

# Significance of Brand name in Brand Loyalty-An Empirical Study in Automobile Sector

Shivani Malhan<sup>1\*</sup> and Manvinder Tandon<sup>2</sup>

<sup>1</sup>Punjab Technical University, Jalandhar, Punjab, India; shivanimalhan1201@gmail.com

<sup>2</sup>Department of Management, RIMT University, Mandi Gobindgarh, Punjab, India; mandytandon@yahoo.com

## Abstract

This paper attempts to examine whether the consumer is brand conscious and he thinks that the brand name is important for him or not. According to the pilot study and interview method applied in this paper, the most important attributes considered by the customers while repurchasing the car are Price, Comfort and safety, Brand name and Customer Service. The study is based on primary data, collected from Jalandhar city of Punjab. Conjoint analysis is employed to determine which combinations of a limited number of attributes are most influential for the respondents while taking a decision in purchase of passenger car. In conjoint analysis, we use full profile approach in which profiles are reduced using orthogonal array approach. The empirical findings reiterate that consumers in this region experience that the most important attribute in Brand Loyalty is comfort and safety. This is because customers think that the features like front passenger airbags, advanced braking systems and air conditioning are very essential in the today are set up. The second important determinant of Brand Loyalty is price which may be accounted to affordability of the customer. The customers have also given relevance to customer service because the process of building the relationship with customer starts with the purchase of car but it keeps on evolving after the sale. The least importance is given to the attribute - brand name as per the empirical findings of the study.

**Keywords:** Brand Name, Brand Loyalty, Conjoint Analysis, Price

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## 1. Brand Loyalty

Oliver (1997) A deeply held commitment to rebut or repertoires a preferred product/ service consistently in the future.

Brand loyalty is important because customers are willing to pay higher prices if they are Brand Loyal and can also bring new customers to the firm. In order to facilitate brand loyalty significant pressure needs to be exerted by the businesses.

The loyalty towards a brand, product or performance was initially understood as its repeated purchasing by the consumer, a fact which allowed the quantification of loyalty by the enterprise. In time, its quantification could also be made through the customers' perception of loyalty.

## 2. Automobile Industry of India

The Indian automobile industry is one of the largest industry in the world and it accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The Two Wheelers segment has the largest market share i.e 81 per cent. This is due to the growing middle class and a young population. Also, many companies are

showing keen interest to penetrate more in the rural markets which has further increased the growth of this sector. The market share of the Passenger Vehicle (PV) segment is 13 percent.

In April-March 2016, overall automobile exports grew by 1.91 per cent. PV, Commercial Vehicles (CV), and Two Wheelers (2W) registered a growth of 5.24 per cent, 16.97 per cent, and 0.97 per cent respectively in April-March 2016 over April-March 2015. Also, several initiatives taken by the Government and an increase in the automobile players are expected to make India a leader in the 2W and Four Wheeler (4W) market in the world by 2020

## 3. Literature Review

Boas (2016) in his discussed about a model in which the customer purchases a product first and then thinks about the competition and makes choices for the repeat purchase. The author discusses about stochastic loyalty. This paper tells us the competitive effects of the informational advantages of a product that has been tried by the customer.

**Table 1.** Total number of vehicles sold from 2010 to 2016

| Category            | 2010-11            | 2011-12            | 2012-13            | 2013-14            | 2014-15            | 2015-16            |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Passenger Vehicles  | 25,01,542          | 26,29,839          | 26,65,015          | 25,03,509          | 26,01,236          | 27,89,678          |
| Commercial Vehicles | 6,84,905           | 8,09,499           | 7,93,211           | 6,32,851           | 6,14,948           | 6,85,704           |
| Three Wheelers      | 5,26,024           | 5,13,281           | 5,38,290           | 4,80,085           | 5,32,626           | 5,38,092           |
| Two Wheelers        | 1,17,68,910        | 1,34,09,150        | 1,37,97,185        | 1,48,06,778        | 1,59,75,561        | 1,64,55,911        |
| <b>Grand Total</b>  | <b>1,54,81,381</b> | <b>1,73,61,769</b> | <b>1,77,93,701</b> | <b>1,84,23,223</b> | <b>1,97,24,371</b> | <b>2,04,69,385</b> |

Source: Society of Indian Automobile Manufacturers(SIAM)

**Singh(2016)**<sup>12</sup> in his study focussed on finding the factors which effect Brand Loyalty and identified the top footwear brands of India and studied the relative impact of those factors on Brand Loyalty. Convenience sampling method was used in this study. Also, correlation analysis was used as a statistical tool. According to the study, price and customer satisfaction are the important variables that affect Brand Loyalty.

**Bapat (2015)** in his study found out the relationship between a Primary Bank and the demographic factors. Questionnaires were filled by 151 respondents and the non-parametric test used in this study was Mann Whitney U test .Also, Factor analysis has been used in this study. The sampling method used in this study was convenience sampling. A Brand loyal customer can be a good customer in case of up-selling and cross selling of the product. Also, convenient location, better rates, service, technology, safety, salary pension account and long time dealing are the important factors which effect Brand Loyalty.

**P Kusuma (2015)**<sup>8</sup> in his study discussed that there are many passenger car brands available in Karnataka. According to the study, engine performance is not the only parameter considered important for the purchase of cars, rather there are other differentiating parameters. The study stated that Brand Name, Mileage, Price, Performance, Advanced Technology, Interior & Exterior Design, Style, Security Features, safety Features, comfort features and after-sales service are the various parameters kept in the mind by the customers to purchase the car in Karnataka.

**Chahal et al (2014)** found out the relationship between Brand Equity and Brand Loyalty which comprises of attitudinal and behavioural loyalty. Questionnaires were filled by 300 respondents from Jammu. Scale item analysis was used for finalizing the scale. Convenient sampling was used. According to the study, Brand Loyalty can be considered as the outcome of Brand Equity and can also be considered as the resultant factor of Brand Equity.

**Hashmi(2014)**<sup>7</sup> defined Brand Loyalty and discussed various types of Brand Loyalty which included Hard Core Loyal, Split Loyal, Shifting loyals and switchers. It also discussed different variables that were customer satisfaction, service quality, brand credibility, brand image, Brand Trust etc. and stated that these

variables positively affect Brand Loyalty.150 respondents filled the self-administered questionnaire. Convenience sampling was used in this study.

**Gillani(2013)**<sup>6</sup> discovered the key factors that can influence brand characteristics on brand loyalty in cosmetics products in Peshawar Pakistan. Convenience sampling was used and 110 female consumers of three major areas of Peshawar Pakistan were targeted. The statistical part of analysis was based on descriptive statistic, correlation and regression analysis. Perceived quality, promotion, price, expiry date, store environment, brand name, ingredients and design were the main factors that affect Brand Loyalty.

**Ranjithkumar et al(2013)**<sup>11</sup> explained that Maruti Suzuki India Limited is India's leading & largest Passenger car manufacturer which accounted for nearly 50 percent of the total industry sales. The company has also received various awards and achievements due to its continuous innovations and technological up gradations. In order to have a sustainable profit growth, Brand loyalty is very important .A company also focus on superior customer service.

**Dabhija (2012)**<sup>4</sup> discussed the impact of marketing tools on brand loyalty. The questionnaires was filled by 1800 customers and this study discussed the satisfaction of the customers with the help of tools of marketing mix. Also, it tried to find out the relationship of brand trust with the marketing tools. Regression analysis has been used in this study. This study found out that price of product has insignificant impact on building trust. Also the study discussed brand loyalty and according to it when recommendation takes place, the loyal customer becomes a prescriber.

**Malik et al(2012)**<sup>9</sup> found out the determinants of Brand Loyalty. The industry chosen for the study is the health sector. This study was done in Pakistan and it found out the relationship between the dependent variable i.e. Brand Loyalty and the independent variables which are Brand knowledge, service involvement, perceived service quality and social responsibility image. According to the study, the independent variables impact the dependent variables significantly.

## 4. Research Objectives

- To find out the relative importance of brand name in assessing brand loyalty
- To investigate consumer attitudes towards local and foreign brand names, against a background of increasing prevalence of foreign brand names and stereotypes of countries of origin.

## 5. Research Methodology

The study was conducted in Jalandhar city of Punjab. Jalandhar has many car dealerships of various brands and we have selected the respondents from Kosmo vehicles of Tata Motors, Lovely Autos of Maruti and Kosmo dealership of Hyundai. A structured questionnaire was used for survey. Questionnaires were filled on the basis of convenience sampling by 200 respondents. The technique used was Conjoint analysis which is a statistical technique. The objective of conjoint analysis is to determine what combination of a limited number of attributes is most influential on respondent choice or decision making.

## 6. Data Analysis

### 6.1 Purification of Items

The product was described in terms of number of attributes. A car may have attributes of size, style and appearance, customer service, comfort and safety, brandname, price etc.

From the previous studies and after talking to the experts and sales persons of various dealerships we came to the conclusion that we should take four variables which are most important.

The four selected variables are:

- Price
- Brand name
- Comfort and Safety
- Customer Service

These variables have been selected from nine variables which are price, Technological Advancement, Availability of different sizes and models, Comfort and Safety, Customer Service, Influence of family, friends and neighbours, Brand loyalty, Mileage, Quality.

The technique we used was conjoint analysis. In conjoint analysis, we used full profile approach in which profiles were reduced using orthogonal array approach. In this questionnaire, we are using 4 attributes. These 4 attributes when used with orthogonal array generate 9 profiles and hence 9 questions. The questions were answered using two options:

- Willing to buy it
- Not willing to buy it

Proceeding of variables is as follows:

**Table 2.** Proceedings of variables

| Factor Name        | Factor Label |
|--------------------|--------------|
| Price              | Pr           |
| Brand Name         | Bn           |
| Comfort and Safety | Comsafe      |
| Customer Service   | Custserv     |

## 7. Data Interpretation

In the table below, we have R-Square equal to .267 which is less than 0.60. So we can say that the independent variable is explaining only 26.7 per cent variance of the total variation.

Adjusted R-Square: According to adjusted R-square the variance explained is 25.7 per cent.

**Table 3.** Model Summary

| Model Summary <sup>b</sup>                                |                   |          |                   |
|-----------------------------------------------------------|-------------------|----------|-------------------|
| Model                                                     | R                 | R Square | Adjusted R Square |
| 1                                                         | .517 <sup>a</sup> | 0.267    | 0.257             |
| a. Predictors: (Constant), X8, X6, X4, X1, X2, X7, X5, X3 |                   |          |                   |
| b. Dependent Variable: PURCHINT                           |                   |          |                   |

In the Anova table test below, if the two variables have a linear relationship. The f value is 26.21.

Regression, residual, total: The total variance is partitioned into the variance which can be explained by the independent variable (model/regression) and the variance which is not explained by the independent variable (error/residual).

Sum of squares: according to the value given in the table sum of square is 35.21 out of the total 131.93 explained by the independent variable.

The significant value is 0.000 which is less than 0.05 so our result is significant.

**Table 4.** Anova

| ANOVA <sup>b</sup>                                        |            |                |     |             |        |                   |
|-----------------------------------------------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model                                                     |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                                                         | Regression | 35.213         | 8   | 4.402       | 26.212 | .000 <sup>a</sup> |
|                                                           | Residual   | 96.725         | 576 | 0.168       |        |                   |
|                                                           | Total      | 131.938        | 584 |             |        |                   |
| a. Predictors: (Constant), X8, X6, X4, X1, X2, X7, X5, X3 |            |                |     |             |        |                   |
| b. Dependent Variable: PURCHINT                           |            |                |     |             |        |                   |

Through this table we have obtained the regression equation. The values of the regression coefficients are constant and are given in column B of the table. Through these values we find the utilities and the relative importance of each attribute.

**Table 5.** Dependent Variable Purchint table

| Coefficients                    |            |                             |            |                           |        |       |
|---------------------------------|------------|-----------------------------|------------|---------------------------|--------|-------|
| Model                           |            | Unstandardized Coefficients |            | Standardized Coefficients | T      | Sig.  |
|                                 |            | B                           | Std. Error | Beta                      |        |       |
| 1                               | (Constant) | -0.016                      | 0.051      |                           | -0.32  | 0.749 |
|                                 | X1         | -0.186                      | 0.041      | -0.185                    | -4.515 | 0     |
|                                 | X2         | -0.098                      | 0.042      | -0.097                    | -2.361 | 0.019 |
|                                 | X3         | 0.018                       | 0.042      | 0.018                     | 0.433  | 0.665 |
|                                 | X4         | 0.026                       | 0.042      | 0.025                     | 0.618  | 0.537 |
|                                 | X5         | 0.433                       | 0.042      | 0.43                      | 10.439 | 0     |
|                                 | X6         | 0.256                       | 0.042      | 0.255                     | 6.178  | 0     |
|                                 | X7         | 0.328                       | 0.042      | 0.326                     | 7.908  | 0     |
|                                 | X8         | 0.3                         | 0.042      | 0.298                     | 7.228  | 0     |
| a. Dependent Variable: PURCHINT |            |                             |            |                           |        |       |

All the four attributes have been further divided into three levels which are described as under:

**Table 6.** Four attributes and three levels

| Level | Dummy Variable | Price (Lakhs) | Brand Name  | Comfort and Safety | Customer Service |
|-------|----------------|---------------|-------------|--------------------|------------------|
| 1     | 00             | 1.5-4.5       | Hyundai     | Low                | Low              |
| 2     | 01             | 4.5-7.5       | Maruti      | Medium             | Medium           |
| 3     | 10             | 7.5-10        | Tata Motors | High               | High             |

So, according to the table, the values given to each level is as follows:

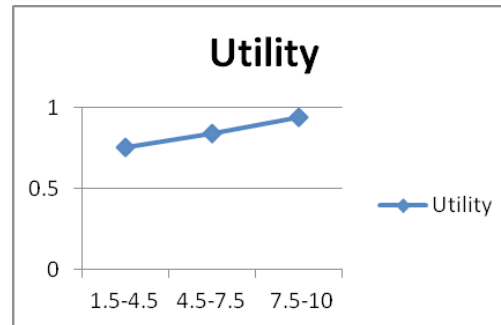
- For the base value the dummy variables are 00.
- For the medium level, the dummy variables are 01.
- For the highest level, the dummy variables are 10.

For filling the questionnaires, the dummy variables have been used. After assigning the part worth functions, we have found the relative importance.

## 8. For Price

**Table 7.** Price levels

| Price(Lakhs) | Utility |
|--------------|---------|
| 1.5-4.5      | .754    |
| 4.5-7.5      | .842    |
| 7.5-10       | .940    |

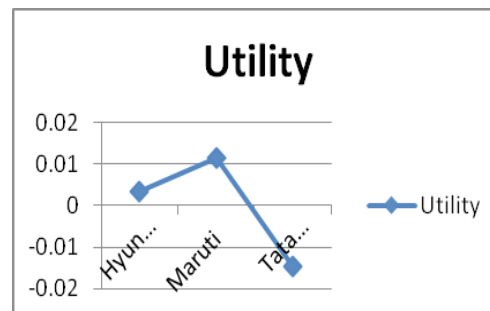


**Figure 1.** Price Utility.

According to the table the highest utility is .940 which is for the price 7.5-10 lakhs. This means according to our study, the respondents prefer the passenger cars which has a range of price from 7.5-10 lakhs.

## 9. For Brand Name

According to the table the highest utility is .0114 which is for the brand name Maruti. This means according to our study, the respondents prefer Maruti brand rather than other brands like Tata Motors and Hyundai.



**Figure 2.** Brand name utility.

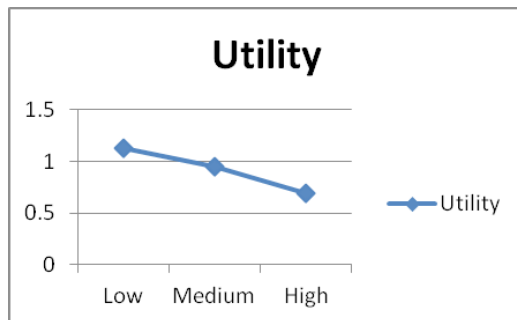
**Table 8.** Brand name levels

| Brand Name  | Utility |
|-------------|---------|
| Hyundai     | .0034   |
| Maruti      | .0114   |
| Tata Motors | -.0146  |

## 10. For Comfort and Safety

**Table 9.** Comfort and safety levels

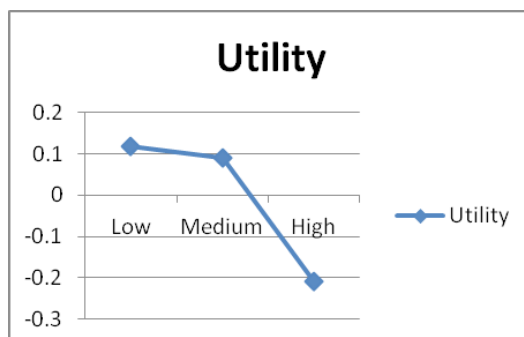
| Comfort and Safety | Utility |
|--------------------|---------|
| Low                | 1.122   |
| Medium             | .945    |
| High               | .689    |

**Figure 3.** Comfort and safety utility.

## 11. For Customer Service

**Table 10.** Customer service levels

| Customer Service | Utility |
|------------------|---------|
| Low              | .119    |
| Medium           | .091    |
| High             | -.209   |

**Figure 4.** Customer service Utility.

## 12. Findings

- Price, Brand name, Comfort and Customer Service were selected as the most important attributes considered by the customer while purchasing the car.
- According to the study, the most important attribute is comfort and safety, second is price, third is customer service and fourth is brand name. Brandname is not the most important factor taken into consideration to repurchase a car.
- According to the study, country of origin thus not play an important role in selecting the passenger car brand because the respondents have selected Maruti brandname over Tata Motors which is an indigenous brand.

## 13. Conclusions and Managerial Implications

The empirical findings state that consumers in the Jalandhar region experience that the most important attribute is comfort and safety. This is because customers think that the features like front passenger airbags, air conditioning etc are very essential. The second important determinant is price which may be accounted to affordability of the customer. The customers have also given relevance to customer service because the process of building the relationship with customer starts with the purchase of car but it keeps on evolving after the sale. The least importance is given to the attribute - brand name as per the empirical findings of the study.

The study suggests that brandname thus not play a very important role in assessing Brand Loyalty. The companies should focus more on providing comfort and safety to the customers and provide them good customer service.

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## Annexure-I

### SIGNIFICANCE OF BRANDNAME IN BRAND LOYALTY-AN EMPIRICAL STUDY IN AUTOMOBILE SECTOR

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