

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.0 Chapter Overview

This chapter provides the interpretation of key findings, summary and conclusions which have been drawn from the findings, recommendations for future research, and implications of the findings on the factors that influence brand loyalty among Malaysian consumers in their choice of mobile phone brands.

5.1 Summary and Conclusions

The aim of this research is to investigate the major factors that determine brand loyalty among Malaysian consumers in their choice of mobile phone brands based on a previous study by Lau et al. (2006). The findings provide evidence that brand loyalty is significantly associated with the two major factors which are brand name and perceived quality, whereas other factors like brand design, price and promotion are found to be statistically insignificant predictors in influencing brand loyalty.

The results also show that there are some similarities between this study and the previous studies conducted by Lau et al. (2006) and Wong & Yahyah Sidek (2008), who have both investigated on the various predictors of brand loyalty in the sportswear brands.

Based on the study by Wong & Yahyah Sidek (2008), except for style, all other variables such as brand name, product quality, price, promotion, service quality and store environment are found to be significant in influencing customers to be loyal to a particular brand. His findings are consistent with the results of this study which have revealed that brand design is also not considered to be a significant factor for Malaysians to be loyal to a particular mobile phone, besides price and promotion which also proved to have a negative role in influencing brand loyalty.

Lau et al. (2006) who have segregated the consumers to two types i.e. hard core loyal customers and brand switchers, indicate that brand name and style are the main concern for hard-core loyal customers, while promotion influences more on brand switchers. However, product quality is perceived by both groups as the most significant factor affecting their brand loyalty.

It is concluded that the results of the present study are consistent with the studies of Lau et al. (2006) and Wong & Yahyah Sidek (2008), whereby two factors have emerged as the most significant factors that positively influenced brand loyalty which are brand name and perceived quality.

This study also provides evidence in support of the contention that brand name is the most influential determinant of brand loyalty. For most of the respondents, brand name influences their decision in brand choice. There may be many brands to choose from but they will normally purchase a brand which has a good reputation in market. This shows the applicability of the

study by Aaker (2000) that consumers will often buy a reputable or recognized brand over an unknown brand.

The study also shows that most customers do not want to change brand if they are satisfied, trust the brand and if the performance of the brand meets or exceeds their expectations. This will also influence them to be loyal towards that brand. For example, in relation to brand name, the strength of Nokia as a leading brand in the Malaysian market is proven because the majority of the respondents used Nokia brand (55.1%). It is also the most preferred choice among the respondents in which 57.9% have chosen Nokia as the first choice (Appendix 4.1). Nokia's core brand attributes are built around the ease of use and reliability.

Additionally, brand name has shown a rather strong correlation with perceived quality (0.476). In this sense, Nokia which is the leading brand in terms of market share in Malaysia also fits into the definition of perceived quality. It is defined by Aaker (1991b) as "the customer's perception of the overall quality or superiority of a product or service with respect to the intended purpose, relative to alternatives. Additionally, perceived quality is an intangible overall feeling about the brand which is usually based on underlying dimensions which include characteristics of the products to which the brand is attached such as reliability and performance.

There is also a strong correlation between perceived quality and other independent variables such as brand design (0.567) and price (0.535), which

according to Cohen (1988), a correlation coefficient between 0.50 and 1.0 indicate a large correlation. This means that perceived quality are also strongly related to brand design and price.

Gender differences are not evident in relation to brand loyalty. Similarly, the research reveals that population variances such as age, race and income level have little impact on brand loyalty. This is also consistent with Forrester Research which has concluded that “demographic factors such as age, race and gender don’t matter anywhere near as much as the consumers’ attitudes toward technology” (Modahl, 2000).

This study also indicates that majority of the respondents fall under the age group of below 25 years old (41.1%). The ANOVA test showed that there is a direct relationship between brand name as a predictor variable for brand loyalty and the effect of brand name on this age group is the strongest.

5.2 Suggestions for Future Research

A few suggestions are proposed here for the benefits of future research in the areas of brand loyalty and consumer behavior.

First, a larger size research sample is recommended as this will increase the level of accuracy and produce more reliable results. Since the present study

uses convenience sampling, but for generalizability of results, it should be conducted in other geographical areas throughout Malaysia.

Second, it is also suggested that brand loyalty can be hypothesized to be just not only dependent on the five variables only (brand name, brand design, perceived quality, price and promotion), but also other attributes as well such as customer satisfaction, brand reputation and brand trust. This is because by adding additional independent variables in the regression equation it will explain more of the variations in the dependent variable compared to fewer independent variables. Other variables, besides the ones used in the study may possibly account for differences in the brand loyalty measures. Moreover, the present study has only included five factors. The research framework should be more integrative by incorporating customer satisfaction and experience as the other predicting variables. Brand loyalty is linked to satisfied customers who have a higher likelihood to repeat purchases and recommend the brand to others based on their satisfaction with the brand.

Third, the study may also attempt to measure the brand loyalty of a particular age-group category, for example those who are 25 years old and below. This is important because in previous researches, this age group is widely determined as low loyal or brand switchers when compared to other age groups (Day, 1969; Uncles and Ehrenberg 1990; East et al., 1995; Wood, 2004). This proves to be a challenge as youth (those 25 years old and below) is one segment which provides a great deal of potential for mobile phone

operators to tap into in Malaysia. It also accounts for more than half of the mobile industry's subscriber base in Malaysia. Based on projections by the Department of Statistics Malaysia, 50% or 14.4 million of the entire estimated Malaysian population of approximately 28.9 million in 2010 is aged below 25. Therefore, it is important for future studies to understand more about the characteristics and buying behavior of this group, that is, what drives them to be brand loyal and what makes them be brand switchers.

Forth, future study may also incorporate the conceptualization of customer loyalty by Dick & Basu (1994). They have conceptualized customer loyalty as "the strength of relationship between customers' relative attitude towards an entity (brand, firm, store, etc.) and repeat purchase". Their approach is to divide customers into four segments using two levels of behavioral loyalty and two levels of attitude towards the brand. These groups are true loyal (high behavioral loyalty and high relative attitude), hidden loyalty (low behavioral loyalty and high relative attitude), spurious loyal (high behavioral loyalty and low relative attitude) and no loyal (low behavioral and low relative attitude).

The study will also be useful for some marketers who will target on brand switchers because they think that brand switchers have higher market potential (Schiffman and Kanuk 2000). However, their conceptualization of customer loyalty is beyond the scope of this study.

Fifth, although in this study, promotion has no significant impact on brand loyalty, companies should be strategic in introducing sales promotions techniques to encourage customers as well as to prevent them from switching

brands due to offers from competitive companies. Advertisements should be more creative to generate awareness via brand recall and brand recognition so that they leave impact on the customers. Also, based on the findings of this study, there is a need to understand the negative effects of promotion on consumer response. For example, if a free gift is offered with a purchase of a product, consumers may infer that the actual price of the product is likely to be inflated to cover the cost of a free gift. In addition, consumers may not be interested in having free gifts because they may want to use them (Raghubir, 2004).

5.3 Implications of the Study

The findings of the study have several implications. First, they can be used by marketing managers to concentrate their efforts primarily on brand loyalty. Building brand loyalty will contribute positively to the firm's brand equity. It has several important strategic benefits to the firms, such as gaining high market share and new customers, supporting brand extensions, reducing marketing costs, and strengthening the brand to competitive threats.

Second, the study has shown the significance of correlations between the constructs, especially the relation between brand loyalty, brand name and perceived quality constructs. According to Aaker (1991b), while brand awareness builds the "familiarity-liking sight" and is a signal of substance/commitment, perceived quality acts as a differentiation tool. Therefore, while

concentrating on brand loyalty, managers should not undervalue the effects of brand awareness and perceived quality to brand loyalty. Marketers can create more loyal customers by building on these three factors in order to create positive attitudes towards their brands.

Third, the findings provide further insights that it is very important for companies to maintain the performance of their brand so that they meet the customers' expectations. Companies with major brands should continue to develop trust in their brands, develop additional functional attributes such as more innovative or enhanced features in their mobile phones and conduct market research to find out more about what customers expect from the brands.

Forth, retaining customers is very important for the future of many companies, especially in the mobile phone industry where product differences are minimal in terms of functionalities. Marketers can incorporate the findings from this study to formulate responsive marketing strategies.

Finally, the findings from this research lend some support to previous findings by Lau et al. (2006) and Wong & Yahyah Sidek (2008) that a relationship exists between brand loyalty and two important variables i.e. brand name and perceived quality. Additionally, the present study may have potential implications for future research since it may yield different results in different product categories i.e. how each of the major determinants affects the brand loyalty of consumers.