

Brand Loyalty of Customers in Smartphone Brands

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Abstract

The smartphone, one of the priceless contributions of mobile technology, has now resulted in a situation of cut throat competition between different handset manufacturers who are trying their level best to outsmart their competitors. Brand loyalty, which is a crucial factor influencing purchase decision of smartphone users, is assessed in this particular scenario. The assessment of brand loyalty for the present study was done with reference to a Swedish study (Ahmed & Moosavi, 2013) by taking into account the overall brand loyalty score generated from the five constructs such as brand image (*bi*), brand quality (*bq*), brand experience (*be*), brand switching cost (*bsc*), and customer satisfaction (*cs*). Apple topped the list with the highest brand loyalty score followed by Asus, Blackberry, LG, Samsung, Motorola, Micromax, Nokia/Microsoft, Sony, Xiaomi, Lenovo, Huawei, and HTC in the study conducted among IT employees. The statistically significant difference found in the brand loyalty scores of different smartphone brands signals the manufacturers to seriously focus on brand loyalty building to cope up with the cut throat competition and to ensure their long-term growth and survival. The manufacturers should concentrate more on areas such as image building, manufacturing quality products, and ensuring customer satisfaction.

Keywords : brand loyalty, brand image, brand quality, brand experience, brand switching cost, customer satisfaction, smartphones

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Brand or customer loyalty is where a person buys products from the same manufacturer repeatedly rather than from other suppliers (American Marketing Association, 2011). Brand loyalty in marketing consists of consumers' commitment to repurchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service, or other positive behaviours such as word of mouth advocacy (Dick & Basu, 1994). Brand loyalty is more than simple repurchasing. Customers may repurchase a brand due to situational constraints, lack of viable alternatives, or out of convenience. Such loyalty is referred to as "spurious loyalty" (Jones, Mothersbaugh, & Beatty, 2002). True brand loyalty exists when customers have a high relative attitude towards the brand which is then exhibited through repurchase behavior (Dick & Basu, 1994 ; Mittal & Kamakura, 2001). For marketers, loyalty to the brand in terms of consumer usage is a key factor (Reinartz & Kumar, 2003). It is the measure of success of the supplier or the marketer to retain the customers.

"Loyalty" means that the customer is sticking to the marketing organization or the supplier, though he/she may be having other options. It is quite possible that the company may not have the product or may not be able to deliver in time or may have other constraints, but still, the customer might ignore other options and prefer to continue with the supplier because that supplier provides him/her with more value of money benefits and comforts. That is, higher the value, comfort, and benefit customer reviews, the more loyalty he/she may exhibit. Hence, customer loyalty is the tendency of a customer to choose voluntarily a particular supplier or marketer respectively for his/her

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requirements. It goes without saying that customer relationships are built on the foundations of trust (Reichheld, 1996). It has been observed invariably that repeat business gets generated only when the customers believe their suppliers and perceive them as creating more value and delivering quality (Saxena, 2008). Therefore, loyalty is created only when customers perceive fairness, equity, and transparency in his or her relationship with the marketer (Saxena, 2009). It is in the best interest of the seller to convert more number of customers into “loyal customers” because loyal customers are the powerful engines of growth because they generate business, profits, and help the firm in retaining high-performing employees and investors (Reichheld, 1996).

As we know, smartphones typically combine the features of a cell phone with those of other popular mobile devices such as personal digital assistant (PDA), media player, and GPS navigation unit, and so on (Nusca, 2009). It is not just a simple mobile phone ; rather, it has an extensive data storage capacity and processing power. Smartphones have moved the data processing power to the hands of mobile users, who can use the mobile device irrespective of time and space. Most smartphones have a touch-screen user interface, can run third-party apps, and are camera phones. Most smartphones produced from 2012 onwards also have high-speed mobile broadband 4G LTE Internet, motion sensors, and mobile payment mechanisms (Molina & Cava, 2015). In 2014, sales of smartphones worldwide topped 1.2 billion, which was an increase in sales by 28% from 2013. The important brands of smartphones available in the market include Apple, Samsung, HTC, Motorola, Micromax, Microsoft, Sony, LG, Blackberry, Lenovo, Asus, Xiaomi, Huawei, Oppo, OnePlus, Gionee, Lava, Xolo, etc.

Brand Loyalty of Smartphone Brands

Brand loyalty becomes very important when it comes to smartphones and devices; the Apple Company giving emphasis to the latest iPhone and Mac products being the most obvious. However, this loyalty extends from the most devoted of people to regular consumers as they use the product more and grow accustomed to their smartphones. The more useful a customer finds a smartphone device, the less likely he/she is going to switch from that brand (Nandi & Pattanayak, 2015). Apps and services downloaded play a major part in cementing consumer loyalty with their research, concluding that those consumers who use seven or more apps and services on their devices guarantees this.

The main barriers to switching smartphones includes disrupting the customers' current smartphone setup, mainly having to change the apps and services they use, having to learn how to use another type of smartphone, and having to move their content such as music, videos, books, and apps from one type of smartphone to another. Another area that users look to is accessibility and ease of use as well as how seamless the interface is. Brands that invest in user experience will yield great results and are potentially in the strongest position and will be the most difficult to challenge in terms of capturing market share.

As all the above-mentioned factors affect brand loyalty in one way or the other, it becomes very much essential to analyze brand loyalty for smartphone brands in terms of various constructs which affect brand loyalty. Brand loyalty for smartphone brands among “IT employees” are studied as they are continuously updated to the dynamic development of the smartphone industry.

Review of Related Literature

Parmar (2014), after examining brand loyalty on cosmetic products, reported that product quality plays a key role over other factors in building brand loyalty. Studies by Khraim (2011) and Woong and Yahyah (2008) on cosmetic products came up with the finding that it is not easy to obtain and maintain consumer loyalty for a company's products because there are many forces drawing consumers away such as competition, consumers' thirst for variety, etc. Another study on brand loyalty on the telecommunication sector by Nawaz and Usman (2010) revealed that customer satisfaction is one of the major antecedents of brand loyalty and Aydin and Ozer (2005)

found that service quality is the most important factor that directly influences brand loyalty. There are studies with the finding that service quality and satisfaction indirectly influence customer loyalty. Another study that intended to examine the factors influencing brand loyalty towards the footwear brands among the younger consumers revealed that the youngsters are most likely to change their brands frequently because they are variety seeking in nature (Krishnakumar & Kavitha, 2014). A Swedish study by Ahmed and Moosavi (2013), who made a comprehensive assessment of brand loyalty using five constructs such as brand image, brand quality, brand experience, brand switching cost, and customer satisfaction gave a detailed account of how these factors together account for brand loyalty. Though a number of factors are influencing brand loyalty, the degree of influence of these factors on loyalty may vary from product to product, region to region, and so on (Srivastava, 2016). Therefore, assessment of loyalty is contextual and situational, and it may change over time demanding new assessment to take stock of the current situation. Hence, periodical assessment of brand loyalty is inevitable to set strategies.

Objective and Hypotheses

The objective of the study is to assess the brand loyalty in smartphone brands of IT employees in Infopark, Cochin, in terms of the five constructs such as brand image (*bi*), brand quality (*bq*), brand experience (*be*), brand switching cost (*bsc*), and customer satisfaction (*cs*).

The hypotheses are :

H₀₁ : The mean score of brand image (*bi*), brand quality (*bq*), brand experience (*be*), brand switching cost (*bsc*), and customer satisfaction (*cs*) leading to brand loyalty are same for all smartphone brands.

H₀₂ : The *bls* of different smartphone brands is the same.

H₀₃ : The brand loyalty score (*bls*) of different smartphone brands are the same irrespective of age, educational qualification, job designation, and gender of the users.

Study Design, Sample, Data Collection, and Analysis

The brand loyalty in smartphones is expressed in terms of brand loyalty score (*bls*). It is the sum of the individual scores of the *five constructs* such as brand image (*bi*), brand quality (*bq*), brand experience (*be*), brand switching cost (*bsc*), and customer satisfaction (*cs*). The variables and constructs for loyalty assessment are modeled from the Swedish work by Ahmed and Moosavi (2013).

The *bls* computation is expressed as follows:

$$bls = \Sigma bi, bq, be, bsc, cs$$

where,

$$bi = \Sigma bi1, bi2, bi3, bi4, bi5$$

$$bq = \Sigma bq1, bq2, bq3, bq4, bq5$$

$$be = \Sigma be1, be2, be3, be4, be5$$

$$bsc = \Sigma bsc1, bsc2, bsc3, bsc4, bsc5$$

$$cs = \Sigma cs1, cs2, cs3, cs4$$

bi1 to *bi5*, *bq1* to *bq5*, *be1* to *be5*, *bsc1* to *bsc 5*, and *cs1* to *cs 4* are the respective variables' scores assessing *bi*, *bq*, *be*, *bsc*, and *cs*, respectively.

Table 1. Cronbach's Alpha of Constructs of *bls*

Sl. No	Construct	No. of Items	Cronbach's Alpha
1	Brand Image (<i>bi</i>)	5	0.741
2	Brand Quality (<i>bq</i>)	5	0.735
3	Brand Experience (<i>be</i>)	5	0.712
4	Brand Switching Cost (<i>bsc</i>)	5	0.663
5	Customer Satisfaction (<i>cs</i>)	4	0.801

The population for the study comprises of all the IT employees in the cadre of software engineer, project engineer, software architect, team lead, software tester, and software developer working in Infopark, Cochin. Altogether, 120 IT based firms are operating in the Park with employee strength of around 7000 in the above categories. A twin-stage sampling was done by choosing 10 companies at random in the first stage and then choosing 100 employees at random from the selected companies in the second stage. The data were collected by using a structured interview schedule in which agreement or disagreement to each variable is scored on a 5-point Likert-type scale. The survey was conducted during February and March 2015. In order to check the normality of the data, box plots for all the five constructs are drawn and normality or otherwise is ensured before applying statistical tests. Item analysis is done to ensure consistency of the different variables measuring each construct. Cronbach's alpha value of 0.7 and above recommends internal consistency of a measurement (Nunnally, 1978). Here, all the alpha values of the constructs except the value in the case of brand switching cost (0.663) is found to be higher than 0.7. The negligible difference in the alpha value of *bsc* is ignored and headed to analysis of the data (Table 1). For testing of the hypotheses, one-way ANOVA and student's *t* - test are used with the help of SPSS 22.

Results and Discussion

(1) Brand Loyalty Score (*bls*) : Nokia/Microsoft, Apple, Samsung, HTC, Motorola, Micromax, Sony, LG, Blackberry, Lenovo, Asus, and Xiaomi are the common brands used by the employees in Infopark, Cochin. The construct-wise score of brand loyalty of the users in these phones are computed and depicted in the Table 2. Results given in bold numbers represent top ranked brand as the case may be. Obviously, Apple is the top rated brand with a *bls* of 3.80. Construct-wise, though Apple tops only in two constructs (i.e. *bq* and *bsc*) out of the five constructs assessing *bls*, it could score over others in *bls* when all the constructs are taken together.

(2) Testing of Hypotheses

H₀₁ : The mean score of brand image (*bi*), brand quality (*bq*), brand experience (*be*), brand switching cost (*bsc*), and customer satisfaction (*cs*) leading to brand loyalty are the same for all smartphone brands.

The ANOVA results (Table 3) confirm that while *bi*, *bq*, and *cs* differ significantly among the different smartphone brands (*p* value<0.05), *be* and *bsc* are the same among the different brands (*p* value > 0.05). Therefore, the H₀₁ stands rejected.

H₀₂ : The *bls* of different smartphone brands is same.

The ANOVA results in Table 4 confirm significant difference in the *bls* of different smartphone brands (*p* value<0.05) and, therefore, H₀₂ stands rejected.

Table 2. Construct - Wise Scores of Smartphone Brands

Sl. No.	Smartphone Brands	Constructs' Average Score					Bls	
		<i>bi</i>	<i>bq</i>	<i>be</i>	<i>Bsc</i>	<i>Cs</i>	Score	Rank
1	Nokia/Microsoft	3.92	3.87	3.49	2.65	4.28	3.20	8
2	Apple	3.88	4.16	3.70	3.16	4.12	3.80	1
3	Sony	3.50	3.75	4.12	3.00	3.68	3.18	9
4	Blackberry	3.33	3.46	3.06	2.66	3.50	3.58	3
5	Asus	3.26	3.10	3.56	2.78	3.80	3.77	2
6	Samsung	3.21	3.23	3.20	2.60	3.40	3.36	5
7	Huawei	3.15	3.05	3.60	2.40	4.18	3.06	12
8	Motorola	3.14	3.70	4.00	2.32	4.00	3.30	6
9	Xiaomi	3.10	3.43	3.66	2.33	4.41	3.17	10
10	HTC	3.05	3.30	3.25	2.50	3.37	2.89	13
11	Micromax	2.85	3.30	3.20	2.20	3.75	3.27	7
12	Lenovo	2.75	3.20	3.85	2.55	3.50	3.09	11
13	LG	2.36	3.00	3.90	2.04	3.85	3.43	4
14	Others	2.20	2.50	2.90	2.00	2.50	2.42	14

Table 3. ANOVA of Constructs of *bls*

Constructs of <i>bls</i> /Group Comparison		Sum of Squares	<i>df</i>	Mean Square	<i>F</i>	Sig.
<i>Bi</i>	Between Groups	16.164	13	1.243	2.741	.003
	Within Groups	39.012	86	.454		
	Total		55.176	99		
<i>Bq</i>	Between Groups	13.746	13	1.057	2.375	.009
	Within Groups	38.294	86	.445		
	Total	52.040	99			
<i>Be</i>	Between Groups	7.842	13	.603	1.550	.116*
	Within Groups	33.468	86	.389		
	Total	41.310	99			
<i>Bsc</i>	Between Groups	8.450	13	.650	1.079	.388*
	Within Groups	51.798	86	.602		
	Total	60.248	99			
<i>Cs</i>	Between Groups	15.002	13	1.154	2.020	.028
	Within Groups	49.135	86	.571		
	Total	64.137	99			

Note : * No significant difference

H₀₃ : The brand loyalty scores of different smartphone brands are the same irrespective of the age, educational qualification, job designation, and gender of the users.

The H₀₃ is tested using one-way ANOVA (Tables 5 - 7) and independent samples *t*-test (Table 8). The *p* - value in the case of age, educational qualification, job designation, and gender is found to be greater than 0.05. Therefore, H₀₃ stands accepted.

Table 4. ANOVA of *b/s* - Brand-wise

Group Comparison	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	7.976	13	.614	2.569	.005
Within Groups	20.539	86	.239		
Total	28.514	99			

Table 5. ANOVA of *b/s* - Age-wise

Group Comparison	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.891	4	.473	1.687	.159*
Within Groups	26.623	95	.280		
Total	28.514	99			

Note : * stands for no significant difference

Table 6. ANOVA of *b/s* - Education-wise

Group Comparison	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.083	2	.042	.142	.868*
Within Groups	28.431	97	.293		
Total	28.514	99			

Note : * stands for no significant difference

Table 7. ANOVA of *b/s* - Designation-wise

Group Comparison	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.444	5	.289	1.003	.420*
Within Groups	27.070	94	.288		
Total	28.514	99			

Note : * stands for no significant difference

Table 8. Student's *t* - test of *b/s* - Gender-wise

Variances	Levene's Test for Equality of Variances		t - test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	2.744	.101	.463	98	.644	.05053	.10917	-.16611	.26718
Equal variances not assumed			.479	96.679	.633*	.05053	.10559	-.15904	.26011

Note : * stands for no significant difference

Conclusion

The study was done with the main objective of the assessment of brand loyalty of different smartphone brands in terms of the five constructs such as brand image, brand quality, brand experience, brand switching cost, and customer satisfaction. As the overall brand loyalty scores of different smartphone brands are not the same, it is a clear indication to the manufacturers that they should seriously focus on brand loyalty building in order to cope up with the cut-throat competition and to ensure the long-term growth and survival of their business. The manufacturers should concentrate more on areas such as image building, manufacturing quality products, and ensuring customer satisfaction. No doubt, brand loyalty building has to be an integral part of strategic planning process as it determines the success of the business to a great extent. In short, the manufacturing companies of smartphones should seriously consider their strengths and weaknesses with regard to building up and maintenance of the five *bls* constructs so as to improve brand loyalty in their respective brands to maximize sales volume and profit in the future.

Managerial Implications

While serious efforts of the smartphone manufacturers to retain their valuable customers progress as part of the customer retention strategy, the ever-changing attitude of the customers, evidenced by some studies, such as decline in average holding period of handsets and reported tendency for changing brands beyond loyalty are unavoidable threats. This leads the managers to a question, whether the manufacturers will always be able to retain their valuable customers, which, in turn, is considered to be a crucial task.

Limitations of the Study and Scope for Further Research

The internal consistency of the constructs measuring brand loyalty is ensured using Cronbach's alpha. The Cronbach's alpha value of 0.7 and above ensures internal consistency of the measurement (Nunnally, 1978). But the construct '*bsc*' shows a value which is less than 0.7 (0.663). The meagre difference is ignored and proceeded with the analyses. Moreover, only 100 users are included in the sample to represent a population of around 7000. Statistical determination of the sample size is not done. As new smartphone brands and their various models are taking root in the market with an ever increasing rate, continuous study of brand loyalty is an inevitable part of the marketing strategy. Moreover, only five constructs are considered in the analysis. But many other factors can influence brand loyalty which is beyond the scope of the study. Therefore, there is enough scope for further research in this area.

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