

A Conceptual Framework on Brand Loyalty of Soft Drinks

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Abstract

Customer loyalty lies at the heart of marketing science. The present paper is aimed to formulate the conceptual framework to brand loyalty of soft drinks. A convenience sample of 352 respondents from the Kurnool district is selected for this research. Collected data analyzed by regression analysis, factor analysis and reliability test. Two factors emerged from the data to explain the brand loyalty of soft drinks. The factors include customer satisfaction and brand reputation.

Keywords : Brand loyalty Brand reputation Customer satisfaction Factor analysis Regression analysis Reliability test

Introduction

The concept of brand loyalty has a long history. Perhaps the most elaborate conceptual definition of brand loyalty was presented by Jacoby and Chestnut. According to Jacoby and Chestnut brand loyalty is: "The (a) biased, (b) behavioral response, (c) expressed over time, (d) by some decision-making unit, (e) with respect to one or more alternative brands out of a set of such brands, and (f) is a function of psychological (decision-making, evaluative) processes". To, Newman and Werbel loyal customers are those a) who rebuy a brand; b) think before buying one brand;c) do not search any information about brand. Hammond et.al defined brand loyalty as Customer's tendency to repurchase a brand revealed through behavior which can be measured and which impacts directly on brand sales. Schiffman defined loyalty as consistent preference and purchase of one brand in a specific product or service category. Further, Oliver defined brand loyalty as deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand

or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

The 50-bn-rupee soft drink industry is growing now at 6 to 7% annually. In India, Coke and Pepsi have a combined market share of around 95% directly or through franchisees. Campa Cola has a 1% share, and the rest is divided among local players. There are about 110 soft drink producing units (60% being owned by Indian bottlers) in the country, employing about 125,000 people. There are two distinct segments of the market, cola and non-cola drinks. The cola segment claims a share of 62%, while the non-cola segment includes soda, clear lime, cloudy lime and drinks with orange and mango flavours. The per capita consumption of soft drinks in India is around 5 to 6 bottles (same as Nepal's) compared to Pakistan's 17 bottles, Sri Lanka's 21, Thailand's 73, the Philippines 173 and Mexico 605. The industry contributes over Rs 12 bn to the exchequer and exports goods worth Rs 2 bn. It also supports growth of industries like glass, refrigeration, transportation, paper and sugar. The

Department of Food Processing Industries had stipulated that 'contains-no-fruit-juice' labels be pasted on returnable glass bottles. About 85% of the soft drinks are currently sold in returnable bottles.

Review of literature

Nagaraju Kolla and Krishna Reddy. B has examined the antecedents of FMCG brand loyalty in rural markets. The size of the sample is 799 respondents from villages of Anantapur, Chittoor, Kadapa and Kurnool. The study had suggested overall customer satisfaction, perceived switching costs, reputation, relationship proneness and trust as antecedents of rural brand loyalty. This resembles Schijns brand loyalty model. Krishan and Harvinder Singh in their study entitled "Customer Loyalty and its Antecedents: Conceptual Framework" have analyzed the determinants of brand loyalty. Later, they described brand loyalty as customer satisfaction, communication, commitment, trust and conflict handling. Ahmed Ismail Moolla in his research entitled "A conceptual framework to measure the brand loyalty" described FMCG brand loyalty as switching costs/risk, customer satisfaction, aversion, brand relationship proneness, trust, involvement, perceived value, commitment, brand affect, brand relevance, brand performance, and culture. Aaron Lekatjo Mazibuko in his thesis described cereal product's brand loyalty as switching costs/risk, customer satisfaction, aversion, brand relationship, proneness and trust, involvement, perceived value, commitment, brand affect, brand relevance, brand performance and culture. Nida Aslam Khan has tried in his paper to create a model for brand loyalty. The first part of the model explains about antecedents of true brand loyalty. The second part of the model explains the chain effects from brand trust and brand affect to brand performance. Venkata Sai Srinivasa Rao has examined relationship between brand attributes and loyalty. The results indicate that brand loyalty was positively related to brand attributes. The study of Khansa Zaman et.al has examined the factors that influence FMCG brand

loyalty in Pakistan. Three factors emerged from the data to explain the brand loyalty. The factors include customer satisfaction, trust and corporate reputation.

Objectives of the study

The main objective of the study is to examine factors of soft drink brand loyalty.

Hypothesis

H1: Customer satisfaction influence soft drink brand loyalty

H2: Brand reputation influence soft drink brand loyalty (see fig.no-1)

Study design

- Sampling Method : Convenience
- Sample Size : 352
- Sampling Error : Response-352,
Non-response - 8
- Primary Data : Questionnaire.
- Secondary Data : Journals, Magazines,
Books, Websites.
- Data analysis : Regression analysis,
Factor analysis and
Reliability test

Data analysis

The responses of customer satisfaction are given in Table 1. A look at the Table shows that reliability of satisfaction is .782 and brand reputation is .703. Reliability values are more than .700 so satisfaction and brand reputation scale are good enough to further analysis. Factor analysis extracted two factors. The factors are named as 'customer satisfaction and brand reputation'. The factor analysis details are furnished in the Table1. Regression is performed by inserting independent variable as customer satisfaction and brand reputation and dependent variable as brand loyalty in SPSS. Customer satisfaction and brand reputation influence on brand loyalty is reported in the form

of R-square (Regression output) per cent. R-square value is 63 per cent means two factors collectively explain 63 per cent variance of soft drink loyalty.

Conclusion

Two factors emerged from the data to explain the brand loyalty of soft drinks. The factors include customer satisfaction and brand reputation. Hence, soft drink companies need to consider customer satisfaction and brand reputation while formulating strategies to loyalty.

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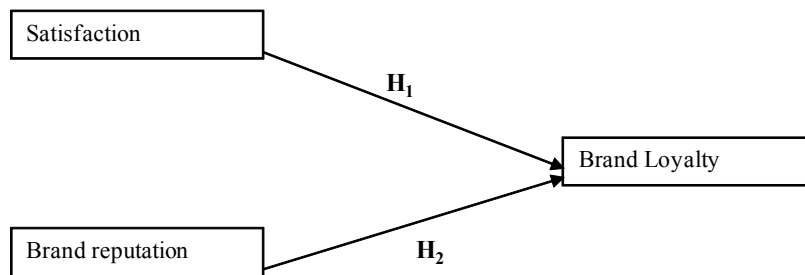


Figure No-1

Source: Author research

Table -1: Statistical tests

	Indicator	Reliability Test	Factor Analysis			Regression analysis	
			Matrix Component	KMO	B.T.S	R Square	ANOVA Sig.
Satisfaction	CS-1	.782	.801	.721	0.00	63.0 %	0.00
	CS-2		.789				
	CS-3		.812				
	CS-4		.803				
	CS-5		.798				
Brand reputation	CS-1	.703	.836	.741	0.00	63.0 %	0.00
	CS-2		.847				
	CS-3		.822				
	CS-4		.857				
	CS-5		.793				

Source: Primary data