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RESEARCH ARTICLE

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EFFECTS OF BRAND POSITIONING ON CUSTOMER LOYALTY IN ETHIOPIA'S RETAIL INDUSTRY

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ABSTRACT

This study examines the influence of brand awareness (BA), product differentiation (PD), and pricing strategy (PS) on customer loyalty (CL) within the retail sector of Ethiopia. Understanding the factors that drive customer loyalty is essential for retail businesses seeking to remain competitive in rapidly evolving markets. Drawing on marketing and consumer behavior perspectives, the study investigates how these strategic variables shape customers' loyalty intentions and long-term relationships with retail brands. Using a stratified sampling method, data were collected from 430 respondents in the Ethiopian retail sector to ensure adequate representation across different consumer groups. The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the proposed relationships among the study variables. The findings reveal that brand awareness, product differentiation, and pricing strategy each have a positive and significant effect on customer loyalty. These results suggest that when customers recognize and recall a brand, perceive meaningful differences in product offerings, and consider pricing to be fair and valuable, they are more likely to remain loyal. The study contributes to the growing body of literature on consumer behavior in developing and resource-rich economies by providing empirical evidence from Ethiopia's retail context. Additionally, the findings offer practical implications for retail managers and policymakers by highlighting the importance of strategic branding, product innovation, and customer-oriented pricing in strengthening long-term customer loyalty.

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INTRODUCTION

In the increasingly competitive landscape of Ethiopia's retail industry, firms have recognized that effective brand positioning is not merely a tactical approach but a strategic imperative for survival and sustainable growth. Brand positioning refers to the actionable process through which firms establish a unique, meaningful, and favourable image of their brand in the minds of consumers relative to competitors (Melaku, 2019; Juhar, 2019). In the context of retail markets, positioning strategies integrate several company-level decisions including brand awareness, product differentiation, and pricing strategy that collectively shape customer perceptions and, ultimately, influence long-term behavioural outcomes such as customer loyalty (Kaur & Singh, 2021). Ethiopia's retail sector has seen rapid expansion in recent years driven by urbanization, shifting consumer preferences, and increased entry of both domestic and multinational retail chains. However, despite this growth, empirical understanding of how specific positioning elements affect customer loyalty remains underdeveloped in the Ethiopian context. At the core of brand positioning is brand awareness (BA), which describes the extent to which consumers can recognize or recall a brand under different conditions. High brand awareness increases the likelihood that the brand is considered during purchase decisions, strengthens cognitive associations with brand attributes, and eventually enhances

loyalty behaviours (Bakalo&Amantie, 2023). Empirical research in Ethiopia has shown that brand awareness is positively associated with purchase intention and perceived quality, suggesting its broader relevance in influencing favourable consumer responses (Bakalo&Amantie, 2023). Although most studies have focused on purchase intention, theory suggests that awareness also forms a foundational step in the loyalty formation process: consumers who easily recognise and recall a brand are more likely to repeatedly choose it over competitors. Another critical component of positioning is product differentiation (PD) the process through which firms develop distinguishing product attributes that set them apart from rivals. Product differentiation could reflect variations in quality, design, functionality, or packaging (Adeleke, 2020). Differentiated offerings help mitigate competitive similarity, reduce substitution likelihood, and create perceived value that encourages customers to remain loyal (ST. Mary's University study, 2025). For example, foods with unique product features or superior quality typically generate stronger brand loyalty because they fulfill specific consumer needs more effectively than generic alternatives. In Ethiopia's diverse retail sector, where products range from locally made goods to imported merchandise, differentiation strategies assume strategic importance in retaining customer patronage. Simultaneously, pricing strategy (PS) is a pivotal dimension of positioning that determines the monetary value exchanged for products and services. Retail pricing tactics whether penetration pricing, premium pricing, or competitive market pricing send powerful signals about value, quality perception, and brand

positioning (Nagle & Holden, 2002). Economic theories in marketing argue that pricing can either enhance customer loyalty when prices align with perceived value or diminish it when prices are perceived as unfair or inconsistent (Bowman's Strategy Clock literature)(Kotler & Keller, 2016). While price reductions and promotions may stimulate short-run demand, long-term loyalty tends to be stronger when pricing strategies are perceived as fair, transparent, and reflective of brand value. Customer loyalty (CL) represents customers' consistent preference for and repeat purchase of a brand over time, driven by satisfaction, trust, and perceived value. Loyalty is crucial to retail profitability as it reduces acquisition costs, enhances brand advocacy, and shields the firm from competitive pressures (Wu & Li, 2018). Studies in similar emerging markets have documented positive relations between brand equity components (including awareness and perceived quality) and customer loyalty (Desta & Amantie, 2024). However, research explicitly linking specific positioning variables particularly awareness, differentiation, and pricing with loyalty in Ethiopia's retail context is limited, creating a gap that this study seeks to fill. Empirical insights from Ethiopia's retail environment are particularly pertinent given the country's unique economic and cultural dynamics. Retailers face intense competition from informal markets and formal chains, fluctuating consumer purchasing power, and distinct brand perceptions shaped by traditional values and modern aspirations. These dynamics underscore the need for refined strategic positioning that resonates with Ethiopian consumers' diverse preferences. This study therefore investigates how brand awareness, product differentiation, and pricing strategy influence customer loyalty in Ethiopia's retail industry. By examining these specific facets of positioning, the research contributes both to academic literature and managerial practice in emerging markets like Ethiopia. Therefore, the present research seeks to answer the following study questions: (1) What is the relationship between brand awareness and customer loyalty in Ethiopia's retail industry? (2) How does product differentiation influence customer loyalty among retail consumers? (3) What effect does pricing strategy have on customer loyalty in Ethiopia's retail sector?

Consequently, the current study offers insightful contributions to extant literature in the following way: First, this study expands the scarce empirical research on brand positioning and customer loyalty within the specific context of Ethiopia's retail industry, an emerging market setting where such relationships are underexplored. Second, by simultaneously examining brand awareness, product differentiation, and pricing strategy as antecedents of customer loyalty, the research offers a more comprehensive framework than earlier studies that often focus on single variables in isolation. Lastly, the study informs retail managers and policymakers about which positioning dimensions most strongly motivate loyalty among Ethiopian consumers, aiding in the design of targeted strategic interventions for competitive advantage. Ensuing the introduction, the paper is organized as follows: Chapter 2 reviews the appropriate literature, Chapter 3 outlines the study methodology, Chapter 4 presents the findings and analysis, and Chapter 5 explores the study's implications and limitations.

LITERATURE REVIEW

Brand Awareness and Customer Loyalty Nexus: Brand awareness (BA) is widely acknowledged as a pivotal determinant of customer loyalty (CL), functioning as the cognitive foundation upon which long-term consumer relationships are built. According to Keller (1993), brand awareness enhances the probability that a brand will be included in the consumer's consideration set, thereby increasing the likelihood of repeated purchase and fostering loyalty. High awareness not only aids recall but also strengthens familiarity and trust, which are essential precursors to loyalty behaviours (Aaker, 1996). Empirical studies in diverse sectors have consistently shown that consumers who can readily recognise and recall a brand are more likely to develop positive attitudes and demonstrate repeat purchase intentions (Khan, Rahman & Fatma, 2016). For instance, in the retail context, brand awareness has been positively linked with customer loyalty through perceived quality and satisfaction (Kaur & Singh,

2021). Similarly, Asikhia (2010) found that brand awareness significantly influences brand loyalty among Nigerian consumers, suggesting cross-market relevance in emerging economies. In the Ethiopian context, Bekele and Worku (2022) reported that greater brand awareness improved loyalty outcomes among supermarket shoppers. Furthermore, Lee et al. (2015) argue that awareness creates emotional attachment, which mediates the BA-CL relationship. These findings underscore that brand awareness is not only a cognitive construct but also a strategic driver of sustained customer loyalty across markets.

Product Differentiation and Customer Loyalty Nexus: Product differentiation (PD) is a strategic positioning mechanism whereby firms create unique product attributes that distinguish their offerings from competitors, and it has been extensively linked to customer loyalty outcomes. According to Porter's (1985) competitive strategy framework, differentiation enables firms to offer distinctive value that reduces substitutability and strengthens customer preference. When customers perceive that a product has unique features such as superior quality, design innovation, or functional benefits they are more likely to form positive attitudes and exhibit repeat purchase behaviour (Kotler & Keller, 2016). Prior research suggests that differentiation enhances perceived value, which is a critical antecedent of loyalty, as consumers are more inclined to remain committed to brands that consistently meet or exceed expectations (Zeithaml, 1988). Empirical studies across retail settings demonstrate that differentiated products create emotional and cognitive bonds, reducing switching intentions (Han & Kim, 2010). For example, Wu and Li (2018) found that product distinctiveness positively influenced loyalty in a multi-category retail environment. In emerging markets, studies in African retail contexts have shown that differentiation through quality and innovation significantly predicts customer loyalty (Adeleke, 2020). Moreover, Chevalier and Lu (2010) argue that differentiation strengthens brand attachment and trust, which in turn reinforce loyalty. Collectively, the literature indicates that product differentiation is a robust driver of customer loyalty across diverse contexts.

Pricing Strategy and Customer Loyalty Nexus: Pricing strategy (PS) plays a critical role in shaping customer perceptions of value and loyalty outcomes. Price is not only an economic exchange but also a signal of quality and fairness that directly influences repeat purchase behaviour (Monroe, 2003). Fair and transparent pricing strategies enhance perceived value, satisfaction, and trust—key drivers of customer loyalty (CL) (Zeithaml, 1988). Research suggests that customers are more likely to remain loyal to firms that align their pricing strategies with perceived benefits and offer consistent value over time (Grewal et al., 1998). Moreover, competitive pricing can serve as a differentiator in saturated markets by attracting price-sensitive consumers without undermining long-term loyalty (Nagle & Holden, 2002). Empirical studies demonstrate that pricing fairness positively affects customer retention and reduces switching intentions in retail environments (Xia et al., 2004). In an increasingly competitive retail context, value-based pricing where prices reflect a balance between quality and customer expectations has been linked with stronger loyalty outcomes (Lichtenstein et al., 1993). Research in emerging markets also shows that pricing strategies that are perceived as consistent and equitable reinforce customer trust and commitment (Kumbhar, 2011). Collectively, the literature underscores that strategically managed pricing can strengthen customer loyalty by enhancing value perceptions and fostering long-term relational bonds.

RESEARCH METHODOLOGY

Research method and sampling: The study utilized a structured questionnaire survey to obtain primary data directly from respondents. This method enabled the researcher to systematically collect information on the principal constructs under investigation. The instrument comprised both closed-ended and open-ended questions, allowing for efficient coding, quantitative analysis, and the

inclusion of qualitative insights. The questionnaire approach was selected because of its effectiveness in reaching a relatively large sample within a limited period while ensuring the collection of comprehensive and relevant data(Wiredu et al., 2025).The survey instrument was organized into three distinct sections. The first section captured respondents’ demographic characteristics through a face sheet to facilitate proper profiling. The second section examined issues related to Ethiopia’s retail industry, whereas the third section focused on consumer purchase intention. A five-point Likert scale (1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree) was employed due to its established reliability in measuring attitudes and perceptions. This scaling technique enabled respondents to clearly express their views while ensuring cost-effective and time-efficient data collection. To enhance content validity and reliability, measurement items were adapted from prior validated studies, with minor contextual adjustments to suit the present research setting (Wiredu et al., 2023).

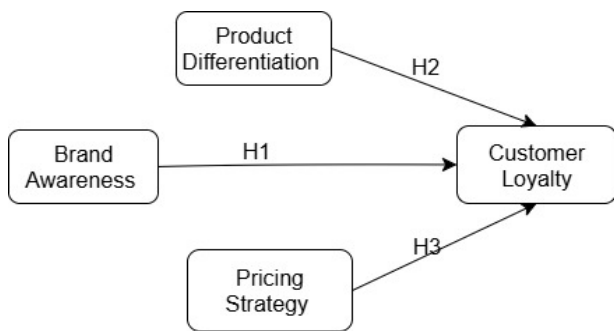


Figure 1. Conceptual framework

Participants were purposively selected based on their active involvement in brand awareness and loyalty outcomes within Ethiopia retail industry, including Chief Executive Officers, General Managers, and employees with at least five years of industry experience. Before participation, respondents received a consent form and a detailed explanation of the study’s objectives. They were assured that all responses would remain confidential and be used strictly for academic purposes. To ensure representativeness, the study adopted a stratified random sampling technique. This approach involves dividing the population into homogeneous sub-groups (strata) and selecting proportionate random samples from each group to guarantee adequate representation of key categories (Ayalew & Zeleke, 2018). Given the heterogeneous nature of social media marketing enterprises in Ethiopia, proportional allocation within each stratum was applied to ensure balanced inclusion based on predefined criteria. During the data collection phase, 520 questionnaires were distributed through direct contact and digital platforms, including WhatsApp, Instagram, and Facebook. At the conclusion of the survey period, 430 valid responses were obtained, yielding a strong response rate of 82%, which indicates high participant engagement. As the study did not involve medical or animal experimentation, formal ethical clearance was not required. Nonetheless, ethical standards were strictly observed by ensuring voluntary participation, confidentiality, and anonymity, thereby encouraging honest and unbiased responses.

Demographic Profile of Respondents: Participants were requested to report their gender, firm age, educational attainment, job position, and company size. The data were analyzed using frequency counts and percentage distributions, with the results presented in Table 1. The gender composition of the sample showed that 280 respondents (65%) were male and 150 (35%) were female. This indicates a higher male representation within the surveyed retail industry. Concerning firm age, 30% of the businesses had operated for 1–9 years, while the largest proportion, 49%, had been active for 10–20 years. Additionally, 21% of the firms reported more than 21 years of operational experience. These findings suggest that nearly half of the surveyed companies possess between one and two decades of industry experience, reflecting a relatively mature and stable sector. The presence of firms with long-standing operations indicates

accumulated expertise and strategic capability to respond to the dynamic nature of Ethiopia’s retail industry. The educational profile of respondents revealed that 51% held a bachelor’s degree, making it the predominant qualification. A further 28% possessed a master’s degree, and 21% had attained a PhD. This implies that more than three-quarters of participants had at least undergraduate-level education, highlighting a strong educational foundation within the Ethiopia’s retail industry. Such qualifications likely contribute to the technical competence and strategic understanding required in retail industry operations. In terms of organizational roles, 23% (100) of respondents were Chief Executive Officers (CEOs), 30% (130) served as General Managers, and 47% (200) were employees. This distribution reflects a balanced inclusion of both managerial and operational perspectives. Regarding company size, half of the firms (51%) employed between 10 and 50 staff members, 28% had 51–100 employees, and 21% had more than 100 employees. The predominance of small- to medium-sized teams suggests that many firms leverage digital technologies and automation to maintain operational efficiency without extensive human resources, underscoring the technology-driven nature of the sector.

Table 1. Demographic Profile of Respondent’s (N=430)

Characteristics	Category	Frequency	%
Gender	Male	280	65%
	Female	150	35%
Firm Age	1-9	130	30%
	10–20	210	49%
	21 and above	90	21%
Educational Background	Undergraduate	220	51%
	Master degree	120	28%
	Ph.D. degree	90	21%
Job Position	Chief Executive Officer	100	23%
	General Manager	130	30%
	Employee	200	47%
Firm Size	10-50	220	51%
	51-100	120	28%
	100 and above	90	21%

Measurements: The online survey for this study was implemented in two distinct stages to facilitate systematic and thorough data collection. The first stage focused on collecting respondents’ demographic information, including gender, firm age, educational qualification, job role, and company size, with the results summarized in Table 1. This phase enabled the researchers to develop a clear profile of the participants and their organizational characteristics. The second stage concentrated on assessing the main study constructs using measurement scales adapted from previously validated research, as presented in Table 2. The instrument captured two higher-order constructs comprising Brand Awareness (BA), Product Differentiation (PD), Pricing Strategy (PS) and Customer Loyalty (CL). These constructs were selected to comprehensively examine the relationships proposed in the study framework. To improve the clarity, validity, and reliability of the questionnaire, preliminary feedback was obtained from experienced Ethiopia’s retail industry practitioners and industry specialists prior to the final rollout. Their input helped refine the wording, structure, and contextual relevance of the items. All variables were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This standardized scaling approach ensured uniformity in responses and enhanced the precision with which participants’ perceptions and attitudes toward the investigated constructs were captured.

Table 2. Measurement Details

Construct	No of Items	Source
Brand Awareness	5	(Bekele and Worku, 2022)
Product Differentiation	5	(Adeleke, 2020)
Pricing Strategy	5	(Kotler & Keller, 2016)
Customer Loyalty	5	(Wu and Li, 2018)

Method of Data Analysis: To evaluate the proposed theoretical framework, the study applied Partial Least Squares Structural

Equation Modeling (PLS-SEM), given its methodological strengths and suitability for the research design. One major advantage of PLS-SEM is its capacity to estimate complex relationships among constructs by concurrently examining the measurement model (relationships between indicators and latent variables) and the structural model (relationships among latent variables). This integrated assessment enhances the accuracy and depth of (Otoo et al., 2024; Wu and Li, 2018). PLS-SEM is particularly appropriate for predictive and exploratory studies, as it can effectively manage intricate research models that include mediation or moderation effects while accommodating relatively small to medium sample sizes (Hair et al., 2021). Additionally, the technique does not impose strict normality assumptions, making it flexible for real-world survey data. Its growing adoption across multiple research fields, especially in marketing and social media studies, further confirms its analytical robustness and applicability in similar empirical contexts (Bekele and Worku, 2022). Given its predictive orientation, flexibility, and established credibility in prior studies, PLS-SEM was deemed the most appropriate analytical tool for examining the relationships among BA, PD, PS, and CL. Its application ensures rigorous testing of the proposed hypotheses and the generation of reliable and meaningful findings.

RESULTS AND DISCUSSION

Measurement reliability and validity: To evaluate the internal consistency of the measurement constructs, several reliability indicators were employed, including composite reliability (CR), Cronbach's alpha, factor loadings, and average variance extracted (AVE). According to Hair et al. (2021), acceptable reliability is demonstrated when composite reliability, Cronbach's alpha, and indicator loadings reach or exceed the recommended benchmark of 0.70.

Table 3 show that all constructs satisfied or surpassed the suggested criteria for composite reliability and Cronbach's alpha, while individual factor loadings also exceeded the minimum acceptable level. Additionally, the AVE values met the required standards, confirming adequate convergent validity. Collectively, these findings demonstrate strong internal consistency and reliability of the measurement scales. This confirms that the constructs were measured with sufficient precision, thereby enhancing the credibility and robustness of the study's empirical results.

Common method bias (CMB): Common method bias (CMB) has the potential to compromise regression results by artificially inflating standard errors and obscuring the true effects of independent variables on the dependent construct. To safeguard the precision and interpretability of the findings, the study took deliberate steps to examine and control for multicollinearity among the predictor variables. Variance Inflation Factor (VIF) values were calculated to evaluate the extent of collinearity within the model. VIF is a widely accepted diagnostic tool for detecting multicollinearity issues in structural models. As reported in Table 3, all VIF values were well below the recommended cut-off point of 5.00, as suggested by (Harman, 1976). These findings indicate that multicollinearity does not pose a threat to the model's estimates. Consequently, the results suggest that common method bias and collinearity are unlikely to distort the relationships among the constructs. This strengthens confidence in the robustness, validity, and overall credibility of the study's empirical conclusions.

Measuring reflective measurement model

Discriminate validity (Fornell-Larcker Criterion): Discriminant validity is a critical aspect of construct validity, ensuring that each measurement accurately captures the specific theoretical concept it is intended to represent, without overlapping with other constructs.

Table 3. Synopsis of validity outcomes

Indicators	Items	Factor Loadings	Cronbach's alpha ($\alpha > 0.7$)	Composite reliability (ρ_c)	AVE (> 0.5)	VIF
BA	BA1	0.823	0.745	0.758	0.543	1.672
	BA2	0.725				1.158
	BA3	0.833				1.637
	BA4	0.765				1.183
	BA5	0.782				1.126
PD	PD1	0.721	0.871	0.876	0.581	1.625
	PD2	0.736				1.537
	PD3	0.758				1.905
	PD4	0.839				2.358
	PD5	0.843				2.432
PS	PS1	0.786	0.729	0.841	0.542	1.037
	PS2	0.765				1.718
	PS3	0.896				3.125
	PS4	0.757				1.721
	PS5	0.824				4.284
CL	CL1	0.831	0.753	0.782	0.538	1.673
	CL2	0.736				1.159
	CL3	0.871				1.639
	CL4	0.734				1.182
	CL5	0.742				1.124

NB: Brand Awareness (BA), Product Differentiation (PD), and Pricing Strategy (PS), Customer Loyalty (CL)

Table 4. Outcomes of Discriminant Validity

Fornell & Larcker, (1981) Criteria					
	BA	PD	PS	CL	
BA	0.695				
PD	0.389	0.745			
PS	0.372	0.526	0.724		
CL	0.263	0.389	0.372	0.695	
HTMT Criteria					
	BA	PD	PS	CL	
BA					
PD	0.574				
PS	0.419	0.626			
CL	0.572	0.574	0.519		

NB: Brand Awareness (BA), Product Differentiation (PD), and Pricing Strategy (PS), Customer Loyalty (CL)

According to Henseler et al., (2016), discriminant validity is considered satisfactory when the relationships between latent constructs remain below a threshold of 0.90. In this study, discriminant validity was assessed using both the Heterotrait-Monotrait (HTMT) ratio and the Fornell-Larcker criterion (Fornell & Larcker, 1981). The results, summarized in Table 4, indicate that all constructs satisfy the recommended thresholds, confirming that the latent variables are conceptually distinct and do not exhibit excessive overlap. These findings demonstrate that the measurement model possesses strong psychometric properties, with each construct being clearly defined and separable from the others. This reinforces the validity and reliability of the study's measures, providing confidence that the observed relationships reflect genuine theoretical associations rather than measurement artifacts.

Combined loadings and Cross loadings: Table 5 summarizes the results of both cross-loadings and combined loadings for all constructs. The analysis shows that each indicator loads more strongly on its respective construct than on any other construct, providing evidence of satisfactory convergent validity. This confirms that the measurement items effectively reflect their intended theoretical constructs, supporting the reliability and precision of the study's instrument. In addition, the results indicate that the model is not affected by measurement bias, consistent with findings from previous studies (Wiredu et al., 2024). The absence of such bias enhances the credibility and robustness of the model, ensuring that the observed relationships accurately represent the underlying theoretical framework. Overall, these outcomes validate the quality and integrity of the research instrument, reinforcing confidence in the reliability of the data and the validity of the study's conclusions.

Table 5. Item cross-loading matrix of the variables

Constructs	BA	PD	PS	CL
BA1	0.812	0.317	0.454	0.603
BA2	0.737	0.398	0.052	0.537
BA3	0.879	0.287	0.198	0.872
BA4	0.736	0.273	0.259	0.439
BA5	0.842	0.156	0.037	0.542
PD1	0.149	0.783	0.487	0.149
PD2	0.385	0.792	0.393	0.385
PD3	0.019	0.739	0.365	0.074
PD4	0.336	0.826	0.407	0.358
PD5	0.380	0.842	0.432	0.309
PS1	0.392	0.038	0.786	0.491
PS2	0.489	0.391	0.689	0.589
PS3	0.237	0.518	0.896	0.236
PS4	0.319	0.447	0.719	0.317
PS5	0.268	0.435	0.903	0.269
CL1	0.673	0.318	0.454	0.824
CL2	0.537	0.354	0.052	0.737
CL3	0.672	0.282	0.198	0.876
CL4	0.439	0.275	0.259	0.769
CL5	0.542	0.152	0.037	0.718

NB: Brand Awareness (BA), Product Differentiation (PD), and Pricing Strategy (PS), Customer Loyalty (CL)

Model Performance and Goodness of Fit: Evaluating effect size is an important complement to testing the statistical significance (p-values) of relationships, as it provides insight into the practical importance and magnitude of effects within the study model. In this research, the effect size was assessed using F^2 and R^2 metrics to determine both the strength and explanatory power of each predictor variable. As shown in Table 6, the F^2 and R^2 values range from small to large, offering a detailed perspective on the influence of each construct within the model. Furthermore, the overall goodness of fit of the model was evaluated using root mean square error (RMSE), RMS_theta, and the normed fit index (NFI). These indicators confirm that the model is both robust and reliable. Collectively, these results strengthen the validity of the findings and provide confidence in the practical implications of the study. They offer policymakers and practitioners meaningful insights that can inform strategic decisions based on empirically supported evidence.

Table 6. Structural Model Fit Summary

Variables	R^2	F^2
BA		
PD	0.362	0.524
PS	0.436	0.175
CL	0.157	0.214
Model Fitness Indicators	Saturated Model	Estimated Model
RMSE	0.275	0.258
NFI	0.352	0.386
(RMS theta)	0.052	0.073

Hypotheses testing

Direct Path Analysis: The present investigation acknowledged three direct associations within the study model. The empirical outcomes specified that brand awareness (BA) has a strong and substantial direct effect on customer loyalty (CL), as reinforced by H1 ($\beta = 0.714$, $t = 6.742$, $p = 0.000$). Additionally, product differentiation (PD) significantly impacts CL, as confirmed by H2 ($\beta = 0.562$, $t = 10.473$, $p = 0.000$). Lastly, the analysis established that pricing strategy (PS) positively impacts CL, as revealed by H3 ($\beta = 0.685$, $t = 12.634$, $p = 0.000$). These results highlight the significant influence of each factor on customer loyalty. Accordingly, the results of the direct associations are summarized in Table 7 below, which demonstrates the significance and direction of each hypothesized relationship. Furthermore, Figure 2 offers a pictorial representation of the structural model, showing the final model with estimated parameters. This clear visual guide improves understanding of the study's framework and the networks among key variables, offering a more accessible view of the interplays analyzed.

Table 7. Outcomes of Hypothesis Analysis

Hypothesis	Relationship	β	T-stats	P-value	Hypothesis Supported
Direct Relationship					
H1	BA -> CL	0.714***	6.742	0.000	Supported
H2	PD -> CL	0.562***	10.473	0.000	Supported
H3	PS -> CL	0.685***	12.634	0.000	Supported

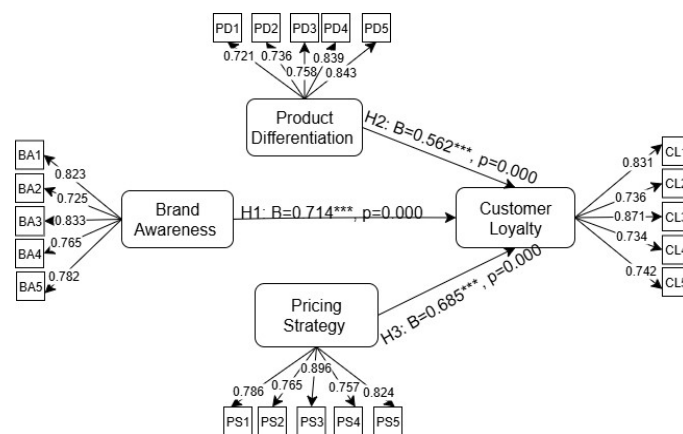


Figure 2. Final Model with Estimated Parameters

DISCUSSION

Brand awareness has attracted considerable interest among scholars investigating customer loyalty within the retail sector. Nevertheless, relatively few studies have examined the combined effects of brand awareness, product differentiation, and pricing strategy on customer loyalty, particularly in developing economies such as Ethiopia. To address this gap, the present study investigates the direct relationships among these key variables. The findings demonstrate that brand awareness (BA), product differentiation (PD), and pricing strategy (PS) each exert a positive and significant influence on customer loyalty (CL) in Ethiopia's retail industry. These results provide

empirical support for hypotheses H1, H2, and H3 proposed in this study. The result discovered that BA has an encouraging and significant influence on CL. A possible elucidation to this outcome could be that when customers are highly aware of a brand, they tend to become more familiar with it through repeated exposure in advertising, promotions, and previous experiences. This familiarity often reduces perceived risk and increases trust in the brand. As a result, customers are more likely to repeatedly purchase from brands they recognize and trust, which strengthens their loyalty over time (Bekele and Worku, 2022). Moreover, High brand awareness ensures that a brand is easily remembered when customers are making purchasing decisions. When consumers can quickly recall a brand among many alternatives, they are more inclined to choose it over unfamiliar competitors. This top-of-mind recognition increases the likelihood of repeat purchases, thereby reinforcing long-term customer loyalty (Khan, Rahman & Fatma, 2016). Furthermore, the results of this research approve H2 that PD has a significant effect on CL. The result infers that when products offer unique features, superior quality, or distinctive design compared to competitors, customers tend to perceive them as more valuable. This enhanced perceived value increases satisfaction because the product better meets their needs or expectations. As a result, satisfied customers are more likely to continue purchasing the same brand, leading to stronger customer loyalty (Wu and Li, 2018). Accordingly, effective product differentiation makes it difficult for competitors to offer identical alternatives. When customers recognize clear differences in quality, functionality, or brand identity, they may feel that competing products cannot easily replace their preferred choice. This uniqueness reduces customers' willingness to switch to other brands, thereby strengthening long-term loyalty (Han & Kim, 2010). Finally, the H3 of this investigation established that PS positively impacts CL. A likely explanation to this exciting result may be that when customers perceive a firm's pricing strategy as fair and aligned with the value of the product, they are more likely to feel satisfied with their purchase. Transparent and reasonable pricing enhances customers' perception that they are receiving good value for their money. This positive perception strengthens trust in the brand and encourages repeat purchases, thereby increasing customer loyalty (Kumbhar, 2011). Additionally, effective pricing strategies such as discounts, promotional offers, and loyalty rewards can motivate customers to continue purchasing from the same brand. These incentives make customers feel appreciated and economically benefited, which can strengthen their attachment to the brand. Over time, such pricing practices can foster long-term relationships and improve customer loyalty (Kotler & Keller, 2016).

CONCLUSION

This study provides important insights into how brand awareness, product differentiation, and pricing strategy influence customer loyalty. The hypotheses were examined using the SEM-PLS technique, and the results indicate that brand awareness (BA), product differentiation (PD), and pricing strategy (PS) all have a positive effect on customer loyalty (CL). These findings contribute to a deeper understanding of consumer behavior in resource-rich developing economies, particularly within Ethiopia's retail sector. Furthermore, the results offer valuable guidance for policymakers and industry practitioners in shaping effective policies and strategic decisions.

Practical Implications: The study provides several practical contributions. Given the findings that brand awareness, product differentiation, and pricing strategy play a crucial role in boosting customer loyalty, the research recommends that: First, businesses and retailers focus on these factors; First, retail firms in Ethiopia should invest in consistent and targeted marketing communication strategies to increase brand visibility and recognition. This can include the use of digital marketing platforms, social media campaigns, and community-based promotional activities. By improving brand awareness, companies can build stronger emotional connections with customers, which ultimately enhances customer loyalty.

Second, businesses should prioritize developing unique product features, quality improvements, and innovative offerings that distinguish their products from competitors. Retailers can achieve this by understanding customer preferences, improving packaging and design, and offering value-added services. Effective product differentiation helps customers perceive the brand as distinct and valuable, encouraging repeat purchases and long-term loyalty. Lastly, retail managers in Ethiopia should adopt pricing strategies that reflect both customers purchasing power and perceived product value. Competitive pricing, promotional discounts, and loyalty-based pricing incentives can help attract and retain customers. By aligning pricing strategies with customer expectations and market conditions, firms can strengthen trust and sustain long-term customer loyalty.

Limitations and Future Research: While this study provides meaningful insights, several limitations should be considered. First, the research is centered on Ethiopia, which may restrict the extent to which the findings can be generalized to other resource-rich developing economies. Consumer behavior and market conditions may vary across different regions. Therefore, future studies could conduct comparative analyses to examine how brand awareness (BA), product differentiation (PD), and pricing strategy (PS) influence customer loyalty (CL) in other developing economies, thereby offering a broader understanding of consumer behavior in similar contexts. Second, the study relies on cross-sectional data, which captures consumer behavior at a single point in time. This approach limits the ability to observe changes and trends over time. Future research could employ longitudinal designs to better understand how the relationships among BA, PD, PS, and CL develop and change as market conditions evolve. Finally, the study does not consider certain external factors, such as economic instability or political developments, which may influence consumer behavior and brand awareness within the studied environment. Future research could incorporate additional variables, including cultural influences and brand trust, to examine how these factors interact with BA, PD, and PS in shaping customer loyalty.

Declaration Statements

Conflict of interest: The author declares no conflict of interest.

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