The Impact of Mobile Phone Brands on Customer Satisfaction and Loyalty

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ABSTRACT: Companies have to improve their performance to keep customers satisfied so as to achieve a sustainable competitive advantage in a highly competitive business environment, because the main result is customer satisfaction and loyalty. Customer loyalty can reduce marketing costs, attract more customers, and be effective in business. In addition, loyal customers promote the products by word of mouth and counteract rival strategies. The present study examines the impact of mobile phone brands on customer satisfaction and loyalty. The main question of this study is: What is the relationship between mobile phone brands and customer satisfaction and loyalty? Hence, the present study examines the relationship between customer satisfaction and loyalty on the one hand and effective factors related to mobile phone brands on the other. To achieve this objective, the relationship between customer satisfaction, trust and brand equity on the one hand and customer loyalty on the other was hypothesized based on the conceptual model of the research. Data were collected by administering a questionnaire in the target population of visitors to Alaeddin market – which is a professional mobile phone market in Tehran – among a random sample of 100 participants and were analyzed using the Spearman correlation coefficient and structural equation analysis. Finally, 100 questionnaires were analyzed by the SPSS software v. 20. The results suggest that trust and brand equity are the most important factors influencing behavioral and attitudinal patterns of customer satisfaction and loyalty.

Keywords: Customer Satisfaction, Customer Loyalty, Mobile Phone Brand, Brand Loyalty

INTRODUCTION

Maintaining and strengthening customer loyalty towards a company's products or services generally have become the central point of marketing activities. Customer loyalty can reduce marketing costs, attract more customers, and be effective in business. In addition, loyal customers promote the products by word of mouth, counteract rival strategies and cause better results. In today's competitive world, customers are in the center of companies' attention and their loyalty is the main factor in gaining competitive advantage over organizations. Given the intensification of competition in the field of manufacturing and service throughout the world, retaining customers and increasing their loyalty in such atmosphere becomes more difficult day by day.

Among the factors that play a role in shaping the loyalty of customers is the brand name of companies. Unfortunately, one of the problems faced by consumers when purchasing goods is to choose the product of one brand name among various brand names. Customers select the products according to their experience and knowledge of different brand names which especially applies to mobile phone brand names.

Previous research background

Although many researches have been conducted on brand names, studies on the effect of brand names on customer loyalty are few. Overall, researches in the field of brand equity and customer loyalty include:

1. Aaker (1997), in an extensive and comprehensive research, examined the methods of classifying the characteristics of different logos and brand names and evaluated the features of customers, each of whom showed varying degrees of service loyalty.
2. Stephen Tailor et al. (2004), in a study on the importance of brand equity in customer loyalty, presented a model of customer loyalty under the brand name according to Baldinger and Rubinson, in which customer loyalty is considered as a function of behavioral and attitudinal loyalty. As already mentioned, little research, especially in Iran, has been done on customer loyalty to brand names. This research aims to examine the impact of brand names on customer behavior.

**Literature Review**

**Brand name**: The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers. A brand adds dimensions to a product or service to distinguish it from the others. These distinctions could have a reasonable, tangible or intangible function" (Kotler, 2006). Philip Kotler has a similar definition to that of the American Marketing Association: a brand is a term or expression, mark, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of rival sellers. In short, the brand identifies the seller or manufacturer.

**Customer Satisfaction**: Customer satisfaction is undoubtedly one of the most strategic issues in recent decades. Now that in the global economy, customers determine a company’s sustainability, the companies can no longer be indifferent to the expectations and demands of their customers:

They must direct all their activities and capabilities towards customer satisfaction because the only source of return on investment is the customers. So in today’s world, the first principle in business is creating customer-friendly values (Hill, 2006). Therefore, customer orientation is identified as a cornerstone of modern marketing management. In fact, the many efforts made nowadays by researchers, experts and managers of organizations to improve performance management tools and to spread the customer-orientation attitude indicates that customer satisfaction is now one of the most important factors that determine the success of organizations in business and profitability (Kurdnaidj, 2003). A customer-orientated organization gives its customers satisfaction by providing fast and accurate service without wasting its customer’s time (Karimian, 2003).

Customer satisfaction is the customers’ feeling or attitude of towards a product or service. Customer satisfaction is the result of the marketer’s activity who acts as a bridge between different stages of the consumer’s buying behavior. If customers are satisfied with a particular service or product, they will probably repeat their purchase. Satisfied consumers probably talk to other people about their favorite business and the result of such dialogues is a sort of positive promotion for the company, organization or agency by word of mouth, or vice versa (Kurdnaidj, 2003).

**Customer Loyalty**: Given the importance of relationship marketing in recent years, especially in the manufacturing and service industries, the concept of loyalty has come into focus. A number of authors have emphasized the positive relationship between customer loyalty and business performance. Barroso Castro and Martin Armario (1999) suggest that loyal customers not only raise the value of the trade but also make it possible for the trade to reduce its costs for attracting new customers. Generally, loyalty is defined as the selling frequency or the relative volume of purchases from the same branch. Oliver (1999) states that much of the existing definitions in the literature suffer from the problem that they report what the customer does, but do not address the philosophy and the meaning of loyalty. According to the theory of Jacob and Kameez, loyalty takes form on the basis of behavioral reactions (not randomly) and is used by decision-making units, over time, as part of a person, family or organization (Beerli & et al, 2004).

**Model Description**: As mentioned, many variables are involved in customer loyalty for a brand name, including: quality, brand equity, brand awareness, fulfillment of obligations, and the brand itself among others. It seems, however, that other variables may also be involved in the process and that is a set of dependencies; in other words, dependencies make the basis for purchase decision and loyalty. Dependencies can make values through the following ways: data processing / recovery and differentiation are the reasons for buying from a brand and developing positive attitudes and feelings is a basis for broadening the range of a brand. Strong dependencies can become a basis for the expansion of the brand. Customer loyalty and the size of customer base can also be taken into account. For many brand names, the size of customer base is a key aspect of brand equity. The number of customers is important because it provides economies of scale.

For any business, acquiring new customers is expensive; and as well, keeping the existing customers is also relatively expensive. But the existing customers are a means of promoting the brand and ensuring new customers. The value of the customer base depends on customer loyalty and database size. Nowadays, many purchases are unplanned and spontaneous and the tendency of customers increases day by day in terms of
appearance and providing after-sales services. So, this can provide a competitive advantage over rival companies.

**Research hypotheses**

In this paper, we want to examine the following hypotheses:

1. There is a significant and direct relationship between the degree of loyalty and cognitive loyalty.
2. There is a significant and direct relationship between the degree of loyalty and emotional loyalty.
3. There is a significant and direct relationship between the degree of loyalty and Time Management.
4. There is a significant and direct relationship between the degree of loyalty and participation of senior managers.
5. There is a significant and direct relationship between the degree of loyalty and the resources invested.

**RESEARCH METHOD**

The research method used in this research is descriptive using the Pearson and Spearman correlation coefficients. This research is a descriptive study in that it deals with a detailed description of a status or a set of conditions. Also, the main purpose of this correlation analysis is to determine whether there is a relationship between two or more variables and - if there is one - to determine the extent of it. This study used the Kolmogorov-Smirnov analysis to evaluate the normality of research data. After preliminary studies and research planning, the researcher conducted an extensive study, including library books, domestic and foreign articles and researches, provided the necessary framework for the development of literature; and finally, laid out the conceptual model of the research. Then, the researcher developed the required questionnaire using the conceptual model, conducted a field study, and after collecting the necessary data, analyzed them using the SPSS software, v 20. The results are presented at the end and are compared with the results of similar domestic and foreign researches.

**RESEARCH FINDINGS**

The overall objective of data analysis here is to determine the extent to which the presented model is true (valid) about the factors affecting customer loyalty to the brand in our study population and to determine the level of dependence if there is a significant dependence between factors related to brand loyalty and the level of loyalty.

Prior to any interpreting of the data, it is necessary to check the validity and reliability of the data cited. In this study, data were collected through a questionnaire. So, the questionnaire (instrument) should be analyzed in two aspects: 1 – Validity, and 2 – Reliability. Validity is achieved when the scales and the content of an instrument (questionnaire) precisely measure the study variables and topics, and reliability is achieved when an instrument measures the study variables more than once with the same results. For example, if six questions of the questionnaire are intended for measuring the emotional factor, the dispersion of these items among other questions should be acceptable and this subscale of the questionnaire should be of sufficient consistency. In this study, Cronbach’s alpha is used to assess the reliability of scales.

**Fundamentals of the reliability theory:** Trustworthiness or reliability is one of the technical characteristics of measuring instruments. It deals with the extent to which an instrument can measure some variable at similar situations with the same results. Reliability refers to the accuracy and precision of measuring instruments and is a necessary, but not sufficient, condition for validity. In other words, a measuring instrument is not valid without achieving reliability (Sarmad, 2003). The reliability coefficient ranges from 0 (no correlation) to +1 (perfect correlation). The reliability coefficient indicates the extent to which a measuring instrument measures the stable characteristics of the subjects or measures the variable and temporal features of the subjects. In order to calculate the reliability coefficient, different techniques may be used including: test-retest method, parallel or peer method, and Cronbach’s alpha. This method is used for calculating the internal consistency of measuring instruments that measures various characteristics. In order to calculate the alpha coefficient, the variance of scores for each subscale of the questionnaire and the total variance should be calculated first. Then, the alpha coefficient can be calculated using the following formula:
\[ r_{\alpha} = \frac{J}{1 - J} \left( 1 - \frac{\sum_{j=1}^{n} S_j^2}{S^2} \right) \]

In which:

\( J \) = the number of subscales of the questionnaire or test

\( S_j^2 \) = Variance of the subscale J

\( S^2 \) = Total variance of the questionnaire or test

In this test, if the alpha value is greater than or equal to 0.7, it can be concluded that the questionnaire is valid.

**Output for the Reliability of Scales**: As already described, the Cronbach’s alpha is calculated for each of the questionnaire’s subscales as laid out in the following table.

<table>
<thead>
<tr>
<th>Row</th>
<th>Assessment questions for each measure</th>
<th>Measures</th>
<th>Number of questions</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1, 2, 6, 9, 10</td>
<td>Recognition</td>
<td>5</td>
<td>0.8300</td>
</tr>
<tr>
<td>2</td>
<td>3, 4, 5, 7, 8, 11</td>
<td>Emotional</td>
<td>6</td>
<td>0.8200</td>
</tr>
<tr>
<td>3</td>
<td>12, 13, 14</td>
<td>Customer Relationship</td>
<td>3</td>
<td>0.727</td>
</tr>
<tr>
<td>4</td>
<td>15, 16</td>
<td>Time Management</td>
<td>2</td>
<td>0.878</td>
</tr>
<tr>
<td>5</td>
<td>17, 78, 19</td>
<td>Resource Management</td>
<td>3</td>
<td>0.853</td>
</tr>
<tr>
<td>6</td>
<td>20, 21, 22</td>
<td>Brand Importance from the Perspective of Senior Management</td>
<td>3</td>
<td>0.761</td>
</tr>
</tbody>
</table>

**Interpretation of the output for testing the hypothesis of relationship between variables**: The following table lays out the output for the Spearman correlation coefficients between brand loyalty factors and the level of loyalty.

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Brand loyalty factors</th>
<th>Significance level of the null hypothesis</th>
<th>Spearman coefficients</th>
<th>Correlation</th>
<th>Confidence interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recognition</td>
<td>0.000</td>
<td>0.883</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Emotional Factor</td>
<td>0.000</td>
<td>0.794</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Brand Importance from the Perspective of Senior Management</td>
<td>0.000</td>
<td>0.500</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Customer Relationship</td>
<td>0.000</td>
<td>0.346</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Resource Management</td>
<td>0.05</td>
<td>0.278</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Time Management</td>
<td>0.174</td>
<td>0.137</td>
<td>----</td>
<td></td>
</tr>
</tbody>
</table>

**According to the table, the following items are specified**:

1- The existence of correlation between the variables of Recognition, the Emotional factor, Brand Importance from the Perspective of Senior Management, Customer Relationship, and Resource Management is confirmed at the 99% confidence interval.

2- There is no significant correlation at the 99% confidence interval in the case of Time Management.

3- Maximum correlations exist between the variables of Recognition and the Level of Loyalty with a Spearman’s coefficient of 0.883, and between the Emotional Variable and the Level of Loyalty with a Spearman’s coefficient of 0.794.

4- The correlation between Brand Importance from the Perspective of Senior Management and the Level of Loyalty is at an average level (with a Spearman’s coefficient of 0.500).
5- There is a weaker correlation between the variables of Customer Relationship and Resource Management on the one hand and the Level of Loyalty on the other. A Spearman’s coefficient of 0.346 is obtained for Customer Relationship and of 0.278 for Resource Management.

CONCLUSIONS

Obtaining and maintaining brand loyalty is a key challenge in increasingly competitive markets. Many marketing researchers have emphasized the critical role of interpersonal interaction between the client and vendor in effecting customer satisfaction, creating favorable brand attitudes and strengthen the bond between consumers and a brand. In vast competitive markets, brand loyalty provides several advantages including: a barrier to competitors, more sales and revenue, lower customer acquisition costs and lower customer sensitivity to other competitors’ marketing efforts. Creating brand loyalty requires investment in marketing programs especially for current and potential customers. Several studies show that satisfaction with a trade mark is the primary key to brand loyalty. Therefore, the selling session links the customer with the vendor, and satisfaction in the selling session increases customer loyalty to the vendor. So, loyalty to the vendor has a very positive effect on brand loyalty. The brand name obviously affects customer satisfaction. Since the brand name is the promise to our customers, if we are steadfast in delivering our promises and in meeting the customers’ expectations, we will have their satisfaction. Indeed, the impact of brand name on customer loyalty derives directly from their satisfaction. This indicates that these two notions of satisfaction and brand name affect loyalty. In fact, loyalty is the psychological sense of belonging and a desire to continue one’s relationship with a company. Also, brand name causes continued commitment in the customer. If we can design a good brand, adhere to the obligations that the brand claims to have, and achieve customer satisfaction with good performance, we can guarantee customer loyalty to our products which means a long term relationship between our company and the customers as well as a long term profitability for the company.

REFERENCES