Brand Loyalty in the Mobile Phones Market: the Role of Self-Image Congruence and Selected Marketing Mix Elements

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The paper, with the help of an empirical research, proposes and tests a conceptual framework of brand loyalty combining the effects of self-image congruence and selected marketing mix elements on brand loyalty. Findings indicate that self image congruence, along with distribution intensity, is a strong indicator of brand loyalty within the mobile phone market. Findings also indicate that contrary to the commonly held assumptions, consumer perceptions of price deals are positively related to brand loyalty whereas consumer perceptions of advertising spending has no impact. Also, the self image congruence appears to moderate the relationship between price deals and brand loyalty. The paper discusses implications for brand managers and suggests future research directions.

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The purpose of this research is to explore the effect of self-image congruence and consumer perceptions of distribution intensity, advertising spending and price promotions on brand loyalty within the mobile phone market. A review of consumer behaviour literature suggests that brands have personal image attributes, which reflect the stereotype of generalized users of that brand. During the consumption process, this product or service user image interacts with the consumer’s self-concept generating a subjective experience referred to as self-image congruence (Graeff 1996; Sirgy et al. 1982, 1997). If the brand related information is inconsistent with the consumers’ self-concept, then it is unlikely to gain consumers’ attention, acceptance, and retention (Heath and Scott, 1998). Prior research has tested the relationship between self-image congruence and consumers’ brand preferences, purchase intentions, word of mouth recommendations, product use, brand choice, attitudes and satisfaction towards products (Erickson 1996; Sirgy et al. 1997, 1991; Jamal and Al-Marri, 2007; Jamal, 2004; Jamal and Goode, 2001). However, to the best of our knowledge, the relationship between self-image congruence and loyalty has never been tested.

We focus on loyalty because it is an important theoretical as well as practical issue for researchers and practitioners (Aaker, 1992; Jones and Sasser, 1995; Uncles and Dowling, 1998; Reichheld, 1996). Firms are often interested in increasing loyalty levels because it offers significant benefits such as reduction of marketing costs (Aaker, 1991), more opportunities for brand extensions and a potential increase in market shares (Buzzell et al., 1975; Buzzell and Gale, 1987). Moreover, increased levels of loyalty may lead to more favourable word of mouth, greater resistance among loyal consumers to competitive strategies (Dick and Basu, 1994) and lower levels of price sensitivity among consumers (Keller, 1993; Reichheld, 1996, Rundle-Thiele and Mackay, 2001). Despite tremendous interest in loyalty, very little empirical research has addressed which specific marketing mix activities lead to loyalty (Yoo and Donthu 2002; Yoo et al., 2000). It is of extreme significance for brand managers to understand whether their distribution policies, price promotions and advertising are helping or hurting their brands in terms of increasing or decreasing sales and/or loyalty (see for example, Mela et al., 1997). The paper aims to contribute towards the existing literature by proposing and testing a conceptual framework, which combines the effects of self image congruence and consumer perceptions of marketing mix efforts on brand loyalty.

The framework was tested within the mobile phone market. The market for mobile phones has expanded at an incredible rate over the last five years with many countries displaying growth rates of 20 to 30%. The market is also sufficiently deep enough to account for a great deal of variation in terms of pricing, quality, market share, corporate reputation and marketing strategies. Six mobile phone brands were chosen carefully as product stimuli: Nokia, Siemens, Samsung, Motorola, Sony Ericsson, L.G. and Alcatel. These brands represented different market shares, pricing strategies, branding and marketing strategies. Using a self-administered questionnaire, data was collected from a convenience sample of mobile phone users in Doha, Qatar. After eliminating the incomplete responses, 265 eligible responses were left for analysis. Out of the 265 responses, 102 (38.5%) identified themselves as pay-as-you go users whereas 163 (61.5%) identified themselves as pay-monthly contract users. Overall, the sample is primarily aged 20-39 (76.2%); 56.2% single and 41.5% married; highly educated (58.1% holding university degrees), Qatari nationals (64.9%), mainly students (47.5%) and employees/professionals (33.2%), and 49.4% % males and 50.6% females.

Confirmatory factor analysis using Amos 4.01 was conducted to test the validity of measures used in the study (Byrne, 2001). The resulting measurement model was ??265 =140.570, p=0.000, Goodness of Fit Index (GFI)=0.93; Adjusted Goodness-of-Fit Index (AGFI)=0.90; Comparative-Fit Index (CFI)=0.96; Incremental Fit Index (IFI)=0.96; Root Mean Square Error of Approximation (RMSEA)=0.54, which indicated a good fit. Cronbach alpha coefficients were then computed to quantify the scale reliabilities of the factors identified and were 0.78 (self image congruence), 0.86 (brand loyalty), 0.67 (distribution intensity), 0.74 (price deals) and 0.69 (advertising spending). The reliabilities ranged from 0.67 to 0.86, indicating that all the scales used in this study were acceptable and reliable (Nunnally, 1978). Structural equation modelling was used to estimate parameters of the hypothesized model, which specified self-employee congruence, distribution intensity, price deals, advertising spending as exogenous constructs and brand loyalty as endogenous construct. Goodness-of-fit statistics, indicating the overall acceptability of the structural model analyzed, were acceptable: ??265 =140.6, p=0.000, Degrees of Freedom= 80; GFI =0.94; AGFI=0.90; CFI =0.96; IFI=0.96; RMSEA= 0.54. As hypothesized, self-employee congruence (parameter estimate=0.296, t value=4.523) and consumer perceptions of distribution intensity (parameter estimate=0.409, t value=2.216) were significantly and positively related to brand loyalty. Similarly, consumer perceptions of price deals (parameter estimate=0.642, t value=3.839) and advertising spending (parameter estimate=0.201, t value=2.199) were also significantly related to brand loyalty. However, contrary to our expectations price promotions were positively related to brand loyalty and advertising spending were negatively related to brand loyalty. Subsequently, we estimated four regression equations to investigate the moderating effect of self image congruence on the relationship between different marketing mix elements and brand loyalty using mean centred data (Hair al el., 1998; Aiken and West, 1991). Findings revealed no moderating effect of self image congruence on the relationship between distribution intensity and brand loyalty and between advertising spending and brand loyalty. However, self image congruence was a negative moderator of the relationship between price deals and brand loyalty.

In conclusion, the paper makes three important contributions to the existing literature. First, the paper, with the help of an empirical research, demonstrates that self-image congruence is an important predictor of brand loyalty in the mobile phone market. Second, the paper demonstrates that consumers are likely to show higher levels of brand loyalty when a brand is available in a greater number of stores. Third, the paper demonstrates that, contrary to the commonly held assumptions, consumers’ perceptions of price promotions are positively related to brand loyalty. Fourth, the paper demonstrates that consumers’ perceptions of money spent on advertising are negatively related to brand loyalty.

Our findings have some important implications for brand managers within the mobile phones market. In today’s highly competitive business environment, the way a brand is positioned in terms of brand images is extremely important (Arnold 1992; Bhat and Reddy, 1998;
Park et al. 1986). Given the findings of this research, brand managers should consider utilizing advertising appeals that are congruent with viewers’ self-concepts and that can activate consumers self concept (Graeff, 1996; Hong and Zinkhan 1995). Our respondents appeared to feel happy when mobile phones were available in greater number of stores. This might be because they benefited from an increase in convenience and time utility (Yoo et al., 2000 and Yoo and Donthu, 2002). Hence, brand managers can benefit by utilizing intensive distribution strategy. Furthermore, our findings suggest that as perceptions of price promotions improve, brand loyalty as reflected through their commitment to the brand also goes up. This might be because the respondents in our study perceived mobile phones as utilitarian products and therefore valued the savings, quality and convenience benefits leading to greater levels of acquisition utility (Chandon et al., 2000) provided by price promotions. Hence, brand managers need to consider price promotions as important, long term and positive brand building activity rather treating them as brand harming exercise in the short term (Davis et al., 1992).

Moreover, our findings suggest that consumers’ perceptions of the amount of money spent on advertising brands is not good enough to persuade them to buy those brands in greater frequency and in preference to other brands. It might be that factors such as quality and nature of the contents of advertising (e.g., use of persuasive techniques), styles of presentation and the channels used might have explained better the ability and power of the advertising to persuade our respondents to buy products repeatedly. There is plenty of anecdotal evidence suggesting that consumers do not buy every brand that comes in the market with huge advertising expenditure and, therefore, confirm our notion that consumers are not always influenced by their perceptions of the amount of money spent on advertising. Huge amounts of advertising expenditure might actually suggest desperation on the part of a marketer (Kirmani and Wright, 1989) rather than signalling a quality sign to consumers. This is in line Yoo and Donthu, (2002) who reported that perceived advertising effort was not related to brand loyalty levels in the Korean market. Finally, brand managers need to exercise caution in deploying price promotions to encourage brand loyalty levels within the total mobile phone market as price promotions are likely to be more effective for individuals with lower levels of self image congruency than for those with higher levels. A more effective strategy could be to emphasise symbolic values and brand images in promotional messages (Sirgy et al., 1997) to encourage loyalty within the mobile phones market.

References
Imagine that you try a new fruit while you are on vacation in a foreign country and it tastes like a slice of heaven. You eagerly buy another and it is extremely disappointing. You later find out that there are two varieties of this fruit and one of the varieties is consistently excellent, but the other is usually bad. How might you learn to consistently find the good variety?

People regularly face categorization decisions like this. There are two common strategies for learning categories: 1) choose items that are similar to other items in the target category, or 2) learn to identify the key features that distinguish between items in the different categories. The first strategy, holistic categorization, relies on global similarities between category members. The second strategy, analytic categorization, relies on rules that are based on discriminating attributes. If a rule exists, analytic categorization is efficient because it focuses attention on the most relevant information. Unfortunately, learning rules requires more cognitive resources than holistic categorization (e.g., Smith et al. 1993). Moreover, cognitive constraints inhibit rule learning (e.g., Hutchison & Alba 1991; Justin et al. 2003; Smith & Kemler Nelson 1984).

In contrast to previous researchers, we demonstrate that cognitive constraints can actually facilitate rule learning when people have appropriate prior expectations about the rules; because expectations can help to guide the process of hypothesis testing. Previous studies showed that people generate hypotheses about all of the features and then eliminate hypotheses as they are disconfirmed (Bruner et al. 1956; Meyer 1987). However, we propose that prior expectations facilitate rule learning by directing attention to fewer, more relevant attributes. For example, in trying to identify the discriminating features for good and bad varieties of the foreign fruit, you might first compare firmness or size because these features are most associated with taste in your experience with similar fruits. Cognitive constraints increase the likelihood of relying on prior expectations, thus further increasing the efficiency of hypothesis testing.

A pilot study examined the effect of prior expectations on rule learning without cognitive constraints. The participants’ task was to learn about another person’s tastes in wine. They saw a series of wines and were told whether each wine was liked or disliked by the other person. Then they were asked to choose which one of two new wines would be liked. We pretested prior expectations about possible rules for discriminating between the two kinds of wines and, in two experimental conditions, we generated descriptions of wines based on a rule that was either consistent or inconsistent with expectations. We predicted that the rule is easier to learn when it is consistent, versus inconsistent, with prior expectations. The study was designed such that the choice between the two new wines implied the categorization strategy that was used. We also asked post-decision questions about the strategies.

According to the null hypothesis, participants should be able to identify the rule equally well across conditions, because they test hypotheses for all of the attributes and eliminate those that are disconfirmed by new information (Bruner et al. 1956). However, the results supported our prediction: when the rule was consistent with prior expectations, significantly more participants identified the rule, compared to the condition where the rule was not consistent ($X^2(1)=12.12, p<0.05$).

We also tested for the ability to learn and use pseudo-rules, which are not perfect rules but are the most valid features in terms of predicting the categories. The usage of pseudo-rules is important because most real-world categories lack precise definitions (Gigerenzer et al. 1999). In our study, the pseudo-rule provided 80% correct predictions, compared to only 50% for each of the other attributes. We hypothesized that both perfect and pseudo-rules would be faster for cognitively constrained participants to identify when the rule was consistent, rather than inconsistent, with their prior expectations.

Participants were asked to predict two brands of electronic products based on their marketing strategies. Each product was either Brand A or Brand B and it was described by five attributes: price, quality, targeted consumers, advertising budgets, and distribution outlets. Pre-testing of prior expectations indicated that both price and quality were considered significantly more likely than the other attributes to be the rule, and we chose to use quality as the rule for our design. The findings supported our hypothesis when quality was perfectly discriminating, but not when quality was only 80% accurate as a predictor. Specifically, cognitive constraints significantly increased rule