

## Evaluation of Trademarks Effect on Customers Loyalty Case Study: Software Industry

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### Abstract

Undoubtedly, in today's markets, which are associated with increased competition, one way for company for more market share and achieve competitive advantage will be access to loyal customers. According to importance of this issue in business survival, especially in the field of software industry identifying factors that influence loyalty, the goal of this studies is investigating the important factors that influence the customer loyalty. In order to achieve this goal, based on the conceptual model of relationship satisfaction value, resistance to change, sense of trust, and build brand equity and customer loyalty theory and we gathering our data with distribute 140 questionnaires between companies in Tehran that cooperate with one manufacturer company's management information system software that for testing the data, we use spearman correlation coefficients were tested by structural equation analysis. Results indicate that brand equity and trust are the most important factor influencing patterns of behavioral and attitudinal loyalty. While the factors influencing behavioral loyalty versus attitudinal loyalty research in the field view may be different.

**Key words:** trademarks, customer loyalty, industrial marketing

### Introduction

According to the importance of relationship marketing in recent years, especially in the manufacturing and service industry, the related notion of loyalty has been interested of scholars. Some of the authors stress in positive relationship between customer loyalty and trade performance. (Armario & Castro, 1999)

They believe that loyal customer not only increase the value of trade but also allow the trade to be able to lower their costs to attract new customers that to keep. Marketing researchers suggest that being loyal to a brand is one of the main strategies for reducing the risk of clients received. Findings show that brand risk is committed to brand. This sign expresses the existence of a relationship between risk and customer loyalty. It is argued that customer with high risk aversion tend to be more loyal. (Matzler, et al, 2008) Today, brand management is an important area in marketing management. (Goodchild & Callow, 2001) One of the main issues that are faced by managers is how to provide a better understanding of a relationship between brand and customer loyalty. (Mittal & Kamakura, 2001) The marketing concept implies the belief that customer satisfaction is not in industry production process. Industry needs to start with the customer and not by loyalty, raw material and sales skills in the organization can only survive with understanding what is the customer needs (1386) Trademarks is the main issues in the brand strategy firm's product mix. Companies for their trademarks do large and long-term investments. They know that their market power resulting from trademarks product, and power resulting from trademarks product, and power trademarks bring customer loyalty. Perhaps the most distinctive skill of professional firms be on their ability to create, preserve and develop their trademarks. (Kapfer & Jannoeil, 1385) Therefore, in this study we identified and evaluate the relative importance of some factors that related to trademarks on customer loyalty in (B2B) industry. This study helps to increase the knowledge of people by testing the relative effects of factors such as satisfaction, value, resistance to change, perceived value spend on customer loyalty by using structural equation analysis. According to the characteristics of software products, the importance of brand equity in these products is so high. And usually product or service selecting in this industry is based on its brand. So, we need a comprehensive model for investigating the effective factors on brand equity in industry markets. So, this study, examines the role of trade marks in the formation of customer loyalty management software industry and special deals.

### Literature review

Satisfaction of other related concepts such as quality, loyalty and attitude is different. And in the literature assumption as having a direct effect on customer loyalty and repurchase intention. (Mittal & Kamakura, 2001) Equity term is a complex notion for marketers. (Carolyn & Karen, 2002) Arguing that perception of value in the marketing literature is little agreement. (Oliver, 1999) recently, this implies that the traditional perception of value largely self-reactive and are randomly determined. He claims that the value is actually a unique concept consisting of quality and satisfaction. (Gilliland & Bello, 2002) Commitment is related to trust and loyalty. (Dritchar et al, 1999)

Commitment are defined:

The emotional and psychological attachment to a brand they suggest that the reasons for resistance to change is prelude to loyalty. Research show that customers evaluation of service, related to their emotion. (Mattila & Enz, 2002) Also this feeling can be effective on consumer attitudes, not even be live in product. (Taylor, Etal, 2004) The general feeling is present in all marketing things that can be identified an evaluated from persuasion persuasive requests through indirect reactions, measuring the impact of marketing stimuli, the appearance of the ever, the role of emotions in interaction and relationship marketing has been over looked by marketers. Trust is variable that its relationship with customer loyalty seems logical. Expectations that create within a society with rule of law, honesty and behavior-based collaboration based on common norms shared among members of that community characters, defined confidence. (Taylor etal , 2004) , singh 8 sirdeshmukh (2000) present a model that trust is base thing for satisfaction then loyalty. Brand equity is defined as: asset of brand assets and related paraphernalia such as name and symbol. That there is value to customer's product or a decrease to add a total offers. (Keller,1998)

**Theoretical framework and research model**

The environmental factors can cause the customer behavior changing. Loyalty of industrial customer to trade marks is in the result of effective marketing activities. (Taylor etal, 2004 ) Loyalty is a complex notion. Oliver (199) defined loyalty as= A deep commitment to the future repurchase a product or service more preferable, where by trademark replication, despite the marketing efforts of the environmental impact and create the potential for behavior change, be purchased.

Chaudhuri & Holbrook(2001) present a model about loyalty to trademarks that indicate, loyalty cause the increase of market share.

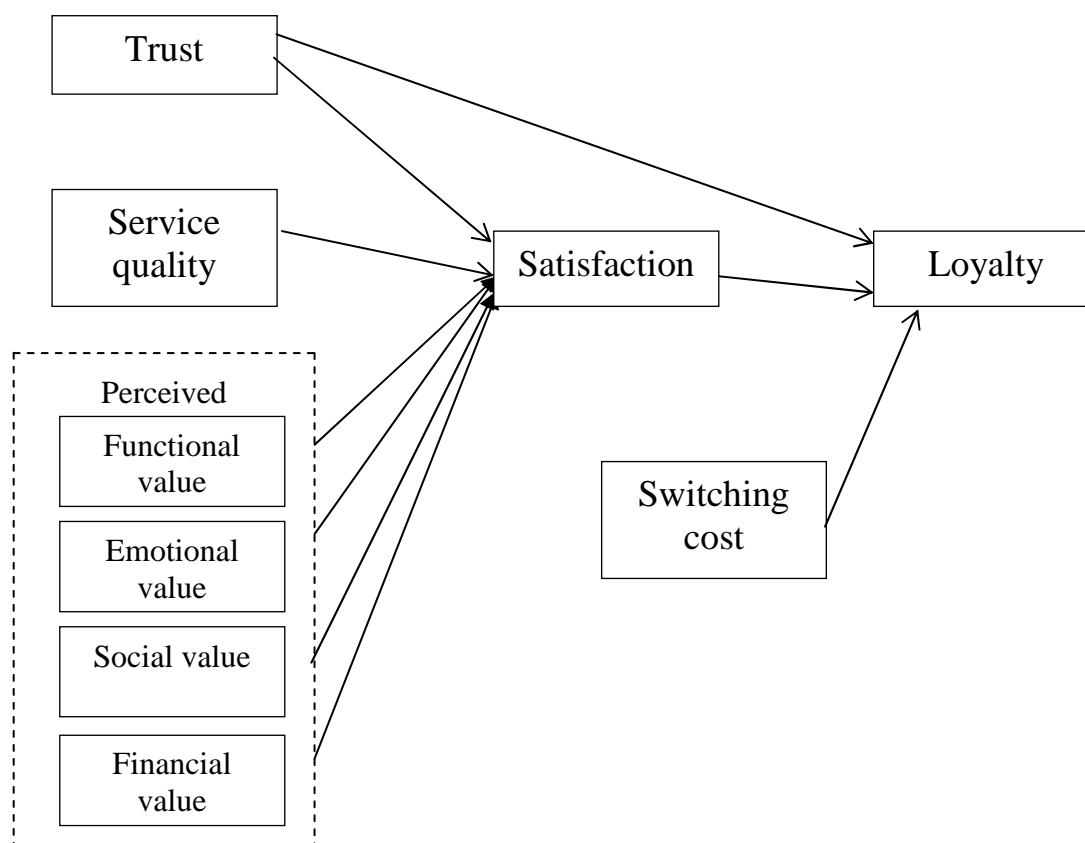


Figure 1= the effective factors on loyalty of industrial customer.

In an Article “the importance of equity of trademarks in customer loyalty” according to baldinger & rabinson present a model for customer loyalty. In this model customer loyalty consist of functional behavioral and attitudinal loyalty They know, satisfaction, value, resistance to change, emotion and equity of trademarks, the factors that influence trademarks. Figure 2, show this relationship.

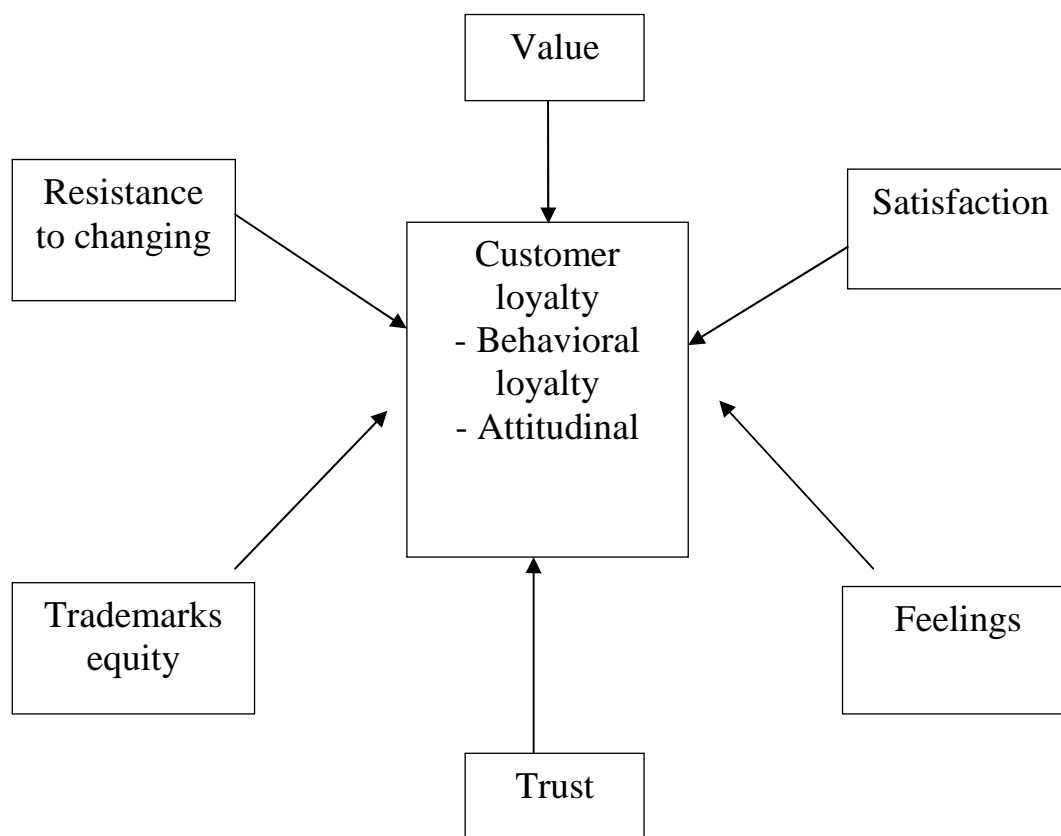


Figure 2: conceptual model

**Hypothesis:**

- H1= customer loyalty have positive relationship with satisfaction.
- H2= customer loyalty have positive relationship with value.
- H3= customer loyalty have positive relationship with resistance to change.
- H4= customer loyalty have positive relationship with feelings.
- H5= customer loyalty have positive relationship with trust to brand.
- H6= customer loyalty have positive relationship with trademarks equity.

**Research methods:**

This study is descriptive-survey research that in the following stages to describe the relationship between know factors that associated with trademarks and customer loyalty in marketing industry in software industry. And for gathering data, we use five-item questionnaire whit likert scale. The reliability of the questionnaire is 0.886 in cronbach alpha.

Variables	Behavioral loyalty	Attitudinal loyalty	Satisfaction	Value	Resistance to change	Feeling	Trust	Brand equity
Chronbach a	0.79	0.89	0.902	0.814	0.88	0.962	0.96	0.85

**Population, sample size and sampling method**

The statistical population of this study is medium and large companies and factories in various classes of multiple areas of Tehran. Sample size is 140 companies the way of sampling is randomly.  
 Sample formula=  $n = (z^2 * a/2 * s^2) / 4^2 = (1.96^2 * 0.131) / 0.06^2 \geq 140$

**Findings of research**

The 140 questionnaires distributed, 128 questionnaires used in the research finally came, so, the total number of questionnaire was used for data analysis was 128.

1. Description statistical: the average age of respondents was 36 years with an average work experience of 8 years. From educational, 8% diploma %55bachelors, %20 masters.
2. Inferential statistics= to investigate the relationship between the independent and dependent variables and examine research hypotheses using the SPSS software. And use spearman correlation coefficients.

**Correlations**

number	dependent variables	independent variables	Correlation coefficients	Sig	Result
1	Behavioral Loyalty	Satisfaction	0.129	.000	Accepted
2		Value	0.434	.000	Accepted
3		Resistance to change	0.331	.076	Rejected
4		Feeling	0.516	.089	Rejected
5		Trust	0.863	.000	Accepted
6		Trademarks equity	0.913	.000	Accepted

**Correlations**

number	dependent variables	independent variables	Correlation coefficients	Sig	Result
1	Attitudinal Loyalty	Satisfaction	0.486	.000	Accepted
2		Value	0.135	.000	Accepted
3		Resistance to change	0.170	.000	Accepted
4		Feeling	0.560	.091	Rejected
5		Trust	0.741	.000	Accepted
6		Trademarks equity	0.759	.000	Accepted

As table 2 shows the result of testing spearman correlation coefficients for all hypotheses except for the third hypothesis is meaningful in 0.05 level of detection. So, these hypotheses confirmed with 0.95 confidence level. Structural equation models= in order to testing complex causal relationship between customer loyalty and components explored relationship between variables using SEM in LISREL. As the chart indicates the route at the diagnosis level 0.05 in two variables related to behavioral loyalty resistance to change and emotions and feelings associated with the variable is not significant attitudinal loyalty. Relation to other parameters was approved by the 95% confidence.

Once the model has been determined, we use several methods such as CFI, RMSEA and SRMR for estimating the overall goodness of model.

- A. This criterion as a measure of the difference between the sum of squares explained by the model and the squares matrix of the estimated population for each degree of freedom to model the fitness well be less than 0.05, and if the value is between 0.05 to 0.08, its acceptable. (kalantari & khalili, 1388)

In the above model, the amount is equal to 0.061 so the developed model in this study is acceptable.

- B. This criterion by comparing a model in which the independent variables don't have any relation with the proposed model, these criterion, if be much closer to number one, indicating a good fit of the data and it is 0.93, in this model, so it is good.

- C. This criteria is presented as standardized root mean square residual 1-R2.

And if it be less than 0.05, goodness of model accepted. And in this study the number of this criteria is 0.026, so according to this, the goodness of this model accepted.

## Result

This study with the subject of investigating the role of trademarks (brands) in the formation of customer loyalty in marketing industry, aimed to examine the relationship between six factors such as satisfaction, value, resistance to change, a sense of trust and equity trademark was founded with customer loyalty.

Among the hypotheses that we test their relation between behavioral loyalty and resistance to change and feelings, also relation between attitudinal loyalty and emotion (feeling) variable were not confirmed in 0.05 recognition level but other hypothesis were confirmed with %95 confidence.

The findings of this study are:

1. Behavioral loyalty is largely a function of brand equity and trust. Satisfaction and customer value on behavioral loyalty are effective but have less impact.
2. According to attitudinal loyalty, we understand that trademarks equity and trust, have a meaningful relation with attitudinal loyalty.
3. The findings of this study have a lot of similarities and differences with Taylor's study that did in heavy machinery:
  - 1) The result of both studies suggest that behavioral and attitudinal loyalty, resulting total customer loyalty, are largely a function of value of trademarks. So, if level of customers perception of brand value are more and desirable, therefore, their loyalty to brand become more.
  - 2) In this study, relation between behavioral loyalty and two variables such as resistance to change and emotion wasn't significant, while in Taylor's study, relation between behavioral loyalty and satisfaction wasn't significant.
  - 3) In this study, the relationship between attitudinal loyalty with emotion wasn't significant, while, in Taylor's study, relation between attitudinal loyalty and value and resistance to change wasn't significant.
  - 4) The final results of both studies point out that the effective factors between behavioral loyalty versus attitudinal loyalty be different in other field of research.

Overall, we can conclude that all the variables that related with trademarks have effect on customer loyalty. But trademarks equity and trust are important from other variables. However, the role of trademarks in the formation of customer loyalty in this industry, have taken their perception. According to research findings, companies must try to create a good perception about brand in customer's minds.

## Research limitations

- we have a lot of variables in formation customer loyalty, that researchers examine them in different researches, so, measuring the impact of these factors can be considered as a limitation of present study demonstrated that the effect of them considered stable.
- In this studies, the impact of builder country trademark as an intervening variable that effects the amount of loyalty to brand, considered stable.
- In this article, we investigate our model variables in software industry. So maybe the result of our finding be different in other research.

## Suggestion for future research

Researchers can in future research with comparative approach, examine the role of trademarks indifferent country.

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