
The influence of Brand on the Customer Loyalty; An Application on Iranian Electronic Products

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Abstract

The use of the brand name by potential and actual customers is often a criterion for quality and excellence of their product or service. The aim of this study is to evaluate the effect of brand on customer satisfaction in electronic products. The sample consisted of 437 people selected using stratified sampling. Using the confirmatory factor analysis, dimensions and indices of each factor were confirmed. A questionnaire was used to collect information whose validity was confirmed by the experts and whose reliability was tested by using Cronbach's alpha, and to analyze the findings of the study, Structural Equation Model is used. Results indicate that satisfactory, values, emotions, resistance to change, trust and brand equity is positively related to customer loyalty. it was found that, the brand in the services area has a positive effect on customer loyalty.

Keywords: *Customer Loyalty, Brand, Electronic products*

1. Introduction

The brand is a summary of the company's activities that will connect customers and the company. If a company is willing to find deep and meaningful relationships with our customers through his brand name, it has no choice but to seek common points, and common desires and interests with them (Sweeney & swait, 2008). The brand plays an important role in management of relations with customers in long terms. Also, it is used as a tool to enhance the satisfaction and service quality (Taylor et al, 2004). In the competitive world in which the rate of new competitors entering the market and offering different services is too high, and due to the high cost of finding new customers, retaining existing customers is very important. For this

purpose, a deeper relationship with our customers is so important that we can achieve this goal only by the use of the brand name. Relationship with customers and commitment to live up to our claims by our brand will finally lead to customer satisfaction and loyalty (Seyed Javadin et al, 2010). With increased competition and rapid changes in technology and business and customers' right to choose, the success would be for those companies that are able to more properly understand the expectations and values of the target customers and to respond effectively to them (Wang & Liao, 2007, p384). Today, having a strong brand is considered as a competitive advantage. The famous brand can bring material and spiritual benefits for the company (Malek Akhlaq et al, 2010). Brand management is an area of growing importance in marketing management, especially when organizations change their efforts to communicate the intangible and complex messages (Goodchild & Callo, 2001). One of the most important issues facing today's brand managers is how to provide a better understanding of factors such as the relationship between brand and customer loyalty, especially considering the fact that the marketing management literature suggests many factors which affect customer loyalty (Mittal, 2001). Brand and Trademark are the main issues raised in enterprise product mix strategy. Businesses make large and long-term investment for their brand, especially in the fields of advertising, sales promotion and packaging. They know that the power of the market emanates from their products' brand, and strong brand brings customer loyalty to them. Perhaps the most distinctive skill of professional firms is their ability to create, preserve and develop their brands (Capfrer 2006). If a company considers a brand name just as a name, it would not understand the deep application that a brand can have in marketing. Research shows that the cost of maintaining customer loyalty is less than the cost of attracting a new customer (Javanmard and Soltanzadeh, 2009). Therefore, in order to grow and expand their presence in the market, it is necessary for companies to assess the role of trade marks in the formation of customer loyalty to codify their marketing strategies and create a strong brand in the market and compete with rivals in attracting loyal customers (Seyed Javadin et al, 2010). So in this regard, this study examines the role of brand in shaping the loyalty of customers for electronic products.

Importance and necessity of investigating the importance of brands is related to the firms' marketing strategies and their role in the capture, maintain, and support for customers. Brands have important and strategic role in gaining competitive advantage and corporate strategic management decisions (Simon et al, 1993). The fact that customers are loyal to brands can be an appropriate criterion to evaluate the long-term effects of marketing decisions. One of the important concepts in marketing is "brand loyalty". This concept plays an important role in creating long-term benefits for the company, because loyal customers do not need extensive promotional efforts; they are gladly willing to pay more to get the benefits of their favorite brand (Jafari, 2011). In addition, customer loyalty has a competitive edge in the brand market. Especially when considering the fact that in the industrial market, customers who are loyal to

a brand can guarantee the life of a company or destroy it. So making brands, with an emphasis on building loyalty can help companies to establish a strategy for the future and to compete effectively with the global giants that have captured global markets (Seyed Javadin et al, 2010). Therefore, it is necessary for companies to grow and expand their market and be aware about the role of brand in loyalty of customers and to examine what aspects of the brand can foster this loyalty to the brand. This study investigated the relationship between customer loyalty and factors which are related to the brands.

2. Literature Review

Based on the framework above, there is a relation between brand images with customer loyalty. According to Earls *et al.* (1998), a strong brand image will make customer loyalty stronger (in Miller & Muir, 2004). Kotler (2005) and Keller (2003) also say that there are three factors forming brand image associated with brand association: favorability of brand association, strength of brand association, and uniqueness of brand association. Schultz (2005) states that customers who are loyal to certain brand will recommend it to other people and not easily influenced by competitors to make purchases

Seyed Javadin et al., (2010) carried out a study entitled "Evaluation of brand effect on Industrial customers' loyalty" which wanted to study the relationship between customer loyalty factors and brand related issues. Their method of data collection was a questionnaire which was distributed in the statistical universe of centers of the Xerox print providers in 22 districts of Tehran and its sample size was 150. It was tested by using structural equation analysis and Spearman correlation coefficient test. Results indicate that brand equity and trust are the most important factors influencing behavioral and attitude in patterns of customer loyalty.

Abdulvand conducted a study entitled "Examination of effective factors on Tejarat bank's customers" in 2006. Given the importance of customers in the banking industry, this study has investigated the concept of customer loyalty of Tejarat Bank through evaluating the variables of mental image, service quality and satisfaction. The Statistical universe was Tejarat Bank customers located in Tehran. The data were collected using questionnaire. The results suggest a direct effect of mental image on satisfaction and service quality. Furthermore, service quality has a direct impact on customer satisfaction. Also the quality of service and customer satisfaction has a significant impact on their loyalty.

Allameh and Noktedan (2005) performed a study entitled "The effect of service quality on customer loyalty" in 1388. The aim of the study was to examine the relationship between the loyalty of customers and one of its key variables, i. e. service quality. In that study, the trust and satisfaction variables have been studied as intermediary variables, and for the evaluation of the

data questionnaires are used in Likert 7 choices type. Statistical universe was the guests of 4 and 5 star hotels in Isfahan, and sample size was 67 and simple random sampling was used. The findings indicate a significant positive relationship between service quality and customer loyalty. In addition, the findings show the trust and satisfaction variables play mediator role in the relationship between service quality and loyalty, and in turn have significant positive impact on creating loyalty.

MirAbbasi (2015) defended her thesis entitled "Effect of key dimensions of value on customer loyalty: Case study of LG refrigerators and coolers" in Islamic Azad University of Rasht in 2008, and came to the conclusion that there is a significant difference in the key dimensions of value and customer loyalty. In this study, functional value, social value, emotional value and cost value have been introduced as key dimensions of value.

Fahimi (2006) conducted a study entitled "Factors influencing the selection and customer loyalty in banking: a case study of depositors in Mellat Bank", and concluded that the choice of brand equity and customer deposit interest rate has a positive effect on customer's choices and service quality effectively has a positive effect on customer loyalty.

In a study was performed by Atilgan et al. (2005) entitled "Determining factors Influencing Brand equity: a study of the drinks industry" in Turkey in 2005. Hypotheses of this research evaluated the effect of perceived quality, brand loyalty, brand associations, brand awareness and on brand equity. The results of this study indicate that only brand loyalty variable has effect of on brand equity, but three other factors (perceived quality, brand associations and brand awareness) have no effect on brand equity.

2.1. Conceptual Model

Steven Taylor et al (2004) in an article entitled "The importance of brand equity on customer loyalty", according to Baldinger and Robinson (2011) view, have provided a model for customer loyalty under the influence of brand. They regard satisfaction, value, resistance to change, emotions, trust and brand equity among the factors have significant impact on customer loyalty. Assessing the relationship between the components of the model has been used as a conceptual model to examine the role of brand in the formation of customer loyalty.

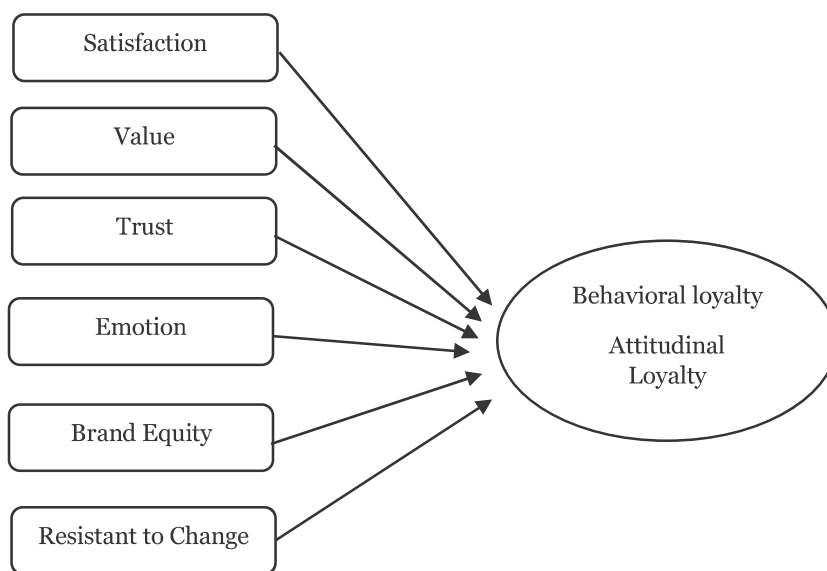


Figure 1: Conceptual Model

3. Methods

This study in terms of research design is correlation, and in terms of goal is of application type. The research method is descriptive-analytical. The statistical population of this research is customers of electronic products, and since the number of customers of these products is not determined, we use the modeling of structural equations, the sample size can be determined from 5 to 15 observations per measured variable ($5Q \leq n \leq 15Q$). Hence, at least 376 sample is selected using stratified sampling. Thus, it is observed that the sample size of at least 437 people is sufficient for our purpose. We used stratified random sampling in this study. The data collected in this study by using a questionnaire in which 5 choices Likert scale from totally agree to totally disagree is used. Validity of the questionnaire was confirmed by experts, and to calculate reliability coefficient of the test according to Cronbach's alpha, questionnaires were given to 30 people, and Cronbach's alpha coefficient was calculated.

Table 1: Cronbach's Alpha coefficient for research variables

Variable	Indices number	Cronbach Alpha	Result
Satisfaction	4	0.75	It is Reliable
Emotion	3	0.76	It is Reliable
Value	3	0.78	It is Reliable
Trust	3	0.88	It is Reliable
Resistance to Change	3	0.84	It is Reliable

Brand Equity	3	0.86	It is Reliable
Customer Loyalty	6	0.77	It is Reliable

4. Results

In examining the findings of the study, initially we investigate the descriptive statistics of the research variables, and then hypotheses were examined using Lisrel structural equation, the following results were obtained. All the analysis is done by software's spss19 and LISREL 8.53.

4.1. The Results of the Variables Description

The results of each of the variables description is shown in the table 2.

Table 2: Results of variable description

Variable	Average	S.D
Satisfaction	3.475	0.856
Emotion	3.504	0.991
Value	3.523	0.982
Trust	3.730	0.927
Resistance to Change	3.633	0.985
Brand Equity	3.704	0.925
Customer Loyalty	4.430	0.523

To test the hypotheses, first we developed statistical hypothesis, then based on the results of the LISREL 8.53 software, we are attempting to confirm or reject the hypotheses. At first, we used the research's structural model in standard and significant numbers base. Criterion for confirming or rejecting any hypothesis is that if T statistic were within the interval [-1.96, 1.96] the hypothesis is rejected, otherwise, the hypothesis is confirmed.

Table 3: Results of testing hypotheses

Hypothesis	S.D	T-value	Confirmed/Not confirmed
Customer loyalty is positively related to satisfaction	0.37	2.29	✓
Customer loyalty is positively related to value	0.16	2.07	✓
Customer loyalty is positively related to resistance to change	0.24	2.34	✓

Customer loyalty is positively related to emotions	0.85	8.21	✓
Customer loyalty is positively related to trust to the brand	0.27	2.29	✓
Customer loyalty is positively related to brand equity	0.38	2.85	✓

In this research, given the studies and literature review, six hypotheses have been proposed and shown in Table 3.

4.2. The First Hypothesis: Customer Loyalty is Positively Related to Satisfaction

According to the basic model of research in standard base, the value of t statistic is equal to the amount of 2.92, and since it is outside the range [-1.96, 1.96] this hypothesis is confirmed. Also, according to the standardized coefficient it can be said that the intense of relationship between satisfaction and customer loyalty is equal to 37 percent.

4.3. The Second Hypothesis: Customer Loyalty is Positively Related to Value

According to the basic model of research in standard base, the value of t statistic is equal to the amount of 2.07, and since it is outside the range [-1.96, 1.96] this hypothesis is confirmed. Also, according to the standardized coefficient it can be said that the intense of relationship between value and customer loyalty is equal to 16 percent.

4.4. The Third Hypothesis: Customer Loyalty is Positively Related to Resistance to Change

According to the basic model of research in standard base, the value of t statistic is equal to the amount of 2.34, and since it is outside the range [-1.96, 1.96] this hypothesis is confirmed. Also, according to the standardized coefficient it can be said that the intense of relationship between resistance to change and customer loyalty is equal to 24 percent.

4.5. The Fourth Hypothesis: Customer Loyalty is Positively Related to Emotions

According to the basic model of research in standard base, the value of t statistic is equal to the amount of 8.21, and since it is outside the range [-1.96, 1.96] this hypothesis is confirmed. Also,

according to the standardized coefficient it can be said that the intense of relationship between emotions and customer loyalty is equal to 85 percent.

4.6. The Fifth Hypothesis: Customer Loyalty is Positively Related to Trust to the Brand

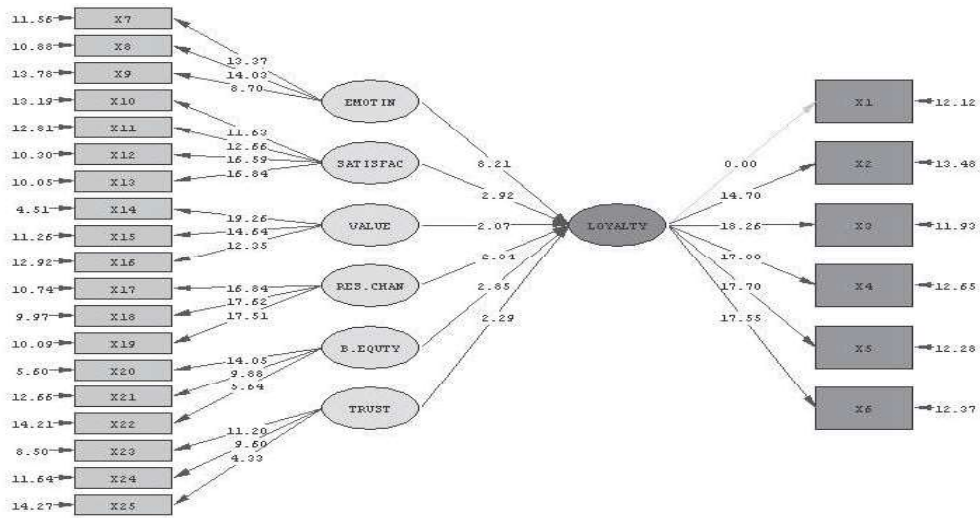
According to the basic model of research in standard base, the value of t statistic is equal to the amount of 2.29, and since it is outside the range [-1.96, 1.96] this hypothesis is confirmed. Also, according to the standardized coefficient it can be said that the intense of relationship between trust to the brand and customer loyalty is equal to 27 percent.

4.7. The Sixth Hypothesis: Customer Loyalty is Positively Related to Brand Equity

According to the basic model of research in standard base, the value of t statistic is equal to the amount of 2.85, and since it is outside the range [-1.96, 1.96] this hypothesis is confirmed. Also, according to the standardized coefficient it can be said that the intense of relationship between brand equity and customer loyalty is equal to 37 percent.

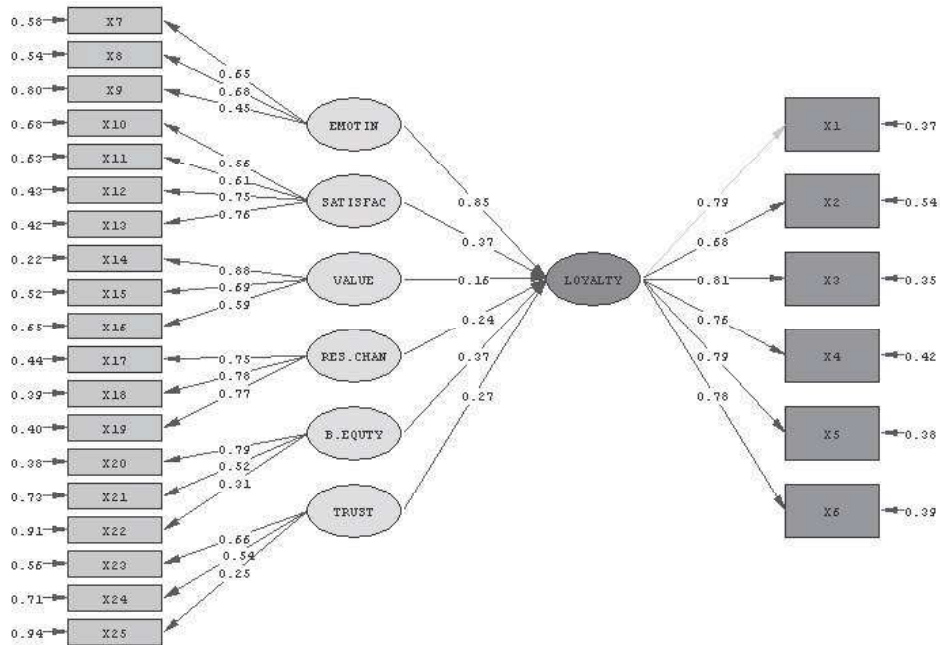
4.8. Structural Model

The modeling of structural equations is a multi-variable and strong technique from Regression multi variable family and in more precise way, it is the expansion of general linear model that allows researcher to test a collection of regression equations in a simultaneous way .The modeling of structural equations is a comprehensive statistical approach for testing hypothesis about relations between observed and latent variables which is called as structure covariance ,casual modeling and also as LIZREL but the dominant modeling term in structural equation is shortly said SEM. In lizrel outputs, in order to test hypothesis, we use two research models in standard and significant base. By standard model, we can find the severity of relation between two latent variables in the model and we can assess (claim) the effect of variables on each other. With significant model, we can discover the meaningfulness of two latent variables in model or we can claim about confirming or rejecting any of the hypotheses by using it. The basic and standard model of research in significant numbers base (BT) is shown in figure 2 and 3.



Chi-Square=1100.56, df=254, P-value=0.00000, RMSEA=0.072

Figure 3: Standard model of research in significant numbers



Chi-Square=1100.56, df=254, P-value=0.00000, RMSEA=0.072

4.9. Examining the Indices of the Research Main Model

GFI index measures the relative amount of variances and covariances in joint through the evaluation model. GFI ranges between 0.8 and 1. The other fitness index is AGFI or modified value of the GFI index for degrees of freedom. This characteristic is equivalent to applying the mean of the square rather than the sum of the square in the numerator and denominator (GFI-1). Value of this index is also between the 0.8 and 1. Indices of GFI, AGFI which are proposed by Jarzkag and Surbum (1989) does not depend on sample size. Both of these measures are between 0.8 and 1. The closer the GFI and AGFI are to number one, the better model fits with observed data.

RMSEA index: This index is the root of mean square approximation. This measure is defined for each degree of freedom as the difference in size. The RMSEA value which is in fact the standard deviation test in any degree of freedom is less than 0.05 for models that fit well. Higher values to 0.08 indicate a reasonable error of approximation in the universe. Models that their RMSAEA is 0.1 or more poorly fit (Houman, 2005, p 422).

Chi Square (χ^2): Chi-square test, test the hypothesis that the desired model is consistent with the pattern has been observed between variables. Chi-square value is highly dependent on sample size, and large samples increase the chi-square value highly more than what is attributed to the wrongness of the model. (Houman, 2005, p 422)

Table 4. Appropriateness of measurement model

Index	Value	Acceptable range
RMSEA	0.072	$0 \leq \& \leq 0.1$
GFI	0.84	$0.8 \leq \& \leq 1$
AGFI	0.84	$0.8 \leq \& \leq 1$
CFI	0.85	$0.8 \leq \& \leq 1$
NNFI	0.81	$0.8 \leq \& \leq 1$
NFI	0.82	$0.8 \leq \& \leq 1$
χ^2/df	4.33	$1 \leq \& \leq 5$

NFI, CFI Index: NFI index which is also called Bentler-Bonnet index. Bentler and Bonnet (1980) have proposed amounts equal to or greater than 0.9, compared with the previous zero model, as a good indicator of fitness of theoretical models, while some researchers consider values higher than 0.8 as acceptable and a sign for propriety of the model. CFI index is the same as NFI index, but pays fine for model complexity. The scope of this model is not limited to zero and one, and its interpretation is harder than the NFI. CFI index greater than 0.8 is acceptable and sign for fitness of the model. This index also tests improvement amount through

comparing an independent model in which the variables have no relationships with the proposed target model. CFI index terms of meaning is such as NFI, with the difference that it considers some fines for the volume of the sample group (Houman, 2005, 423).

As shown in Table 4, it can be concluded that the model is in a good state in terms of the indices.

5. Discussion and Conclusion

The results of the present study show that customer loyalty is positively related to satisfaction. In a survey conducted by Taylor and colleagues and also done by Allameh and Noktedan (2006), it was stated that the customer loyalty has a positive relationship with satisfaction.

The results of this study indicate that customer loyalty is positively related to value. Also, the results of Taylor study showed that customer loyalty is positively related to value.

The results of this study indicate that customer loyalty is positively related to resistance to change. Outcomes of Taylor research also stated that customer loyalty is positively related to resistance to change.

The results of this study indicate that customer loyalty is positively related to emotions. Taylor also reached this conclusion. So companies offering these two products should provide conditions that stimulate consumer's feelings.

The results of this study show that customer loyalty is positively related to trusting the brand. The results of Allameh, Seyed Javadin, Junbin and Jangon also suggest that trust is effective on customer loyalty.

The results of this study indicate that customer loyalty is positively related to the brand equity. Taylor and Seyed Javadin also found that brand equity is the most important factor affecting the customer loyalty.

Companies providing electronic products should offer specific and particular services in order to make customers more loyal to their products and some strategies should be considered in this context.

Companies providing electronic products should offer services such as timely delivery after ordering and free and timely installation to the customers to attract their satisfaction. Companies providing electronic products should select the locations which are more available to the customers.

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