

# Factors of brand loyalty



This paper reports the results of factors affecting brand loyalty on sportswear by analyzing the sample size of 250 students of a business administration university aged from 18 to 26 years old. It also explains the brand loyalty behavior on sportswear and examines the key brand loyalty factors such as Brand image, Product Quality, Price, Advertising, Service Quality. Several techniques such as reliability test, factor analysis and simple linear regression have been applied. The study concludes that predicting variables such as Brand image, Product Quality and Price has a significant effect on consumer towards brand loyalty. On the basis of our findings we recommend that sportswear companies should bring new styles in sports shoes, clothes and sports accessories to maintain and enhance their product quality to enjoy the brand loyalty.

Key words: Brand loyalty, factors of loyalty, consumer's perception.

## **Introduction**

Sportswear brands such as Adidas, Nike, Reebok, Puma and Fila are popular among sportswear consumers in Pakistan. Sportswear has become a frequent and popular category among young people as it identifies them with a more relaxed lifestyle, greater versatility and comfort. Customers are becoming increasingly important in the lives of most organizations as competition increases. To view that most companies have turned their focus realize the importance of retaining current customers and now are initiating various activities to create customer loyalty. Manufacturers like Nike, Adidas has started to expand their business particularly in Asian countries like China, India, Singapore as well as Pakistan. It has the potential to give them higher volume of sales for their products. Many companies of sportswear

industry are trying to enhance brand loyalty among their customers to get maximum profit.

The purpose of this research is to explore how the respondents are influenced by factors of brand loyalty towards sportswear brands. Questionnaires were distributed to 250 respondents in university students. Descriptive analysis, factor analysis and simple regression are used in this study. This study of more focused factors that are appropriate to the Pakistani youth environment is recommended in order to obtain accurate information. First we will discuss what brand loyalty is then we moved further for our research.

The remaining part of the study is proposed to organize as follows. Section 2 provides a brief overview and selected literature reviews on the subject. Data and methodology are covered in Section 3, while empirical results are described in Section 4. Conclusions and some policy recommendations will be presented in section 5

## **Literature review**

### **2. 1 Theoretical Background**

#### **2. 1. 1 Brand loyalty**

Identifying a specific name or a mark that distinguishes the product from its competitors and its called branding. That's how the marketer can build up a positive image of his organization around the brand. The main objective of the marketer is supposed to create a loyal customer in order to sustain in the competitive world. Thus brand loyalty has become an emerging concept in marketing literature these days to gain edge in the market with a number of

similar products. Brand loyalty can generate higher market share and thus in turn it provides upper competitive advantage from other companies. The tool brand loyalty is used to have a long term relationship with a customer or acquisition of regular customers. Many companies turned their focal point towards creating brand loyalty and also make marketing strategies accordingly. Brand equity is organizations most powerful asset because it is the fundamental in closing the communication gap yet at the same time creating customer loyalty. Those organizations that are successfully able to create brand loyalty and thus enjoy high brand loyalty. That's why brand name becomes icon, and perceived quality increases, strong brand associations with their customers.

Whenever price increases it will affect brand loyalty and decrease it on the other hand if price decreases it will likely increase brand loyalty because now the value for the money increases. Service quality is also one of the key factors that affect brand loyalty if it gets worst by the time it will decrease customer's brand loyalty and whenever service improves it will increase brand loyalty. Every brand loyal customer wants to get the best out of his product so quality plays a key role in maintaing that so whenever quality gets bad or decreases even a loyal customer will start thinking to switch and on the other hand if it improves the customer brand loyalty will increase. Brand image is also necessary because it plays a psychological affect on the minds of the consumers it is very important for the marketers to always improve the brand image because a products positive brand image will likey increase brand loyalty and decrease it whenever image gets worst due to any reason. Advertising is also necessary because it helps in positioning the brand

image, if cheap and typical advertising campaigns are run in the market it will not help in increasing brand loyalty and a good advertising campaign will likely increase brand loyalty because in the minds of the consumers the product's image will be positive.

## **2. 2 Factors of Brand Loyalty**

Several Researches explained that brand attributes plays important role in a consumer's decision-making process. As in the case of Lau et al. (2006) article pointed out seven factors that makes consumers' brand loyal towards certain brands. These factors are described by following headings.

### **2. 2. 1 Product Quality**

When a product satisfies stated or implied needs with its features and characteristics it is called product quality. Or we can use the term “ fitness for use” or ‘ conformance to requirement” to define product quality. The main reason of repeated purchase of single brands or switching around several brands from consumer is due to the tangible quality of the product offers. Factors of product quality include colors, Size, good materials, performance that is claimed by the product. In sportswear industry functional quality can be viewed as it should be lightweight, waterproof, anti smell, antisweat, anti-microbial and most importantly it should be durable.

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(Keller, 2003).

2 (Cadogan and Foster, 2000).

### **2. 2. 2 Price**

Cadogan and Foster (2000) in his study viewed that price for the average consumer is probably the most important consideration. Brand loyal consumers tend or willing to pay a high price for their favorites brand. So for this type of consumers, price factor does not affect their purchase intention. Loyal customers are in the position to pay a premium price even if the price has increased because the perceived risk with other brands is very high and they agree to pay a higher price to avoid the risk of any change.

### **2. 2. 3 Advertising**

Advertising is a form of communication with consumers. It includes advertisement, sales promotion, personal selling. Advertising helps to increase a consumers' image towards the brand, change beliefs and their attitude towards the brands and change purchasing behavior. Advertising helps to deliver the ideas, perceptions in the minds of consumers and products distinction against other brands. So well prepared effective advertising can attract brand switcher or inconsistent consumers to become brand loyal.

### **2. 2. 4 Service Quality**

Service quality involves direct interaction between a seller and buyer. Because of quality of services provided by brand, Consumers ensure they are buying from a particular store. The relationship between sales people-consumer has proved to be great impact, which generally results in long term loyalty of consumers towards the brand or store. Trust and good relationship with sales people shows overall perceptions about the store's

service quality that in turn result in the consumer being very satisfied with the stores in the end.

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3 (Lovelock, 2010).

4 (Czemiawski and Maloney, 1999).

## **Empirical studies**

Mus et al Turan , (2012), purpose of this study is to build strong relationship with the customer by creating favorable, strong and unique brand association in consumer minds, this study is to find the role of functional and symbolic brand association, the sample size used in this study is 564 individuals, bond between 1977-1994, the research done in turkey, variable of the study are price, quality, design, the target population are youngsters. The findings of the study reveal that perceived quality has a direct positive effect on brand loyalty

Saint- Louis (2005), purpose of this study is to examine the effect of national versus store brand on consumer evaluation on garments, the sample size used in this study is 127, taken from the Canadian adult consumers, the variables are price, design, product quality, population target for this study is the adult consumers, the finding of research is the consumer evaluation of store brands and national brands, the research show the joint effect of brand.

McConnell (1968) , examined the development of brand loyalty. In this study there is 2 independent variables quality and price. Brand loyalty is

dependent variable. Sample size of this research is 60 and the target audience is student. He conclude the price was acute to quality and could be use to provide an operational measure of perceived quality. He recommends that they should improve customer loyalty through quality and price.

Yahyah et al (2008) examined the factors affecting influence of brand loyalty on consumer sportswear with many empirical studies. Their total sample size of the research was containing a total of 100 people. Research technique they used was quantitative. The purpose of this research is to examine how the respondents are influenced by factors of brand loyalty towards sportswear brands. Research adopted seven independent variable to test in the Malaysian environment. The seven independent variable of brand loyalty are brand name, quality, price, advertising, and service quality. Brand name has shown strong correlation with brand loyalty.

Lau et al (2006) examined the factors affecting brand loyalty of sportswear in Hong Kong. Their research technique was quantitative using a sample size of 280 students, aged from 18 to 24 years old. This study explored brand loyalty behavior on sportswear and examines key brand loyalty factors brand name, quality, price, style, advertising, and service quality. Two types of consumers are classified by their degree on brand loyalty hard core loyal consumers and brand switchers the study concludes that brand name, style and advertising are the key brand factors which can distinguish hard core loyal consumers and brand switchers brand name and style have more influence more on that of brand switchers product quality is perceived by both groups as the most important factor affecting their brand loyalty.



Arokiasamy (2012), tried to identify the effects of marketing mix on brand loyalty in the Malaysian hypermarkets sector. The researcher adopted the study conducted by 37 independent variables in relation to its five independent variables that are price, store image, distribution intensity, advertising spending, to find out relationship between Malaysian hypermarkets' brand loyalty. 300 questionnaires distributed to customers at three hypermarkets around Klang Valley in Malaysia. The researcher used descriptive and inferential analysis and concluded that the price, store image, distribution intensity and price promotion are significant positive influence towards Malaysian hypermarkets' brand loyalty.

Tong et al (2009), this study seeks to examine the practically and applications of a customer-based brand loyalty model in the Chinese sportswear market. Based on Aaker's well-known conceptual framework of brand equity, this study employed structural equation modeling to investigate the causal relationships among the four dimensions and variable of brand equity and overall brand equity in the sportswear industry. This research used a sample of 304 actual consumers from china's two largest cities, Beijing and shanghai also known as quantitative research method. They came up with the conclusion and recommendations that brand association and brand loyalty are influential dimensions brand equity. Weak support was found for the perceived quality and brand awareness dimensions.

Aaker et al (2006) examined the variables to determine whether brand loyalty is a mediator between brand name, price, advertising, service quality and the intention of a customer to purchase sports apparels. The study presented uses these variables brand loyalty to investigate the relationship

between brand name, price, store environment, advertising and service quality and consumer's intention to purchase. The research technique used was quantitative and a large sample size consisting of 146 people.

Tong and Hawley (2009) , purpose of this study is seeks to examine the practicality and applications of a customer-based brand equity model in the Chinese sportswear market, the sample size used in this study is 204 from two cities of china, factors used in this study are price, promotions and media advertising. The researcher use the descriptive and explanatory study, young people were targeted, the finding we get is this group of consumers is willing to spend more time and money to buy clothing, thus representing the most important market segments for foreign apparel retailer in china.

Kharaim et al ( 2011) the purpose of this research is to investigate the influence of brand loyalty on cosmetics buying behavior of female consumers in the emirate of Abu Dhabi In the UAE. Sample size used in this study is 382 respondents. Seven Factors of brand loyalty used in this research are brand name, quality, price, product design, advertising, and service quality and store environment. They used different techniques like descriptive analysis one way ANOVAs and Pearson correlation. Finding of this study indicated that brand name has shown strong correlation with brand loyalty

Duff (2007) investigated the niche market in women's cosmetics, and the concluded that cosmetics buyers are becoming more fashion conscious and looking for products with more attractive design; further findings shows that

there is a tendency among consumers to use different makeup designs for different occasions

Astous and HEC (2000), researched on environment-based shopping irritants on the basis of a conceptual framework and the degree of irritation induced by these irritants assessed. A survey of 281 shoppers show that the degree of perceived irritation depends on the nature of the environmental variables considered and is affected significantly by shoppers' gender as well as age. Result showed that women appear more irritated than men by displeasing aspects of the shopping environment; while the shoppers' age also impact to extent of which irritating factor is considered.

Lin and Chang (2003) investigated the determinants the habitual behavior. Logistic regression was used. Author found that the channel convenience of the brands had significant influence on buying behavior. Thus the accessibility of product or brand in the store is important when purchasing for low involvement products. It is the consumer's natural behavior that they will not go to another store just to find the brand they just stay and choose another brand for convenience.

Tinna Kristinsdottir (2010) the main idea of this research was to get brand loyalty amongst cigarette smoking customers. The aim of this study is also to clarify the matter and knowledge of product related and health related and demographic factors which influence the brand loyalty among smokers. The research was conducted on a quantitative basis. The main research method used was a questioner -based survey. The scale of questioners was juster probability scale. The data collection was done by distributing the

questioners online for sampling and on social network websites. The method was use for analytical techniques was help by the PASW

Gholam r eza Jandaghi (2011) In this research the researcher have described four major aspect of service branding. This research was conducted on 104 subject sample of Asia insurance company's customers. The analysis of this research shows that brand image and company's image have major or direct and positive impact on its quality and service while it was also been identified that there is no relationship between confidence of a company and confidence of its employee with quality and service. in last the aspect of service brand impacts on customer loyalty.

### **3. 1 Research Approach:**

The Quantitative research methodology is using the data together. According to (Bernard, 1995) quantitative research methodology helps to collect accurate data from large number of respondents with the help of close ended questions which represent less flexibility.

### **3. 2 Research Purpose:**

The purpose of this research in nature is Explanatory (An extension of descriptive approach) Explanatory research is used to clarify the queries that why, how there is a relationship among two or more aspects of phenomenon or situation. One of the most important purposes of this study is to find out which action magnetizes the respondents to buy the Sports wearing products.

### **3. 3 Research Design:**

In the study Co relational Design is utilized. The Pearson's product moment correlation coefficient ( $r$ ) is the measuring technique which shows the sort of correlation between variables. It indicates the value lying between -1 to 1 shows strong negative relation to strong positive correlation. It helps to identify whether the outcomes of the study shows the negative or positive correlation between our variables. Phenomenological research is an inductive, descriptive research approach developed from phenomenological philosophy, its aim is to describe an experience as it is actually lived by the person.

### **3. 4 Data Source:**

Data source is about collecting data from different people, documents, products, activities, events and records. All the consumers of sportswear are part of this particular research so the data for analyzing the relationship among variables was collected through primary data source.

Respondents Age bracket : 18-26

### **3. 5 Target Population:**

As a target population all the consumers of Sportswear who live in Karachi are part of the research of sportswear industry.

### **3. 6 Sample size:**

The sample size for the current study is 250 respondents as it is provided from the literature that the greater the size of the sample the lesser will be the chances of error. The data will be collected from the undergraduate and

graduate students of the business administration universities who are knowledgeable and having in depth understanding.

### **3. 7 Data collection technique:**

The survey questionnaire is taken into account to accumulate the data in order to provide satisfactory set of answers as result of the problem statement. The survey through the close ended structured questions will be conducted to gather the primary data which represents less flexibility.

A likert scale is used to measure the human behavior which is as followed:-

(1 = Strongly Agree, 2 = Agree, 3 = neither Agree nor Disagree 4 = Disagree, 5 = Strongly Disagree)

### **3. 8 Sampling Technique:**

A statistical method of drawing representative data by selecting people because of the ease of their volunteering or selecting units because of their availability or easy access. The advantages of this type of sampling are the availability and the quickness with which data can be gathered.

### **3. 9 Research Model:**

The model which will be tested in this study is:

$$\text{Brand Loyalty} = \hat{\mu} + \hat{\beta}^1 (\text{Price}) + \hat{\beta}^2 (\text{Product Quality}) + \hat{\beta}^3 (\text{Brand Image}) + \hat{\beta}^4 (\text{Service Quality}) + \hat{\beta}^5 (\text{Advertising})$$

Whereas:

$\hat{\mu}$  = constant, Price = Price of the Product, Product Quality = Standard of product, Brand Image = increase brands image in the minds of the

consumers, Advertising= to increase consumer's awareness towards the brand, Service quality = direct intention between a seller and buyer

### **3. 10 Hypothesis model:**

H01 = Price has insignificant affect on brand loyalty.

H02 = Product quality has insignificant affect on brand loyalty.

H03 = Brand image has insignificant affect on brand loyalty.

H04 = Service quality has insignificant affect on brand loyalty.

H05 = Advertising has insignificant affect on brand loyalty.

### **3. 11 Variale Description:**

Price = Price of the Product, Product Quality = Standard of the product,

Brand Image = Increase brands image in the minds of the consumer's,

Advertising = To increase consumer's awareness towards the brand, Service

quality = Direct intention between a seller and buyer.