

Exploring the Link Between Word of Mouth Communication and Brand Loyalty Measures

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Abstract

Brand loyalty has been an area of study for over five decades but the perspectives provided by various research studies have varied significantly. Brand loyalty definitions focus on two major components or measures of brand loyalty namely; attitudinal and behavioural loyalty. The research study makes an attempt to measure brand loyalty scores of the telecommunication services providers and provides insights on understanding the relationship between WOM communication and brand loyalty measures. The findings of the study showed that brand loyalty score with respect to attitudinal loyalty is high for market leaders while other service providers displayed more behavioural loyalty. Also the correlation coefficient showing the relationship between WOM communication and behavioural loyalty was 0.724 when compared to the coefficient for attitudinal loyalty which was observed to be 0.648. The study concludes that for customers to be brand loyal in the true sense attitudinal loyalty plays a more significant role with WOM communication acting as a major influence on brand loyalty.

Keywords: Brand loyalty, Attitudinal loyalty and Behavioural loyalty, Word Of Mouth (WOM) communication

1. Introduction

Brand loyalty has been an area of study where there have been diverse opinions from findings on whether a concept called true brand loyalty really exists. Brand loyalty is generally exhibited through behaviour or attitude towards the brand. Behavioural loyalty can be seen through repeat purchase, verbal probability, proportion of total purchases or the length of time for which the customer has been buying the brand (also called brand allegiance). Attitudinal loyalty is seen through preference, attitude towards the object, probability of purchase. Behavioural loyalty and attitudinal loyalty are the proposed measures of brand loyalty as put forth by Jacob Jacoby but composite brand loyalty which

considers both; behavioural and attitudinal loyalty is accepted as a more reliable measure of brand loyalty.

This can be understood clearly from the following definition;

"The biased (non- random) behavioral response (purchase) expressed over time by some decision making unit with respect to one or more alternative brands out of a set of brands and is a function of psychological processes". Also the significance of Word Of Mouth (WOM) communication in understanding attitudinal and behavioural measures of loyalty is an area which needs to be studied especially with reference to the service sector.

2. Objectives of the Study

- i. Measuring brand loyalty by adopting summated scales with respect to telecommunication service providers.
- ii. Identifying the existence of a relationship between WOM communication and brand loyalty measures.

3. Sampling Design

Quota sampling technique was used for the study. Quota sampling may be viewed as a two stage restricted judgment sampling. The first stage consists of developing a quota of population elements by considering the control characteristics and the second stage includes selection of sample elements based on convenience. Only telecommunication service provider companies having a market share of around 5% were included in the study. The control characteristics included market share of the service provider and gender of the respondent. Geographical clusters were also formed to get an essence of the loyalty behaviour exhibited by respondents from four tier III cities in Karnataka State. The sample size was calculated by using the guidelines given by Hair et.al. So considering missing data and other errors 300 questionnaires were administered with 250 completed ones on the editing desk. After further scrutiny 209 were used for the study.

4. Development of the survey instrument

The research method used was descriptive in nature. Hence a quantitative approach was undertaken consistent with the nature of positivist enquiry as discussed by Hunt (1991). A self-administered questionnaire was deemed to be appropriate for measuring self-reported beliefs and behavior (Rundle-Thiele, 2005). The survey instrument was developed after considerable literature review on brand loyalty especially in the service sector. Also researchers' conducting studies

in the related field were contacted to provide insights. A five point Likert scale was used in measuring the constructs. Attitudinal loyalty (AL) was measured by using a five item measurement scale developed by Chaudhuri & Holbrook (2001). After conducting the pilot study the scale did not yield the expected results so item five was deleted and the scale items used for the study are mentioned below;

AL1- The service provided by the brand is very reliable

AL2- I consider myself to be a loyal customer of the brand I am evaluating

AL3- I am committed to the brand

AL4- This brand is my first choice in case of service providers

Similarly Behavioural loyalty (BL) scale was developed after considering several studies and consulting marketing research experts. The scale items used are mentioned below;

BL1- I consider the brand to be my first choice while buying telecommunication services

BL2- I would do more business with the brand in the next few years

BL3- I intend to be the customer of this brand in the future

Also the scale used to measure WOM which was adopted from past studies is mentioned below;

WOM1- I say positive things about the brand to other people

WOM2- I recommend the brand to someone who seeks my advice

WOM3- I encourage friends and relatives to do business with the brand

The scales were found to be reliable with the Cronbach α coefficient for attitudinal loyalty being 0.749 for behavioural loyalty being 0.799 and WOM being 0.85.

5. Results and Discussions

Keeping in view the objectives of the study the brand loyalty scores were determined using scales mentioned in the previous section along with correlation analysis to determine the link between WOM communication and brand loyalty measures. The results with respect to Brand loyalty scores of service providers are discussed below;

With respect to objective one which focuses on measuring brand loyalty; attitudinal loyalty, behavioural loyalty and composite loyalty scores were determined by calculating the mean scores of the summated scales (five point Likert scale). The loyalty score of the various service providers is provided in Table 1.

Table 1: Brand loyalty scores of service providers

Service providers	Attitudinal loyalty	Behavioural loyalty	Composite loyalty
Vodafone	3.66	3.50	3.58
BSNL	3.79	3.49	3.64
Idea	3.59	3.26	3.42
Airtel	3.72	3.57	3.65
Reliance Communications	3.45	3.33	3.39
Aircel	3.32	3.20	3.26
MTS	3.25	2.62	2.93
Others	3.16	3.07	3.12

After logically understanding the mean scores of attitudinal loyalty and behavioural loyalty of various service providers it can be inferred from table 1 that on an aggregate attitudinal loyalty scores were higher than composite and behavioural loyalty scores.

As far as attitudinal loyalty score was concerned BSNL ranked first with a score of 3.79 followed by Airtel with 3.72 but when behavioural loyalty scores were observed Airtel had a score of 3.50. But since Dick & Basu propagated a composite scale for the measurement of brand loyalty; the results of the same are discussed below. Airtel customers scored the highest on the composite scale with 3.65 points followed by BSNL and Vodafone. Also mean scores of less preferred brands like MTS and Aircel showed higher behavioural loyalty scores than attitudinal

loyalty scores. This can be used to infer that higher behavioural loyalty score could be more out of habit or sales promotion offers than loyalty in the true sense. It is worth mentioning that the mean scores did reflect market realities with Airtel scoring high on composite scores.

In order to understand whether there is a correlation between Word of Mouth Communication and the measures of brand loyalty (Attitudinal and Behavioural Loyalty), the Pearson product-moment correlation coefficient (Pearson's correlation, for short) was used as it measures the strength and direction of association that exists between two variables measured on at least an interval scale.

The null hypothesis for determining the association between the variables of the study is mentioned below;

H0 1a: Word of Mouth Communication is not correlated to Behavioural loyalty

H0 1b: Word of Mouth Communication is not correlated to Attitudinal loyalty

Figure 1 and Figure 2 show the scatter plots for the variables WOM and BL & WOM and AL.

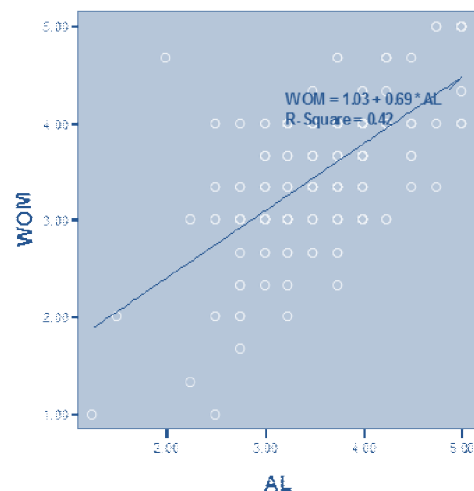


Figure 1 : Scatter plots for behavioural loyalty and Word Of Mouth Communication

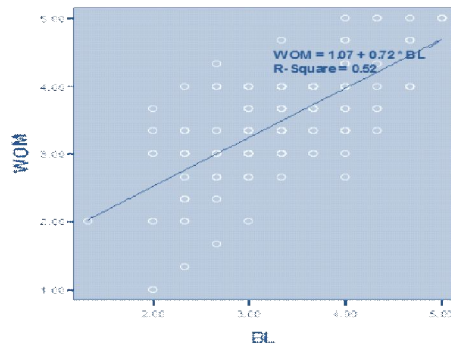


Figure 2: Scatter plots for behavioural loyalty and Word Of Mouth Communication

Also the results are shown in a matrix format in table 2 and table 3.

Table 2: Pearson Correlation values (WOM and BL)

		WOM	BL
WOM	Pearson Correlation	1	.724(**)
	Sig. (2-tailed)		.000
	N	209	209
BL	Pearson Correlation	.724(**)	1
	Sig. (2-tailed)	.000	
	N	209	209

From the plots we can understand that there exists a linear relationship with the variables in use for bivariate correlation analysis. Also the existence of outliers is not very critical. After the fulfillment of the basic criteria bivariate correlation was undertaken and the results are presented in table 2 and table 3.

Table 3: Pearson Correlation values (WOM and AL)

		WOM	AL
WOM	Pearson Correlation	1	.648(**)
	Sig. (2-tailed)		.000
	N	209	209
AL	Pearson Correlation	.648(**)	1
	Sig. (2-tailed)	.000	
	N	209	209

From the tables 2 and 3, the Pearson correlation coefficient (r) for the relationship between WOM and BL is positive with a value of 0.724 at $p < 0.0005$ and the Pearson correlation coefficient (r) for the relationship between WOM and AL is 0.648 at $p > 0.0005$. From the above we can conclude that though the correlation is positive in both the cases

the strength of relationship is highly positive in case of WOM and BL as suggested by other studies in literature survey.

6. Conclusion

A summary of the conclusions is provided below

- Composite brand loyalty scores were calculated along with behavioural loyalty and attitudinal loyalty mean scores. On an aggregate attitudinal loyalty scores were higher than composite and behavioural loyalty scores.
- As far as attitudinal loyalty score was concerned BSNL ranked first with a score of 3.79 followed by Airtel with 3.72 but when behavioural loyalty scores were observed Airtel had a score of 3.50.
- Airtel customers scored the highest on the composite scale with 3.65 points followed by BSNL and Vodafone.
- MTS and Aircel showed higher behavioural loyalty scores than attitudinal loyalty scores.
- Word-Of-Mouth Communication and the measures of brand loyalty are positively correlated with more positive relationship seen between behavioural loyalty and Word- Of-Mouth Communication.

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