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Studying the relationship between brand and consumer loyalty in audio-video industry (Case study: Gonbad Kavoos city, Iran)

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ABSTRACT

The purpose of this study was the determining relationship between brand and consumer loyalty in audio-video industry in Gonbad Kavoos city. The study statistical population included audio and video consumers in Gonbad Kavoos city in July 2013. Due to the uncertain nature of the study population, 384 subjects were selected according to Morgan table. For this purpose, Sadeghloo's brand questionnaire (2013) and Moghimi and Ramazan (2011) consumer loyalty questionnaire was used. Reliability of questionnaires after a pilot study using Cronbach's alpha test, respectively (α=0.788) and (α=0.815) were obtained. Descriptive and inferential statistics methods for data analysis were used. The findings showed that between brand and consumer loyalty, there is significant positive correlation (r=0.428, p<0.001). It is suggested that marketing managers with identify the exact needs of their customers by providing good products and services help to strengthen the brand.

Keyword: *Brand, Consumer Loyalty, Audio-Video Industry.*

INTRODUCTION

Technological advancements, dynamic customer demands, increasing globalization, the blurring of organizational boundaries and increasing competition are all combining to produce organizational environments more turbulent and volatile than ever before [1]. Since the last decade, companies are under mounting pressure to take responsibility for the effects of their corporate conduct on society, especially when these effects go beyond the firms' direct commercial interests [2]. Nowadays, organizations are striving to improve their performance by using different techniques. One of these methods is to invest and develop the brand. Brand is not only an efficient tool for managers in competitive markets, but also a strategic necessity that helps organizations in creating more value for customers and creates sustainable competitive advantages [3].

Brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues to their owner. The value directly or indirectly accrued by these various benefits is often called brand equity [4,5]. A basic premise of brand equity is that the power of a brand lies in the minds of consumers and what they have experienced and learned about the brand over time. Brand equity can be thought of as the "added value" endowed to a product in the thoughts, words, and actions of consumers. There are many different ways that this added value can be created for a brand. Similarly, there are also many different ways the value of a brand can be manifested or exploited to benefit the firm (i.e., in terms of greater revenue and/or lower costs). For brand equity to provide a useful strategic function and guide marketing decisions, it is important for marketers to fully understand the sources of brand equity, how they affect outcomes of interest (e.g., sales), and how these sources and outcomes change, if at all, over time. Understanding the sources and outcomes of brand equity provides a common denominator for interpreting marketing strategies and assessing the value of a brand: The sources of brand equity help managers understand and focus on what drives their brand equity; the outcomes of brand equity help managers understand exactly how and where brands add value [6].

Today has been demonstrated that brand have impact on customers and their buying behavior [7]. One of the desirability criteria for customers to select a product is a valid brand. In numerous markets, brand creates a unique identity for a product and connects it to a specific group of target population. In psychological perspective, this type of products, in addition to their apparent applications, positively affects customer self-esteem and dignity. For this reason, a customer would prefer to pay higher prices. Further, superior brand unconsciously means better quality and more satisfied customers. The customer believes that by purchasing a brand product, more money is paid in exchange for higher added value.

In other words, like capital, technology, and raw materials, brand plays a role in creating added value and both customer and organization utilize the benefits of the brand. When a customer uses a brand product for the first time and feels happy and satisfied, his/her tendency will be increased to purchase products of the same brand again in the future. In addition, firms do not need to spend valuable resources on extensive promotional efforts, since loyal customers are motivated and eager to pay higher prices to gain benefits of their desired brand. Thus, brand loyalty plays a critical role in creating long-term benefits for the organization [8].

Researchers have identified several factors affecting brand loyalty, including trust (*Harris & Goode, 2004*), customer satisfaction (*Reibstein, 2002*), and perceived value (*Van Riel et al., 2001*) [8]. Given that customers have a choice to select from numerous brand alternatives, considerable attention is given to brand identity and how it affects customer satisfaction and loyalty. *Bhattacharya* and *Sen* (2003) argue that customers reflect and reinforce their identities through brand identification and the relationships that are built along with it. Therefore, when customers highly value the quality of a brand and competitors can easily imitate and copy the firm products, the necessity of creating a strong brand identity to gain brand equity seems highly important and desirable [9].

According to *De Chernatony* and *McDonald* (1994), the purpose of branding is to facilitate the circumstances for gaining loyal consumers and retaining them with acceptable cost with the goal of accelerating return on investment [10]. *Aaker* (1991) defines the brand loyalty as customer attachment to the brand [11]. *Yoo and Donthum* (2001), however, claim that brand loyalty refers to a type of tendency and can be emerged to purchase the brand as the first choice [12]. *Oliver* (1999) defines the loyalty as having deep commitment to a desired brand product or service that leads to repurchase a brand or a series of brand products in the future, despite the situational factors and marketing efforts of competitors. This may imply that it is the brand that sells not the product or service rendered [13]. In research on brand loyalty, the main challenge is to define the brand loyalty concept and to measure it, because repurchasing is not only a voluntary reaction but, it is due to mental, emotional, and normative factors [14].

In this regard, *Shirazi and et all's* (2013) research results showed that brand affect on consumer loyalty [8]. *Ardestani and et al* (2012) in their research showed that there is a significant positive relationship between brand and bank performance [3].

Like other manufacturing companies, audio-video industry will experience a new era of competition. Every day, new products and services are offered in this industry. So managers in this industry have tried to use various techniques to keep their customers. Increase customer loyalty to a particular brand is one of the techniques that can be used by managers. Few studies have yet been conducted in Iran to investigate the relation between brand and consumer loyalty in audio-video industry. Therefore, considering the importance of brand and its role in firm performance, the present study aims to investigate the relationship between brand and consumer loyalty in Gonbad Kavoos city (Iran).

MATERIALS AND METHODS

This study is a correlation study. The study statistical population included audio and video consumers in Gonbad Kavoos city in July 2013. Due to the uncertain nature of the study population, 384 subjects were selected according to Morgan table. For collecting data, two questionnaires were used, brand developed by researcher with 3 questions that have closed answer consumer loyalty developed by *Moghimi and Ramazan* (2011) with 25 questions that have closed answer and. The content validity of the questionnaires was approved by five professors of marketing management. Research reliability is determined by using the cronbach's alpha test, and the values are calculated for the consumer loyalty ($\boldsymbol{\alpha}$=0.815) and brand ($\boldsymbol{\alpha}$=0.788) questionnaires.

A demographic data sheet was used to collect the data on personal information including sex, level of education and level of income. As to the statistical measures, descriptive statistics including frequency, percentage, mean, standard deviation and tabulations were used to describe the data. Inferential statistics including Pearson correlation formula was used to test the hypotheses.

RESULTS

384 questionnaires distributed among participants of which 338 questionnaires were returned (88.02%). The results showed that the numbers of male and female were 57.1%, and 42. 9%, respectively. 32.8 percent of the participants had B.S or higher degrees and 30.5 percent had more than 10.000.000 Rials for a month.

Table1. Result of Kolomogorov Smirnove Test to verify data normality

Statistic / Variable	N	Z	Sig	Test result
Brand	338	1.540	0.074	Normal data
Consumer Loyalty	338	1.587	0.084	Normal data

Before the research hypotheses tested, a Kolmogorov– Smirnov (K-S) test was carried out in order to determine whether data is normally distributed. The test indicates that data of all variables follows the normal distribution.

Table2. Relationship between Brand and subscales of Consumer Loyalty

Variables	Consumer Loyalty				
	N	**subscales**	**r**	**P**	**r^2**
Brand	338	**Cognitive Responsibilities**	0.462	0.001	0.23
	338	**Affective Responsibilities**	0.386	0.001	0.15
	338	**Customer Relationship**	0.642	0.001	0.41
	338	**Time Management**	0.295	0.003	0.09
	338	**Invested Resources**	0.267	0.007	0.07
	338	**Senior Management**	0.684	0.001	0.47

Table3. Relationship between Brand and Consumer Loyalty

Variables	Consumer Loyalty			
	N	**r**	**P**	**r^2**
Brand	338	0.428	0.001	0.18

Pearson correlation formula was run to examine the relationship between brand and consumer loyalty. Table 2 and 3 illustrates the results of Pearson correlation test. Regarding the results in table 2, there is a positive and significant relationship between brand and all subscales of consumer loyalty. Also, the results of correlation coefficient shows that there is a positive and significant relationship between brand and consumer loyalty from the consumer's point of view ($r=0.428$, $P\leq0.001$).

DISCUSSION AND CONCLUSION

Brand is a mental flow or process which is created in the mind of consumers, buyers, employees, and stockholders. The brands contain social identity and a brand is successful when people see themselves as its owner and feels belonged to it. According to Laforet (2010), identity is a key element of branding and the core of creating a successful brand is how to create and extend its identity [15]. The brand needs to retain its identity through its contract with itself, its goal, and consumers. However, individuals often use products which are compatible with themselves, but under special conditions they avoid those products which have conflict with their identity aspects.

The results revealed a significant correlation between brand and consumer loyalty. This is consistent with the findings of *Oliver* (1999) and *Shirazi* and et al (2013). Researchers consider brand as one of the most important aspects of marketing that increase consumer commitment and loyalty. Hence marketing managers should enhance factors which are effective in improving customer loyalty and they should avoid factors that weaken it.

Based on the results of this study, it is recommended that the research subject should be studied in other industry with comparative approach, and its results should be compared with findings of these studies. Also, in future researches with comparative approach, researchers can measure the role of other determining factors in customers' loyalty (such as: personal sales methods, relational sales, and…), or evaluate customers' loyalty in a specific industry.

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