
Consumer Perception And Brand Loyalty: An Empirical Study Of Smartphones In India

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ABSTRACT

In the present macro-environment of increasing global competition, rapid introduction of innovative products, on one hand, and maturity conditions in some markets, on the other, the task of managing loyalty is becoming focal managerial challenge. The marketers have to focus on developing, maintaining and enhancing loyalty towards their brand of product or service. The loyalty of the customers towards the brand is a strategic construct for the organization and creates long term competitive advantage. The brand also represents the organization in the market and makes an association in the minds of the consumers. The brand loyalty however is influenced by several factors. These include recognition of the brand, consumers' association with the brand, perception about brand image and brand trust. The objective of present research is to study the influence of brand recognition, brand association, brand image and brand trust on brand loyalty of smartphones in Indian market. The questionnaire for the study was developed after in-depth review of literature. The instrument was evaluated for reliability and the data was collected via self-administered, structured undisguised questionnaire. The results of

statistical analysis show that brand association, brand trust, brand recognition and brand image influence brand loyalty towards smartphones.

Key Words: Brand Loyalty, Brand Image, Brand Recognition, Brand Trust, Brand association, Smartphones

INTRODUCTION

The firms create brands for providing an identity to their products and services. The brands represent the organization in the market and association in the minds of customers. American Marketing Association (AMA) defines brand as a name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors. The brand may be a product, service, shop, famous personality, place, organization or idea (Keller, 2003). It can also be a "set of expectations and perceptions that rose from the experience of the product or the organization" (Davis, 2002). The brand enhances the capital value of the organization and trust in the product, leading to stronger customer preference when making a choice. Effective brand management is essential for achieving overall company goals of satisfaction, loyalty, and profitability.

The globalization of markets and consumers presents a dynamic and very challenging environment to businesses today. The marketers not just have to attract the prospective customers but also strive to keep the existing set. The thrust of the marketing activities of firms thus revolves around developing, maintaining and enhancing customer loyalty toward their products or services. The task of creating and managing loyalty is emerging as a focal managerial challenge. Brand loyalty provides sustainable advantage to businesses and is very crucial for the survival and continuity of the organization. The brand-loyal consumers provide several opportunities to the organization including repeat purchases, increasing association – by increasing the quantum of purchase or procuring new products, by conveying positive feedback to others, etc. The brand loyal consumers may be willing to pay more for the brand. Brand loyalty hence leads to greater market share when the same brand is repeatedly purchased by loyal consumers.

The brand provides differentiation to the products and services and loyalty towards the brand provides sustainable advantage. However, there are certain features of the brand which may influence consumers' perception (brand image). The consumers' perception in turn positively or negatively influences customer loyalty. These brand attributes include recognition of the brand, consumers' association with the brand, the perceived quality about the products offered by the brand leading to trust and an overall image about the brand. The consumers recognize

established brands, associate with them and they trust the products or services offered by them. Supported by the above rationale, this paper is designed to carry out an empirical study with the core objective of investigating the influence of brand recognition, brand association, brand image and brand trust on brand loyalty of smartphones in Indian market. The subsequent sections of this empirical paper are arranged in the following manner – Literature Review; Need for the present study; Methodology; Data Analysis, Interpretation and Discussion of the Findings; Managerial Implications and Limitations and Directions for Future Research.

LITERATURE REVIEW

The brand plays a vital role in the process of customer preference and choice of products. A famous brand can spread the benefits of the product and lead to delivery of information related to these benefits more than uncommon brands (Keller, 1993). Although there are a lot of unfamiliar brands in the market, customers prefer famous and known brands. A preferential famous brand, is not only attractive for customer to buy the product, but also brings the behavior of repetitive purchase and reduces the behavior resulting from the price volatility (Cadogan and Foster, 2000). In addition, brand allows the development of the product identity (Kohli and Thakor, 2000). In sum, brand is important for a company because it helps the organization attract customers to buy the product, influences the customer behavior and encourages him or her to repeat the purchase process.

Branding efforts create a feeling of involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol (Aaker, 1991). Brand awareness refers to the strength of a brand's presence in the consumer's mind" (Aaker, 1996). It is a measure of the percentage of the target market that is aware of a brand. Marketers can create awareness among their target audience through repetitive advertising and publicity (Stryfom et al., 1995). Brand awareness can provide a host of competitive advantages for the marketer including - sense of familiarity; sign of presence, commitment and substance; recall at during purchase process; inordinately durable and sustainable asset, etc. It may be extremely difficult to dislodge a brand that had achieved a dominant awareness level (Aaker, 1996). Brand equity is initially built on the foundation of brand awareness — eventually forming positive brand images — and is ultimately maximized by high levels of brand loyalty. Kotler (2001) defined image as "the set of beliefs, ideas, and impression that a person holds regarding an object". Keller (1993) considered brand image as "a set of perceptions about a brand as reflected by brand associations in consumer's memory". Aaker defined brand image as "a set of associations, usually organized in some meaningful way". Biel (1992) defined brand image as "a cluster of attributes and associations that consumers connect to the brand name". It is thus noteworthy to study the influence of brand image on brand loyalty. Vazquez-

Carrasco and Foxall (2006) in their studies found that relation benefits which consisted of social, confidence and special treatment benefit have a direct influence on passive loyalty.

The more the realization of the brand by customer, the more is the possibility for the growth of trust relationship and powerful positive attitudes towards the brand. Trust can be defined as a consumer's confident beliefs that he or she can rely on the seller to deliver promised services, whereas a relational value can be defined as consumer's perceptions of the benefits enjoyed versus the cost incurred in the maintenance of an ongoing exchange relationship (Agustin and Singh, 2005). Barney and Hansen (1994) suggested that trust is the mutual confidence that no party in an exchange will exploit another's vulnerability. Morgan and Hunt (1994) suggested that trust exists "when one party has confidence in an exchange partner's reliability and integrity." Trustworthy parties are associated with qualities such as honesty, benevolence, fairness, responsibility, and helpfulness. Consumers develop trust in a brand based on positive beliefs regarding their expectation for the behavior of the organization and the performance of products a brand represents (Ashley and Leonard, 2009). The dimension of brand trust may include : "I trust this brand," "I rely on this brand," "This is an honest brand," "This brand meets my expectations," and "This brand is safe" (Chaudhuri, and Holbrook, 2001)

The marketing literature proposes many definitions of brand loyalty and majority of these definitions are based on measurement of loyalty. Traditionally, brand loyalty research has used various behavioral measures including proportion of, purchase sequence, and probability of purchase (Dick and Basu, 1996). Jacoby and Chestnut (1978) criticized these behavioral measures for lacking conceptual basis and capturing only the static outcome of a dynamic process like loyalty. These definitions make no attempt to understand the factors underlying repeat purchase. High repeat purchase may reflect situational constraints, such as brands stocked by retailers, whereas low repeat purchase may simply indicate different usage situations, variety seeking, or lack of brand preferences within a buying unit. The behavioral definitions, consequently, are insufficient to explain how and why brand loyalty is developed and/or modified. Day (1969) viewed brand loyalty as consisting of repeated purchases prompted by a strong internal disposition. Thus attention is drawn to characteristics of an individual's attitude and conditions that lead to attitude congruent purchase behavior in conceptualizing loyalty. Oliver (1999) defined customer's loyalty as "a deep held commitment to repurchase or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational

influences and marketing efforts that have the potential to cause switching behavior". From the review of literature it is clearly understood that it is extremely vital for organizations to create brands. The features of the brand that influence attraction and retention of the consumers include - brand recognition, brand association, brand image and brand trust. The retention of the consumers is defined as customer loyalty and hence this study endeavours to study the influence of brand recognition, brand association, brand image and brand trust on customer loyalty. The main objectives of the study were:

1. To study the present market scenario for smart phones in India
2. To study the consumers' perception about the smart phones owned by them
3. To study the influence of brand recognition, brand association, brand image and brand trust on customer loyalty towards smart phones owned by them.

NEED FOR THE STUDY

Simon Personal Communicator, often touted as the first smart phone, was introduced in 1994 by IBM and BellSouth. With introduction of Black Berry in 2002 this category became popular, amassing huge audience over the years. A smart phone may be defined as 'a cellular telephone with built-in applications and Internet access'. Smart phones provide digital voice service as well as text messaging, e-mail, web browsing, still and video cameras, MP3 player, video viewing

and often video calling. In addition to their built-in functions, smart phones can run many applications. The Convergence Catalyst estimated that between 9 Million to 9.5 Million smartphones were sold in India in 2011. They also estimate that smartphone sales are likely to grow 100% in 2012. This is primarily due to multiple factors including availability of devices across price points and availability of multiple handset brands and models promoted with a strong marketing push. The share of smartphones is expected to be 12% to 14% of total mobile handset sales in 2012. Considering the strong growth prospects of this category the present research work, endeavors to understand consumers' perception about the smartphones, their association with the brand owned and finally the influence of brand recognition, brand image and brand trust on brand loyalty.

METHODOLOGY

Sampling Method - The questionnaire was administered to postgraduate students enrolled in a private university. The technique used was random sampling. A total of 107 complete questionnaires (complete in all respects) were obtained. The reasons for obtaining feedback from the postgraduate students were easy accessibility, budget constraints and quality responses. The demographic data was obtained to generate a profile of the respondents.

Instrument Design and Data Collection

- A structured non-disguised questionnaire was prepared. The questionnaire consisted of three parts. The first part of the questionnaire contained questions relating to ownership of smartphones, preference for specific brands etc. and the second part of the questionnaire contained questions relating to brand image, brand recognition, brand trust and brand loyalty. The third part of the questionnaire contained questions related to demographic characteristics.

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF RESULTS

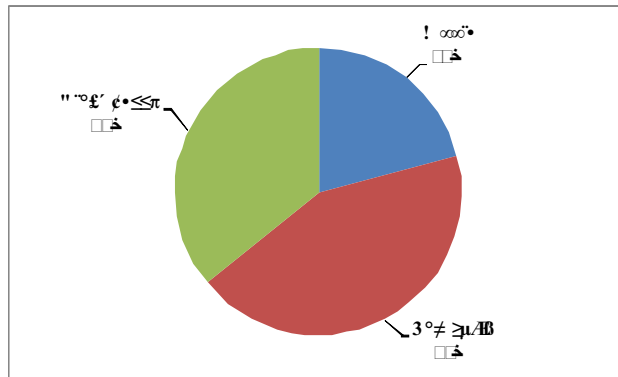
The demographic profile of the respondents is presented in Table 1. About 61 per cent of the respondents were males, 43 per cent of males were between 22 years and 28 years old and 49 per cent of them had an annual household income in the range of Rs 4 to 8 Lakhs. 43 percent females were in the age group of 22 years to 25 years and 43 percent females had an annual household income between Rs. 8 to 12 lakhs. Also, as mentioned earlier the data was collected from postgraduate students of management enrolled in a private university. The majority of the respondents were professional graduate with B.E./ B.Tech. being their highest educational qualification.

Table 1: Demographic Profile of the Respondents

		Gender	Male	Female
		Total respondents	65	42
Age profile	18 – 22 Years		26%	33%
	22 – 25 Years		17%	43%
	25 – 28 Years		26%	19%
	28 – 32 Years		19%	5%
	Above 32 Years		12%	-
Annual Household Income	Upto 4 Lakhs		19%	2%
	4 to 8 Lakhs		49%	31%
	8 to 12 Lakhs		15%	43%
	12 Lakhs and above		17%	24%

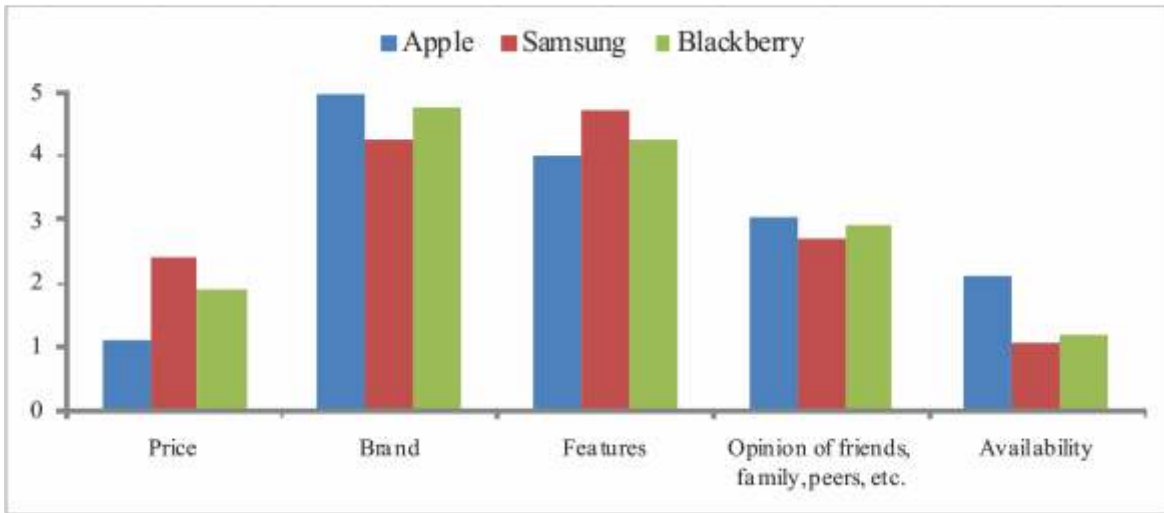
This study focused on the perception of smartphone users. A filter question was used to identify the respondents. The respondents were owners of smartphones. The total number of complete questionnaires obtained was 107. The respondents' brand ownership of smartphones is presented in Figure 1. Among the total 107 owners, 43 percent owned Samsung, 36 percent owned Blackberry and 21 percent owned Apple.

Figure 1: Brand Ownership of Smartphone



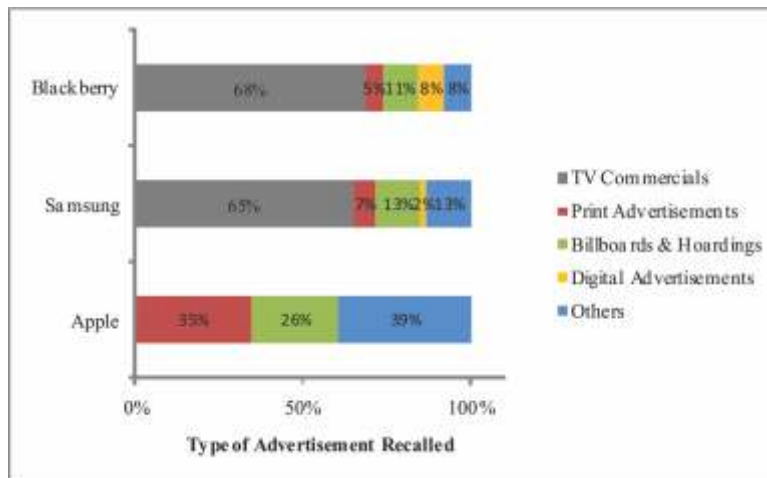
It is interesting for marketers to know why the owners prefer their brand over the others. Figure 2 presents data regarding smartphone owned and reasons for preference. The reasons highlighted by Apple owners in order of importance are – brand, features, opinion of reference group, availability and price. Similarly, Samsung users suggest that features of the smartphone is the most important reason for preferring this product followed by brand, opinion of reference group, price and finally availability. Blackberry users cite that the reasons for using this smartphone include – brand, features, opinion of reference group, price and finally availability. Though Apple is perceived to be an established brand yet availability is a concern. In case of Samsung features of the product and the price contribute to buying the smartphone.

Figure 2: Brand Owned and Reasons for Preference



The respondents were asked to recall the medium in which they had seen the advertisement of the brand owned. The results are presented in Figure 3. Blackberry's TV commercial had maximum recall followed by Samsung. The respondents suggested that they had seen advertisement of Apple in print media and on billboards and hoardings.

Figure 3: Medium of Advertisement



The review of marketing literature suggests that if the customers perceive strong association with the brand they are also likely to own the same. Hence the hypothesis may be written as follows:

H_0 : There is no relation between perceived association with the brand and brand ownership.

H_A : There is positive relation between perceived association with the brand and brand ownership.

The results of Chi-square test are presented in Table 2 and Table 3 below.

Table 2: Relationship between Perceived Association with the Brand and Brand Owned

	Perceived Association with Brand			Total
	Apple	Samsung	Blackberry	
Brand Owned	Apple	23		23
	Samsung	13	17	46
	Blackberry	7	3	38
	Total	43	20	107

Table 3: Chi-Square Tests

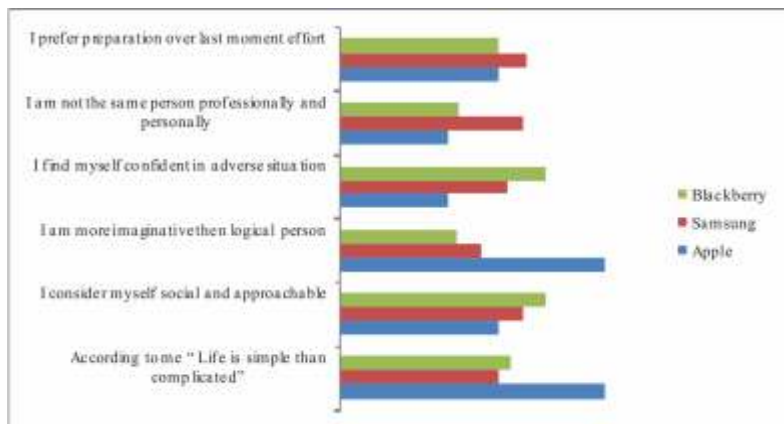
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.168 ^a	4	.000
Likelihood Ratio	67.171	4	.000
Linear-by-Linear Association	39.799	1	.000
N of Valid Cases	107		

a. 1 cells (11.1%) have expected count less than 5. The minimum expected count is 4.30.

The results of Chi-square test are significant at 95% level of confidence, indicating that we can reject the null hypothesis and accept the alternative hypothesis. Hence there is a strong positive relationship between the perceived association with the brand and brand owned.

We further tried to find out the reasons for perceived association with the brand. The questionnaire had statements based on the positioning of the smartphones by the companies. The respondents were asked to rate the statements. The results are presented in Figure 4.

Figure 4: Positioning of Smartphones



The positioning of the brands can be gauged from Figure 4. It is observed that Apple users believe that the brand makes their day to day activities simple and also provides imaginative solutions. The Blackberry users feel that the device helps them maintain social presence and makes others approachable. It is also believed to be associated with confident and go getter professionals. The respondents feel that Samsung provides greatest use for prepared perfectionist minds.

We further tried to examine the association between attitudinal statements on brand recognition, brand image, brand trust and brand loyalty. The reliability statistics related to the attitudinal statements is presented in Table 4. The value of Cronbach's alpha indicates high degree of reliability of the attitudinal statements used in the present research.

Table 4: Reliability Statistics

Cronbach's Alpha	N of Items
.893	14

From the review of literature it can be hypothesized that:

H_{01} : The recognition of the brand has no influences on brand loyalty.

H_{A1} : The recognition of the brand positively influences brand loyalty.

Chi-square tests were done and the results are presented in Table 5.

Table 5: Relationship between Brand Recognition and Brand Loyalty

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	303.674	36	.000
Likelihood Ratio	212.148	36	.000
Linear-by-Linear Association	26.896	1	.000
N of Valid Cases	107		

Table 5 clearly indicates that brand recognition by the customers is associated with brand loyalty and it positively influences brand loyalty. Hence we reject the null hypothesis and accept the alternative hypothesis. The result is significant at 95% level of confidence.

H_{02} : Positive perception about brand image does not positively influence brand loyalty.

H_{A2} : Positive perception about brand image positively influences brand loyalty.

Chi-square tests were done and the results are presented in Table 6.

Table 6: Relationship between Brand Image and Brand Loyalty

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	248.496	42	.000
Likelihood Ratio	205.472	42	.000
Linear-by-Linear Association	30.925	1	.000
N of Valid Cases	107		

Table 6 clearly indicates that positive perception about brand image by the customers influences brand loyalty positively. Hence we reject the null hypothesis and accept the alternative hypothesis. The result is significant at 95% level of confidence.

H_{03} : The trust of consumers in a brand does not positively influence brand loyalty.

H_{A3} : The trust of consumers in a brand positively influences brand loyalty.

Chi-square tests were done and the results are presented in Table 7.

Table 7: Relationship between Brand Trust and Brand Loyalty

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	202.545	48	.000
Likelihood Ratio	179.531	48	.000
Linear-by-Linear Association	40.698	1	.000
N of Valid Cases	107		

Table 7 clearly indicates that consumers' trust in a brand positively influences brand loyalty. Hence we reject the null hypothesis and accept the alternative hypothesis. The result is significant at 95% level of confidence.

MANAGERIAL IMPLICATIONS

Samsung is owned by majority of respondents followed by Blackberry and Apple. This data is similar to the actual ownership statistics provided by the Convergence Catalyst. Samsung is the market leader in this category and sold maximum number of handsets in 2011. Apple users suggest that the reasons to own smartphone were the brand and the features of the product; Samsung users bought the product because of features and price and the Blackberry users felt that the product was good value for money spent. Availability is a concern in case of Apple and Samsung users prefer the product also because of right price perception. Apple was primarily recalled in print advertisements whereas the recall of TV advertisements was high for both Samsung and Blackberry. The results of hypothesis testing regarding brand ownership and perceived association with the brand suggests that customers are likely to own the brand with which they perceive greater level of association. Apple is associated with innovative yet simple solutions. Blackberry is associated with business sophistication and Samsung with perfectionist attitude. The results of hypothesis testing suggest that brand recognition, brand image and brand trust influence loyalty towards the brand. The marketing efforts should be directed to ensure higher product recall, creative positive and elite brand image and also ensure that the consumers trust the products offered by the brand.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

The scope of present research is limited to studying the perception of consumers about smartphones in Indian market. Also, this research was conducted only in the North of India and therefore future studies can be conducted in other parts of India to improve the reliability of the study. A detailed study regarding the usage of mobile phones and characteristics that influence brand loyalty could be undertaken by other researchers.

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