

Examining Effective Factors Influencing Customer loyalty to Brand

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ABSTRACT

Mobile phone systems are the most important factors in development of electronic communication of modern societies. By increasing the competition in trade and fast technological changes and also increase the power and choice right of customers, the companies will be success that able to understand the customer's expectations resistivity and meet their expectations and needs in favor. This research is study the brand loyalty of MTN and MCI customers in Kermanshah city. The population statistics of research is including 75000 users of MCI and 100,000 users of MTN in Kermanshah City. This research method is descriptive - survey. The collection Information Instrument is a scholar made questionnaire with validity coefficient of 98% in MCI and 93% in MTN. Questionnaire Consists of 35 questions which are about 7 variable of faithful, satisfaction perceived quality, Commitment, Trust, Brand Value and Mouth To Mouth advertising That is tested in order to check the customers brand loyalty. The path analysis method is used to find the direct and indirect and the total effect of variables on customer loyalty. The AMOS software is used to analysis the statistics data. Results show that the satisfactions in MCI and mouth to mouth advertising in MTN have the greatest impact on customer loyalty.

KEY WORD: Loyalty to brand, satisfaction, brand value, verbal advertising, commitment, Trust, perceived quality.

INTRODUCTION

In the competitive conditions of today's markets, achieving a suitable position in customers' minds in a way that makes consumers loyal to the company is very important and one of the factors which is effective to reach such a position in customers' minds is the special value of trade name (Aaker, 1991). The special value of trade name is a final desirability or value added which a product creates due to trade name, like Coca-Cola. One of the main reasons of the significance of this notion is its strategic role in gaining a competitive advantage, and this advantage is created in the market. The special value of trade name is like a capital for the company which increases the flow of business funds (Salmiah et al, 2012) and it also is a multidimensional concept which can be increased by strengthening its dimensions. One of the college pioneers in trade names is David Aaker from Breckley University. David Aaker considers brand as symbol are linked to a lot of mental assets and commitment and are presented to identify and distinguish products. Aaker's model is a conceptual perspective which tries to identify factors that forms brand and symbol value in the view of consumers (Aaker, 1991). Aaker defines the special value as: a collection of five groups of assets and commitments related to trade name and symbol, its name and symbol which adds or deducts a value to or from a product or service offered to a company or its clients. This group of assets are: 1) loyalty to brand 2) awareness of brand 3) perceived quality 4) Things dependent on brand 5) other special assets of brand. 5) other special assets of trade name. Two other scientists by the names of Kevin Keller and Kapferer have produced a model about the special value of trade name and symbol (Aaker, 1991). One of the reasons of the importance of the concept of trade name and symbol special value is that it creates value for both customers and companies and as a result, marketers can achieve a competitive advantage by using a higher trade name and symbol special value (Bharadwaj et al, 1993). Nowadays, Brand management is considered as important fields in marketing management, particularly when organizations aim their efforts at transmitting complicated and unclear messages (Goodchild et al, 2001). One of the most important issues that brand managers face nowadays is how to create and extend a better perception and understanding of the relationships between constructs like brand and customer loyalty, particularly in the marketing management literature, lots of factors have been stated that influence customer loyalty (Mittal et al, 2001). If a company considers a trade name only as a name, it will not understand the deep application which trade names can have in marketing. Results demonstrate that brand image influences customer perception of products and services qualities and the credibility of companies influence customer perceptions and their loyalty (Erdem et al, 2002). Studies show the cost of keeping loyal customers is less than the cost of attracting new customers (Jui et al, 2009). Specially, trade symbols and their power are more important in industrial marketing where customers are

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sensitive very much and less flexible and even the smallest ignorance destroys all the efforts for marketing (Scutaru, 2010).

The expression

Statement of the research problem one of the most significant issues which brand manager face today is how to provide and extend a better understanding of the existing relationship between constructs like brand and customer loyalty (mattila et al,2002). by intensification of competition in and quick technological changes and also an increase in customer, power and right of selection ,those companies will be successful that are capable of perceiving and identifying customers intended values and expectation in a more suitable way and answering them in a proper manner (laison,2009).brand features influence the behavior of customers and today's trade needs some branding guidelines(Jui et al,2009)a trade name is a main guide for a potential customer (touzani et al,2009).the importance and necessity of trade names as a tool for doing the research by the title of loyalty to trade name is that this concept plays a main role in creating long-term advantages for companies and the reason for this is that loyal customers don't need extensive promotional efforts and as a result they will be ready to pay more to achieve the quality and advantages of their desired trade name. Moreover, customer loyalty has competitive aspects in trademarks and trade names. Customer loyalty is able to guarantee the existence a company of a destroy it, particularly in industrial markets. Ther for, its important for companies to be aware of the effective factors influencing loyalty to trade names so as to grow and develop in the market and its also important for them to examine the aspects of customer behavior and perception which make customers more loyal to trade name.

The significance and necessity of doing the research

To be successful in today's complicated and competitive markets, some researches and studies about customer loyalty and the effects of trade names have been conducted. Companies can keep their loyal customer and attract more new potential customer by getting assistance from them. Also, the results of such studies demonstrate that customer satisfaction has a positive impact on their view points and in the end will result in their loyalty. Loyalty to trade names also has a positive impact on the trade performance. Some of the customer satisfactions are: 1)there is an absolute relationship between customer satisfaction and customer loyalty and commitment to relationships, 2)the most satisfied customer have widespread verbal advertisements in favor of the company(N.d.b.s.I.N.O,2005). The more the level of the value that customers receive from the products and service of a certain company in general, the more the loyalty of customer will get. In to days world, being in touch with customers and attracting their satisfaction are the main reasons for the activities of all organizations. Customer loyalty is considered as a key factor for organizations and results in profitability and success of organizations. In this study, it has been tried to study the effective factors influencing loyalty of customers and to determine the nature of the relationship between loyalty structure and these variables. And, finally, the question can these variables result in customer loyalty to trade names? Can be beneficial to present a research measuring the relationship between customer loyalty to trade names and each of these variables. Considering the above-mentioned explanations, the results coming from this research can be very important. The results from this research can be useful to managers of Irancell and Hamrah Aval companies so as to design and develop a structure based on customer loyalty to buying behavior.

Research Objectives

Main Objectives

- Studying the effective factors influencing customer loyalty to brand.

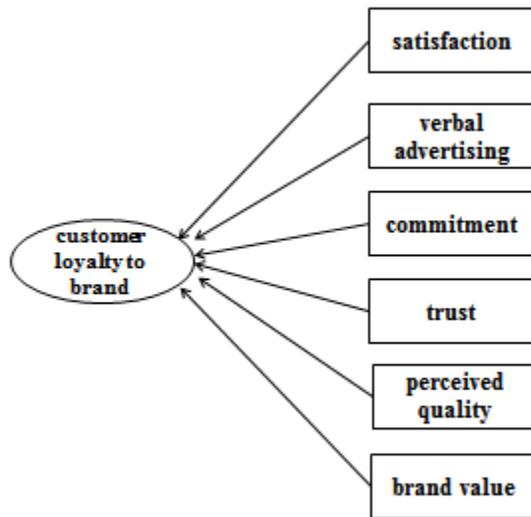
Sub objectives

- Identifying the effective constructs influencing customer loyalty to brand.
- Measuring each of the effective constructs influencing customer loyalty to brand.
- Rating each of the effective constructs influencing customer loyalty to brand.
- Extracting the conceptual model of the effective constructs influencing customer loyalty to brand.
- Extending and concluding from the extracted conceptual model of the effective constructs influencing customer loyalty to brand.

Research hypotheses

- There is positive and significant relationship between satisfaction and customer loyalty to brand
- There is positive and significant relationship between verbal advertising and customer loyalty brand
- There is positive and significant relationship between commitment and customer loyalty to brand
- There is positive and significant relationship between trust and customer loyalty to brand
- There is positive and significant relationship between perceived quality and customer loyalty to brand
- There is positive and significant relationship between brand value and customer loyalty brand

Model



Garph 1: The Conceptual model of examining the effective factors(satisfaction, brand value, verbal advertising, commitment, Trust, perceived quality) influencing Loyalty to brand(taken from: Suhartanto.2011, Youl Ha et al.2011, Hongwei He.2007, Rios&Rijueme.2008 Donio et al.2006).

Theoretical framework for research

Research Method

Considering the subject of this research, the universe of this study is the clients of the main branches of irancell and hamrah aval in kermanshah province-Iran. The sampling method and sample volume was determined by morgan table. The universe was 384 customers irancell and 382 customers hamrah aval sample volume. Samples were collected by the simple accidental sampling method. A closed questionnaire was used for collecting data and the questions were categorized into 7 sections with a value of 0-100.For analyzing data, path analysis was used.

Kolmogorov- Smirnov test

To use path analysis and regression method, errors must have a normal distribution. To examine this, Kolmogorov-Smirnov test is being used.

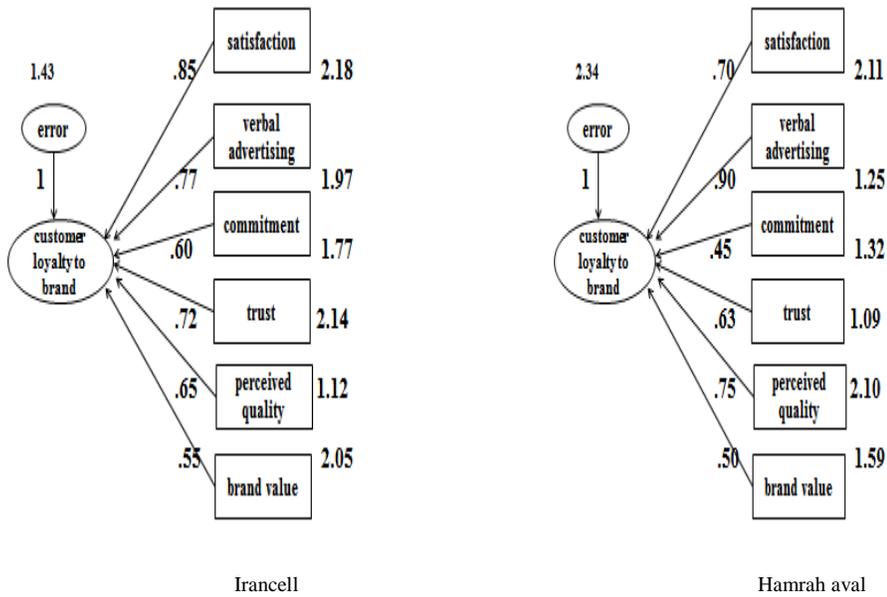
In the table above, Since $p\text{-value} = 0.081$ (irancell) $p\text{-value} = 0.070$ (hamrah aval) and $p > 0.05$,the hypothesis of being normalized is accepted.

A primary sample of 384 (irancell) and 382 (hamrah aval) people were examined to do this research and as for getting sure of its reliability, cronbachs Alpha was used. As its shown in the table below, $\alpha = 0.930$ (irancell) $\alpha = 0.982$ (hamrah aval),which proves the reliability of the questionnaire.

	Error	
	Irancell	Hamrah aval
N	384	382
Kolmogorov-Smirnov Z	.391	.412
Asymp. Sig. (2-tailed)	.081	.070

	Cronbach's Alpha	N of Items
irancell	.930	35
hamrah aval	.982	35

In the table above, cronbachs alpha = 0.930(irancell) and 0.982 (hamrah aval) and $\alpha > 0.70$,then it can be said that this questionnaire is reliable. In this model, the impact of independent variables such satisfaction, brand value, verbal advertising, commitment, Trust, perceived quality influencing Loyalty to brand is examined. Therefore, the model is illustrated as following:



Graph 2: The regression coefficients of independent variables in irancell and hamrah aval.

In the figure above,0.85 (irancell) and 0.70 (hamrah aval)demonstrates regression coefficient between Loyalty and Customer Value variables, and 2.18(irancell) and 2.11 (hamrah aval) demonstrates the variance of reliability variable.

Regression coefficients of variables in irancell and hamrah aval

The table above shows the calculated regression coefficients of independent variables on dependent ones. According to this table, the regression coefficient of the variable satisfaction is 0.701(irancell) and 0.851 (hamrah aval).Also,the calculated regression coefficient of verbal advertising is 0.899(irancell) and 0.768 (hamrah aval), commitment =0.450(irancell) and 0.602 (hamrah aval), trust =0.633(irancell) and 0.722 (hamrah aval), perceived quality = 0.753(irancell) and 0.653 (hamrah aval), brand value = .497 (irancell) and 0.548 (hamrah aval). considering the last column of this table which shows p- value related to independent variables coefficients being significant hypothesis. satisfaction 0.001(irancell) and 0.016 (hamrah aval), verbal advertising 0.011(irancell) and 0.005 (hamrah aval), commitment 0.041(irancell) and 0.007 (hamrah aval), trust 0.021(irancell) and 0.003 (hamrah aval), perceived quality 0.000(irancell) and 0.000 (hamrah aval), brand value 0.000(irancell) and 0.000 (hamrah aval) because all of these p – values < 0.05 ,as a result, it can be concluded that all of these coefficients are significant. In the second column, this table shows standard error and the third column shows the critical value, which is attained through dividing the coefficient estimation by the standard error.

Table 4: Regression coefficient of independent variables in irancell and hamrah aval

		Estimate	S.E.	C.R	P	Estimate	S.E.	C.R	P
		Iranscell				Hamrah aval			
Loyalty	<--- Satisfaction	.701	2.112	.332	.001	.851	2.181	.204	.016
Loyalty	<--- verbal advertising	.899	1.248	.720	.011	.768	1.970	.193	.005
Loyalty	<--- Commitment	.450	1.322	.340	.041	.602	1.771	.160	.007
Loyalty	<--- Trust	.633	1.093	.579	.021	.722	2.142	.174	.003
Loyalty	<--- perceived quality	.753	2.100	.359	.000	.653	1.120	.209	.000
Loyalty	<--- brand value	.497	1.589	.313	.000	.548	2.051	.135	.000

Structural equation

In this article, independent variables like satisfaction is shown by X₁, verbal advertising X₂, commitment X₃, trust X₄, perceived quality X₅, brand value X₆ and the dependent variable of loyalty to brand is shown by Y. According to the regressional coefficients, the linear regressional model being fitted to data, is as follows:

Irancell Y = 0.47 + 0.70 x₁ + 0.90 x₂ + 0.45 x₃ + 0.63 x₄ + 0.75 x₅ + 0.50 x₆.

Hamrah aval Y = 0.11 + 0.85 x₁ + 0.77 x₂ + 0.60 x₃ + 0.72 x₄ + 0.65 x₅ + 0.55 x₆.

Standardized Regression Weights

The standardized coefficients of independent variables have been shown in the graph below.

Table 5: the standardized coefficients of variables

			Estimate	
			Irancell	Hamrah aval
Loyalty	<---	Satisfaction	.68	.81
Loyalty	<---	verbal advertising	.79	.69
Loyalty	<---	commitment	.43	.71
Loyalty	<---	Trust	.65	.85
Loyalty	<---	perceived quality	.71	.69
Loyalty	<---	brand value	.59	.51

As h's obvious from the table above, the variable of advertising in irancell and trust in hamrah aval has the most impact and commitment in irancell and barand value in harah aval has the least impact on the variable of loyalty to brand.

Comparing the independent model and the proposed model

In order to examine the suitability of the model, the following criteria are used. The nearer the values of these criteria to 1,the more suitable the model will be. The independent model is a kind of model in which theres no relationship among variables, being called a basic model.

Table 6: comparing the suggested and independent model in irancell and hamrah aval

RMSEA	AGFI	GFI	CFI	IFI	RFI	NFI	Irancell
0.084	0.859	0.748	0.911	0.905	0.732	0.858	proposed model
0.000	0.000	0.000	0.000	0.000	0.000	0.000	independent model

RMSEA	AGFI	GFI	CFI	IFI	RFI	NFI	Hamrah aval
0.062	0.804	0.856	0.832	0.920	0.718	0.912	proposed model
0.000	0.000	0.000	0.000	0.000	0.000	0.000	independent model

The values of the table above proves the suitability of the model.

K₂ of the suggested models

The following table shows the K₂ value for the suggested model.

Table 7: K₂ of the suggested model in irancell and hamrah aval

Irancell	CMIN	DF	CMIN/DF	P
	22.449	21	1.069	0.000

Hamrah aval	CMIN	DF	CMIN/DF	P
	26.145	21	1.245	0.000

For this model, $\chi^2 = 22.449$ in irancell and , $\chi^2 = 26.145$ in harah aval ,degrees of freedom = 21 and sig = 0.000 in irancell and 0.000 in hamrah aval ,and because sig <0.05,its concluded that the regressional model being fitted among dependent and independent variables is significant and suitable.

Conclusion

H₁. There's a significant and positive relationship between satisfaction and Loyalty to brand.

According to the achieved results; there's a significant and positive relationship between satisfaction and loyalty with a sig of 0.001(irancell) and 0.016 (hamrah aval) and a regression coefficient of 0.701(irancell) and 0.851 (hamrah aval).Therefore, it can be stated that there's a strong relationship between loyalty and satisfaction, and the regression coefficients between the two stated variables is direct (positive).As a result, it can be said that satisfaction influences loyalty and in customers point of views; The more the satisfaction ,the better the . loyalty, therefore, the hypothesis is accepted.

H₂. There's a significant and positive relationship between verbal advertising and Loyalty to brand.

According to the achieved results; there's a significant and positive relationship between advertising and loyalty with a sig of 0.011(irancell) and 0.005 (hamrah aval) and a regression coefficient of 0.899(irancell) and 0.768 (hamrah aval). Therefore, it can be stated that there's a strong relationship between loyalty and advertising, and the regression coefficients between the two stated variables is direct (positive).As a result, it can be said that advertising influences loyalty and in customers point of views; The more the advertising, the better the . loyalty, therefore, the hypothesis is accepted.

H₃. There's a significant and positive relationship between commitment and Loyalty to brand.

According to the achieved results; there's a significant and positive relationship between commitment and loyalty with a sig of 0.041(irancell) and 0.007 (hamrah aval)and a regression coefficient of 0.450(irancell) and 0.602 (hamrah aval) 0.74. Therefore, it can be stated that there's a strong relationship between loyalty and commitment, and the regression coefficients between the two stated variables is direct (positive).As a result, it can be said that commitment influences loyalty and in customers point of views; The more commitment, the better the .loyalty, therefore, the hypothesis is accepted.

H₄. There's a significant and positive relationship between trust and Loyalty to brand.

According to the achieved results; there's a significant and positive relationship between trust and loyalty with a sig of 0.021(irancell) and 0.003 (hamrah aval) and a regression coefficient of 0.633(irancell) and 0.722 (hamrah aval).Therefore, it can be stated that there's a strong relationship between loyalty and trust, and the regression coefficients between the two stated variables is direct (positive).As a result, it can be said that trust influences loyalty and in customers point of views; The more the trust, the better the . loyalty, therefore, the hypothesis is accepted.

H₅. There's a significant and positive relationship between perceived quality and Loyalty to brand.

According to the achieved results; there's a significant and positive relationship between perceived quality and loyalty with a sig of 0.000 (irancell) and 0.000 (hamrah aval) and a regression coefficient of 0.753(irancell) and 0.653 (hamrah aval).Therefore, it can be stated that there's a strong relationship between loyalty and perceived quality, and the regression coefficients between the two stated variables is direct (positive).As a result, it can be said that perceived quality influences loyalty and in customers point of views; The more perceived quality, the better the .loyalty, therefore, the hypothesis is accepted.

H₆. There's a significant and positive relationship between brand value and Loyalty to brand.

According to the achieved results; there's a significant and positive relationship between brand value and loyalty with a sig of 0.000(irancell) and 0.000 (hamrah aval) and a regression coefficient of .497 (irancell) and 0.548 (hamrah aval).Therefore, it can be stated that there's a strong relationship between loyalty and brand value, and the regression coefficients between the two stated variables is direct (positive).As a result, it can be said that brand value influences loyalty and in customers point of views; The more the brand value, the better the . loyalty, therefore, the hypothesis is accepted.

Suggestions for future studies

- 1)Studying the impact of loyalty to brand on companies, profitability.
- 2)Studying variables like emotions, resistance to changes, the values perceived by customers which might show more tangible differences in customers loyalty to brands.
- 3)Studying customers loyalty to Irancell and Hamrah Aval SIM cards nationwide.

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