

## BRAND LOYALTY ON CONVENIENCE GOODS

### (Case of Tea Product)

Prof .Dr.Reha SAYDAN<sup>1</sup>, Öznur Koca PARMAKSIZ<sup>2</sup>

<sup>1</sup>Yuzuncuyil University, Faculty of Economics, Van-Turkey rsaydan@hotmail.com

<sup>2</sup>WEST Mediterranean Development Agency. Isparta-Turkey oznurkoca@hotmail.com

**Abstract:**The companies in the highly competitive market conditions focused on retaining the existing customers and obtaining new loyal customers to be successful. For this reason the factors affecting brand loyalty and the key points about creating and developing loyal customers attracting the attention of marketers.

This study determines the factors of brand loyalty preference convenience goods and also examined the impact of these factor on brand loyalty A survey was conducted by face-to-face interviews with 114 housewives. The hypotheses of the study were tested by regression, analyses. The findings indicate that perceived product quality is affecting brand loyalty through brand image and brand satisfaction

### INTRODUCTION

The history of tea, whose country of origin is China, dates back to 2700 BC. It is known that tea was initially used by Chinese Buddhist monks (bonzes) to resist sleep. It was introduced first to Japan and then to Europe in 17<sup>th</sup> century and then rapidly spread to the whole world. Tea cultivation was initiated in Turkey after 1917. According to the annual data of 2012, 53% of total tea purchase belongs to ÇAYKUR (state-owned General Directorate of Tea Enterprises) and 47% to private sector(Yazıcı, 2012: 76). Bulk tea forms 95% of the tea market and teabag forms 5%. The tea market can be separated into 3 categories: bulk tea, teabag and herbal& fruit tea.

Although tea is consumed all over the world as hot or cold, flavored or plain, it is planted for commercial purposes only in nearly 30 countries. The annual production of processed tea in the world is approximately 4.5 million tons (Yazıcı, 2012: 89). Tea has a potential of 18 billion \$ in the world. Turkey ranks at 5<sup>th</sup> in tea production in the world (235 thousand tons). Tea is the 2<sup>nd</sup> most consumed beverage in Turkey after water with a daily consumption of 245 million cups. This means that 96% of Turkey's population drinks tea every day, making the annual per capita tea consumption 1250 cups (Üstün, 2012: 29). According to the 2011 Nielsen data, the tea market has reached a size of approximately 1.5 billion TL.

### CONCEPTUAL FRAMEWORK

*Perceived Quality:*Quality is an intangible concept which is found elusive even by customers. A Japanese proverb says that "quality is doing everything right at the first attempt, quality is zero error".While Crosby defines quality as "conformity to the needs", Garvin refers to the errors occurred while and after production for measuring quality(Parasuraman et al., 1985). "Perceived quality", a result of comparing the customer expectations before purchasing a product and the experience gained after purchasing it, is defined as the direction and degree of the difference between customer expectations and perceived performance (Seyran, 2004). Garvin (1984) expressed that quality is perceived differently based on product, user, production and value.

*Brand Image:* Image includes symbolic meanings which help customers to easily define any supply (product, firm, institution, place, etc) (Padgett and Allen,1997).From this aspect, it can be described as a body of perceptions (Keller, 1993). Brand image is defined as a set of evocations and features which consumers attribute to the brand (Biel, 1993:71)

The image gives the brand its perceived personality by customers. Brand image is one of the major concepts traditionally related with brand. Brand image consists of perceptions of a brand based on the evocations on the memory of consumers (Keller, 1993:3). It is observed that in practice brand loyalty is handled only in terms of satisfaction. In fact, there is a close relationship between brand loyalty and satisfaction level, quality and brand image. From this point of view, two hypotheses have been developed below.

*Customer Satisfaction:* Firms should strive for retaining customers in order to survive in the market. The main conditions of customer retention are such factors as knowing customers, giving close attention to them, listening to them, developing new strategies having regard to the feedbacks, comments, suggestions and complaints of customers, designing products and services in line with customer requests and expectations, attaching importance to sale and after sale services(ErgundaandTuncer 2007: 9). A firm with satisfied customers

will be able to compete more easily than its competitors, because it is easier to retain a customer whose expectations about a product or service have been satisfied.

**Brand Loyalty:** The most important factor underlying brand loyalty is customer satisfaction. Satisfied customers keep on purchasing and become loyal customers in time. Theoretical and experimental studies indicate that the main factor of ensuring customer loyalty is customer satisfaction.

In literature, the concept of customer loyalty can be defined in different ways. Oliver (1993) describes customer loyalty as customers' preference to continue purchasing the products and services that they are accustomed to despite all marketing efforts and negative situations which can change their choices and as customers' commitment to being customer of that firm and that service over and over again.

A firm with satisfied customers will be able to compete more easily with its competitors, because it is easier to retain a customer whose expectations about a product or service have been satisfied (Avçıkurt and Koroğlu, 2006: 6).

## METHODOLOGY

### Research Objective

This study examines the impact of perceived quality of a product on loyalty and customer evaluation process. It deals with the interactions between perceived quality and customer satisfaction & brand image and with the power of these interactions to determine the loyalty behavior in the final phase. In the research, the tea product of Çaykur has been chosen out of convenience goods as its purchase frequency is high.

### Sampling

The sampling group of the research is mainly consisted of the women living in Van. The survey questions have been addressed to housewives preferring Çaykur tea, which is the leading brand in the sector, as in the Anatolian family structure it is wives who have a say in grocery shopping, take purchasing decisions about brands and take responsibility of brewing tea at home.

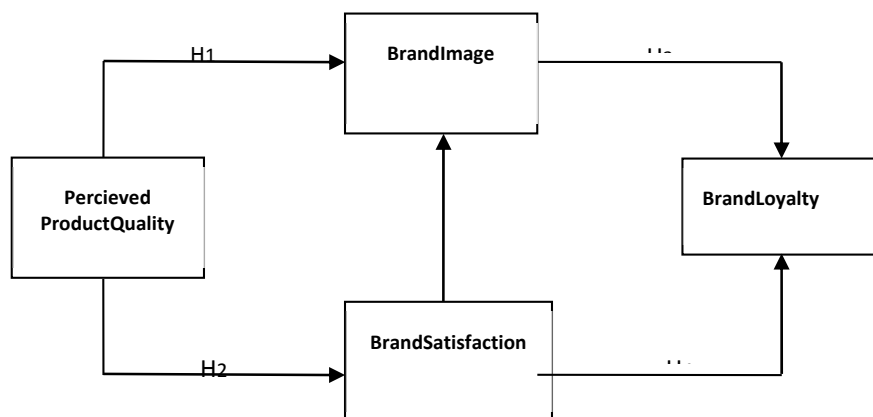
### Method, Model and Scale

The data necessary for this study have been acquired by means of face to face survey with 114 female customers. The surveys were conducted in 3 markets in 3 socio-economically different regions of the city. Tea and cake were served in the stands set up for making the surveys conducted more easily.

The survey form is composed of 2 parts. There are 24 expressions aimed at measuring product quality, brand satisfaction, brand image, and brand loyalty in the first part. The second part involves questions for determining demographic characteristics. There are no studies about the quality of tea in the literature. Therefore, the study of Açıkan and Erdil (2008) was viewed on this matter. We used the studies of Fullerton (2005) and Lau and Lee (1999) to measure the brand satisfaction variable and the studies of Fullerton (2005) and Odin (2001) to measure the brand loyalty variable. The scales of Haubl and Hamson (2008) were utilized in order to measure the brand image variable. The 24 expressions forming the scale were prepared in line with the 5 point Likert scale.

The model designed for this research is presented in the Figure-1.

**Figure 1: Research model**



The model deals with the impact of product quality on customer satisfaction and brand image and then with the total impact of these variables on loyalty.

The hypotheses of the research are as follows:

- H<sub>1</sub>:** There is a positive relationship between perceived product quality and brand image.  
**H<sub>2</sub>:** There is a positive relationship between perceived product quality and brand satisfaction.  
**H<sub>3</sub>:** There is a positive relationship between brand image and brand loyalty.  
**H<sub>4</sub>:** There is a positive relationship between brand satisfaction and brand loyalty.

### Research Constraints

There are three important constraints which should be taken into account while interpreting the consequences of this study.

The first constraint is that the research was done in the city of Van. As the sampling group of the research does not have the quality to represent all of Turkey, the results cannot become country-wide. Extending the research to different cities will enable the results to become generalized.

The second one is that although the survey questions are clear and coherent, they might have been hardly understood correctly by the participants as 80 % of them holds primary and high school education degree.

Thirdly, female participants of the survey do not have economic freedom although they have a say in brand decision process and the families in the region sometimes face dilemma during the purchasing decision phase due to unemployment and income fluctuations.

### Analysis and Findings

#### Demographic Characteristics

The age distribution of 114 women in the sampling group (Table-2) is as follows: 48.2% at the age group of 21-30 and 41.2% at the age group of 31-40. The participants at the age of 20 and below and the participants at the age of 41 and above constitute together 10 % of the total number.

When we glance at the income distribution of the participants, it is seen that the ones with an income below 1000 TL form 27.2 % of the sampling, the ones with an income between 1001-1500 TL form 58.8 % and the ones with an income above 1501 TL form 14 %.

When we review the educational background of the participants, it is seen that 7.9 % of them are graduated from elementary schools, 23.7 % from secondary schools, 52.6 % from high schools and 15.8 % from universities and graduate schools. 58.8 % of the participants are married and 41.2 % single.

### Reliability Analysis of the Scale

The survey consists of the scale questions previously developed whose reliability and validity have been tested. In order to determine the reliability of the expressions in the scale, the Cronbach Alpha coefficient of internal consistency was measured. If the Cronbach Alpha coefficient of internal consistency ranges between 0.80 and 1.00, the scale will be accepted to be highly reliable (Özdamar, 2004: 633). Table-1 provides the Cronbach Alpha coefficients belonging to each factor in the reliability test. As a result of the analysis, it can be asserted that each factor in the scale is highly reliable.

**Table-1: Reliability Figures of Scales**

Ölçülen Değişkenler	Güvenirlilik Değerli (Cronbach Alpha)
PercievedProduct Quality	0.861
Brand Image	0.894
BrandSatisfaction	0.873
BrandLoyalty	0.920

### Hypothesis Tests and Regression Analysis Results

In order to test the hypotheses developed for examining the relations among the variables in the research model, the findings were put to regression analysis. Univariate and multivariate regression analyses were used to explain brand loyalty. Before performing the regression analysis, attention was paid to the possibility that there could be violations which would reduce the reliability of analysis results. When the relation among the independent variables of the research model is examined, it is observed that there are significant correlations among several variables, but they don't measure upto arouse concern for regression analysis. Although not shown as a table, correlation statistics put forward that there is no multiple correlation. The biggest value of variance inflation factor (VIF) in the model has been found to be 3.487. When considering that this value should be below 10 (Hair vd, 1998, Gujarati, 1995), it is possible to state that there is not a problem of multiple correlation among the independent variables in the model. This study also scrutinizes Status Index, another criterion of multiple correlations. It is seen that the biggest value of Status Index is very lower than its 15 values found by Hair vd. (1998) (d.i: 8.543).

Multiple regression and simple regression analyses were conducted within the scope of the model in order to examine the relations between brand loyalty and the variables of brand image, customer satisfaction and product quality. Table-2 presents the simple regression analysis done for testing the H<sub>1</sub> hypothesis which is set forth within the framework of the research model developed for this study.

**H<sub>1</sub>:** There is a positive relationship between product quality and brand image.

**Table-2: Relationship between Product Quality and Brand Image**

Dependentvariable (Brand Image)				
Independent Variables	$\beta$	Sig	Adj R <sup>2</sup>	F
PQ	.756*	0.001	.556	140.510

\*Correlation is significant at 0.001 level

Table-2 presents the regression analysis done for testing the H<sub>1</sub> hypothesis which is set forth within the framework of the research model. As the F value is found to be 140.510 and the p value (sig.) to be 0.000 as a result of the analysis, the regression model has been found statistically significant and the H<sub>1</sub> hypothesis has been acknowledged. Accordingly, it is observed that product quality contributes to the creation of brand image. 56% of the changes in brand image depend on perceived product quality.

**H<sub>2</sub>:** There is a positive relationship between product quality and brand satisfaction.

**Table-3: Relationship between Product Quality and Brand Satisfaction**

Dependentvariable (BS)				
Independent Variables	$\beta$	Sig	Adj R <sup>2</sup>	F
PQ	.784*	0.000	.614	140.510

\*Correlation is significant at 0.000 level

Table-3 presents the regression analysis done for testing the H<sub>2</sub> hypothesis which is set forth within the framework of the research model. As the F value is found to be 140.510 and the p value (sig.) to be 0.000 as a result of the analysis, the regression model developed is statistically significant. In other words, as product quality increases, brand satisfaction perceived by customers enhances. This factor in question has a significant determinative effect on brand satisfaction. Perceived product quality explains brand satisfaction at the rate of 61%.

**H<sub>3</sub>:** There is a positive relationship between brand image and brand loyalty.

**H<sub>4</sub>:** There is a positive relationship between brand satisfaction and brand loyalty.

**Table-4: Relationship between Brand Satisfaction & Brand Image and Brand Loyalty**

DependentVariable (BL)				
IndependentVariables	$\beta$	Sig	Adjusted R <sup>2</sup>	F
BS	.478		0.704	131.700
BI	.475	0.000		

\*Correlation is significant at 0.000 level

The F value is found to be 131.700 (Table-4) and statistically significant as a result of the analysis. According to the regression model developed, it is statistically possible to estimate brand loyalty by means of brand image and brand satisfaction. Within this framework, the H<sub>3</sub> and H<sub>4</sub> hypotheses have been acknowledged. These factors in question have a significant determinative effect on brand loyalty. It has been determined as a result of the regression analysis that perceived brand satisfaction and brand image explain brand loyalty at the

rate of 70%. On the other hand, the  $\beta$  coefficients in the Table-4 indicate that brand satisfaction has a more powerful impact on brand loyalty than brand image has (Table-4,  $\beta= 0.478$ ).

At the end of the regression analyses in the model, all the hypotheses (H1, H2, H3, H4) of the study aimed at determining brand loyalty have been acknowledged.

### CONCLUSION

This study lays emphasis on the role of perceived product quality in the creation of customer loyalty. In this study presenting the research results in detail, 4 different hypotheses developed within the framework of a theoretical model have been tested on female customers. The study has also targeted to receive further information by examining the default relations among several variables in the customer evaluation process. The findings clearly demonstrate that perceived product quality is an important determinant on customer satisfaction and brand image. In addition, both customer satisfaction and brand image are determinative on brand loyalty.

According to the regression analysis, 55% of brand image depends on product quality. Perceived product quality also explains brand satisfaction at a rate of 61%. 65% of brand satisfaction depends on brand image. Brand satisfaction and brand image explain brand loyalty at a rate of 70%. However it is observed that brand satisfaction has greater impact on brand loyalty than brand image has.

In conclusion, this study, which has been completed in spite of time and technical constraints, infers that for the example of “tea” out of convenience goods, perceived product quality affects first brand satisfaction and brand image and then brand loyalty indirectly. Therefore, a firm aiming loyal customers will be able to ensure brand loyalty by increasing perceived product quality and thereby increasing the brand satisfaction of customers and developing a positive brand image.

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