

Investigating effective factors on Samsung brand loyalty (Case study: Samsungs Consumer Products, Iran, Tehran City)

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Abstract: The purpose of this study is investigating on investigating effective factors on brand equity which study's model has been formed by spent advertising, attitude towards advertising, monetary promotions and non-monetary promotions as independent variables and brand loyalty as dependent variable. Current study is applicable from the purpose and it is descriptive- field study in terms of methodology which required data were collected using questionnaire and field study method. Study's samples are consumers of Samsung brand's home appliances which were selected by simple random sampling method that fits sample size. Through sampling, 100 acceptable samples were collected. Data analysis were carried out by LISREL and SPSS and results show that attitude toward advertising and monetary and non-monetary promotions have direct impact on brand loyalty but spent advertising does not have significant impact on brand loyalty.

Key words: *Spent advertising; Attitude toward advertising; Monetary and non-monetary promotions; Distribution, Brand loyalty*

1. Introduction

Brand equity is a set of assets- major assets such as brands and network relationships- related to brand name and it is a symbol that adds to value of product or service. Keller defines brand equity as differentiated impacts which brand knowledge has on consumer's response in brand market. Although, there is no universal acceptable and single definition, "brand equity" is a measuring set of five classifications of brand equity. Especially, it was designed for measuring brand equity of products and markets and it has been differentiated between measuring actions of brand equity which most of them have been designed for measuring dollar value of commercial brands. Aker has introduced it and that's why it is well known and it was used for measuring loyalty of more than 100 brands. It was expanded for measuring the impacts of marketing mix elements on brand equity. More over Esrinewanson et al. gave credibility to it for measuring, analyzing and predicting brand which all of them have parallel cases in political marketing (Rios and Riquelme, 2008). Also, in a B2B environment brand equity can provide a powerful source of competitive advantage in the form of brand loyalty and keeping the level of retaining customer. It is expected that brand equity especially in service in B2B environment, marketing is important regarding the intangible nature of services and existence of problem in differentiated services

offered rather than other services in the market (Davis et al., 2009). Until mid-1990s few studies were carried out on investigating relationships between marketing mix elements and brand equity from customers' point of view. Barois (1993) believed that besides researchers' enthusiasm of brand equity, a little attention was given to investigation of impact that marketing activities can have on brand. Studies were carried out more on importance of brand rather than the resources of this value and its development. Understanding of this issue that which dimension of brand gets the most impact from marketing mix elements can help brands in developing and better execution of strategies. One of issues that brands face is that how they can conduct investments on marketing activities so that they have most ROI for company and brand equity improve for customers. Therefore, unfamiliarity of resources that have impact on brand equity and inability to differentiate and recognize high priority resources in brand equity can have destructive impacts on companies' marketshare and thus, decision making on investment portfolio would be with more risk and the effectiveness of marketing activities would be decreased (Sehat et al., 2012).

2. Literature review

2.1. Spent advertising

Spent advertising has impact on brand equity and its dimensions. Both solutions have found a positive relationship between spent advertising and brand equity. Researchers result that perceptions of high

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spent advertising help in creating more positive perception of brand equity, more brand awareness and more powerful brand association. Consumers during judgment about product quality use different main and lateral indications. Perceived spent advertising is one of lateral qualitative indications. Several research using experiments have shown that there is a positive relationship between perceived spent advertising and perceived quality. These results also are obvious through work in store environments. Therefore, consumers generally consider brands as high quality that advertised more. In the same way, investment on big advertising cause correct reminding of brand and recognition of it. Brand spent advertising and expand the range and frequency of brand presentation and thereby brand awareness increases. With these reasons, high spent advertising increase the probability of higher levels of awareness (Buil et al., 2013). Therefore we can say that the more spent advertising, the more positive consumer's perception of product.

2.2. Attitude toward advertising

Some researchers have focused on attitude toward advertising. Most of these researches among people of United States have identified negative attitude. These researches also confirm the impacts of demographic factors such as gender, age, income, race and education on attitude toward advertising. Generally, young people with low level of education and income and none-white has more positive attitude toward advertising. In general, these groups are those who are skeptical toward advertising (Gao and Zhang, 2011). Hight and Fraser (1998) executed a post analysis of attitude among experts and found that experts avoid advertising. They were afraid of those negative impacts of image, belief and dignity become more likely thereby less profit for consumers. Regarding the history of accountants and their attitude toward advertising, now it is the time to see that current practitioners' attitude toward advertising is more acceptable because old accountants were retired and younger accountants have taken their position. Other issues should be considered are 1) how have changed using of services and different marketing tools during last ten years? 2) How have changed the classification of different marketing tools in this period of time? (Clow et al, 2007). Therefore, in designing advertising several demographic factors should be considered.

2.3. Monetary and non-monetary promotions

Recent resources in the field of sales promotions have emphasized on requiring of differentiation between two kinds of promotions, i.e. monetary and non-monetary promotions. Surprisingly, academic studies on impacts of non-monetary promotions on brand equity are rare. Second this study analyses causal discipline in different dimensions of brand

equity. Sales promotion is also a key tool in communicational programs which have impact on brand equity. Nonetheless, different types of promotional tools (such as monetary and non-monetary) probably have different impacts on sales, profitability and brand equity. Most of prior research on sales advertising has focused on monetary promotion, for example decreasing price and coupon. Although there are discussions about the impact of this tool on brand equity, empirical evidence show those monetary promotions have negative impact on brand equity. It is more likely that monetary promotions with focus on direct impacts of brand equity dimensions have negative impact on perceived quality and brand associations. Reducing of domestic elastic price is one of main reasons that why monetary promotions have negative impact on perceived quality. Consumers use price as lateral hint to perceive product quality (Buil et al., 2013). In addition, systematic studies in the field of effects of promotions are important because sales promotions compensate large portion of marketing costs. Because of recent economic turmoil it has been cleared that promotional effects should be considered as more important issue, because managers and retailers have to capture consumers' money in an environment which in turmoil and price competition are increasing (Low, 2010). Therefore, the impact of monetary and non-monetary promotions on brand equity is not the same.

2.4. Distribution

For most of companies distribution system is a key decision for building a successful trade. Most of companies with choosing their distribution system have created sustainable competitive advantage for themselves which this advantage has integrated with consistent and executable commercial models. A good distribution system is crucial for profitable and efficient performance of company. More over companies that have the highest rate of customer retaining, gain the biggest profit. In other words customer loyalty is also important factor which has impact on company's performance (Chen and Lai, 2010). References in this field show that a multichannel strategy probably gains more income for company, because company can sell product from various channels. when a company begins to use a new channel, it expects that has more sales growth through this channel rather than channel which is used traditionally, because company with this new channel continuously tries to penetrate to new section of market thereby it benefits from significant growth opportunity. References show that a multichannel strategy can reduce costs. Therefore companies that have a multichannel strategy can perform better than companies that have single channel strategy. On the other hand, references show that adapting a new distribution channel can lead to over channel. Moreover, management of multichannel structures might be very difficult. According to these references' reasoning, a company

with single channel strategy can perform better than a company with multichannel strategy (Ibid, 700). Also, structure of distribution system is different among countries. It is dangerous for international markets to use a standard distribution system for each government. International marketing managers should assess different aspects of country's distribution system carefully so that they can choose the best option for distribution of products (Jiang and Prater, 2002). Distribution problems exist not only because of foreign factories, but also they exist for well-known factories and companies. Therefore, by investing on distribution system we can create a competitive advantage for company.

2.5. Brand loyalty

The definition of brand loyalty regarded as the most complete one was proposed by Jacoby and Olson (1970). They defined brand loyalty as the result from non-random, long existence behavior response, and it was a mental purchase process formed by some certain decision units who considered more than one brands. In early researches, researchers usually took the act of repurchase as the method of measure brand loyalty. But in recent studies, some researchers indicate that to measure brand loyalty the best way is to measure by affective loyalty. On the other hand, there are theories like polygamous loyalty theory, which states that customers do not buy only one brand. As indicated by Baldinger and Rubinson (1996), brand loyalty covers affective loyalty and action loyalty. Affective loyalty refers to the consumer's preference and affinity for a specific brand but the actual purchase behavior has not yet to be developed while action loyalty is shown by the actual purchase behavior conducted by consumers for a specific brand. Groth and McDaniel (1993) believed that affective loyalty represents consumer loyalty to a specific brand all the way. Eisman (1990) defined action loyalty as consumers' satisfaction with regular purchases of a specific brand. In view of the above mentioned different types of consumer brand loyalty, Assael (1993) defined brand loyalty as the repeated purchase behavior based on consumers' satisfaction with their accumulated experiences in purchasing the same brand. According to the study conducted by Oliver (1999), the brand loyalty was classified into four parts: cognitive loyalty, affective loyalty, conation loyalty and action loyalty. Day (1996) added two indicators, action and affection for brand loyalty and divided brand loyalty into true brand loyalty and spurious brand loyalty. The spurious brand loyalty consumers may make repeated purchases only because the brand they purchase is the only one choice in the stores. On the other hand, true brand loyalty consumers should show both psychological and affective commitments in addition to repurchase consistency (Lin, 2010). Because the concept of brand loyalty presenting one of most important factors which in public opinion describes customer's brand selection, no surprise

that this concept among marketing and customer behaviors practitioners and scholars has gained much attention. Companies benefited from enormous groups of loyal customers, have great share of market, thereby they gain higher ROI. Dick and Bassu (1994) showed that brand loyalty favors more positive and with more resistance among loyal customers rather than competitors strategies. It is clear that such findings persuade marketers to create brand loyalty among customers and keep it. During attempts to reach to such objectives, information about factors that determine brand loyalty construct among customers becomes an important issue. Moreover, some researchers with testing attitude toward background of repeated purchases rather than assuming behavior based random solution assume an obligatory solution rather than brand loyalty. Brand loyalty using a complete probable solution is considered as repeated purchase and will not be on a factor which determines behavior. It is impossible to recognize the background of repeated purchases, thus, companies would gain no understanding of how brand loyalty construct is created. Using an obligatory solution, brand loyalty is conceptualized more like an attitude or intention toward purchase and it is believed that researcher can analyze factors generating brand loyalty. Marketers who investigate these factors may gain valuable insight toward construct and retaining brand loyalty among customers (Jensen & Hansen, 2006). Also, brand loyalty usually is called as repeated purchases. Of course, repeated purchase presents only temporary acceptance of a brand from customer. Therefore, concept of brand loyalty has been expanded and comprises both behavioral and conditional loyalty. Behavioral loyalty means customer frequently buys a given brand. It is assumed that loyalty is a status more fixed than behavioral loyalty and presenting customer's commitments or intentions when unique values related to brand are considered. Oliver (1999) considers brand loyalty as a very powerful and rigid commitment toward a product preferred by customer frequently and become to a customer of that product or service in the future. This causes more frequent purchase of that brand or that product besides existent positional impacts. Gonaris and Estakopolus (2004) also argued that loyalty increases behavioral loyalty. Howard and Shesh (1969) argued that customers, who are much engaged, give more importance to product and are loyal to their selection. Naigie (1977) showed that consumers with low involvement have low brand loyalty and seeking other brands and items. He suggested that the more a person has involvement, the more his/ her commitments and therefore is more loyal to brand. Iwasaki and Hawtner (1998) suggested a three stages model which presenting relationship between involvement and behavioral loyalty. The advancement of consistent psychology including forming high level of involvement in an activity and then commitments of psychology to brand and therefore retaining strong statuses

toward current changes in brand intentions. Moreover, they suggested that involvement brings up costs which increase commitments more than before (Shanget al, 2006). Therefore, a company can claim that its customers are loyal to it when its customers' repeated and non-obligatory are at high level.

2.6. Hypotheses

- H1:** Spent advertising has impact on brand loyalty.
- H2:** Attitude toward advertising has impact on brand loyalty.
- H3:** Promotions have impact on brand loyalty.

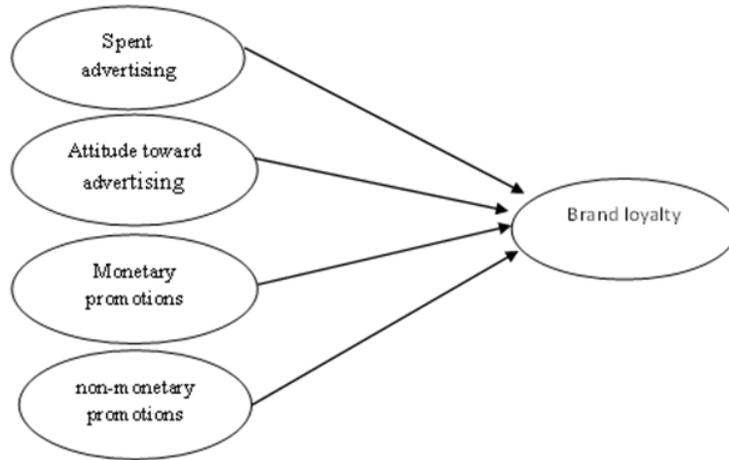


Fig. 1: The conceptual framework

3. Methodology

The purpose of choosing methodology is that researcher determines that with which method he/she can achieve his/her questions more precisely and quicker. The purpose of this study is to achieve the relationship between variables that in a multivariate model impact brand loyalty, so, this study is kind of correlation. Also, this study is descriptive in terms of classification of data which describes characteristics of sample and extend these characteristics to statistical sample. Therefore, the type of research in this study regarding the objectives and nature of topic is descriptive and field study. Samples in this study are consumers of Samsung brand home appliances in Tehran, Iran. For collecting data 110 questionnaires were distributed that from them 100 questionnaire were back. In this study for gathering information a 5 item likert questionnaire and library methods were used and SPSS and LISREL were used for analyzing data.

In order to understand the relationship between variables, there is a suitable statistical method which one of them is regression analysis. The linear regression analysis is a tool through which we can measure the extent variable impacts on other variable in terms of linear.

4. Study findings

Findings of this study were carried out through investigating measuring models of endogenous variable (Spent advertising, Attitude toward advertising, Distribution) and exogenous variables (Brand loyalty) with the approach of confirmatory factor analysis and confirming the relationship between variables using path analysis method by structural modeling equations and LISREL software which will discussed later.

4.1. Data analysis

Table 1: Reliability test using Chronbach's Alpha

Variables	Scale type	Number of questions	Cronbachs' Alpha coefficient
Spent advertising	Likert five-point	3	0/75
Attitude toward advertising	Likert five	3	0/71
Distribution	Likert five	6	0/78
Brand loyalty	Likert five	3	0/856
Total	Likert five-point	15	0/822

4.2. Measuring models for study variables

It is necessary to ensure of correctness of measurement model before entering the stage of testing hypotheses and conceptual model. Therefore, in the following, measurement models of variables

are presented in a table. Equal to observed variables measurement equations are presented. Each equation includes path coefficient between observed variable and latent, measurement error of observed variable with significant test according t-value and also R square i.e. determinant coefficient or predicted variance ratio by latent variable.

Table 2: Demographic characteristics

Demographic characteristics		Frequency	Percent
Sex	Man	56	56
	Woman	44	44
Marital Status	Single	66	66
	Married	34	34
Age	Under 25 years	40	40
	Between 25 to 35 years	48	48
	Between 35 and 45 years	7	7
	Between 45 and 55 years	5	5
Education	Associate	23	23
	Bachelor	30	30
	Masters	47	47

Table 3: Results of confirmatory factor analysis for variable

Hidden variables	Observed variables	Standardized coefficient	T-statistics	Coefficient of determination	Error
Spent advertising	Q1	0.57	5.35	0.32	0.082
	Q2	0.81	7.82	0.66	0.096
	Q3	0.62	5.87	0.38	0.082
Attitude toward advertising	Q4	0.54	4.85	0.29	0.091
	Q5	0.74	6.60	0.54	0.094
	Q6	0.47	4.21	0.22	0.100
Distribution	Q7	0.56	5.31	0.31	0.096
	Q8	0.56	4.90	0.31	0.110
	Q9	0.51	5.01	0.26	0.095
	Q10	0.75	7.37	0.56	0.091
	Q11	0.69	6.92	0.47	0.097
	Q12	0.66	6.56	0.43	0.097
Brand loyalty	Q13	0.74	-8.23	0.55	-0.12
	Q14	0.93	7.64	0.87	0.11
	Q15	0.78		0.60	

Regarding table 3 all of variables have t-value more than 1.96 and R² is of good value and none of items has not to be illuminated and model is investigated.

4.3. Confirmation of model

Generally in LISREL environment each of achieved indices for model are not reason for fitness of or unfitness of model alone, but also these indices together should be interpreted. For evaluating of model there are several goodness of fit indices. As you see the value of chi square to degree of freedom (DF) is 1.84 which is less than 3 and it is acceptable.

Table 4: Investigating goodness of fit

Indicators	Value reported
Chi-square	57.19
Degrees of freedom	31
Chi-square to degrees of freedom	1.84
RMSEA (Root mean square error)	0.072
GFI	0.90
AGFI	0.82
NFI (Fitness softened)	0.95
NNFI (Fitness softened)	0.96
IFI (Fitness softened)	0.97
CFI (Fitness Modified)	0.97

Lowness of this value indicates the small difference between study's conceptual model and observed data. Also, the RMSEA is 0.068 which is less than 0.08. In addition to chi square the less the RMSEA, the model has better goodness of fit Indices such as GFI, NFI, NNFI, IFI and CFI are more than 0.9 so the model has proper goodness of fit and is supported.

4.4. Structural model (path analysis)

After carrying out confirmatory factor analysis, in this section with doing structural analyses we will test study's hypotheses. For testing study hypotheses structural equations were used. Study's structural model in the standard form illustrated in the following figure.

The figure above shows the overall model in standard estimation. Results of estimation (the bottom part of figure) represents the goodness of model. Only in the state of standard estimation comparing observed variables predicting latent variable is possible and model in standard state represents the extent of variance related to latent variable which is predicted by observed variable.

Standard coefficients of model with t-value of each path are summarized in table below.

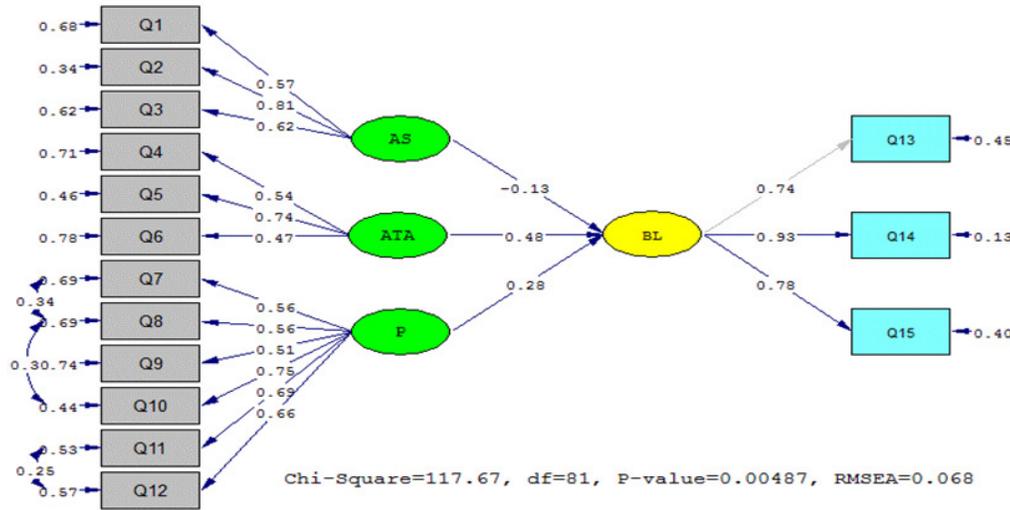


Fig. 2: Model in standard coefficients

Table 5: Summary of standard coefficient, R squares T-value and results

Path	Standardized coefficient	T-statistics	Coefficient of determination	Results
Spent advertising → Brand equity	-0.13	-0.61	-	Reject
Attitude toward Advertising → Brand equity	0.48	2.22	0/31	confirm
Distribution → Brand equity	0.	2.26	-	confirm

Regarding table above results show that R² for brand loyalty was estimated 0.31 and show that spent advertising, attitude toward advertising and promotions could explain only 31% of changes in brand loyalty. Regarding the standard coefficient and t-value we can say that the impact of attitude toward advertising is significant more than promotions on brand loyalty and spent advertising was not significant.

4.5. Testing study hypotheses

After investigating the model and confirmation of it, study hypotheses of model were analyzed and in this section hypotheses related to each question regarding model are tested.

H1: spent advertising has impact on brand loyalty.

Regarding Table 5, The absolute value of t-value for the path between spent and brand loyalty is 0.61 and is less than 1.96, thus H0 is supported, that is spent advertising has no significant effect on brand loyalty.

H2: attitude toward advertising has impact on brand loyalty.

Regarding table 4-5 the absolute value of t-value for the path between attitude toward advertising and brand loyalty is 2.22 which is more than 1.96. thus H0 is rejected which means attitude toward advertising has significant impact on brand loyalty and the amount of impact is 0.48 and is positive (direct). That is, an increase in attitude toward advertising, brand loyalty increases.

H3: promotions have impact on brand loyalty.

Regarding table 5 the absolute value of t-value for path between promotions and brand loyalty is 2.26 which is more than 1.96, thus H0 is rejected. Therefore promotions have significant impact on brand loyalty and the amount of this effect is 0.28 which is positive and direct. That is, by increasing promotions, the level of brand loyalty goes up.

5. Conclusion

In this study it is confirmed that there is no significant relationship between spent advertising and brand loyalty. That is, spent advertising has no impact on brand loyalty. The other finding is that attitude toward advertising has positive impact on brand loyalty. That is, positive attitude toward advertising creates brand loyalty. Moreover, it was revealed that monetary and non- monetary promotions also have positive and direct impact on brand loyalty. Which means that both promotions increase brand loyalty in customer? In addition, regarding investigation of literature in the field of effects on brand name, customers incline always to have their service in access and have the power of choose. Therefore, the more the assortment of services and the way of access for customers in right place and time has more powerful mechanism, since it creates convenience for customers; it can result in enhancement of satisfaction. Regarding the importance of this element it is suggested that in the compound of investment on marketing mix, an especial place in enhancement of distribution system

is considered. Along with this, companies can take effective steps by increasing number of agents and developing access points for customers for example through internet. The second effective factor is sales promotion which has impact on brand name and brand equity, one through having impact on perceived quality and the other through having impact on brand awareness and brand association. Therefore, it is suggested that this company has a large volume of sales promotions: monetary promotions such as especial discounts to especial customers and non-monetary promotions such as persuasive cards and coupons in its agenda.

Brand equity is affected by other element of marketing mix and it is advertising. But some findings showed that maybe investment on advertising rather than priority of investment on enhancement of distribution system and company's promotion has fewer yields (Sehat et al, 1391). Therefore, it is suggested that in case of necessity of advertising is designed so that it remembers brand name of company. This study just introduce a model that considered number of marketing mixes, while other factors affecting brand name and brand equity are investigated. Regarding model we can take look at these elements in other studies and investigate improvement solutions of distribution and promotion systems. The conceptual model applied in this study adopted from Boil et al. (2009) model and other models can be tested and even we can design and build new models by combining a number of conceptual models.

Regarding the impact of brand equity on brand loyalty, it is suggested that in addition to mentioned issues which result in improvement of brand equity in products, all of touch points between company and its products with customers is identified and suitable plans are provided in order to improve these issues. On the other hand, the main source of brand value creating (both for organization and customers) is hidden in the minds of potential customers. Therefore, for improving brand situation, focus on a place other than customers' minds is not correct, so in this way, the causal relationship between imaginations of functional and non-functional advantages resulting from all of activities of brand creating and brand loyalty should be more investigated.

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