Chapter – V

Findings and Conclusion

Academics and Practitioners have always been interested in the subject of brand loyalty because of its importance in business success. When Copeland (1923) brought out the consumer insistence" theory, lots of researchers have investigated this field to find out how it applies in real market scenario. It is being believed that worldwide, retaining existing customers costs lesser to the companies or service providers than attracting new one to generate new business. This shows that a firm’s growth in the market is closely linked to the loyalty they have from customers (Reichheld and Teal 1996).

Brands play such an important role in marketing a product or service. They undoubtedly offer value to both company and customer (Rundle-Thiele 2005). When a customer sees a brand they associate it with the product or service it offers and the benefits gained thereof by opting for it. The brand not only indicates the name of the company that offers a particular product or service, (Aaker, 1991) it also shows their quality (O’Cass & Grace, 2003). After looking at the brand a person interested in its products or services will immediately go in for a purchase which reduces time spent in searching for what they want (Davis et al., 2000).

A company that has a strong brand image has an advantage in the market and is clearly differentiated from its rivals (Janiszewski & van Osselaer, 2000). It has a sustained competitive advantage which brings it long term profits which is realized in the form of bigger share in the market and lower marketing costs (Aaker, 1996). This profitability is also experienced through good reviews (Chaudhuri & Holbrook, 2001) and price premiums (Jacoby & Chestnut, 1978).
Keeping these thoughts in mind this research project was initiated for the good of both companies and customers primarily focused on the measurement of brand loyalty in terms of customer survey for the service and goods companies as to unleash the strategies and perception of the customers and their loyalties towards their brands. The study designed was based on the products of the retail sector, in which large data was collected from the customers for shampoo, soap, oil, toothpaste, brands they use and are being associated as loyal customers.

This chapter summarizes the all the data analysis findings with the prior literature on this topic and put forth the scope of further research on this issue and concluding remarks in the subsequent sections.

5.2 Brand Loyalty – Attitudinal and Behavioral

The most important advantage a business has over its competitors is brand loyalty. Loyal customers always come back to a brand to make a purchase as compared to non-loyal customers (O’Brien and Jones 1995). They spread message about the brand through positive word of mouth advertising (Oliver 1999). They form the core of the company’s valuable customer group.

The concept of brand loyalty when first came about in the early twentieth century, at that time marketing research, quite new for that time was done on the advantages of branding. The research at that time brought out the three levels of pre-purchase attitude in brand identifications which was brand recognition, preference, and insistence (Copeland 1923).

It was only in the 1950s that behavioral approach towards brand came into the forefront. This arose because of the concept of brand loyalty gained momentum
(Cunningham 1956). This theory was followed till it was replaced by a new approach which stated that brand loyalty has two dimensions to it, which were attitudinal and behavioral (Pessemier 1959) and (Peckham 1963).

Later on, it was in the 1990’s that a two-construct view of brand loyalty came about, with each construct having a single dimension that included the customer, attitudinal brand loyalty and behavioral brand loyalty (Dick and Basu 1994).

In the current research project, researcher conducted a two-dimensional analysis on brand loyalty, however later they went along with only behavioral loyalty. The dimensions of attitudinal loyalty were drafted on structure equation modeling, however when they tried to connect it with the dimensions of the behavioral loyalty no clear evidence was found. Hence it was decided to carry out research only on behavioral loyalty.

5.3 Objective 1: To study the prevailing extent of Brand Loyalty among the consumers

The habitual behavior, arise from performing certain activities repeatedly even without thinking (Verplanken and Aarts 1999). This feature is also present when people shop for products or services. They repeat their purchasing activities at certain times or places (Ji and Wood 2007).

When an action is repeated continuously, it is sure to become a habit (Ajzen 2001). Since past behavior plays such an important role in forming habits, it is measured based on the how frequently a person behaves in the same way in the past (Ouellette and Wood 1998). Thus behavior can be taken as measure for habit (Wood et al. 2002). However it is to be noted that repetitive action alone is not the distinct quality of a habit. Past behaviors can influence the way people think in the future. (Verplanken 2006). Behavior must be
combined with the necessity of buying a product or some influencing factor to leads to a purchase. When a customer, influenced in this manner, makes purchase for a particular brand again and again, it becomes brand loyalty.

Habit in consumer customer behavior literature has been described as (Oliver 1997), spurious loyalty (Anderson and Srinivasan 2003), routines response behavior (Evanschitzky and Wunderlich 2006) or habit persistence (Breivik and Thorbjornsen 2008). According to this point of view, customers select a brand and make repeated purchase for the same, despite other brands trying to attract them.

Since the prevalence is associated with the time, which is also habit of buying, thus in this objective the customers were surveyed for their last six buys including their present buy of the favorite product for the shampoo, toothpaste, oil and soap. The purpose was to assess whether or how long the customer was associated with the buying of their favorite products of particular commodity as it is related with their loyalty with that product. Repeated ANOVA was used to analyze the significance difference in buying pattern of the customers for their favorite brand for all six buys in case of each four products and all the time significances of results was obtained signify that there was shift in the purchasing behavior of the customer for their favorite brand somewhere in last six buys.

Since it was established that the shift is there in buying behavior the next purpose was to assess the time of shift from favorite brand and for that paired t – test was used among the present buy and last buy, then last buy and second last buy then second last buy and third last buy and so on till sixth buy, as purpose was if their was no significant difference is their buying pattern for two consecutive time is same.
In case of shampoo, oil and soap, it was revealed that for the four buys the customer sticks to their favorite brands but at fifth or sixth buys they tend to change to some other brands. The paired t-test results was significant for the comparison of the pairs of the third last and fourth last buy and fourth last and fifth last buy of favorite product among the customers. Then further frequency of purchase of brand was surveyed and it was revealed majorly two trends that either customers prefer to buy every month or not at fixed intervals.

In case of toothpaste, it was revealed that for the two buys the customers stick to their favorite brands but after that they tend to change to some other brands of toothpaste. The paired t-test results was significant for the comparison of the pairs of the last purchase and second last purchase and third last and fourth last buy of favorite product of the toothpaste among the customers. Then further frequency of purchase of brand was surveyed and it was revealed again that majorly customers prefer to buy every month.

3.16 Objective 2: To examine the relationship between the Brand Loyalty and the elements of marketing strategies of various FMCG organizations

The real reason for brand existence as discussed in mainstream literature is to enhance customer value (Aaker 1996). This statement is in accordance with the idea that a brand that customers do not recognize is just a market product (Levitt 1980).

The most significant resource for a company is its value (Keller 2008). A brand that has value has definite brand identity as it is considered a cut above the rest in the market (Kotler and Keller 2009). The demand for a particular product is the factor that brings attention to a brand and has resulted in brand creation. Creating and promoting a brand brings advantages to the firms as otherwise it will not invest time and money into it, just for the purpose of catering to people’s requests (Rust, Zeithaml, Lemon 2005). Brand is the perfect marketing tool for a business and the purpose of creating a brand is to
enhance the company’s image and make it a profitable one (Kapferer 2005). A brand can bring in sales, return on investment in brand creation, enhance image and gain customer loyalty (Keller, 1993). Thus it brings quantitative and qualitative returns to a company.

Given the fact that brand is so important to the success of a company, investigations were made by scientist into the nature of brand strategy. This research has brought out many formulae and definitions on the brand concept. Brand can be used to differentiate one company from another. It can also be used as a tool to search and process information or a management strategy (Cucea, 2009).

Brand is the primary key that enables organizations to gain long-term, positive and mutually beneficial relationships with customers (Fournier, 1998). Branding is basically a process that gives enriched experience and value to customer, giving them value which satisfied them and induces them to come back for their next purchase. With the value of a brand being so important it is not surprising that it has led to the concept of brand equity (Yoo et al., 2000), which has become a priority for business recently. This is because of how it connects brand loyalty to a firm’s profits (Chen & Chang, 2008).

In this objective, the effectiveness of the marketing strategy by the FMCG was studied through the prospects of the customers which was categorized on the basis of their behavioral loyalty i.e. unstable, divided and consistent. All the surveyed customers was assessed for the various marketing strategies which was related to their buying i.e. where do they buy, as it reflects the shopping behavior of the customer along with the marketing strategy of the FMCG which pushes customer to distinguished places to buy their products, How they identify their favorite brand?, this helps the company to design physically their product more catchy for the customers, where they had heard about their
favorite product advertisement, as role of media shall be identified as potential scope of making more brand loyal and where company shall spent money to attract or retain their customers, product and advertisement attributes, again purpose was to give insight to the producers to identify the attributes so as to retain the customers and their loyalty.

In case of shampoo, toothpaste, oil and soap, it was revealed that for all the issues discuss for the marketing strategy the think process was similar for all three brand loyal customers. Neighborhood Karyana Store or Malls or Organized Retail Shops, are the preferential place for the majority of the customers, which identify largely their favorite product with its Packaging. The advertisements on the Television are the way through which the customers get affected and moreover if they are associated with some Celebrity or lifestyle, it pushes customers to be loyal with them. On product attributes Quality matters most for the loyal customers. Perception of customers regarding the pricing of their favourite brand for all three types of brand loyal customers is premium pricing case of Soap, Toothpaste and Oil and economy pricing in case of Hair shampoo.

5.5 Objective 3 and 4: To explore the difference, if any, in the extent of Brand Loyalty, with respect to Urban and Rural Markets and to explore relationship, if any, between the extent of Brand Loyalty and Socio-economic background of buyers

According to Davis (2002), as brand loyal customers are price insensitive, they are willing to pay a price premium for their favorite brand and thus can enhance marginal cash flow and profitability. There is a link between different demographic factors of consumers and brand loyalty. Demography is meant by the study of households in a family (Swan; 1995). Demography has been widely used as a tool for research by number of researchers all over the world (Majid; 2010). There are some factors such as social
hierarchy, occupation, sex, age etc. which are responsible for evaluating a consumer’s behavior, attitude and activities in the market at micro as well as macro levels (Hansman & Schutjens; 1993). Age has been examined as influential factor of brand loyalty. (Cole et al.; 2008, Chi et al.; 2009). Role of gender has been evaluated by Chen et al (2008), Moutinho & Goode (1995). The work on marital status and brand loyalty relation has been done by East et al (1995), Oh et al (2002). Moisesw (2009) examined the role of education level on brand loyalty.

As it has been said that economic, cultural, social, demographic, personal and psychological factors are beyond the control of marketers but still these factors play a great role on the customers and assist in the decision making for purchasing (Solomon & Stuart; 2003).

It has been observed in the past research works that the consumer’s interest, attitude and behavior vary with age. In young age the consumers are more inclined towards innovation (Modahl; 2000, Rogers; 2003, Schiffman & Kanuk; 2003). The favour towards innovation is the outcome of the excitement, sensation and curiosity. This results in the experience of purchasing at the store. According to Mitchell & Walsh (2004), men and women have differential purchasing attributes that depend on their taste. In conclusion it has been found that female customers ranked better than men because their sense of purchasing and attitude towards the brand was more profound than that of men. Women tend to be more compassionate, expressive and understanding (Williams & Best; 1990).

Men are more item-specific, analytical, logical and selective whereas women are more comprehensive, subjective, relational and intuitive during their buying process.
(Meyers-Levy & Maheswaran; 1991). Men are more biased towards efficiency and quality of the product while women do purchasing by their emotional involvement. (Helga, Karen, & Rosie; 2004). Women are more inclined towards buying emotional and valued goods and more likely to be on their list whereas men tend to buy items related to finance and leisure (Block & Morwitz; 1999).

In conclusion, it has been observed that people buy goods in synchronization with their social and financial status. The social hierarchy comes first than financial hierarchy (Slocum & Mathews; 1970). It has been debated so long that the social status has more profound effect on purchasing than financial status but the work shows that financial status has more profound effect on purchasing. It’s showing the contradiction of existing belief. Many studies have shown that people with a greater income tend to purchase goods which are linked with class.

There is a direct link between education profile and the social strata to which an individual belongs (Bullock & Limbert; 2003). Occupation is also responsible for upbringing the social foray of an individual (Schiffman & Kanuk; 2004). These are the deciding factors for the social strata of a person.

Education has profound effect on purchasing (Wood, 1998). Education upgrades the social status of an individual. (Johnson, 2010) As already discussed that the social strata of an individual accounts for the purchasing decision he/she takes in terms of the education, income, occupation, locality. These all factors have a major role in deciding how an individual would spend his/her income. The standard of living has the greatest association with the income as people with a greater income would like to spend an extra
part of it in buying luxury goods and services to enhance their standard of living. Even marketers target people by their social class and their attitude while buying goods.

Rural and Urban dichotomy has also great role in purchasing attributes. Urban people purchase frequently in comparison to rural people. The location (Brown; 1989) and distance is also an important factor for purchasing attributes. These ultimately switch the shopping behavior of customers. (Dellaert et al. 1998).

5.6 Objective 5: To find out the difference in the brand loyalty among the brands having different competitive strategy

Brand loyalty has many definitions and it is interesting to note what they are. It is defined as the how strongly a consumer prefer one brand over other similar ones in the market. It is measured in terms of how many times a customer performs repeat purchases. The highest form of brand loyalty is when customers show preference towards a brand in the form of a repeated purchase. Such loyalty offers immense benefits to the firm. They enjoy better profits because customer pays higher prices. It costs less for them to serve customers and they can attract new ones. (Reichheld and Sasser, 1990). Consumer who is loyal to a particular brand will not choose any brand other than the one he likes because of his positive feelings towards it. This feeling arises from the positive feelings towards that brand.

When you look at brand loyalty it has so many different approaches to it. This gives different types of meanings to the brand. Sometime it is based on the emotional connection between the consumer and the brand and at other times it is the loyalty shows by the consumer for the brand. In both cases the result is that the buyer b keeps making a
purchase from the same brand and does not accept any promotion from anyone else. (Rudawska 2005).

When many different brands come up in the industry, those that compete with one another can be differentiated by their name or the kind of packaging they come in. In situations where it is not possible to brand differentiation is not present in consumer’s mind, it is the price that comes to the forefront as the product with the lowest price is the one that is most successful. (deChernatony, 1991). This also is not the factor that differentiates one brand from the next. Emotional factors also connect a brand to a person such as sports cars, perfume, and much more. These factors are not considered by the manufacturer-centered nature of the industry as its changes the meaning of brand loyalty. However it is to be noted strategies related to product positioning, which differentiate one brand from the other do carry with them emotional aspects, though nominally.

The last couple of decades has seen a surge in the service sector. (Martin, 1999). In many places it is the service sector industry that dominates the scenario which has resulted in consumers spending more for services that purchasing physical goods. (Clifton & Maughan, 2000). However both marketers and academics have come to the conclusion that product and service sector are different and hence must of the belief that was used in marketing consumer goods cannot be applied to the service sector (Friedman & Smith, 1993). As a result, much of the focus is now diverted towards the challenges faced by the service sector.

5.7 Limitation of Research

Every study has its own kind of limitations. In the study the Brand Loyalty model is investigated on the basis of specific brand stimuli, mainly the products of the retail
sectors i.e. shampoo, oil, soap and toothpaste. Hence the findings might not be applicable to other service settings.

The concept of generalization is a common limitation if the research is dependent on a single industry. On the other hand, the findings appears strong because these are matching with earlier studies in the field of branding investigation of supermarkets and banking as focal service brands. As a consequence, certain similarities have been emerged that might give us insight that these findings could be universal to the industries studied as a whole.

Keeping in mind the limitations further research can be done to explore the key constructs of this study in various other service settings by specifically focusing on those types of services that possess distinct criteria or qualities than the ones investigated earlier.

In terms of generalization concept, it has also been noted that the underlying research is based on the responses given by a specific product user public sample which has often been criticized for not being the representation of the population. The present study is failed to assess the moderating effects of brand familiarity and consumer involvement. Keeping in mind the findings that proposes several significant moderation effects of familiarity and involvement on consumers’ decision-making and behavior, future research can be carried out to incorporate such considerations within methodology. Therefore, the use of a more representative sample and a rather heterogeneous group would be beneficial to further theory elaboration and testing.

Brand loyalty is the foremost tool for business success every company that strives to achieve its targets in the market can do so only if it has loyal customer. Customers who prefer the brand are its biggest assets. They make a purchase from the brand time and
again because they are emotionally attached to it and as they find it to provide something of significant value to them, given the fact that brand loyalty is so important to an organization’s success and its dominance in the market in the long term, it is vital for companies to spend time in retaining their existing customers. Such customers will not just bring them profits they will also spread the word around about their brand, which popularizes it in the market. This enables to reach out to more people but instead of using aggressive advertising techniques, they are making use of the goodwill of existing customer. This existing customer are more than people who make a repeat purchase, they are the brand’s marketing tool and source of success in the market.