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A study on brand loyalty: A key for consumer's trust

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Abstract

Liberalization, Privatization and Globalization Policy of India influenced many cosmetics products companies trading & manufacturing in our country. The availability of many brands in Karnataka provides various alternatives to the customer. These manufacturers offer similar value proposition, and provide highly customized products. Cosmetics products performance is not considered very important for customers now, rather they look for those differentiating parameters.

The main objective of this paper is to identify the possible parameters that influence the consumer buying behaviour patterns of cosmetics products in the State of Karnataka. It is also aimed to develop a theoretical model, which influence the consumer buying patterns of cosmetics products, so that further research could be done, based on the model and the identified parameters.

Keywords: brand, loyalty, customer

Introduction

In India, until the mid-eighties, consumers had very limited options for cosmetics products. Due to the subsequent economic boom in higher income levels and the growing purchasing power of the Indian urban population, cosmetics products have transformed into a necessary ingredient for the Indian middle class families.

The study is conducted in Karnataka. Karnataka is billed as a consumer State by both manufacturers and marketers Karnataka. However, manufacturers and marketers treat Karnataka as a test market, where they can easily introduce newly developed products, as the people of the State display high consumerist tendencies in their purchase behaviour.

Consumerism in the state is also attributed to high literacy and booming economic conditions, in the middle class, due to IT related industries the inflow of foreign exchange, from US, European and Middle Eastern countries. Various cosmetics products from different manufacturers can be easily spotted in the cities of the State. Thus, the proposed study is focused in the State of Karnataka.

The Secondary study includes various past research on the consumers of cosmetics products in different parts of India and specifically in Karnataka. The following are some of the studies and their relevance to the researcher's area of research.

Show-off buyers now prefer to have cosmetics products with the comfort and luxury of a mid-size saloon or sedan as per Shapur^[4]. With the growing affluence and technological advancement, there develops a certain maturity in taste, as evidenced by the growing popularity of the Indian cosmetics products market.

Many customers buy cosmetics products with the as it is easy to negotiate in our ever-increasing congested cities. Though they are costing more money, customers buy them for their practicality and the comfort they offer, without sacrificing the feel-good factor.

Motivational measures implemented by the Reserve Bank of India to support the economy and boost up the demand, Indian banks have reduced the interest rate for loans, which gives a hope for the industry. While the new generation banks in the private sector concentrate their financing activities in the cities, Public Sector Banks are turning the heat on, in the small and medium towns and rural area, where they have more coverage and influence, as reported by Ajit^[5].

Research methodology

The purpose underlying in this research study is for evolving realistic consumerist tendencies, in the cosmetics products industry. The methodology adopted is to use the exploratory approach. It incorporates three or more views of reality, typically involving a

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Literature Review of the past research work in the respective area, a qualitative and quantitative study assimilating the power of a consumer questionnaire, and consolidation of these methods and views to obtain confirmatory results and thereby a better understanding of the problem that is being addressed.

Thus, the research methodology adopted in this research study comprises of the following stages:

Literature Review, that is the secondary research. An exploratory stage that is the Primary Research, consisting of in-depth interviews and focuses on group discussion with cosmetics products dealers in the city of Mangalore.

Questionnaires were devised to drive the in-depth interview with cosmetics products dealers of various manufacturers and consumers in the city of Mangalore, Karnataka, India.

Parameters for the study

Great efforts have been made to evaluate and measure consumer behaviour in general for cosmetics products. Following section, details the various consumer behaviour studies undertaken by other researchers in the relevant area, and the important theories of consumer behaviour.

Impact of internet marketing on consumer decision process

E-commerce marketing is becoming the common platform for consumers due to the growth in the Internet Industry. Every consumer in the country's top cities starts their search on the world-wide web. As per Amit [6], four out of every ten consumer use internet to do initial research, before making the purchase, based on a study conducted by Google.

Liu and Bai [7] discuss the various opportunities for cosmetics products manufacturers and dealers to utilize the internet marketing medium in the five stages of e-marketing buying process - Problem Recognition, Information Search, Evaluation of Alternatives, Product Choice, Final Outcome / Post Purchase.

Consumer behaviour theories

Most research in marketing still inhabits the world of cognitive consumers and responsive managers, semi-autonomous buyers and philosophical marketers. The present challenge for marketing researchers is to generate critical interpretations, which alternate with the prevailing normal science component of consumer research:

Structural accounts of human activity assume that observed behaviour results from what is happening within the individual. Behaviour is determined, in whole or part, by internal processing of information, or action of mental traits. Recent research into consumer behaviour, challenges marketing conventions as stated in the research done by Hill [8].

He explains that people respond to the information gathered by the senses at an intuitive level, as well as on the basis of rational criteria. He describes the use of bio-feedback systems to evaluate the appeal of product offerings, suggesting that this approach is highly effective in predicting consumer purchase behaviour.

He points out that consumers' interpretation of product concepts and brand information may be very different from the messages that the company intended to convey. He recommends that firms wishing to market to the senses, provide simple messages that are memorable, easy to

interpret, believable and relevant to consumer needs.

Consumer behavior and self theory

Self Theory refers to an individual's overall thinking process and provides a reference point for the related consumer behaviour as conceptualized by Morris in his research studies. He defined it as a combination of an individual's thoughts and feelings, pointedly referring to himself as an object [12].

However, Raj and Russell [13] cautioned that there could be fundamental differences in the concept of self, across different cultural entities. They reported this in their studies on Hindu Indian Immigrants that they are less susceptible to the western view of self as an object. This also clearly shows in the differential self-belief of migrants from Asia, Africa and other countries to USA.

Consumer complaining behaviour

Research suggests that in many cosmetics products companies exert best efforts to address its customer's complaints. Many managers, in certain cases, are often exceeds consumer expectations beyond-the-contract or above their prescribed job specification, aimed at striving to address consumer complaints, as notified in the study by Resnik and Harmon [15].

Virtual brand community effect

Consumers increasingly use online tools to contact fellow consumers in order to get information on which to base their decisions. This has resulted in growing importance of virtual brand communities. For this reason, it attains importance to explore, some of the effects of participation in a virtual brand community on consumer behaviour.

Luis *et al.* [16] propose the positive effects of participation in a virtual community on both consumer trust and loyalty to the product, brand or organization around which the community is developed. The survey reveals that participation in the activities carried out in a virtual community may foster consumer trust and loyalty to the mutual interest of the community. In addition, the study also found a positive and significant effect of consumer trust on loyalty.

Customer satisfaction and loyalty

Highly satisfied customers will convey their success stories of satisfaction and directly recommend that others try the source of satisfaction, as stated in the studies conducted by Reynolds & Arnold and Reynolds and Beatty. Fitz ell suggested that such satisfied customers shall become less receptive to the competitor's offerings.

Customers, who purchase specific category of products for the first time, were found to focus on the product benefits, and not on the brand as evaluated by Keller.

According to Keller, the emphasis is on the tangible attributes of the product, which are visible and accountable to the buyer. Customers looking for low-price to meet their budget, may necessarily focus on the characteristics of the cosmetics products regardless of brand.

Brand and retail loyalty

Customer satisfaction is the focal point in the whole supply chain management. Multi-dimensional recording of customer loyalty reveals clear differences in the interactions, first, with brand loyalty and, second, with dealer loyalty. In contrast to

the opinion widely held in practice, customers in the automotive sector definitely do not perceive the brand and the dealer as one unit. Since similar studies in different countries come to almost the same conclusions, it can be argued that the results are valid in several cultural settings.

The results obtained by Frank and Andreas are so fundamental that they can be translated into implications even by internationally operating companies. Arjun and Morris examined two aspects of brand loyalty, purchase loyalty and attitudinal loyalty, as linking variables in the chain of effects from brand trust and brand affect to brand performance (market share and relative price).

Brands play very important role in the consumer market. They link consumers and the company, and subsequently, consumers may develop loyalty to brands. This study by Geok and Sook proposes that trust in a brand is important and is a key factor in the development of brand loyalty. Factors hypothesized to influence trust in a brand include a number of brand characteristics, company characteristics and consumer-brand characteristics.

The findings reveal that brand characteristics are relatively more important in their effects on a consumer's trust in a brand. The results also show that trust in a brand is positively related to brand loyalty. Marketers should, therefore, take careful consideration of brand factors in the development of trust in a brand.

Michael's research investigated brand loyalty by examining actual past behaviour and its impact on future behavioural intentions: in terms of expectation to purchase same / other brand from same / another retailer as well as willingness to recommend the brand and retailer to another customer known to him. Findings indicate that purchase expectation / intention remain a valid research matrix.

It would appear that the brand / consumer interface offers greater predictive ability than the retailer / consumer interface. Willingness to recommend a brand to another consumer does not seem to be influenced by past behaviour, but the higher the respondent's expectation to purchase the brand, the higher will be their willingness to recommend the brand. Same will be applicable to retailer recommendation.

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