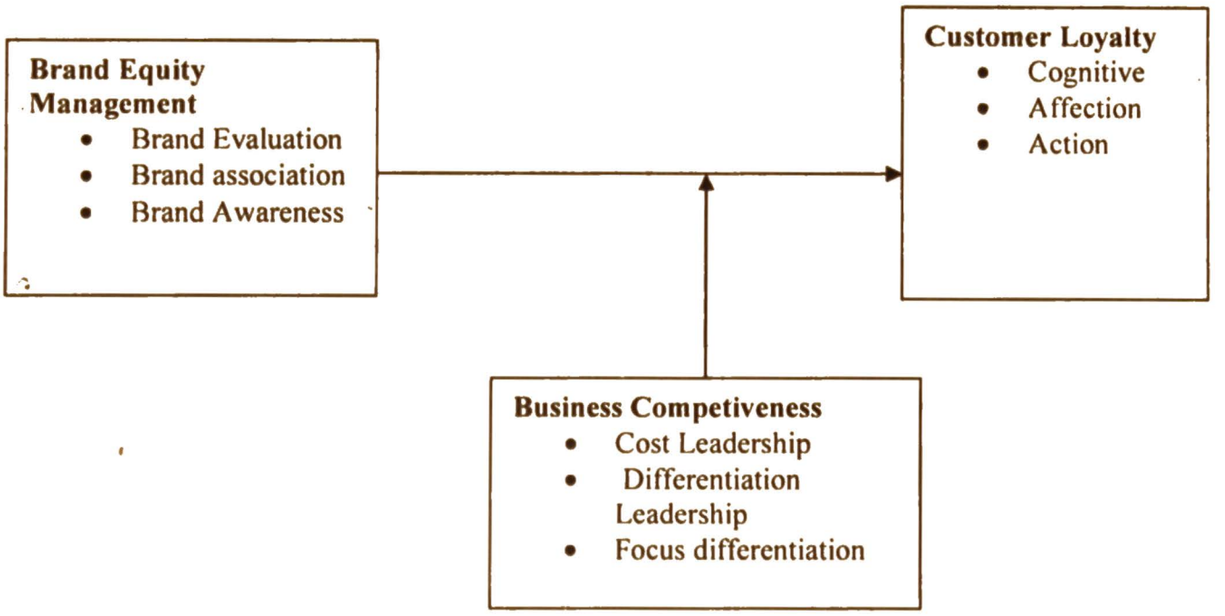
1.8.1 Model Explanation of the Conceptual framework

Brand Equity Management is the Dependent variable in the Conceptual Framework. The ability of a company to consistently manage Brand Equity high will always lead to customer loyalty in a product. The major components of Brand equity are Brand Evaluation, Brand association and Brand image

Business Competitiveness. When a company maintains its business competitiveness, it gives a value the customers would wish to continue consuming leading to customer loyalty. In the above conceptual frame work, business competitiveness is the moderating variable comprising of cost leadership, differentiation leadership and focus differentiation strategies. Customer loyalty. It is the ability of the customers to identify and differentiate a product from other competing products and consistently continue to consume. Customer Loyalty is conceptualized to represent the dependent variable measured by cognitive, affective and action loyalty.

1.8 Conceptual framework

Figure 1 Conceptual Framework



Adapted with modification from Keller (2020)

1.8.1 Model Explanation of the Conceptual framework

Brand Equity Management is the Dependent variable in the Conceptual Framework. The ability of a company to consistently manage Brand Equity high will always lead to customer loyalty in a product. The major components of Brand equity are Brand Evaluation, Brand association and Brand image

Business Competitiveness. When a company maintains its business competitiveness, it gives a value the customers would wish to continue consuming leading to customer loyalty. In the above conceptual frame work, business competitiveness is the moderating variable comprising of cost leadership, differentiation leadership and focus differentiation strategies. Customer loyalty. It is the ability of the customers to identify and differentiate a product from other competing products and consistently continue to consume. Customer Loyalty is conceptualized to represent the dependent variable measured by cognitive, affective and action loyalty.

1.9 Operational Definitions

1.9.1 Brand Equity Management

Brand equity management refers to the strategic process of maintaining and enhancing the perceived value, awareness, and loyalty of a brand among consumers. It involves creating and sustaining brand differentiation through marketing efforts, customer experience, and consistent brand messaging. It encompasses brand awareness; association and evaluation (Keller, 2016).

1.9.2 Business Competitiveness

Business competitiveness is the ability of a company to maintain and improve its position in the marketplace by delivering superior products, services, and customer value in comparison to its competitors. It encompasses coat leadership, differentiation and focus leadership (Porter, 1998).

1.9.3 Customer Loyalty

Customer loyalty is defined as a consumer's consistent preference for a specific brand, product, or service, demonstrated through repeated purchases and favorable word-of-mouth recommendations. It is characterized by both emotional attachment and behavioral commitment, driven by customer satisfaction, trust, and perceived value (Oliver, 2019).

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter reviews the relevant literature in the area of study of Brand Equity Management, Business Competitiveness and Customer Loyalty in Hotel service sector. Different literatures were reviewed from journal articles and published reports.

2.1. Theoretical Review

This study is grounded in Schmitt's (1999) experiential branding model and Hultén's (2011) multi-sensory brand experience model. The following section provides an overview of the theoretical terms underlying this study.

2.1.1 Experiential branding model

The first model that grounds this study is Schmitt's (1999) experiential branding model. This comprises a five- dimensional framework for experiential branding, which covers sensory experience, affective experience, intellectual experience, behavioral experience and social experience. According to Schmitt (1999), these dimensions are evoked by various stimuli, including the brand's design, packaging, environment and communications. Firstly, the sensory experience refers to the visual, auditory, tactile, atmospheric and gastronomic experiences that a customer has when they interact with the marketing environment. The affective dimension is the emotions, which are evoked when immersed in the environment. Further, the intellectual (or cognitive) aspect of the experiential branding model refers to the customer's reasoning about the marketing environment with which they engage (Schmitt 1999). An environment that provides a strong cognitive experience is able to effectively communicate messages to the client about different positive elements in relation to visiting and making purchases in the store (Brakus, Schmitt & Zarantonello 2014). The fourth experience that the model comprises is the dimension of behaviour.

The social experience concerns the nature and quality of relationships formed in the store environment, both between customers and employees, and among the different customers in the store. The basis of this model correlates with this study's conceptual model in the following ways: both are grounded in the concept of sensory branding and the way in which the services scape

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(store design and layout, interaction with other customers, the service process and customer service) influences consumers' affective and cognitive behavior.

2.1.2 Multi-sensory brand experience model

Hultén (2011) developed a multi-sensory brand experience model based on the argument that stores should make use of diverse sensorial strategies in order to differentiate its brand and connect with its target markets. According to Hultén (2011), the five senses (smell, sound, sight, taste and touch) play important roles in customer experience when visiting a store. The importance of each of the senses may differ, depending on the product or service that a store is selling (Hultén 2011; Hulten, Broweus & Van Dijk 2009). For example, a bakery may focus on the smell of bread, which is a strong tangible means to compel visitors to enter the store. Likewise, a coffee brewery will benefit from the attraction of the smell of coffee, whereas a clothing store might consider a fragrance or an earthy smell. Further, the importance of sound in terms of type of music, as well as the volume, will differ according to the kind of product being sold and the relevant target market. However, by utilising sensory branding, retailers can gain tremendously in terms of sales and profits. The application of this model to this study is as follows: in a similar way to the aforementioned model, the majority of these sensations are incorporated into the 'store environment' construct (atmospherics, visual and auditory sensations), while the gastronomic sensation (taste) is less relevant to fashion and has therefore been omitted

2.2. Brand equity Management and customer loyalty

In marketing, brand equity is the level of sway a brand name has in the minds of consumers, and the value of having a brand that is identifiable and well thought of. Organizations establish brand equity by creating positive experiences that entice consumers to continue purchasing from them over competitors who make similar products. This is done by generating awareness through campaigns that speak to target-consumer values, delivering on promises and qualifications when consumers use the product, and loyalty and retention efforts (Keller, 2020).

The role played by hotels in enhancing growth in market-driven economies has emerged as a consistent theme in recent literature on economic performance (Akoorie, 1998). The majority of studies done on hotels have not agreed on a universally acceptable definitions and criteria for

classifying hotels. ULS, 2022 defines "hotel" to mean a house intended for the accommodation of travelers or visitors for payment and also In Uganda the definition hotel is an establishment that provides paid lodging on a short-term basis. Hotel rooms are usually numbered (or named in some smaller hotels and B&Bs) to allow guests to identify their room. Some boutique, high-end hotels have custom decorated rooms. Some hotels offer meals as part of a room and board arrangement. According to this definition, the hotel industry is the section of the service industry that deals with guest accommodation or lodgings. By most definitions, the hotel industry refers not only to hotels, but also to many other forms of overnight accommodation, including hostels, motels, inns and guest houses.

Hotels have played a significant role in economic development, especially, in developing countries (Halabi et al. 2010). They play a critical role in terms of job creation, poverty reduction, and income generation (Agyei-Mensah, 2011; Nichter and Goldmark, 2009). They constitute the enterprises worldwide and account for a lot of employment (UBOS, 2011). In Uganda, they contribute to the national GDP and labour force income (Ernest & Young, 2011).

2.2.1 Brand Evaluation

Brand evaluation plays a critical role in brand equity management, as it involves assessing and measuring the strength, value, and performance of a brand. Brand Equity and its Components (Keller, 2013). Brand equity refers to the value, strength, and intangible assets associated with a brand. It encompasses various dimensions, including brand awareness, brand associations, perceived quality, brand loyalty, and brand assets. Brand evaluation serves as a means to understand and measure these components of brand equity (Aaker, 2011; Keller, 2013; Yoo and Donthu, 2016).

Researchers have developed frameworks and models to evaluate brand equity and its components. These frameworks, such as the customer-based brand equity (CBBE) model, provide a structured approach to assess brand awareness, brand associations, perceived quality, and brand loyalty. These evaluations help identify brand strengths, weaknesses, and opportunities for improvement (Keller, 2008; Aaker, 2010). Various quantitative and qualitative research methods are employed to evaluate brand equity components. These include surveys, interviews, focus groups, experiments, and content analysis. These methods allow for the

measurement of brand perception, attitudes, beliefs, emotions, and customer experiences, contributing to a comprehensive understanding of brand equity (de Chernatony et al., 2010; Brexendorf and Schmitt, 2018).

Brand evaluation involves the use of customer-based metrics to assess brand equity. These metrics include customer satisfaction, customer loyalty, brand preference, brand advocacy, and customer lifetime value. Measuring these indicators helps evaluate the effectiveness of brand management strategies and their impact on customer perceptions and behaviors (Keller, 2008; Kotler and Keller, 2012; Chaudhuri and Holbrook, 2014). Brand evaluation also extends to financial metrics, which help assess the monetary value of a brand. Financial measurements, such as brand valuation, brand contribution to overall business value, and brand-related financial performance, provide insights into the financial impact and return on investment of brand equity management efforts (Interbrand, 2019; Kapferer, 2012; Ambler et al., 2002).

Brand evaluation serves as a vital component of brand equity management by providing insights into the effectiveness of branding strategies, customer perceptions, and the overall health of the brand. It enables brand managers to make informed decisions regarding brand positioning, communication, and innovation, ultimately influencing brand equity and long-term brand success (Aaker, 1996; Keller, 2008; Yoo and Donthu, 2001). Brand evaluation plays a crucial role in brand equity management, as it provides a systematic approach to assess and measure the components of brand equity. Evaluating brand awareness, associations, perceived quality, loyalty, and financial value helps brand managers make data-driven decisions to enhance brand equity and maintain a competitive advantage.

2.2.2 Brand Association

Brand association is an important component of brand equity management, as it represents the mental connections and meanings that consumers form about a brand (Keller, 2013). Research has identified various types of brand associations, including attribute associations, functional associations, emotional associations, symbolic associations, and experiential associations. These associations contribute to shaping consumers' perceptions, attitudes, and behaviors towards a brand (Keller, 2013; Aaker, 2016; Park et al., 2016).

Brand associations are formed through a combination of marketing efforts and consumer experiences. Marketing communications, such as advertising, brand messaging, and brand positioning, play a crucial role in shaping brand associations. Additionally, consumer interactions with the brand, including product usage, customer service, and word-of-mouth, contribute to the formation of brand associations (Keller, 2008; De Chernatony et al., 2010).

Brand associations play a pivotal role in brand equity management. They help consumers differentiate one brand from another, guide their decision-making process, and establish a unique brand identity. Strong and favorable brand associations can lead to increased brand loyalty, positive brand perceptions, and willingness to pay a premium price. They also contribute to building a strong brand image and competitive advantage (Aaker, 2016; Keller, 2013; Yoo and Donthu, 2017).

Researchers have developed various methodologies to measure brand associations. These include qualitative techniques, such as interviews and focus groups, and quantitative approaches, such as surveys and experiments. These methods help identify and evaluate the specific associations that consumers hold towards a brand, providing insights for brand equity management (de Chernatony et al., 2010; Brexendorf and Schmitt, 2018). Further, Brand managers play a crucial role in managing brand associations effectively. They need to align brand communications, including advertising, packaging, and brand messaging, to reinforce desired brand associations and differentiate the brand from competitors. Consistency in delivering brand promises and creating positive consumer experiences are also essential in managing brand associations (Keller, 2008; Kotler and Keller, 2012).

Brand association is a vital component of brand equity management, as it shapes consumers' perceptions, attitudes, and behaviors towards a brand. Understanding and effectively managing brand associations contribute to the creation of a strong brand identity, differentiation from competitors, and the establishment of long-term brand equity.

2.2.3 Brand awareness

A brand consists of a name, term, sign, or symbol, or a combination of them, that attempts to represent the unique benefits a company can provide to consumers through a particular product or service, in terms of attributes, value, and culture (Kotler, 2012). As pointed out by

Keller (2013), the important role played by consumers is to identify products from those of competitors. Indeed, consumers are facing an increasingly varied range of products on the market, while they know more about their products than consumers. This is the uncertainty in consumers' minds when they make a purchase. In such cases, brands can serve as symbols for product positioning (Erdem & Swait, 2004; Themba, OS et al., 2019). Managers of global brands must evaluate the performance of their marketing strategies in different markets. This is an important step, because the systematic monitoring and follow-up of brand performance separates high-performing brands from their low performance counterparts (Romaniuk, 2017). Brand awareness can help link brands with associations expected by companies, create consumer familiarity with brands, and show commitment to their customers. The level of brand awareness ranges from the level of recognize the brand that consumers can get to know a brand, to the extent that the brand becomes dominant brand recalled, the brand is the only one that is remembered and becomes the identity of the product category. High brand awareness can cause consumers to have confidence in the interest in repurchasing made. This can reduce the perceived risk level of the brand to be purchased (Mohseni et al., 2018).

Brand awareness also act- as a critical factor in the consumer purchase intention, and will accumulate in consumers' mind to consumer purchase decision influence. A product with a high level of brand awareness will receive higher consumer preferences because it has higher market share and quality evaluation (Dodds et al., 2011). Brand awareness plays an important role in consumer buying interest because consumers tend to make purchases on better-known products (Mac Donald & Sharp, 2010). Brand awareness can help consumers to know the brand of the product and make purchasing decisions (Percy, 2013).

The importance of brand awareness in consumer decision making has three main reasons, first, so that consumers think of a brand when making purchasing decisions in the brand product category. Increasing brand awareness increases the likelihood that a brand will be part of a set of considerations, representing a basket of brands, which are considered when making a decision purchase. Second, brand awareness can influence brand decisions in a set of considerations, even if there are basically no other associations with the brand. In situations of low involvement, it has been shown that just basic brand awareness may be enough to

influence brand choice. Third, brand awareness influences the formation and strength of brand associations that shape brand image (Keller, 2013).

Consumers tend to choose brands with high familiar brand awareness when making decisions. Brand awareness is a tool that simplifies purchase decisions. They infer the quality of a product based on its brand awareness and have a more intention-to-purchase familiar brand than their unfamiliar brands(Ho, CH et al., 2015). Other scholars' views explain that a brand with high awareness and good image can promote brand loyalty to consumers, and the higher brand awareness, the higher brand trust and purchase intention are to consumers (Aaker, 2017).

2.3 Business Competitiveness and customer loyalty

Business competitiveness refers to the ability of a company or organization to outperform its competitors in the marketplace. It is the relative advantage that a business possesses, allowing it to attract customers, generate profits, and achieve sustainable growth in the face of competition. (Kotler, 2014). Business competitiveness is influenced by various factors, including the company's strategy, resources, capabilities, innovation, market positioning, efficiency, and adaptability to changing market conditions. It is a dynamic concept that requires continuous assessment, improvement, and adaptation to maintain or enhance a company's position in the marketplace. The ultimate goal of business competitiveness is to create and sustain a unique value proposition that sets the company apart from its rivals and enables it to achieve superior performance and long-term success.

2.3.1 Cost Leadership

Cost leadership is a widely recognized competitive strategy that focuses on achieving and maintaining a competitive advantage by offering products or services at lower costs compared to competitors (Kotler, 2014). The concept of cost leadership involves minimizing costs throughout the value chain, including production, operations, and distribution. It requires implementing various cost reduction measures, such as efficient supply chain management, economies of scale, process optimization, technological advancements, outsourcing, and lean manufacturing (Robin, 2016).

Numerous studies have explored the sources of cost advantage in cost leadership strategy. Research has highlighted economies of scale, efficient procurement and sourcing, streamlined operations, effective inventory management, advanced technology utilization, and skilled workforce as critical factors contributing to cost leadership (Porter, 1980; Barney, 2013; Hitt et al., 2017). Cost leadership can provide firms with a sustainable competitive advantage. By offering products or services at lower prices, cost leaders can attract price-sensitive customers, gain market share, and deter new entrants. The ability to maintain low costs over time helps firms to defend their market position and potentially achieve higher profitability (Prajogo and Sohal, 2016).

Implementing a cost leadership strategy comes with challenges and limitations. Firms may face the risk of commoditization, where their products or services are perceived as indistinguishable from competitors. Quality concerns can arise if cost reduction efforts compromise product quality. Additionally, sustaining cost leadership requires continuous cost reduction efforts, adapting to changing market conditions, and effectively managing potential price wars (Prajogo and Sohal, 2016).

Research has examined the applicability of cost leadership across various industries. While cost leadership is more commonly associated with industries characterized by price-sensitive customers and intense competition, its effectiveness may vary based on factors such as industry structure, technological advancements, market demand, and customer preferences (Spanos and Lioukas, 2011; Chen and Huang, 2019). Empirical studies have investigated the relationship between cost leadership and firm performance. Findings suggest that firms pursuing cost leadership strategies tend to achieve higher profitability, market share, and financial performance compared to competitors. However, the extent of this relationship may vary across industries and market conditions (Prajogo and Sohal, 2016; Ameer et al., 2018; Qazi et al., 2019).Cost leadership is a competitive strategy that aims to achieve a sustainable competitive advantage by offering products or services at lower costs than competitors. Understanding the dynamics of cost leadership can assist firms in making strategic decisions and effectively competing in their respective industries.

2.3.2 Differentiation Leadership

Differentiation leadership is a competitive strategy that focuses on creating and delivering unique and valued products or services to customers. Differentiation leadership involves developing unique attributes, features, or qualities in products or services that set a firm apart from competitors. It requires understanding customer preferences, leveraging innovation, design, branding, customer service, and customization to create a distinct value proposition (Porter, 2015).

Numerous studies have explored the sources of differentiation advantage in differentiation leadership strategy. Research highlights product innovation, superior design, superior quality, customer service excellence, strong brand image, customization, unique distribution channels, and advanced technology as critical factors contributing to differentiation (Porter, 2015; Barney, 2017; Prajogo and Sohal, 2016). Differentiation leadership can provide firms with a sustainable competitive advantage. By offering unique and valued products or services, differentiated firms can attract customers who are willing to pay a premium price, develop customer loyalty, and differentiate themselves from competitors. The ability to sustain differentiation over time helps firms defend their market position and potentially achieve higher profitability (Porter, 2015; Barney, 2017; Prajogo and Sohal, 2016).

However, implementing a differentiation leadership strategy comes with challenges and limitations. Firms may face the risk of imitation if competitors successfully replicate the differentiated features. Maintaining differentiation requires continuous investment in research and development, innovation, and maintaining a strong brand image. Additionally, firms need to align their operations, supply chain, and customer service to deliver the promised differentiated value (Prajogo and Sohal, 2016).

Differentiation Leadership and Firm Performance: Empirical studies have investigated the relationship between differentiation leadership and firm performance. Findings suggest that firms pursuing differentiation strategies tend to achieve higher profitability, market share, customer loyalty, and financial performance compared to competitors. However, the extent of this relationship may vary across industries and market conditions (Prajogo and Sohal, 2016; Ameer et al., 2018; Qazi et al., 2019). Differentiation leadership is a competitive strategy that aims to achieve a sustainable competitive advantage by offering unique and valued products or services.

Understanding the dynamics of differentiation leadership can assist firms in making strategic decisions and effectively competing in their respective industries.

2.3.3 Focus Differentiation

Kotler and Keller (2016) define focus differentiation as a marketing strategy where a company aims to serve a specific target market segment with unique offerings that set it apart from competitors. Barney and Hesterly (2015) further define focus differentiation as a strategy that involves serving a narrow market segment by offering unique products, services, or experiences that differentiate the firm from its competitors.

Nadiri and Tanova (2010) examined the relationship between innovation, market orientation, and performance in the context of small and medium-sized enterprises (SMEs). They highlight focus differentiation as a mechanism through which innovation contributes to improved business competitiveness. Ahn and Han (2015) investigated the impact of online and offline features on the user acceptance of internet shopping malls. They emphasize the role of focus differentiation in creating unique online shopping experiences that contribute to increased customer satisfaction and competitive advantage. Therefore, focus differentiation is of great significance as far as business competitiveness in concerned across different forms of businesses.

Furthermore, studies conducted on the antecedents and consequences of market orientation in the context of global markets highlights focus differentiation as a crucial component of market orientation that contributes to improved business competitiveness in diverse market environments (Kumar and Rajan, 2009). Additionally, a study on the relationship between competitive strategy, firm performance, and performance measurement highlight the significance of focus differentiation as a strategy that can enhance performance through the creation of unique value propositions (2019). These demonstrate the critical role of focus differentiation in enhancing business competitiveness and above all, business performance.

2.4 Customer Loyalty

Customer loyalty can be defined as the consistent and repeated patronage, preference, and commitment of customers towards a particular brand, product, or service. It represents customers' willingness to continue purchasing from a specific company, often driven by their positive experiences, emotional attachment, and satisfaction with the brand.

Customer loyalty is the result of a customer's favorable attitude toward a company, resulting in repurchasing behavior or other positive actions such as word-of-mouth advocacy (Reichheld and Schefter, 2010). Literature on customer loyalty were reviewed in terms cognitive, affective and action loyalty.

2.4.1 Cognitive Loyalty

Customer loyalty is a vital goal for businesses seeking to establish long-term relationships with their customers. Within the realm of customer loyalty, cognitive loyalty represents the cognitive and psychological aspects of loyalty, including customers' attitudes, beliefs, and perceptions towards a brand or company (Robbins, 2014). Cognitive loyalty refers to the mental and cognitive processes involved in customer loyalty. It encompasses customers' attitudes, beliefs, and perceptions towards a brand, such as their trust, satisfaction, perceived value, and brand image. These cognitive factors play a crucial role in shaping customers' behavioral intentions and actual purchase behaviors, thus influencing overall customer loyalty (Oliver, 2019; Yoon et al., 2020; Dick and Basu, 2021).

Numerous cognitive factors have been identified as key determinants of customer loyalty. These include: Firstly Customers' trust in a brand or company represents their confidence and belief in the reliability, competence, and integrity of the organization. Trust is closely linked to customer loyalty, as it fosters positive attitudes and a willingness to continue engaging with the brand (Moorman et al., 2012; Gefen et al., 2013).Secondly Customer satisfaction reflects customers' perceptions of the extent to which a brand or company meets or exceeds their expectations. Satisfied customers are more likely to exhibit cognitive loyalty by developing positive attitudes and intentions to repurchase or recommend the brand (Anderson and Sullivan, 2013; Thirdly Perceived value which refers to customers' assessment of the benefits received relative to the costs incurred in a transaction or relationship with a brand. When customers perceive that they are receiving a high value for their investment, it positively influences cognitive loyalty (Sweeney and Soutar, 2011).

Researchers have developed various methodologies to measure cognitive loyalty and its components. These include surveys, interviews, focus groups, and scales specifically designed to assess trust, satisfaction, perceived value, and brand image. These measurement approaches

capture customers' cognitive states, attitudes, and perceptions, providing insights into their level of cognitive loyalty (Reichheld and Sasser, 2010; Fornell et al., 2016; Yoo and Donthu, 2018).

Cognitive loyalty is closely linked to behavioral loyalty, which represents customers' actual purchase behaviors and repeat patronage. Cognitive loyalty acts as a mediator between cognitive factors and behavioral outcomes. Positive cognitive loyalty leads to a higher likelihood of repurchase, brand advocacy, and customer retention, thereby driving overall customer loyalty (Dick and Basu, 2015). To enhance cognitive loyalty, businesses need to focus on building and maintaining positive cognitive factors. This can be achieved through effective customer relationship management, delivering superior product or service quality, communicating brand values and benefits, addressing customer concerns, and fostering a strong brand-customer relationship (Yoo and Donthu, 2011).

2.4.2 Affective Loyalty

Understanding the underlying components of customer loyalty is essential for long-term business success. Affective loyalty represents the emotional and affective aspects of customer loyalty, encompassing customers' emotional attachment, satisfaction, and positive feelings towards a brand or company (Fournier, 2018). Affective loyalty refers to the emotional connection and positive affect that customers have towards a brand or company. It encompasses customers' emotional attachment, satisfaction, brand love, and positive feelings associated with the brand. Affective loyalty plays a crucial role in shaping customers' loyalty intentions and behaviors (Fournier, 2018; Oliver, 2019; Oliver et al., 2019).

Emotional attachment represents customers' deep emotional connection and affinity towards a brand. It involves feelings of trust, warmth, and identification with the brand. Emotional attachment fosters affective loyalty by creating positive emotions and a sense of belongingness with the brand (Thomson et al., 2015; Escalas and Bettman, 2015). Customer satisfaction plays a significant role in affective loyalty. When customers are satisfied with their interactions and experiences with a brand, they develop positive emotions and an affective bond. Satisfied customers are more likely to exhibit affective loyalty and engage in repeat purchase and positive word-of-mouth (Oliver, 2017).

Affective loyalty involves brand love which represents customers' intense, passionate, and emotional attachment to a brand. It involves deep affection, strong positive emotions, and a sense of personal connection with the brand. Brand love contributes to affective loyalty by generating strong emotional bonds and fostering long-term relationships with customers (Carroll and Ahuvia, 2006; Batra et al., 2012). Positive feelings associated with a brand, such as joy, happiness, and excitement, are key components of affective loyalty. Brands that evoke positive emotions create memorable experiences and generate positive affective responses. These positive feelings contribute to affective loyalty and customers' willingness to engage with the brand (Holbrook and Batra, 2017). To enhance affective loyalty, organizations should focus on building emotional connections and fostering positive affective experiences. This can be achieved through personalized interactions, emotional branding strategies, delivering exceptional customer experiences, and building a brand identity that resonates with customers' emotions (Escalas, 2014; Thomson et al., 2015).

2.4.3 Action Loyalty

Customer loyalty is an important objective for businesses aiming to establish long-term relationships with their customers. Action loyalty represents the behavioral aspects of customer loyalty, encompassing customers' repeat purchase behaviors, positive word-of-mouth, and engagement with a brand or company. This literature review provides an overview of research findings, key concepts, and methodologies related to action loyalty as a component of customer loyalty (Oliver, 2019). Action loyalty refers to the observable behaviors exhibited by loyal customers, including repeat purchase, brand advocacy, and engagement. It represents the tangible actions that customers take to demonstrate their loyalty to a brand or company. Action loyalty is an essential component of overall customer loyalty and plays a significant role in driving business success (Jacoby and Chestnut, 2008; Oliver, 2019).

Repeat purchase behavior is a key indicator of action loyalty. It represents customers' tendency to make repeated purchases from a particular brand or company over time. Customers who consistently choose to repurchase demonstrate their loyalty and satisfaction with the brand's products or services (Jacoby and Chestnut, 2008; Fornell, 2012). Positive word-of-mouth refers to customers' voluntary communication of positive experiences, recommendations, and endorsements of a brand or company to others. Customers who engage in positive word-of-

mouth behaviors contribute to action loyalty by actively promoting the brand and influencing others' purchasing decisions (Herr et al., 2011; Chevalier and Mayzlin, 2016).

Customer engagement represents customers' active involvement and interaction with a brand or company. It includes behaviors such as participating in loyalty programs, following the brand on social media, providing feedback, and interacting with the brand's content. Engaged customers exhibit action loyalty by actively connecting with the brand and demonstrating their commitment (Bowden, 2009; Vivek et al., 2012). Customer satisfaction plays a critical role in driving action loyalty. Satisfied customers are more likely to exhibit repeat purchase behaviors, engage in positive word-of-mouth, and actively participate with the brand. Satisfaction acts as a foundation for action loyalty by fostering positive attitudes and behaviors towards the brand (Oliver, 2017).

2.5 Summary of Gaps

In a study focusing on brand equity management, business competitiveness, and customer loyalty in the hotel industry, a number of literatures exist in this field of study. While studies have examined these topics independently, there is limited research on how effectively managing brand equity can enhance a hotel's competitive advantage and overall business customer loyalty.

Furthermore, literature on the role of Business competitiveness as a Mediator is limited. Although business competitiveness has been studied in a number of contexts, few studies have examined the variable (business competitiveness) as a mediator variable, making literature on this subject scarce.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology and instruments that were used in conducting the study. It covers the research design, study population, sample size, data sources, data collection instruments, measurement of variables, data validity and reliability, data analysis, the limitations that were likely to be faced during the study, and the ethical issues considered in the research.

3.1 Research Design

The purpose of this research was to investigate the impact of brand equity management on customer loyalty within the hotel industry. The study employed a comprehensive research design that combines both descriptive and causal research design. Descriptive design was used in order to describe the current state of brand equity management practices in selected hotels; and to provide an overview of customer perceptions and attitudes towards hotel brands. Causal research design was selected in order to determine the causal relationship between brand equity management and customer loyalty; and to identify key brand equity elements that significantly influence customer loyalty.

The study adopted only quantitative approach since its focus was to describe quantitatively the association that exists between brand equity management and customer loyalty and besides, it was intended to determine the interaction effect of brand equity management and business competitiveness that could effectively be ascertained quantitatively. The research adopted a cross-sectional timeframe. The choice of cross-sectional timeframe was to allow for a snapshot analysis of brand equity management practices and their immediate impact on customer loyalty within the selected hotels. The cross-sectional approach also ensured that data was collected at a specific point in time, providing a current and relevant understanding of the research variables.

Furthermore, the study utilized a survey strategy to gather data from participants within a specific period. The Use of structured survey was to collect quantitative data on brand perceptions and loyalty levels, allowing for statistical analysis to establish causal relationships.

3.2 Study Population

A population is the entire group or number of items that a researcher uses in order to draw conclusions about a study. The study population comprised of the managers, supervisors and customers of hotels offering food/drinks and accommodation in Gulu City. For the case of this study, the researcher considered the 160 registered Hotels that operate within Gulu City from where managers, supervisors and customers were selected.

3.3 Sample Size

A sample size is the selection of a subset of the population of interest in a research study. The sample size for managers was selected based on Krejcie and Morgan (1970) whereby, from the total of 160 registered hotels representing 160 managers, 113 managers were selected, one from each sampled hotel. The sample size for customers in this study was selected based on Aguila and Ramirez (2013). In the study, the sample size was determined using a formula developed by Aguila and Ramirez (2013) for determining infinite population.

$$n = \frac{t^2 * P * q}{e^2}$$

Where, t= 1.96 (desired confidence level is 95% and value obtained from

p= 0.5 (percentage or presence of sample characteristic where prior values are not available).

q= 0.5 (1-0.5 since q = 1-p)

e = 5% margin of error i.e. 0.05 precision rate or acceptable error)

$n = (1.96)^2. (0.5). (0.5)$

$(0.05)^2$

n = 0.9604

0.0025

n = 385

Therefore, from the sample size of 385 customers, at least 3 customers were selected from each of the hotels sampled in Gulu City.

3.5 Sampling Techniques

The sampling of the respondents was carried out using stratified and purposive sampling. Hotels were stratified into divisions of the City so that hotels were selected from all the two divisions of Gulu City. Respondents such as managers and customers of hotels considered to have key information were sampled using purposive sampling.

The use of Purposive sampling was justified on grounds that specific individuals or groups possess unique insights into the phenomenon under study. In this research, hotel managers are key stakeholders whose expertise in brand equity management is essential. This method ensured that individuals with in-depth knowledge of the industry and its intricacies are included, providing rich and relevant data for a comprehensive analysis of brand equity practices.

Furthermore, the use of Stratified sampling was appropriate because the population could be divided into distinct strata. In the hotel industry, different hotels in the two divisions of Gulu City may have varying brand equity management practices. This ensured proper distribution and representation of different hotels in the study sample.

3.6 Data Sources

Both primary and secondary data were used in this study. Primary data on brand equity management, business competitiveness and customer loyalty was obtained through direct contact with the respondents. Relevant documents such as Hotels centers reports and other published reports and literatures on hotels constituted the secondary data were considered in this study.

3.6.1 Primary data

Primary data was generated from the field by direct contact with the respondents. Information was obtained through the use of self-administered questionnaires to respondents. Primary data was used because it is essential to capture unique and specific information about brand equity management practices in the hotel industry. This was crucial for understanding the strategies employed by individual hotels. Besides, it allowed for gathering of real-time and firsthand data, providing insights into current practices and perceptions of brand equity and customer loyalty.

3.6.2 Secondary data

Secondary data were obtained through the already existing information on Hotels in Gulu City. Literatures (data) from company records, journals and financial reports utilized for this purpose.

These data were used since they were published by reputable institutions, from journals, the internet and other publications.

The use of Secondary data was justified since it provided a historical context and allowed for the examination of trends in brand equity management within the hotel industry over time. This historical perspective was valuable for understanding how practices have evolved.

3.7 Data Collection methods

The researcher adopted the Questionnaire method to collect data so as to gather quantitative data form a large number of respondents.

3.7.1 Questionnaire Method

A questionnaire is a commonly used data collection method in research that involves asking respondents a series of structured questions. It is a systematic and standardized approach to gather information from individuals or groups of participants. In this study, structured questionnaire were used in consisting of a set of predetermined questions, Likert scale and closed ended-ended response options. The questionnaires were standardized to ensure consistency in data collection across respondents and to allow for easy comparison and analysis of responses.

Questionnaire method was adopted because it is an efficient way to collect data from a large number of participants simultaneously; in addition, questionnaires facilitated quantitative analysis, enabling the researcher to quantify responses and derive statistical insights.

The researcher articulated clear and concise research questions that align with the study's objectives. Each question in the questionnaire served a specific purpose. Appropriate question types, such as closed, Likert scales for quantitative data were used and the questionnaires were administered on paper by the researcher.

3.8 Data Collection Instruments

The data collection instruments used in this study included questionnaires.

3.8.1 Questionnaires

Questionnaires was designed and constituted closed-ended questions. Close-ended questions were provided since they are simple to administer and analyze. Questionnaires were structured with four sections: Section A was demographic profile, section B constituted brand equity

management, section C covered business competitiveness and section D covered customer loyalty. The questionnaire was structured on a Five-point likert scale. Questionnaires were administered by researchers and research assistants to the managers of selected hotels and customers of those hotels.

3.9 Data quality control

3.9.1 Reliability

The reliability of the questionnaires were improved through pretesting of pilot samples which was done through giving the questionnaires for pre-testing respondents to read, fill and tick the appropriate areas. This enabled the re-phrasing of some questions. Furthermore, reliability of the scales were done with the application of the Cronbach's Alpha Coefficient for the computations so as to check for the internal consistency of the scales, Cronbach's alpha were used to determine the reliability of data. Polit and Cheryl (2006) noted that Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2003) provide the following rules of thumb: "> 0.9 – Excellent, > 0.8 – Good, > 0.7 – Acceptable, > 0.6 – Questionable, > 0.5 – Poor, and < 0.5 – Unacceptable".

Table 1: Reliability Statistics

Variables	Number of items	Cronbach's Alpha
Brand Equity Management	15	.944
Business Competitiveness	15	.935
Customer Loyalty	15	.863

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Reliability test was conducted using the measure of cronbach's alpha coefficient and all the values measured above 0.7 with the lowest value being 0.863 for customer loyalty. This therefore indicates that the data is reliable as illustrated in the table above.

3.9.2 Validity

Validity refers to the extent to which a test measures what the researcher actually is interested to measure. Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Therefore, the research instruments were presented to the research experts from Gulu University to give their assessment of the items in the instruments from where content validity index (CVI) was computed using the formula below:

$$CVI = \frac{\text{Number of items considered relevant}}{\text{Total number of items in the instrument}}$$

The researcher then determined the validity using content validity index. According to Amin, (2005), the instrument with CVI of 0.7 and above would be acceptable and considered a valid instrument. The result of CVI was above 0.7

3.10 Data Analysis

Data from the field were compiled, sorted, edited and coded to have the required quality, accuracy and completeness. The Statistical Package for Social Sciences (SPSS) version 25.0 was used for analysis of data collected. Descriptive statistics was used to present the results in terms of mean, standard deviation, frequency and percentages. Inferential statistics were employed to

analyze the relationship and effect that exist between or among the study variables by using correlation and regression analysis respectively.

3.11 Study limitations and Delimitations

The study was associated with a number of limitations and delimitations. Mitigation of the limitations was done to an extent that they did not adversely affect the conduction of the research study or its outcome.

Some respondents were unwilling to reveal the required responses to the researcher since they feared that the researcher was spying on them on behalf of the competitors. This was delimited by informing the respondents that information is purely for research findings and the information revealed by them would kept confidential.

In some instances, the attitude of some respondents towards researcher was poor as they think that the researcher would spy. This was delimited by presenting an introductory letter from Gulu University introducing the researcher.

3.12 Ethical considerations

The study of brand equity management, business competitiveness and customer loyalty adhered to ethical considerations to ensure the rights and well-being of participants is protected as below:

The researcher safeguarded the confidentiality and anonymity of participants by ensuring that their personal information and responses were kept confidential and could not be linked back to individual participants. In this case, the names of respondents did not appear in any research instrument being used by the researcher.

The researcher obtained informed consent from all participants involved in the study. The researcher further provided clear and understandable information about the study's purpose, procedures, potential risks and benefits, and participants' rights to voluntary participation, confidentiality, and withdrawal from the study at any time.

The researcher sought the necessary approvals and permissions from relevant authorities before conducting the study. In this case, researcher obtained an introductory letter from faculty of business and development studies, Gulu University that was presented to the management of hotels to get permission to access respondents and necessary information.

Researcher also undertook transparent Reporting. Clear and accurate information about the research methods, findings, and limitations were provided when reporting the study. In this case, the researcher avoided misrepresentation or selective reporting of results.

Researcher also observed Covid 19 protocol by maintaining the required social distance, use of face mask and hand sanitizer during the process of interacting and engagement with the respondents.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents the analysis of the data and the resulting interpretation in line with the objectives of the study. The section starts with the demographic analysis, followed by the descriptive analysis of brand equity management, business competitiveness and customer loyalty. The analysis of the association between study variables and the effect of brand equity management on customer loyalty is also contained in this chapter as presented.

4.1 Background information

Table 3.1 below presents the background information of the respondents. Concerning the hotel location, this data shows that most of the hotels selected (57.6%) are located in Gulu West division, on the other hand, 42.4% of the hotels are located in Gulu east city division. In terms of gender, the majority of respondents were male (55.9%), while 44.1% were female. The largest age group among the respondents fall within the 26-33 age range (49.5%) while the smallest age group falls within 42-49 age groups represented by 2% of the respondents. In terms of period of existence of the hotels, (56.0%) has been in existence for 1-5 years. A smaller proportion (24.0%) of the hotels has been in existence for more than 10 years. The majority of respondents (63.2%) reported visiting the hotel for less than 1 year, while 10.6% indicated they had been visiting for more than 10 years. The 6-10 years category had the lowest percentage of respondents at 1.0%.

Table 2: Background information

Variable	Category	Frequency	Percentage
Hotel location	Gulu East	231	57.6
	Gulu West	169	42.4
	Total	400	100
Sex of the respondents	Male	223	55.9
	Female	177	44.1
	Total	400	100
Age of respondents	18-25	71	17.8
	26-33	198	49.5
	34-41	123	30.8
	42-49	8	2.0
Period of existence of the hotel	Less than 1 year	9	9.0
	1-5 years	56	56.0
	6-10 years	11	11.0
	Above 10 years	24	24.0
	Total	100	100.0
Period of visitation	Less than 1 year	191	63.2
	1-5 years	76	25.2
	6-10 years	3	1.0
	Above 10 years	32	10.6
	Total	300	100.0

4.2 Brand Equity Management

The analysis of brand equity management incorporated three major components comprising of brand evaluation, brand association and brand awareness.

4.2.1 Brand evaluation

The analysis of brand evaluation has been presented in the table below:

Table 3: Brand evaluation

Brand Evaluation	SD	Disagree	SD+D	N	A	SD	A+SA
Our hotel usually assesses the extent to which customers are satisfied with our services.	5.8%	42.3%	48.0%	2.8%	29.5%	19.8%	49.3%
We always assess the level of customer preference to our brand.	30.5%	40.3%	70.8%	0.8%	23.5%	5.0%	28.5%
Our hotel has measures to provide information on brand advocacy among customers.	5.8%	62.0%	67.8%	3.3%	25.3%	3.8%	29.0%
We usually evaluate the extent to which customers appreciate our products and service offerings.	9.5%	54.8%	64.3%	3.3%	29.5%	3.0%	32.5%
We are aware on the impact of our products and services on customers' preference.	5.8%	52.0%	57.8%	6.0%	26.0%	10.3%	36.3%

Table 4.3 presents the analysis of brand evaluation. To ascertain whether hotels usually assess the extent to which customers are satisfied with services, 48.0% of respondents disagree, however, a substantial portion (49.3%) agreed. Furthermore, majority (70.8%) of respondents believe that the hotels do not consistently assess customer preference for their brand. Only a small percentage (5.0%) agrees. Concerning whether hotels have measures to provide information on brand advocacy among customers, the statement also suggests that a significant majority (67.8%) of respondents do not believe hotels have measures for providing information on brand advocacy among customers. Only 3.8% agree that they do. In summary, these

responses suggest that hotels in Gulu city are not implementing brand evaluation efforts, as many respondents express disagreement or strong disagreement with the statements related to brand evaluation.

4.2.2 Brand association

The analysis of brand association has been presented in the table below:

Table 4: Brand association

Brand Association	SD	Disagree	SD+D	N	A	SD	A+SA
Our customers relates well with the product and service attributes offered by our hotel.	6.0%	32.5%	38.5%	6.0%	42.5%	13.0%	55.5%
Our customers associate positively with functionality of our products and services.	3.3%	12.5%	15.8%	2.0%	78.0%	4.3%	82.3%
Customers have emotional attachment to our products and service offerings.	5.0%	20.0%	25.0%	2.0%	63.5%	9.5%	73.0%
Customers have a strong attachment to this hotel based on the physical appearance of the hotel.	7.8%	28.0%	35.8%	8.8%	41.5%	14.0%	55.5%
Customers appreciate our hotel because of past service experience.	3.3%	19.0%	22.3%	3.8%	68.8%	5.3%	74.0%

Table 4.4 presents analysis of brand evaluation. An assessment of whether customers relate well with the product and service attributes offered by hotels, 38.5% of respondents do not believe that customers relate well to the product and service attributes offered by the hotels. However, a significant portion (55.5%) agrees that customers do relate well. Concerning positive association with the functionality of hotel products and services, the data shows that a large majority (82.3%) of respondents (A+SA) agree that customers associate positively with the functionality of the hotel's products and services. Only small percentages (15.8%) have a negative view. To ascertain whether customers have emotional attachment to hotel products and service offerings, the majority (63.5%) of respondents believe that customers have an emotional attachment to the

4.3 Business competitiveness

The descriptive analysis of business competitiveness has been presented in the table below in the form of percentages.

Table 6: Business competitiveness

Cost Leadership	SD	D	SD+D	N	A	SA	A+SA
We operate on large scale in order to reduce cost and make service offerings cheaper.	3.8%	4.5%	8.3%	0.0%	48.3%	43.5%	91.8%
We procure our inputs and supplies cheaply so that we are the cheapest in service offerings.	5.8%	12.5%	18.3%	0.0%	28.2%	53.5%	81.8%
We properly manage our inventory to minimize cost and offer cheapest services.	3.8%	14.5%	18.3%	0.0%	54.5%	27.3%	81.8%
All our operations are properly streamlined to ensure efficient operations and attain cost leadership.	1.8%	4.5%	6.3%	0.3%	89.5%	4.0%	93.5%
We employ appropriate technology that minimizes cost and maximizes output to reduce the overall cost of products and services.	3.8%	30.0%	33.8%	0.3%	59.3%	6.8%	66.0%
Differentiation Leadership							
We have designed superior service offerings in comparison to other hotels.	5.8%	12.0%	17.8%	0.3%	70.5%	11.5%	82.0%
The quality of our services is superior in reference to other hotels.	3.8%	14.0%	17.8%	0.0%	79.3%	3.0%	82.3%
Our products and services are customized to serve the unique needs of our customers.	3.8%	4.5%	8.3%	4.8%	87.0%	0.0%	87.0%
We have a strong brand image in comparison to other hotels and services.	4.0%	6.3%	10.3%	7.5%	79.3%	3.0%	82.3%
We have multiple and unique channels to reach out to our customers.	4.0%	13.8%	17.8%	0.0%	82.0%	0.3%	82.3%

Focused Leadership							
This hotel focuses on customer's specific needs	1.8%	4.5%	6.3%	0.0%	80.0%	13.8%	93.8%
This hotel concentrates on offering products that are distinct and unique.	3.8%	4.5%	8.3%	0.0%	72.3%	19.5%	91.8%
This hotel focuses on offering products and services at the lowest possible cost.	1.8%	12.5%	14.3%	0.0%	53.0%	32.8%	85.8%
This hotel focuses on providing exceptional customer experiences.	3.8%	4.5%	8.3%	0.0%	88.8%	3.0%	91.8%
This hotel focuses on tailoring products and services to specific customer needs.	1.8%	4.5%	6.3%	0.0%	57.8%	36.0%	93.8%

Table 4.6 above presents analysis of business competitiveness. To ascertain whether Cost Leadership is implemented by hotels as a competitive strategy, 91.8% of respondents agree that the hotels operates on a large scale to reduce costs and make service offerings cheaper, indicating a strong focus on cost leadership. In addition, 81.8% agree that the hotel procures inputs and supplies cheaply to offer the cheapest services. Also 81.8% of the respondents agree that the hotel properly manages its inventory to minimize costs and offer the cheapest services. An overwhelming 93.5% of respondents agree that all hotels operations are streamlined for efficient operations and cost leadership. Furthermore, the use of appropriate technology to reduce overall costs is supported by 66.0% of respondents who agree to that effect.

Regarding the implementation of Differentiation Leadership, the hotel's focus on designing superior service offerings is acknowledged by 82.0% of respondents. Similarly, 82.3% agree that the quality of the hotel's services is superior. A significant 87.0% of the respondents agree that the hotel's products and services are customized to serve unique customer needs. A strong brand image is recognized by 82.3% of respondents who agree respectively. Furthermore, the presence of multiple and unique channels to reach customers is acknowledged by 82.3% of respondents who agree and strongly agree respectively.

To ascertain the implementation of Focused Leadership by hotels, a strong focus on customer-specific needs is supported by 93.8% of respondents who agree. Furthermore, concentrating on

offering distinct and unique products is acknowledged by 91.8% of respondents as a strategy of focused differentiation implemented by the hotels. Furthermore, focusing on providing products and services at the lowest possible cost is recognized by 85.8% of respondents who agree and strongly agree respectively. Finally, tailoring products and services to specific customer needs is supported by 93.8% of respondents who agree to that effect. In summary, the data indicates strong agreement among respondents regarding the effectiveness of the hotel's implementation of business competitive strategies comprising of Cost Leadership, Differentiation Leadership, and Focused Leadership.

4.4 Customer Loyalty

The analysis of the status of customer loyalty in the hotel sector in Gulu City has been presented in the table below:

Table 7: Customer Loyalty

Cognitive Loyalty	SD	D	SD+D	N	A	SA	A+SA
Customers keep buying our products and services because of trust in our services.	3.8%	6.5%	10.3%	0.0%	57.8%	32.0%	89.8%
Customers are loyal to us because they have good perceptions towards our products and services.	2.0%	6.3%	8.3%	0.0%	91.8%	0.0%	91.8%
Customers are loyal to us because of high perceived value of our products and services.	1.8%	6.5%	8.3%	0.0%	87.0%	4.8%	91.8%
Our customers are loyal because of good brand image that our hotel has.	1.8%	6.5%	8.3%	0.0%	91.8%	0.0%	91.8%
Customers have positive attitude towards our products and services.	1.8%	4.5%	6.3%	0.0%	85.0%	8.8%	93.8%
Action Loyalty							

Our customers closely follow our products and service information on different platforms like social media, radio and physical location.	5.8%	12.0%	17.8%	0.0%	77.3%	5.0%	82.3%
Our customers repeatedly purchase our products and services.	1.8%	4.5%	6.3%	0.0%	89.0%	4.8%	93.8%
Customers are speak favorably about our products and services (brand advocacy).	3.8%	4.5%	8.3%	0.0%	87.8%	4.0%	91.8%
Customers make referrals to others to purchase our products and services.	0.0%	6.3%	6.3%	0.0%	65.5%	28.2%	93.8%
Customers are usually engaged in utilization of products and services offered by this hotel.	1.8%	6.5%	8.3%	0.0%	80.3%	11.5%	91.8%
Affective Loyalty							
Customers have strong emotional attachment to our products	3.8%	47.3%	51.0%	4.8%	44.3%	0.0%	44.3%
Customers are passionate about our products and service offerings.	5.8%	4.5%	10.3%	0.0%	84.8%	5.0%	89.8%
Our customers naturally have strong love and feelings for our products and services.	1.8%	53.3%	55.0%	0.0%	45.0%	0.0%	45.0%
Customers have strong sense of connection with our brand (product and service offerings).	1.8%	4.5%	6.3%	8.0%	85.8%	0.0%	85.8%
Our customers have strong sense of emotional bondage with our brand.	1.8%	4.5%	6.3%	0.0%	93.8%	0.0%	93.8%

Table 4.7 presents analysis of customer loyalty. To ascertain the status of cognitive loyalty a significant majority (89.8%) of respondents agrees that customers keep buying the hotel's products and services because of trust in its services. The data also revealed that customers are highly loyal due to good perceptions towards products and services (91.8% agree). High perceived value of products and services is another strong loyalty driver as reflected by 91.8% of

the respondents who agreed and strongly agreed respectively. A bigger number of respondents observed that a good brand image significantly contributes to customer loyalty as reflected by (91.8%) level of agreement. The result also revealed that customers generally have a positive attitude towards products and services as reflected by (93.8%) level of agreement among respondents.

The finding on the status of Action Loyalty revealed that; many customers closely follow the hotel's products and service information on various platforms as revealed by (82.3%) level of agreement among respondents. A vast majority of customers repeatedly purchase the hotel's products and services reflected by (93.8%) of respondents who agreed. Furthermore, the data revealed that customers speak favorably about products and services, indicating brand advocacy depicted by (91.8%) level of agreement. In addition, a significant percentage of customers make referrals to others to purchase the hotel's products and services revealed by (93.8%) of the respondents who agreed.

The results on the status of Affective Loyalty revealed customers having a strong emotional attachment to products as recognized by 51.0% of respondents who agreed. Affective loyalty is also evident through customers being passionate about products and services reflected by (89.8%) of the respondents who agreed. Strong love and feelings for products and services are observed in 55.0% of respondents who agreed and strongly agreed. In addition, a sense of connection with the brand is reported by 85.8% of respondents who agreed. The finding also revealed that customers have a strong sense of emotional bondage with the brand, as acknowledged by 93.8% of respondents. In summary, the data highlights that the hotel has strong cognitive, action, and affective loyalty among its customers.

4.5 Measures of Relationships

In the measurement of relationship, correlation analysis was employed to determine the relationship between the study variables.

Table 8: Correlations

Variables	1	2	3	4	5	6	7
Brand Evaluation (1)	1						
Brand Association (2)	.437**	1					
Brand Awareness (3)	.408**	.619**	1				
Cost Leadership (4)	.245**	.641**	.750**	1			
Differentiation Leadership (5)	.519**	.573**	.680**	.783**	1		
Focused Differentiation (6)	.400**	.752**	.803**	.849**	.694**	1	
Customer Loyalty (7)	.578**	.736**	.840**	.798**	.825**	.897**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis was performed to determine the association between the different study variables. The result revealed a significant positive and moderate relationship between brand evaluation and customer loyalty as reflected by (r=.578**; p<.05). This shows that improvement in brand evaluation is positively associated with improvement in customer loyalty. The finding also revealed a strong significant positive relationship between brand association and customer loyalty (r=.736**; p<.01). This implies that brand association is positively associated with customer loyalty. Furthermore, the result revealed a very strong significant positive relationship between brand awareness and customer loyalty as reflected by (r=.840**; p<.01). This shows that brand awareness is positively associated with customer loyalty.

The correlation result further shows that there is a significant strong positive relationship between cost leadership and customer loyalty as reflected by (r=.798**; p<.01) revealing that cost leadership is positively associated with customer loyalty. In addition, the result revealed that differentiation leadership has a very strong positive and significant relationship with customer loyalty reflected by (r=.825**; p<.01), implying that differentiation leadership is positively associated with customer loyalty. Focused differentiation has a very strong positive and significant relationship with customer loyalty reflected by (r=.897**; p<.01). This implies that focused differentiation is positively associated with customer loyalty.

4.6 Regression Analysis on the effect of brand equity management on customer loyalty

Table 9: Regression Coefficients

	Unstandardized Coefficients		UnstandardizedCoefficients		
Variables	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.381	.081		4.722	.000
Brand Evaluation	.191	.021	.219	9.011	.000
Brand Association	.261	.026	.285	10.104	.000
Brand Awareness	.523	.025	.575	20.695	.000
R = .905					
R Square = .819					
Adjusted R Square = .817					
F = 596.189					
Sig. = .000					

Dependent Variable: Customer Loyalty

This section shows information about the regression model. The multiple correlation coefficient (R) is a measure of the strength and direction of the linear relationship between the independent variables (Brand Awareness, Brand Evaluation, Brand Association) and the dependent variable (Customer Loyalty). Therefore, from the model summary, the coefficient of determination (R^2) represents the proportion of the variance in the dependent variable customer loyalty that is explained by the independent variables. In this case, R^2 is 0.819, which means that approximately 81.9% of the variance in Customer Loyalty is explained by the independent variables (Brand Awareness, Brand Evaluation, and Brand Association).

The section of the ANOVA table provides information about the overall regression model. The p-value associated with the F-statistic is very close to 0 ($p<.01$), indicating statistical

significance, which suggests that the regression model is a significant predictor of the dependent variable.

The coefficient for Brand Evaluation is approximately 0.191 (β= 0.191; t = 9.011; p<.01). This means that for a one-unit increase in Brand Evaluation, the predicted increase in Customer Loyalty is 0.191 units, holding other predictors constant. Furthermore, brand evaluation has a significant effect on customer loyalty.

The coefficient for Brand Association is approximately 0.261 (β= 0.261; t = 10.104; p<.01). This means that for a one-unit increase in Brand Association, the predicted increase in Customer Loyalty is 0.261 units, holding other predictors constant. As presented, brand association significantly affects customer loyalty.

The coefficient for Brand Awareness is approximately 0.523 (β= 0.523; t= 20.695; p<.01). This means that for a one-unit increase in Brand Awareness, the predicted increase in Customer Loyalty is 0.523 units, holding other predictors constant. The result also revealed that brand awareness significantly affects customer loyalty.

In summary, the regression model appears to be statistically significant, with a high R-squared value (81.9%), indicating that Brand Evaluation, Brand Association, and Brand Awareness collectively explain a significant portion of the variance in Customer Loyalty. Each of the predictors (Brand Evaluation, Brand Association, and Brand Awareness) is individually significant and positively associated with Customer Loyalty, with Brand Awareness having the strongest impact.

4.7 Analysis of Moderating Effect

Table 10: Moderation effect

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9629	.9273	.0256	1682.9588	3.0000	396.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	3.8004	.0092	415.0454	.0000	3.7824	3.8184
BEM	.4055	.0254	15.9762	.0000	.3556	.4554
BCOM	.3146	.0221	14.2369	.0000	.2712	.3581
Int_1	-.1967	.0153	-12.8726	.0000	-.2267	-.1667

Predictor: BEM (X)

Mod var: BCOM (W)

From the table above, the high R-squared value (0.9273) indicates that the independent variables (BEM, BCOM) and their interaction term (Int_1) collectively explain a significant portion of the variance in the dependent variable by up to 92.7%. The F-statistic (1682.9588) with a very low p-value ($p=0.0000$; $p<.01$) confirms that the overall model is highly significant. Both brand equity management (BEM) and business competitiveness (BCOM) have positive coefficients, indicating that they are positively associated with the dependent variable (customer loyalty). The interaction term (Int_1) has a negative coefficient, which suggests that the relationship between BEM and the dependent variable (customer loyalty) is moderated by business competitiveness (BCOM). In other words, the effect of BEM on the dependent variable depends on the level of BCOM.

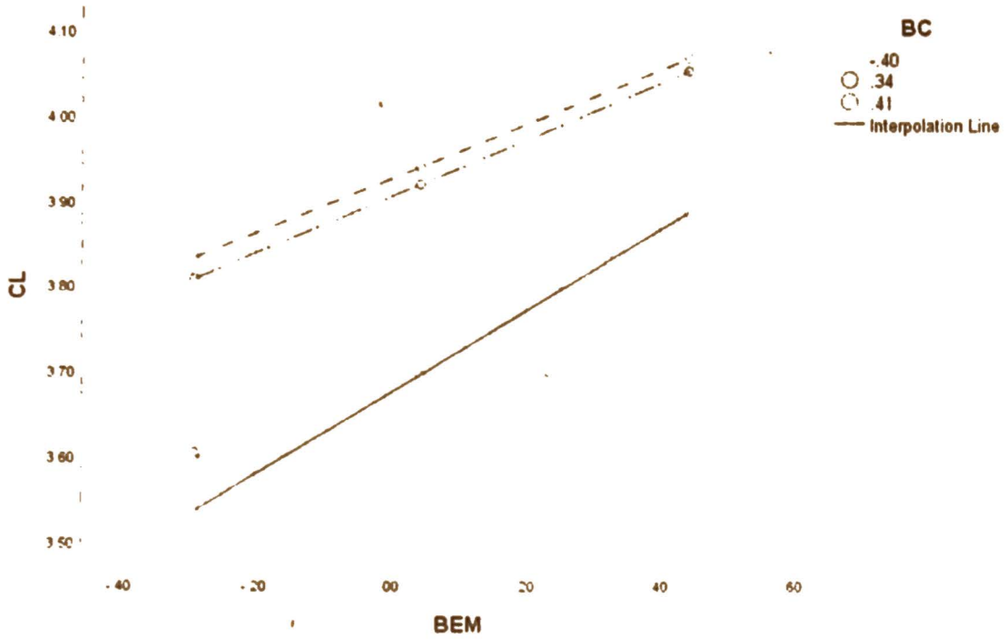


Figure 2: Moderation Graph

The study was conducted to assess the moderating role of Business Competitiveness (BC) on the relationship between Brand Equity Management (BEM) AND Customer Loyalty (CL). The result revealed a negative but significant moderating effect of BC on the relationship between BEM and CL (β=-.1967; P<.05) as presented in table 4.9).

Result of simple slope analysis conducted to understand the nature of the moderating effect is shown in Figure 4.1 above. As can be seen from the figure above, at low level of BC, hotels with low level of BEM have low level of CL compared with those at high level of business competitiveness. On the other hand, when BEM is improved, hotels with low level of BC registers high level of CL, However not at the same level as those at high level of business competitiveness. Therefore, BC moderates the relationship between BEM and CL.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

In the following sections, the researcher delves into the research findings that shed light on the complex relationships between the study variables (brand equity management, business competitiveness and customer loyalty). The discussion will draw upon relevant research and recent empirical evidence by previous researchers in the field of brand equity management, business competitiveness, and customer loyalty in the contemporary business environment.

5.1 Brand equity management and business competitiveness

The study finding revealed that brand equity management is positively associated with business competitiveness. Therefore, brand equity management can have substantial influence on competitive advantage. This finding is in agreement with (Aaker, 2011) who observed that a strong brand often allows a company to charge premium prices for its products or services and customers are often attracted to it as a source of competitive advantage. Customers are often willing to pay more for products associated with well-established, trusted brands. This ability to command premium pricing contributes to higher profit margins and market leadership as a form of competitive advantage (Keller, 2013).

The finding on the association between brand equity management and business competitiveness is in agreement with....who found out that brand equity management is closely associated with business competitive advantage. Business that mind about customer experience and association with the brand are more likely to have a competitive edge over other businesses. Furthermore, the finding also agrees with that of Keller (2013) who observed that proper management of brand equity is significantly associated with business competitive position.

Furthermore, the research finding aligns with that of Brady & Hansen (2012) who found out that business with strong brand equity management can create significant influence on competitiveness of their entity to magnify the ability to sell their products and reduce cost significantly than competing entities. Brands with strong customer associations that are often evaluated by the business as a form of brand equity management often benefit from customer trust and strong market positioning to take advantage over competitors (Kotler, 2014). The study

finding is also in agreement with Kapferer (2012) in their study where brand equity management is found to have positive association with competitive edge of a business.

5.2 Brand equity Management and Customer Loyalty

The results of the study indicate a significant positive and moderate relationship between brand evaluation and customer loyalty. This finding emphasizes the importance of brand evaluation as a critical factor influencing customer loyalty. As customers' perceptions of a brand improve, their loyalty to that brand is likely to increase as well. This result aligns with prior research emphasizing the role of brand evaluation in fostering customer loyalty (Aaker, 2016; Keller, 2013).Brand evaluation therefore involves customers' assessments of a brand's overall quality, value, and satisfaction, reflecting their experiences with the brand (Yoo et al., 2010). Organizations that prioritize and invest in improving brand evaluation can expect a positive impact on customer loyalty.

The study also reveals a strong and significant positive relationship between brand association and customer loyalty. Brand association encompasses the mental connections customers make between a brand and certain attributes, values, or images. When customers associate a brand with positive qualities, they are more likely to exhibit loyalty (Keller, 2013). This result reinforces the idea that managing and shaping brand associations is crucial for building and maintaining customer loyalty. Moreover, the study highlights a very strong and significant positive relationship between brand awareness and customer loyalty. Brand awareness pertains to the extent to which customers recognize and recall a brand. The finding therefore aligns with the result that; Strong brand awareness is often linked to increased customer loyalty, as it provides a sense of familiarity and trust (Kapferer, 2012).

It's worth noting that these findings are consistent with prior research in the field. Yoo and Donthu (2010) argued that building and enhancing brand awareness is a fundamental component of creating strong brand equity and fostering customer loyalty. Moreover, a study by Chaudhuri and Holbrook (2011) suggested that brand associations significantly impact customers' emotional connections with brands and, consequently, their loyalty. The results of this study have practical implications for businesses seeking to improve customer loyalty. To enhance customer loyalty, companies should focus on brand evaluation, brand association, and brand awareness.

5.3 Business competitiveness and customer loyalty

The study reveals a significant, strong, and positive relationship between cost leadership and customer loyalty. This finding highlights the importance of cost leadership as a strategic approach in fostering customer loyalty. Cost leadership is a strategy aimed at achieving a competitive advantage through cost efficiencies, often resulting in lower prices for consumers (Porter, 2015). The research finding is in agreement with previous research suggesting that cost leadership can enhance customer loyalty by providing cost-conscious consumers with products or services at a lower price point (Liang, 2019). This affordability can lead to repeat purchases, higher customer retention, and positive word-of-mouth recommendations (Liang et al., 2009). Companies that successfully implement cost leadership strategies may thus be well-positioned to build customer loyalty.

The results also indicate a very strong and significant positive relationship between differentiation leadership and customer loyalty. Differentiation leadership involves a strategic focus on offering unique, high-quality products or services that stand out in the market (Porter, 2015). This finding aligns with prior research highlighting that differentiation strategies can lead to enhanced customer loyalty (Morgan, 2019). Brands that effectively differentiate themselves can command premium prices, create emotional connections with their customers, and instill a sense of brand loyalty (Morgan, 2019). Customers are often willing to pay more for products or services that they perceive as unique and of high quality.

Further, the study reveals a very strong and significant positive relationship between focused differentiation and customer loyalty. Focused differentiation, a strategy that concentrates on meeting the unique needs of a specific target market or niche, can have a particularly powerful impact on customer loyalty. This result is in agreement with the concept that tailoring offerings to the specific preferences and demands of a niche market can lead to exceptionally loyal customer bases (Keller, 2012). Research by Wang (2013) suggests that organizations that effectively execute focused differentiation strategies can create strong bonds with their customers by addressing their unique requirements in a personalized manner.

5.4 The moderating role of business competitiveness

Both brand equity management (BEM) and business competitiveness (BCOM) exhibit positive coefficients, indicating a positive association with the dependent variable, customer loyalty. This

finding aligns with previous research emphasizing the significance of effective brand equity management and a competitive business environment in fostering customer loyalty (Morgan, Slotegraaf & Vorhies, 2009). Effective brand equity management involves building strong brand associations, enhancing brand awareness, and ensuring positive brand evaluations. These strategies are essential in influencing customer perceptions and creating strong emotional bonds with the brand (Keller, 2013). Additionally, business competitiveness, as defined by strategies to create unique value propositions and competitive advantages, can contribute to customer loyalty by delivering differentiated and high-quality products or services (Porter, 2015).

The interaction term (Int_1) has a negative significant probability value, indicating that the relationship between brand equity management (BEM) and customer loyalty is moderated by business competitiveness (BCOM). In other words, the effect of BEM on customer loyalty depends on the level of BCOM. This finding is in agreement with Saini & Budhwar (2018) who suggested that the impact of brand equity management on customer loyalty is contingent on the competitive context in which a business operates. This result leveraged the importance of adaptability and context-aware strategies. In highly competitive environments, effective brand equity management may be even more critical for gaining a competitive edge and fostering customer loyalty. Conversely, in less competitive settings, the influence of brand equity management on customer loyalty may be less pronounced.

CHAPTER SIX

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

6.0 Introduction

This study focused on assessing interaction role of brand equity management and business competitiveness on customer loyalty in the hotel service sector in Gulu City. This section covers summary of findings, conclusion, recommendation and areas of future studies.

6.1 Summary of findings

Key finding from the study on brand equity management, business competitiveness and customer loyalty revealed that, generally, there is a high level of customer loyalty in the hotel sector in Gulu City.

The finding further revealed a moderate and significant positive relationship between brand equity management and business competitiveness in the hotel sector in Gulu City.

Furthermore, the result revealed a significant strong positive relationship between the elements of brand equity management and customer loyalty.

The study finding also revealed a significant strong positive relationship between the elements of business competitiveness and customer loyalty in the hotel sector in Gulu City.

All the elements of brand equity management (brand evaluation, brand association and brand awareness) all have a significant positive effect on customer loyalty in the hotel sector in Gulu City.

Finally, the finding revealed that, business competitiveness moderates the relationship between brand equity management and customer loyalty in the hotel sector in Gulu City.

6.2 Conclusion

A key finding of this study is the prevalence of a high level of customer loyalty within Gulu City's hotel sector. This is a notable achievement for the local hospitality industry, as customer loyalty is a precious asset that can lead to repeat business, positive word-of-mouth marketing, and long-term profitability. It reflects the success of hotels in Gulu City in fostering positive

relationships with their guests, delivering satisfactory experiences, and meeting their unique needs and expectations.

Furthermore, the study reveals a moderate and significant positive relationship between brand equity management and business competitiveness in Gulu City's hotel sector. This finding highlights the symbiotic relationship between these two factors. Effective brand equity management, including building strong brand awareness, positive brand associations, and perceived quality, enhances the hotel's competitive edge. In return, a competitive environment drives hoteliers to invest in their brand's equity to stand out among their peers. Additionally, the positive relationship between brand equity management and business competitiveness suggests that hotels should not view these two aspects in isolation. Rather, they should consider them as interconnected elements of their overall business strategy. By investing in their brand equity and delivering exceptional service quality, hotels can enhance their competitiveness, differentiate themselves from competitors, and secure their position in the market.

The finding that brand evaluation, brand association, and brand awareness all have a significant positive effect on customer loyalty elaborates on the critical role of brand equity management in driving loyalty within the hotel sector. It is evident that hotels in Gulu City that invest in enhancing their brand's value, fostering positive associations, and increasing brand visibility are reaping the rewards in the form of a loyal customer base.

The study further illuminates the moderating effect of business competitiveness on the relationship between brand equity management and customer loyalty. In a fiercely competitive environment, the positive influence of brand equity management on customer loyalty is heightened. Hotels that actively manage their brand equity are better positioned to stand out in crowded markets and attract and retain loyal customers. Conversely, in less competitive settings, the impact of brand equity management may be less pronounced, highlighting the need for adaptability in brand management strategies.

6.3 Recommendation

Based on the study of brand equity management, business competitiveness and customer loyalty with the resultant findings, the following recommendations are worth implementing to improve customer loyalty in the hotel sector in Gulu City:

Given the significant positive relationship between brand equity management and customer loyalty, the study recommends that hotels in Gulu City should continue to invest in strategies aimed at enhancing brand evaluation, fostering positive brand associations, and increasing brand awareness. Emphasizing these aspects will help create a strong emotional connection with guests, driving loyalty and repeat business.

Furthermore, recognizing that all elements of brand equity management have a significant positive effect on customer loyalty, hotels should develop comprehensive brand management strategies that consider each facet of brand equity management. By ensuring that brand evaluation, brand association, and brand awareness are all optimized, hotels can create a holistic and compelling brand presence that resonates with guests. This will ensure a long lasting impact on customer loyalty.

Hotels should contextualize their brand management strategies based on the competitive dynamics of the local market. In highly competitive environments, brand equity management becomes even more critical for standing out and fostering customer loyalty. In contrast, in less competitive settings, hotels should shift their emphasis to differentiating through other means, while still maintaining strong brand equity.

Given the dynamic nature of the hotel industry and evolving consumer preferences, continuous monitoring and adaptation are imperative. Hoteliers should regularly assess the competitive landscape, customer feedback, and market trends to adjust their strategies in real time. This adaptability is key to maintaining a competitive edge and nurturing customer loyalty.

6.4 Areas of Future Research

Based on this study on this study, the researcher recommends research to be carried out in the following areas:

i. The role of brand equity management on customer satisfaction
ii. Qualitative study of the role on brand equity management in enhancing customer loyalty in the hotel service sector.

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APPENDIX TABLE OF SAMPLE SIZE

Table for Determining Sample Size for a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note "N" is population size
"S" is sample size

Source Krejcie & Morgan, 1970

APPENDIX I: QUESTIONNAIRE

QUESTIONNAIRE FOR HOTEL MANAGERS

Dear Sir/Madam

I am Ochola Alfred Onyuta, a student of Gulu University with Registration Number 18/U/2550/MBA pursuing a Masters Degree in Business Administration. I am conducting a research on topic" Assessing the interaction effect between brand equity management and business competitiveness on customer loyalty in hotel service sector in Gulu city " The information required is purely for academic purposes only and will be treated with the utmost confidentiality it deserves. All information furnished will be kept very confidential. Please kindly feel free to give the most appropriate answer for each alternative option.

Thank you in advance for your support

SECTION A: DEMOGRAPHIC PROFILE

1 Hotel Location:

a) Gulu East ( ) b) Gulu West ( )

2 Sex of respondent:

a) Male ( ) b) Female ( )

3 Age of Respondent in completed years:

a) 18- 25 ( ) b) 26-33 ( ) c) 34-41 ( ) d) 42-49 ( ) e) 50 and Above ( )

4 Educational qualification of respondent

a) Primary ( ) b) O' Level ( ) c) A' Level ( ) d) Diploma ( ) e) Bachelor ( )

e) Postgraduate ( ) f) Masters ( ) others specify.....

5 How long has this hotel been in operation?

a) Less than 1 year ( ) b) 1- 5 years c) 6 – 10 years ( ) d) Above 10 years ( )

SECTION B: BRAND EQUITY MANAGEMENT

Please select the most appropriate option that apply on Brand Equity Management where SD – Strongly Disagree; D – Disagree; N – Neutral; A – Agree and SA – Strongly Agree

Section B1: Brand Evaluation	**SD**	**D**	**UD**	**A**	**SA**
Our hotel usually assesses the extent to which customers are satisfied with our services.					
We always assess the level of customer preference to our brand.					
Our hotel has measures to provide information on brand advocacy among customers.					
We usually evaluate the extent to which customers appreciate our products and service offerings.					
We are aware on the impact of our products and services on customers' preference.					
Section B2: Brand Association	**SD**	**D**	**UD**	**A**	**SA**
Our customers relates well with the product and service attributes offered by our hotel.					
Our customers associate positively with functionality of our products and services.					
Customers have emotional attachment to our products and service offerings.					
Customers have a strong attachment to this hotel based on the physical appearance of the hotel.					
Customers appreciate our hotel because of past service experience					
Section B3: Brand Awareness	**SD**	**D**	**UD**	**A**	**SA**
Customers are aware of the products and services offered by this hotel.					

2	Customers can identify us based on our symbols, colors and sign posts.					
3	Customers are aware of the quality of products and services offered by this hotel.					
4	Our hotel can easily be identified and located by our customers					
5	Customers easily select our brand because we are easily recognizable.					

SECTION C: BUSINESS COMPETITIVENESS

Please select the most appropriate option that apply on Business Competitiveness where SD – Strongly Disagree; D – Disagree; N – Neutral; A – Agree and SA – Strongly Agree

S/N	Section C1: Cost Leadership	SD	D	UD	A	SA
1	We operate on large scale in order to reduce cost and make service offerings cheaper.					
2	We procure our inputs and supplies cheaply so that we are the cheapest in service offerings.					
3	We properly manage our inventory to minimize cost and offer cheapest services.					
4	All our operations are properly streamlined to ensure efficient operations and attain cost leadership.					
5	We employ appropriate technology that minimizes cost and maximizes output to reduce the overall cost of products and services.					
S/N	**Section C2: Differentiation Leadership**	**SD**	**D**	**UD**	**A**	**SA**
1	We have designed superior service offerings in comparison to other hotels.					

2	The quality of our services is superior in reference to other hotels.					
3	Our products and services are customized to serve the unique needs of our customers.					
4	We have a strong brand image in comparison to other hotels and services.					
5	We have multiple and unique channels to reach out to our customers.					
S/N	**C3: Focused Differentiation**	**SD**	**D**	**UD**	**A**	S/N
1	This hotel focuses on customer's specific needs					
2	This hotel concentrates on offering products that are distinct and unique.					
3	This hotel focuses on offering products and services at the lowest possible cost.					
4	This hotel focuses on providing exceptional customer experiences					
5	This hotel focuses on tailoring products and services to specific customer needs.					

SECTION D: CUSTOMER LOYALTY

Please select the most appropriate option that apply on Customer Loyalty where SD – Strongly Disagree; D – Disagree; N – Neutral; A – Agree and SA – Strongly Agree

S/N	Section D1: Cognitive Loyalty	SD	D	UD	A	SA
1	Customers keep buying our products and services because of trust in our services.					
2	Customers are loyal to us because they have good perceptions towards our products and services.					
3	Customers are loyal to us because of high perceived value of our products and services.					
4	Our customers are loyal because of good brand image that our hotel has.					
5	Customers have positive attitude towards our products and services.					
S/N	**Section D2: Affective Loyalty**	**SD**	**D**	**UD**	**A**	**SA**
1	Customers have strong emotional attachment to our products					
2	Customers are passionate about our products and service offerings.					
3	Our customers naturally have strong love and feelings for our products and services.					
4	Customers have strong sense of connection with our brand (product and service offerings).					
5	Our customers have strong sense of emotional bondage with our brand.					

S/N	Section D3: Action Loyalty	SD	D	UD	A	SA
1	Our customers closely follow our products and service information on different platforms like social media, radio and physical location.					
2	Our customers repeatedly purchase our products and services.					
3	Customers are speak favorably about our products and services (brand advocacy).					
4	Customers make referrals to others to purchase our products and services.					
5	Customers are usually engaged in utilization of our products and services.					

The End. Thank you for your precious time.

APPENDIX II: QUESTIONNAIRE FOR CUSTOMERS

Dear Sir/Madam

I am Ochola Alfred Onyuta, a student of Gulu University with Registration Number 18/U/2550/MBA pursuing a Masters Degree in Business Administration. I am conducting a research on topic" Assessing the interaction effect between brand equity management and business competitiveness on customer loyalty in hotel service sector in Gulu city" The information required is purely for academic purposes only and will be treated with the utmost confidentiality it deserves. All information furnished will be kept very confidential. Please kindly feel free to give the most appropriate answer for each alternative option.

Thank you in advance for your support

SECTION A: DEMOGRAPHIC PROFILE

6 Hotel Location:

a) Gulu East ( ) b) Gulu West ( )

7 Sex of respondent:

b) Male ( ) b) Female ( )

8 Age of Respondent in completed years:

b) 18- 25 ( ) b) 26-33 ( ) c) 34-41 ( ) d) 42-49 ( ) e) 50 and Above ( )

9 Educational qualification of respondent

b) Primary ( ) b) O' Level ( ) c) A' Level ( ) d) Diploma ( ) e) Bachelor ( )

e) Postgraduate ( ) f) Masters ( ) others specify.....

10 How long have you been visiting this hotel?

b) Less than 1 year ( ) b) 1- 5 years c) 6 – 10 years ( ) d) Above 10 years ( )

SECTION B: BRAND EQUITY MANAGEMENT

Please select the most appropriate option that apply on Brand Equity Management where SD – Strongly Disagree; D – Disagree; N – Neutral; A – Agree and SA – Strongly Agree

S/N	Section B1: Brand Evaluation	SD	D	UD	A	SA
1	This hotel usually assesses the extent to which I am satisfied with their services.					
2	This hotel always assesses the level of my preference to their brand.					
3	This hotel has measures to provide information on brand advocacy among customers.					
4	This hotel usually evaluates the extent to which customers appreciate their products and service offerings.					
5	This hotel is aware of the impact of its products and services on customers' preference.					

S/N	Section B2: Brand Association	SD	D	UD	A	SA
1	I relate well with the product and service attributes offered by this hotel.					
2	Customers associate positively with functionality of this hotel products and services.					
3	Customers have emotional attachment to products and services offered by this hotel.					
4	Customers have a strong attachment to this hotel based on the physical appearance of the hotel.					
5	Customers appreciate this hotel because of past service experience					
L	**Section B3: Brand Awareness**	**SD**	**D**	**UD**	**A**	**SA**
	Customers are aware of the products and services offered by this hotel.					

	Customers can identify this hotel based on our symbols, colors and sign posts.					
	Customers are aware of the quality of products and services offered by this hotel.					
	This hotel can easily be identified and located by customers					
	Customers easily select this hotel because it is easily recognizable.					

SECTION C: BUSINESS COMPETITIVENESS

Please select the most appropriate option that apply on Business Competitiveness where SD – Strongly Disagree; D – Disagree; N – Neutral; A – Agree and SA – Strongly Agree

/N	**Section C1: Cost Leadership**	**SD**	**D**	**UD**	**A**	**SA**
	This hotel operates on large scale in order to reduce cost and make service offerings cheaper.					
	This hotel procures its inputs and supplies cheaply so that it is the cheapest in service offerings.					
	The hotel properly manages its inventory to minimize cost and offer cheapest services.					
	All the operations of this hotel are properly streamlined to ensure efficient operations and attain cost leadership.					
	This hotel employs appropriate technology that minimizes cost and maximizes output to reduce the overall cost of products and services.					
/N	**Section C2: Differentiation Leadership**	**SD**	**D**	**UD**	**A**	**SA**

	This hotel has designed superior service offerings in comparison to other hotels.					
	The quality of services of this hotel is superior in reference to other hotels.					
	This hotel products and services are customized to serve the unique needs of customers.					
	This hotel has a strong brand image in comparison to other hotels					
	This hotel has multiple and unique channels to reach out to its customers.					
/N	**C3: Focused Differentiation**	**SD**	**D**	**UD**	**A**	**SA**
	This hotel focuses on customer's specific needs					
	This hotel concentrates on offering products that are distinct and unique.					
	This hotel focuses on offering products and services at the lowest possible cost.					
	This hotel focuses on providing exceptional customer experiences					
	This hotel focuses on tailoring products and services to specific customer needs.					

SECTION D: CUSTOMER LOYALTY

Please select the most appropriate option that apply on Customer Loyalty where SD – Strongly Disagree; D – Disagree; N – Neutral; A – Agree and SA – Strongly Agree

/N	Section D1: Cognitive Loyalty	SD	D	UD	A	SA
	Customers keep buying this hotel products and services because of trust in their services.					
	Customers are loyal to this hotel because they have good perceptions towards its products and services.					
	Customers are loyal to this hotel because of high perceived value of its products and services.					
	Customers of this hotel are loyal because of good brand image of the hotel.					
	Customers have positive attitude towards the hotel products and services.					
/N	**Section D2: Affective Loyalty**	**SD**	**D**	**UD**	**A**	**SA**
	Customers have strong emotional attachment to products of this hotel					
	Customers are passionate about products and service offerings of this hotel.					
	Customers naturally have strong love and feelings for products and services offered by this hotel.					
	Customers have strong sense of connection with brand (product and service offerings) of this hotel.					
	Customers have strong sense of emotional bondage with brand of					

	this hotel.					
/N	**Section D3: Action Loyalty**	**SD**	**D**	**UD**	**A**	**SA**
	I closely follow products and service information of this hotel on different platforms like social media, radio and physical location.					
	I repeatedly purchase products and services of this hotel.					
	Customers speak favorably about products and services of this hotel (brand advocacy).					
	Customers make referrals to others to purchase products and services of this hotel.					
	Customers are usually engaged in utilization of products and services offered by this hotel.					

The End. Thank you for your precious time.