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INFLUENCE OF BRAND LOYALTY ON CONSUMER REPURCHASE INTENTIONS OF COCA-COLA

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ABSTRACT

The purpose of this research was to check the influence of Brand Loyalty on consumer Repurchase Intentions of Coca-Cola and also find out the factors affecting brand loyalty and repurchase intentions of Consumers. For this purpose we conduct the survey among the students of universities. The sample consisted of 110 Students of different universities situated in Layyah. We used Correlation technique to find out the relationship of brand loyalty with repurchase intentions, and how brand loyalty effects the repurchase intentions of Coca-Cola.. The finding of our research showed that that customer satisfaction and the brand image are the major factors that affect the brand loyalty of the consumer towards any brand. And finding of our research indicates that brand loyalty and repurchase intentions has positive relationship which means, brand loyalty influence the repurchase intentions of consumer.

KeyWords: Customer Satisfaction, Brand Image, Brand Loyalty, Repurchase Intentions.

1. INTRODUCTION

There are thousands of brand a consumer use in his life. Some of those thousands brands impress the consumer and compete the needs and wants of the consumer and fulfill his need efficiently. So consumers are generally Loyal with those brands which gives them highest level of satisfaction.. Every organization wants employee commitment because it is very important for an organizational effectiveness. If the employees understand the organizational culture properly so that there may be improvement in their performance the reason is that the employee's performance is the base of an organization. Most of the researched have been conducted worldwide that has been provided the significant importance to organizational culture that impact on employee commitment and retention. Consumer Satisfaction is generally based on the consumer psychological attributes that how a consumer thinks about the product? What type of characteristics a consumer wants from any products? Does the products attributes fulfill the customer needs and wants? These are all the things through which a customer can be satisfied from any product, and this satisfaction leads towards loyalty.

According to Aaker (1991) “brand loyalty is so much important for marketers and consumer researchers”. According to Rosenberg et al. (1984) you will have to bear 6% more cost to attract new customer rather than satisfying an existing customer. According to Kandampully (1998) if a firm has the ability to create and maintain a large group of his loyal customers over a longer time period that firm will be able to attain a good position in the market. According to Dick and Basu (1994), brand loyalty has two different concepts: (1) loyalty based on inertia, consumer become habitual of any product; and (2) true brand loyalty, in which a consumer repeats purchasing behavior as a intentionally to continue buying the same brand, and this shows the high level of satisfaction of consumer towards that brand. According to Santouridis & Trivellas (2010), brand loyalty is more helpful or more important for services sector instead of manufacturing sector, especially for companies who providing services which are somehow different from their competitors in the market. According to the Fornell (1992), Customer loyal can be due to two factors (i) so much barriers to switch the brand (ii) a product satisfy the consumer by fulfilling their needs and wants.

Objectives of Study:

This research paper focuses on influence of Brand loyalty on consumer repurchase intentions. Therefore aims and objectives of current study are:

1. Find out the effect of consumer satisfaction on brand loyalty

2. Find out the impact of Brand loyalty on Repurchase intentions.

This research examines the factors that affect the brand loyalty of the consumer towards the Coca-Cola, this research also will examine that if a consumer is brand loyal he will prefer to buy that product again or not? And either the brand loyalty influence the consumer repurchase intentions or not?

2. LITERATURE REVIEW

2.1 Customer Satisfaction:

According to Oliver (1997) satisfaction is "the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption -related fulfillment, including levels of under-or over-fulfillment". Oliver (1999) also described that consumer satisfaction is necessary function towards stepping in loyalty, and satisfaction should be primary goal for different firms. According to (Oliver, 1980; Churchill & Surprenant, 1982; Oliver & Sarbo, 1988; Bearden & Teel, 1983, disconfirmation program states the when a product give them satisfaction beyond their satisfactions (positive disconfirmation), and a customer is dissatisfied when the performance of the product doesn't meet the expectations of the consumer (negative disconfirmation), a consumer remain neutral when the products attributes just meets consumer expectations (zero disconfirmation). Henning-Thurau et al describes that customer satisfaction play a role of key factor in the success of company and it also gives competitive edge to company. According to the Moreover Cronin et al, "service value, quality and satisfaction collectively play an important role on consumer buying and behavioral phenomenon" product value, quality of the product and level of satisfaction of customer from a products affects a consumer buying behavior. According to Rust et al, if a firm wants o invests its financial resources to enhance its customer satisfaction elements, it is quite rational and it is a major source of customer loyalty and retention. A satisfied customer will be loyal with the organizations and it will save the cost of firm which a firm will bear to attract new customer because a satisfied customer used positive words of mouth about the product.

H1: Customer Satisfaction has positive impact on Brand Loyalty

2.1.1 Commitment

According to Kelley et al. (1990), "the organizational commitment of service customers is indicative of the organization's likelihood of developing or maintaining customer identification with organizational goals and values and retaining the service customer as an active participant the service encounter" (p. 322).

2.1.2 Trust

Morgan and Hunt (1994), stated that "Trust is an important factor in the development of marketing relationships and exists when one party has confidence in an exchange partner's reliability and integrity" (p. 23). According to Ballester and Aleman (2001), trust and satisfaction both are conceptually connected with each other. Anderson and Narus (1990), Described that trust arise when a person believe that the organization action will not damage its ethical norms and values.

2.2 Brand image:

Hsieh, Pan, and Setiono (2004), described that " a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand" (p. 252). According to Park, Jaworski, & MacInnis (1986), any company which products or services are having good/ positive image among consumers in the market, gaining competitive advantage. Reynolds (1965), stated that "an image is the mental construct developed by the consumer on the basis of a few selected impressions among the flood of the total impressions; it comes into being through a creative process in which these selected impressions are elaborated, embellished, and ordered" (p. 69). Kotler (2001), describes image as "the set of beliefs, ideas, and impression that a person holds regarding an object" (p. 273). According to

Aaker (1991), “Brand image can generate value in terms of helping customer to process information, differentiating the brand, generating reasons to buy, give positive feelings, and providing a basis for extensions “. According to Dobni et al brand image can play very important role in consumer buying behavior, as being the customers of modern world customer gives maximum importance to brand image. According to Gwinner et al if a firm sponsors an event it will give a big breakthrough to the brand image, and brand will get high level of attention in a small time frame.

H2: Brand Image has a positive impact on Brand Loyalty.

2.3 Brand Loyalty:

According to Oliver (1997), customer's loyalty is "a deep 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 that have the potential to cause switching behavior" (p. 34).

According to Kohli and Thakor (1997), a brand name involves an image or the Process of development of a brand, which is expensive and time consuming process but it is necessary to attract customer and influencing the consumer repurchase intentions by satisfying its needs. According to Schultz (2005), loyal customer's likes to speak about their brand and they often recommend those brands to their relatives and friends. “Loyalty can be in two dimensions either the purchase or attitudinal. Purchase loyalty helps to give better market share while attitudinal loyalty tends to set high prices.” According to Ballantyne et al. (2006), now a day there is so much competition in the markets, and there are rapid changes in the product and entry of new product in the marketplace so consumers have wide product knowledge about the products and wide list of alternatives and opportunities. According to Jacoby and Kyner (1973), it has been studied more than 30 years behavior loyalty which is reflected by the repurchase behavior of consumer does not show consumer loyalty. According to Yoon & Kim (2000), A loyal customers will pay extra price for the product that satisfy its needs and wants even prices of the products increases. According to Khraim (2011), Brand loyalty of the consumer also influenced by the quality of the product. According to Anderson et al. (2004), a loyal consumer can help an organization to increase its bargaining power regarding its partner and suppliers. Dick and Basu (1994), argued that a loyal customer of organization will creates positive Word of Mouth regarding company and product and competitive strategies of organization competitor will not impact loyal customer.

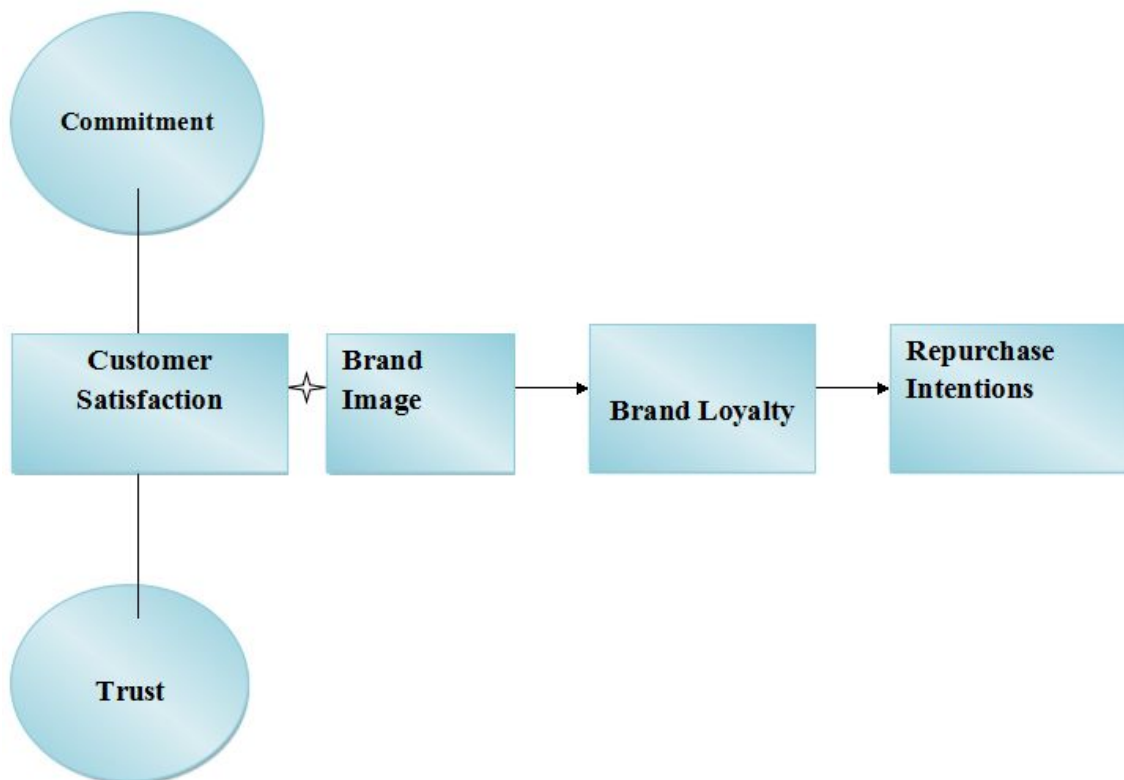
H3: Brand Loyalty has significant impact on Repurchase Intentions of consumer

2.4 Repurchase Intentions:

According to the Morgan and Rego (2006), “repurchase intentions are the most widely used indicator of customer loyalty in firms’ customer feedback systems” p. 436. Consumer buying decisions are usually very complex to understand. It has been very critical to measure customer satisfaction and repurchase intention for managers and researchers (Chandon Morwitz, and Reinartz 2004 & 2005). Many researchers also explain that a manager rely on the purchase intentions of the consumer to know his sale, for this purpose he use several techniques “e.g., new product introductions (Silk and Urban 1978), advertising effectiveness (Bird and Ehrenbert 1966), service management (Pérez et al. 2007), and demand forecasting for existing products”. According to Sharp and Sharp (1997), “a quasi-experimental methodology based on using the established empirical generalizations (captured via the Dirichlet model) of repeat buying behavior to provide a natural benchmark, against which changes in repeat-purchase loyalty could be assessed, brand by brand”. According to Keller (2001), Purchase behavior is an important key for consumer when they are evaluating a certain product. According to Ghosh (1990), when you are predicting purchasing process, purchase intentions can be used as an effective tool. According to Zeithaml (1988), Grewal et al. purchase intentions of the consumer can be changed by the influence of different factors like price, and quality perception.

H4: Repurchase intentions have positive relationship with Brand Loyalty

3. THEORETICAL BACKGROUND



4. RESEARCH METHODOLOGY

Instrument:

We use questionnaire for data collection

Procedures

We visit Universities BZU Layyah Campus and GCUF Layyah Campus for collection of data regarding certain topic.

Sampling:

We use probability sampling design to select sample from population.

Sample size:

Our Sample size of research is 120 respondents from which we collect data.

Data collection method:

We use questionnaire which consists of 24-Questions of 4 variables. We develop 150 questionnaires and received 120 in complete form.

Data analysis:

Data collected from respondents put into SPSS 19 and it was analyzed by using different analysis tools.

5. RESULTS & DATA ANALYSIS

Correlation:

Customer Satisfaction_ Brand Loyalty:

Correlations

			Customer Satisfaction	Brand Loyalty
Customer_Satisfaction dimension1	Pearson Correlation		1	.327**
	Sig. (2-tailed)			.000
	N		110	110
Brand_Loyalty	Pearson Correlation		.327**	1
	Sig. (2-tailed)		.000	
	N		110	110

** . Correlation is significant at the 0.01 level (2-tailed).

Customer Satisfaction has significant relationship with Brand Loyalty because the value of the Brand Loyalty is .000 which is less than our significant level .01. So this shows that there is positive relationship among the customer satisfaction and brand loyalty, and customer satisfaction impact the brand loyalty

Brand Image _ Brand Loyalty:

Correlations

		Brand Image	Brand Loyalty
Brand_Image	Pearson Correlation	1	-.594**
	Sig. (2-tailed)		.000
	N	108	108
Brand_Loyalty	Pearson Correlation	-.594**	1
	Sig. (2-tailed)	.000	
	N	108	110

** . Correlation is significant at the 0.01 level (2-tailed).

Brand Image also has significant relationship with Brand Loyalty because the value of the Brand Loyalty is .000 which is less than our significant level .01. so this shows that there is positive relationship among the Brand Image and brand loyalty, and on the basis of this results we can accept our hypothesis that brand image has positive impact on the brand loyalty

Brand Loyalty _ Repurchase Intentions:

Correlations

		Brand Loyalty	Repurchase Intentions
Brand_Loyalty	Pearson Correlation	1	.629**
	Sig. (2-tailed)		.000
	N	110	110
Repurchase_Intentions	Pearson Correlation	.629**	1
	Sig. (2-tailed)	.000	
	N	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

Brand Loyalty has positive relationship with Repurchase Intentions. Because the table Significant value of Repurchase Intentions is .000, which is less than our significant level 0.01. It shows that there is positive relationship among the brand loyalty and repurchase intentions. On the basis of this results we can accepts our hypothesis that brand loyalty has significant impact on repurchase behavior of consumer.

Regression Analysis of Brand Loyalty & Repurchase Intentions

Table 1.1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629a	.395	.390	.52086

a. Predictors: (Constant), Brand_Loyalty

The above table shows the model summary of regression analysis between independent variable Brand Loyalty and dependent variable Repurchase Intentions. According to this table the value of R is .629 and value of R square is .395. This indicates that the independent Variable Brand Loyalty cause 39.5% variation on the dependent variable Repurchase The value of adjusted R square is .390 and the value of standard error of estimation is .52086

Table 1.2

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.144	1	19.144	70.565	.000 ^a
	Residual	29.300	108	.271		
	Total	48.444	109			

a. Predictors: (Constant), Brand_Loyalty

b. Dependent Variable: Repurchase_Intentions

The above table depicts ANOVA (analysis of variance) of regression analysis between independent variables of Brand Loyalty and dependent variable Repurchase Intentions. table shows that regression, the value of sum of square is 19. 144, the value of df is 1. The value of F is 70.565 at significance level is .000 which shows that this study model is fit. On the other hand the residual, the value of sum of square is 29.300, the value of DF is 108 and value of mean square is .271.

Table 1.3

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.630	.237		6.887	.000
	Brand Loyalty	.570	.068	.629	8.400	.000

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.630	.237		6.887	.000
Brand Loyalty	.570	.068	.629	8.400	.000

a. Dependent Variable: Repurchase Intentions

According to the table 1.3, the coefficient of regression analysis between independent variable brand loyalty and our dependent variable consumer repurchase intentions. According to this in constant, the value of B is 1.630, and the value of standard error is .237, the value of t is 6.887, and the significance value is .000. In brand loyalty the value of B is .570, while the value of standard error for brand loyalty is .068, the value of Beta of brand loyalty is .629, the value of t is 8.400., and the significance value is .000. This is less than our significance level 1%.

6. CONCLUSIONS

The findings of this suggest that customer satisfaction is very critical now a day. According to this research there is positive relationship between customer Satisfaction, Brand Image and brand loyalty. And there is also positive relationship between brand loyalty and the repurchase intentions of Coca-Cola. Customer Satisfaction and brand image are factors of brand loyalty. Customer satisfaction is the most important factor for predicting brand loyalty and Brand image also play an important role in brand loyalty. These factors impact the brand loyalty positively and increase brand loyalty. This study shows that there is positive relationship among the brand loyalty and repurchase intentions of the consumer. And satisfied customer will again prefer to purchase the brand to whom he is loyal. So this study shows that brand loyalty impact the repurchase intentions of consumer towards the brand he is loyal.

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