

A STUDY ON CUSTOMER BRAND LOYALTY WITH REFERENCE TO NIKE PRODUCTS IN HYDERABAD (INDIA)

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Abstracts : This study tries to develop the empirical study for identify brand loyalty of Nike products in Hyderabad. The result has been developed by using Cronbach's Alpha, Descriptive analysis, one-way ANOVA and Pearson Correlation. The work focuses on the factors that influence loyalty. This research was conducted to identify the personal and demographic profile of Nike users, consumer's background of Gender, age, educational level and Income level to study the factors influencing customer brand loyalty of Nike products .

Purpose – The purpose of this study is to explore the brand loyalty of customers with respect to Nike products adult users in Hyderabad.

Design/methodology/approach – The cluster sampling and online survey method was used to collect primary data. A total of 184 effective questionnaires were collected from adult consumers who used or bought Nike in Hyderabad City; the effective response rate was 92 per cent.

Findings – The major findings were: a significantly positive relationship between brand loyalty and its factors and there is no significant between brand personality and consumer demographic features.

Key words: Brand loyalty, loyalty, Nike customers

INTRODUCTION

Recent years have shown a growing interest in customer loyalty. The globalization of competition and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. Instead, companies build their success on a long-term customer relationship. (Andres Kuusik 2007) .According to former studies, it can cost as much as 6 times more to win a new customer than it does to keep an existing one. (Rosenberg et al. 1984: 45) depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5%. (Reichheld 1993: 65). So we can see that the increase and retention of loyal customers has become a key factor for long-term success of the companies. The main emphasis in marketing has shifted from winning new customers to the retention of existing ones. (Andres Kuusik 2007)

REVIEW OF LITERATURE

DEFINITION OF BRAND LOYALTY

Generally, brand loyalty can be defined as the strength of preference for a brand compared to other similar available

options. This is often measured in terms of repeat purchase behavior or price sensitivity (Brandchannel.com, 2006).

Repurchasing behavior is one the important factors to identify brand loyal customers . True brand loyalty happen when customers have a high relative attitude toward the brand exhibited through repurchase behavior. This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, may cost less to serve and can bring in new customers to the firm (Reichheld and Sasser, 1990).

FACTORS AFFECTING BRAND LOYALTY

Aaker has shown how consumers prefer brands with personality traits that are congruent with the personality traits that constitute their (malleable) self schemas (Aaker 1999: 45)

By referring to Lau et al article in 2006 there were seven factors which affected consumers brand loyalty towards brands in sportswear part. The factors are: Brand name, Product quality, Price, Style, Store Environment, Promotion and Service Quality.

Some Specifications of loyal customers based on Reichheld and Sasser, 1990 are: Loyal customers are less-

price sensitive and pay less attention to competitors' advertising. Loyal customers buy more products and Loyal customers spread positive word-of-mouth and refer other customers.

AAKER'S BRAND LOYALTY PYRAMID

According to *Aaker D.A (1991)* brand loyalty pyramid, there are five levels for consumer behavior for the brand loyalty degree. These five levels are including: switchers, satisfied, satisfied buyers with switching cost, brand likers and finally committed buyers. *Switchers* are buyers that they are not loyal to the special brand. *Satisfied customers* like to be satisfied. *Satisfies buyers with switching* are satisfied consumers that tend to switch to a comparing brands. *Brand likers* are buyers that can as true brand enthusiasts and customers and *Committed buyers* are proud consumers of brand and it plays an important role in their daily lives and shopping.



Figure 1: Aaker's Brand Loyalty pyramid

This study, focuses on the different factors that influence consumers brand loyalty towards a particular brand (Nike) along with several factors of demographic characteristics of participants have investigated. We are going to know how are the customers view about Nike products according to the loyalty factors and how these factors can affect on total loyalty of Nike with the point of consumer behavior characteristics and their demographic features.

RESEARCH OBJECTIVES

- Ø To study the brand loyalty factors of Nike products and relationship between them
- Ø To study the personal and demographic profile of Nike users
- Ø To understand and explore the questionnaire reliability of Brand loyalty dimensions in some parts of Indian context (Hyderabad)
- Ø To identify loyalty level of Nike according to Aaker's Brand Loyalty pyramid

HYPOTHESES

- H1: There is a significant and positive relationship between brand name of Nike and brand loyalty
- H2: There is a significant and positive relationship between product quality of Nike and brand loyalty.
- H3: There is a significant and positive relationship between Price of Nike and brand loyalty
- H4: There is a significant and positive relationship between Repeat in purchase of Nike and brand loyalty
- H5: There is a significant and positive relationship between World of mouth of Nike and brand loyalty
- H6: There is a significant and positive relationship between brand preference and brand loyalty on Nike consumer

METHODOLOGY

SAMPLE AND DATA COLLECTION METHOD

Respondents of ethnicity, namely Indian races, were selected from Hyderabad. In Hyderabad, the locations selected were at Nike shopping stores and sports clubs. Conducted during the weekends over a time frame of two months, the researcher went personally to the targeted locations and distributed questionnaires to the respondents. A total of 200 sets of questionnaires were distributed to respondents at the Hyderabad areas but 184 questionnaires were gathered. The profiles of these respondents are listed in Table 1.

The population for this study consist of all the adult consumers who were visiting or purchasing and using Nike brand in Hyderabad. Study based upon the primary survey and data anticipate will be collected from 184 respondents from Hyderabad. (Unlimited society)

The structured questionnaire comprised of two parts as follows

Demographic factors: Demographic variables are the independent variables. The First part of the questionnaire contained 4 questions on demographic factors of the users. consisted of information of the *Nike customers* regarding age, gender, education, and monthly income of the respondents.

Brand loyalty factors: The second parts of the questionnaire contained 7 questions relating to factors of users loyalty consist of Years of brand used, Product quality, Repeat in purchase, world of mouth (recommend), price sensitivity, Brand name and Brand preference

DATA ANALYSIS

In this study Descriptive analysis is used to analyze the background as well as the respondents' profiles pertaining to their evaluation of brand loyalty. Frequencies such as

mean and percentage analysis were used to obtain the factors that influenced respondents' brand loyalty. *Influence of Brand Loyalty on Nike Consumer*

Demographic Factor		Valid no.	Percentage (%)
Gender	Male	107	58.2
	female	77	41.8
Age	18-24	52	28.3
	25-34	81	44.0
	35-44	28	15.2
	45-54	14	7.6
	55- more	9	4.9
Educational level	high school graduate	12	6.5
	some colleges	31	16.8
	bachelor's degree	60	32.6
	master	71	38.6
	phD and higher	10	5.4
Income per year	less than 200000	30	16.3
	210000-500000	47	25.5
	510000-1000000	56	30.4
	1010000-1500000	32	17.4
	1510000-2000000	7	3.8
	more than 2000000	12	6.5

Remark: Total sample size N=184

As shown by the valid samples, the proportion of male Nike products consumers (58.2 per cent) is higher than that of their female counterparts (41.8 per cent), their ages are mostly in the ranged between 25-34 years old (44 per cent), followed by the below 18-24 years old age group (28.3 per cent).

Also 32.6 per cent of the respondents were bachelor's degree while customers with master degree made up the vast majority (38.6 per cent) of interviews in terms of occupation. In addition, 30.4 per cent of the respondents' monthly income were between 510000-1000000 Rs while 25.5 per cent of the respondents were between 210000-500000.

RESULTS

RELIABILITY ANALYSIS

The questionnaire includes a variety of dimensions, and a higher reliability coefficient represents a higher correlation of respective dimensions, which illustrates higher internal consistence. When Cronbach's α value is greater than 0.7, it is referred to as high reliability; when the value falls between 0.7 and 0.35, it is considered as fair reliability, and the values smaller than 0.35 is taken as low reliability. (Long-Yi Lin, 2010)

The results of the questionnaire reliability analysis show that the Cronbach's α value of the Brand loyalty is 0.7530, reaching a level of high reliability, it illustrates that the overall consistence of the questionnaire of this study is in high reliability. (table 2)

Table 2 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.753	.781	7

Descriptive statistics of factors of brand loyalty:

The Likert scale was used in the questionnaire: The result is derived from the highest mean score of factors of brand loyalty based on the respondents' answers. In table 3 we can see the Mean of different factors of brand loyalty based on likert scale.

The lowest mean score of factors is related to the *Years of brand used* with 2.79 and in likert scale indicates Neutral

and the highest mean score is related to the *word of mouth* with 4.03 and in likert scale indicates Agree. Totally, brand Loyalty mean score based on likert scale is 3.74 indicates **Agree** level of loyalty.

By referring to David Aaker's brand loyalty pyramid, brand loyalty of Nike products is located in the 4th level of brand loyalty pyramid that is called **Brand likers**.

Table 3 Descriptive Statistics

	N	Mean	Std. Deviation
Years of brand used	184	2.79	1.371
Product quality	184	3.96	.902
Repeat in purchase	184	3.78	.950
word of mouth (recommend)	184	4.03	.795
price sensitivity	184	3.41	1.037
Brand name	184	3.85	.846
Brand preference	184	3.44	1.105
loyalty	184	3.74	.6766052

ANOVA ANALYSIS

In this study, ANOVA is used to determine whether there is any significant relationship between independent variables (brand name, product quality, price, word of mouth, Years of brand used, Repeat in purchase, Brand preference) and income and gender and age and educational level of the respondents.

One-Way ANOVA analysis between the factors of brand loyalty and demographic factors was executed whether there is significant relationship between the objective of the analysis is to find out variables. The results of the analysis are presented in Table 4. There are four variables that are not significant which are Gender (0.862), Age (0.122), Educational level (0.841) and Income per year (0.879).

Table 4. Contribution of the independent variables on the differences in Nike Brand loyalty

No.	Independent variables	Contribution to differences in the Nike brand loyalty	Sig
1	Gender	Not significant	0.862
2	Age	Not significant	0.122
3	Educational level	Not significant	0.841
4	Income per year	Not significant	0.879

The findings suggest that there is *no significant* interaction effect among the independent variables on the level of brand loyalty of Nike products.

Table 5. Contribution of the independent variables on the differences in Nike product quality factor of brand loyalty

No.	Independent variables	Contribution to differences in the Nike Product Quality	Sig
1	Age	significant	0.014
2	Educational level	significant	0.001

Only one variable significant which is product quality (0.014) with Age and (0.001) Educational level. Table 5 shows that here there is a significant interaction effect among the Age and educational level as the independent variables on the level of Nike products. There are three variables that are significant which are product quality (0.014), repeat in purchase (0.014), years of brand uses (0.045) with age, educational level and income per year. In Table 5, only one variable are significant with age and educational level, which is product quality (0.014) and (0.001).

Overall results show that among the four demographic categories, there is no significant relationship between these independent variables and brand loyalty.

Hypothesis Test

CORRELATION ANALYSIS

Pearson Correlation was seen as appropriate to analyze the relationship between the two variables which were interval-scaled and ratio-scaled. In this study Pearson correlation were used to test seven independent variables (brand name, product quality, price, word of mouth, Years of brand used, Repeat in purchase, Brand preference) that influenced consumer brand loyalty and to test if a relationship existed between the independent and dependent variables.

As shown in Table 6, brand name was found to have significant positive relationship with brand loyalty.

Table 6 Significance of brand loyalty factors with Nike brand loyalty

Variables	Pearson Correlation	Sig. (2-tailed) ^a
Years of brand use	0.186	0.012
Product quality	0.683	0.000
Repeat in purchase	0.782	0.000
Word of mouth	0.714	0.000
Price	0.734	0.000
Brand name	0.633	0.000
Brand preference	0.756	0.000

Significant at 0.05 level

The brand name was shown to have positive relationship with brand loyalty. The correlation between these two variables is shown in Table 6. The correlation is considered a large correlation ($r=0.633$) based on *Cohen's (1988) guidelines*. So **H1** will be accepted and there is a significant and positive relationship between brand name of Nike and brand loyalty. This finding indicates that product quality is significant in the consumer buying behavior and brand loyalty and **H2** is accepted. The research findings showed that price and brand loyalty has a positive relationship. However, consumers with high brand loyalty were less-price sensitive.

The findings also indicated that there was positive relationship between Repeat in purchase and brand loyalty. Word of mouth was considered as one of the most important factors in determining a consumer's brand loyalty. It includes the use of advertising, sales promotion, personal selling and publicity. From the study conducted, it was seen that female respondents actually spent more time reading product labels before buying products.

The finding also showed that brand preference and brand loyalty had a positive relationship. All hypothesis H1, H2, H3, H4, H5 and H6 are accepted. All variables have the positive relationship with brand loyalty and the correlation is considered a large correlation ($r=0.50$) based on *Cohen's (1988) guidelines* for all factors except years of brand use. The correlation is considered between small to moderate correlation ($r=0.186$) based on *Cohen's (1988) guidelines*. The most important factors of Nike brand loyalty in this research is the Repeat in purchase that it has the largest Pearson correlation among other factors. After that are the brand preference, price and word of mouth alternatively.

CONCLUSION

The main purpose of this research study is to investigate how the consumers are influenced by factors of brand loyalty towards Nike brands. Brand loyalty is important for an organization to ensure that its product is kept in the minds of consumers and prevent them from switching to other brands. Based on the findings of this research, there

are several conclusion that the research can drawn. The major findings of this study were listed as follows:

There is no significant relationship between the independent demographic variables (age , gender, educational level and income per year) of Nike users and brand loyalty . Repeat in purchase plays a significant role for brand loyalty of Nike products.Brand preference and word of mouth also are two important factors in influencing consumers to be brand loyal.The findings revealed that product quality plays a significant role in influencing consumers to be brand .Interestingly, product quality and brand name of Nike are the last two factors among other seven brand personality factors (except years of brand use).Overall, there is a significant and positive relationship all six factors of brand loyalty in this research and Nike brand loyalty.

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