Mobile Phone Brand Loyalty and Repurchase Intention

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Abstract

This study investigates factors that lead to brand loyalty and repurchase intention specifically mobile phone brand of Nokia among Malaysian. Mobile phone market now has become very competitive with very rapid technology that facilitates the production of new brands of mobile phones. Data was collected from selected students of Graduate School of Management of Universiti Putra Malaysia particularly Malaysian students. Regression and correlation analyses were conducted in analyzing the data. The results established positive significance correlation among the variables (brand satisfaction, brand loyalty, perceived brand quality, perceived brand equity, and repurchase intention).

The study concluded that, these factors; brand satisfaction, brand loyalty, perceived brand quality, perceived brand equity, and repurchase intention, have some implications to the managers, government and other stakeholders.

Keywords: key words, Mobile Phone, Brand Loyalty, Repurchase Intention

1. Introduction

Mobile phone has become part and parcel of daily people life, but companies need to develop and to come up with new product with functions. Euromonitor (2009) reports that due to the constant competition from mobile phone manufacturers, new models and better price of mobile phones increased in 2008. The situation also increased sales of mobile phones by 15% in volume and 15% in market value. It has been identified that as the competition become stiff, quality brand becomes an issue to be considered by the firms.

This paper answers two questions (1) what are the factors that affecting mobile phone brands loyalty and repurchase intention? (2) What is the correlation between the brand satisfaction, and brand loyalty?

2. Brand Loyalty

Brand loyalty has been found to have positive significant relationship with brand satisfaction, with significance level of (p=0.0001). This suggests that customers are becoming loyal to the brand when they are satisfied with it. Sheth and Park (1974) define brand loyalty as "a positively biased emotive, evaluative and/ or behavioural response tendency toward a branded, labelled or graded alternative or choice by an individual in his capacity as the user, the choice maker, and/or the purchasing agent" (p.3). Consumers in mobile-phone brands have positive bias according to the results of this study. The study proves that brand satisfaction leads to brand loyalty. The findings of this study support Lanza (2008), he proves positive and significant correlation of brand loyalty in his study of automotive brands.

The research findings further suggest that consumers are committed on the brand and keep continuing to purchase and use the brand as far as the brand still provide satisfaction to them. These results are very important as they answer the research question that asks "What is the correlation between the brand satisfaction, and brand loyalty?" yet, fulfilling one of the research objectives that is to measure the correlation between brand loyalty and brand satisfaction, while the answer to this question is there is positive and significance relationship between brand satisfaction and brand loyalty.

Furthermore, brand loyalty has negative and significance correlation of (p=0.00) with perceived price. It is surprisingly that even though the price keep increasing still consumer buy the brand, this result support the concept of brand loyalty, that consumers are loyal to the brand hence, they are willing to buy the brand regardless the increasing of the price. The results answer the question "What is the correlation between brand loyalty and perceived price?" as well one among the research objectives is acknowledged that the correlation between brand loyalty and perceived price is negative.

There is general perception on customers to associate price with quality of the brand that the higher the price the good the quality of the particular brand. Zeithaml et al (1996) conceptual model, made it clear that Perceived cost is proposed to influence purchase behaviour only indirectly through its effects on perceived value, which in turn influence perceived satisfaction, a determinant of purchase behaviour. While Karjaluoto et al (2005) their

results show that respondents agreed that price, brand, and size of the phone were the main factors affecting their choice of the new model.

However, there are some researchers, who proved cost to be barrier in using mobile devices. Anckar et al (2003) their study shows that the cost-related issues (high operating costs, high initial costs) stood out as the main barriers to using mobile services at present or in the future.

Offering brand with quality is very important as the brand quality creates brand loyalty, this has been proved by this study results in which brand loyalty has been found to have positive and significant relationship with perceived brand quality of (p=0.0001). This result answers the question "What is the correlation between brand loyalty and perceived brand quality?" the result also accomplish the research objective that measures the correlation between brand loyalty and perceived brand quality. Sometimes the quality of a brand is subjective to the customers themselves on how they judge the quality. In their study Delivering Quality Service: Balancing Customer Perceptions and Expectations Zeithaml et al. (1990) point out that the criteria customers use for evaluating service quality include comparing consumer expectations with the actual service performance.

The findings of this study has shown positive and significant relationship between brand loyalty and perceived brand equity with (p=0.0001). The research question that asks "What is the correlation between brand loyalty and perceived brand equity?" has been answered by this result;

Furthermore, the result has shown the research objective that measure correlation between brand loyalty and perceived brand equity. The result shows that consumers have awareness on the brand and they are familiar with it, they can equate the utility level that is provided by the brand and their needs and wants.

Keller and Lehmann (2006) have explained five 'A's of brand equity as Awareness (recognition, familiarity, salience and recall) Association (tangible and intangible product considerations) Attitude (describing acceptability to attraction) Activity (involvement, consumption and purchase) Attachment (describing loyalty to addition). Taylor, Celuch and Goodwin (2004) when they assessed their known antecedents to their measures of behavioural loyalty, the results of that first analysis suggest that behavioural loyalty was largely a function of brand equity and trust.

Brand loyalty has positive and significant relationship with repurchase intentions, this result support the study of Pan and Xie (2008) their study suggests that affective loyalty (e.g., the extent to which a customer prefers a band or how consistently favourable her attitude towards the brand is) often proves to be a credible predictor of behavioural loyalty (e.g., a customer's repeat purchase behaviour or repurchase intention). The study shows that customers really have loyalty on the brand as they show the intention to repurchase the brand; the results also support the concept of brand loyalty.

Lanza (2008) support this result, Lanza shows a positive correlation between brand loyalty and repurchase intention. Moreover, the results answer the research question and suffice the research objective by showing positive and significant correlation between brand loyalty and repurchase intention.

3. Repurchase Intention

Zeithaml et al. (1996) describe five behavioural intentions of repurchase intention as along with loyalty, willingness to pay a price premium, word-of-mouth, and complaining. Boonlertvanich (2009) measures customer's intention to repurchase by the behavioural intention and were found to continue with their present service repair shops, and their preference to recommend the company to other persons.

This study has proved that repurchase intention has positive and significant correlation with brand satisfaction. The result either strengthens the concept of loyalty, that customers show the loyalty on the brand by continuing buying the same brand repeatedly. The level of satisfaction is seemingly high to the customers that gives the value of (p=0.0001) significant level. On the other hand, the result answers the research question that asks "What is the correlation between brand satisfactions and repurchase intention as well as performing the research objective that measure the relationship between brand satisfactions and repurchase intention.

However, the study has not shown any positive significance between repurchase intention and the perceived price. It seems that customers are not willing sometimes to pay for the same brand; it is somehow contrary to the concept of the brand loyalty, and that when customers are loyal to the brand, and they are also willing to pay to as much as they can to the brand. The p-value is (p=0.283) significant level. Here we get the answer of the research question that ask "What is the correlation between repurchase intention and perceived price?" the answer is; there is negative insignificance relationship between repurchase intention and perceived price.

The results has shown that repurchase intention has positive and significant correlation with perceived brand quality with the (p=0.0001) significant level. Customers have tendency of purchasing the same brand that they perceive it has quality. Perceived brand quality is vital factor to look as it all about the customer's general judgment of a brand's features and characteristics comportment on the brand's ability to suit a need. Lanza (2008) maintains that perceived quality is viewed as direct satisfaction antecedent, Lanza further stresses that customer anticipates more value then the cost he/she incur when purchasing brand. Obviously, when the customer receives what he/she perceives is quality in a particular brand; the customer will be much willing to repurchase the same brand for next time.

The answer to the question that asks "What is the correlation between repurchase intention and perceived brand quality?" is; there is positive significant relationship between repurchase intention and perceived brand quality. Repurchase intention has positive and significant correlation with perceived brand equity with p-value of (p=0.0001) significant level.

It should be recalled that brand loyalty has positive and significant relationship with repurchase intention as well as perceived brand equity, this result build the concept that perceived brand equity leads to brand loyalty, which in turn brings to repurchase intention. Furthermore, even the brand satisfaction conforms to existing concept and it has positive and significant relationship with brand loyalty/perceived brand equity, and repurchase intention. A positive relationship between brand equity and brand satisfaction has been found for both brands by (Lanza, 2008). If we look at the answer of the research question, we can see that there is positive and significant relationship between repurchase intention and perceived brand equity.

4. Brand Satisfaction

The result shows that there positive and significant relationship between brand satisfaction and perceived price, with p-value of (p=0.001) exists. Satisfaction is very important because customers are willing to pay for their satisfaction, if the brand provides what customers need and want based on their satisfaction level, the brand will have the number of customers, hence enjoying the share of the market. The result introduces the answer to the research question that asks "What is the correlation between brand satisfaction and perceived price?" as well gives the clarity on the research objectives. The answer to that question is; there is positive and significant relationship between brand satisfaction and perceived price.

Lanza (2008) shows positive and significant relationship between brand satisfaction, brand equity, and brand quality. The result of this study supports this prove, as it shows positive and significant relationship between brand satisfaction, perceived brand equity, and perceived brand quality, with p-value of (p=0.000) significant level for both. Lanza further suggests that perceived brand equity correlate positively with satisfaction, and it may positively influence the persistence commitment to the brand. The result of the study gives the answer to the research questions that ask "What are the correlations among brand satisfaction, perceived brand equity, and perceived brand quality?" which is positive relationship among these three variables. Again the results support the idea that brand quality and equity lead to customer's satisfaction of the brand

5. Perceived rand Quality

The result of this study has shown negative significant relationship between perceived brand quality and perceived price, the p-value is (p=0.031) significant level. Also the result answers the research question that asks "What is the correlation between perceived brand quality and perceived price?" in which the answer is negative significance relationship. Customers are seen to perceive the quality of the brand by comparing with price, and this relates to the general perception that price is equal to quality.

Customers have shown that the price they pay for the brand is reasonable to the brand itself, as the result shows negative relationship between perceived brand equity and perceived price of (p=0.009) significant level. The answer to the research question that asks about the correlation between perceived brand equity and perceived price is; there is negative significance between perceived brand equity and perceived price.

6. Perceived Brand Equity

Perceived brand equity has positive significance with brand satisfaction, brand loyalty, perceived brand quality, and repurchase intention, while for perceived price there is negative significant relationship. The result has answered the question that asks the relationship of perceived brand equity and other variables.

7. Perceived Price

Perceived price has negative relationship with brand satisfaction according to our results, with (p=0.001). The

result is very important to marketers as price has direct impact to business as it governs the profitability of the firm. Ramirez and Goldsmith (2009) in their study of some antecedents of price sensitivity, they found that price sensitivity is positively related to perceived brand parity. The result of this study answers the question that there is negative significance between perceived price and brand satisfaction.

Moreover, the result shows that perceived price also has negative significance with brand loyalty, perceived brand quality, and perceived brand equity, but perceived price does not have significance relationship with repurchase intention.

8. Conclusion

In conclusion, the results have shown that there is positive significance among all five variables except for one, which is perceived price. The total perception score for perceived price is ($p=.482$), (which is greater than 0.05, implying that the relationship is insignificant).

While for the rest variables ($p=0.0001$), which shows the relationship is significant. The insignificant relationship between perceived price and the rest of the variables might be due to the general perception that, customers looking for product satisfaction mostly accept any price; being it low or high. Furthermore, some users are taking it as luxury; hence, customers are ready to pay for whatever price as far as they enjoy the satisfaction.

Table 15: Pearson Correlations among variables

	M	SD	BS	PP	BL	PBQ	PBE	RI
Brand satisfaction (BS)	14.85	1.26	1					
Perceived price (PP)	9.22	0.06	-.183**	1				
Brand loyalty (BL)	13.07	2.73	.682**	-.205**	1			
Perceived brand quality (PBQ)	27.60	3.10	.643**	-.113*	.625**	1		
Perceived brand equity (PBE)	12.79	0.92	.559**	-.142**	.598**	.682**	1	
Repurchase intention (RI)	3.52	4.06	.368**	-.035	.334**	.282**	.381**	1

**. Correlation is significant at the 0.01 level (1-tailed).

*. Correlation is significant at the 0.05 level (1-tailed).

Note: N=274

Source: Data generated from the study by the Author

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