EFFECT OF SERVICE MARKETING MIX ELEMENTS ON BRAND LOYALTY OF APPAREL BRANDS IN INDIA

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ABSTRACT

The degree of the loyalty of consumers to a specific brand, explicit through their repeated purchases, despite the marketing pressure created by the rival brands is a renowned definition of brand loyalty. There are a number of factors might influence brand loyalty, marketing mix strategies is one of them. This research study explores the relationship between selected marketing mix efforts and creation of brand loyalty among apparel consumers in India with a sample size of 280 consumers. A shopping centre intercept survey is conducted to collect data; empirical test using a structural equation model supported the research hypotheses. The results indicate the positive effects of Price, distribution, people and promotion on brand loyalty, whereas process and physical evidence are related to low brand loyalty. The study proposes that marketing mix strategies are the most important asset for any services sector, particularly for marketing managers in the designing and creation of branding strategy.

Keywords: Brand loyalty, services marketing, apparel, brand equity, India

INTRODUCTION:

Since the Indian services market is changing rapidly, and the concerned industry is feeling amplified complexity and competition, the management of service brands has achieved greater significance. Brands are the points of difference between the competitors, making them crucial for organisational success. Measuring brand loyalty is fundamentally different as compared to measuring consumer-based brand equity. Increasing complexity in the markets makes it indispensable for the consumer to be knowledgeable. As a fundamentally insubstantial and complex concept, it is problematic for a consumer to compare the assistances of innumerable service companies in the market. Being a contributor of around 35 per cent to the employment, one-fourth of the overall trade and 60 per cent to gross domestic product (GDP) of India service sector definitely is and will be playing a major role in shaping the Indian economy. The enormous contribution of the service sector to gross domestic product (GDP) compared with the small contribution of the industrial and agricultural sectors results in a service-oriented economy (Das et. el., 2013).

Several studies have empirically explored how to employ marketing strategies to build brand equity in India (Chattopadhyay et al., 2010). Consequently, this study has used a structural model to investigate the effect of services marketing mix on brand loyalty for imported apparel brands in India.

THE STUDY'S MODEL:

The study proposes a conceptual model, depicted in Figure 1. In this model, services marketing strategies comprises six components: price, distribution, people, promotion, process and physical evidence to examine systematically the relation with brand loyalty. The model hypothesizes that marketing mix strategies have positive impacts on brand loyalty.



LITERATURE REVIEW AND HYPOTHESIS:

Brand Loyalty:

Aaker (1991) developed the theory of brand equity, defined as a set of assets and liabilities linked to brand that create value for both customers and the firm. Based on Aaker (1991) brand loyalty is the essential element in brand equity.

Loyalty to brand may be defined as the quality of customers support staying firm for a brand in contrast to close alternative brands. Brand loyalty and cooperation towards the brand should be unbroken. This is entrenched in customers' belief that only a particular brand may fulfil their demands. (Aaker, 1991). Brand loyalty offers numerous benefits include simplify long term profit to the firm, reduce managing and operating cost and enlarge price premium (Mustafa, 1999). Hence, it indicates that brand loyalty is a valuable asset for every brand (Mittal and Lassar, 1998), similarly (Khan et.el .2012) revealed that brand loyalty is influenced by perceived quality, willingness to pay more and brand awareness and possesses positive direct effect on brand equity. The agony of divided loyalties for different brands results in divorce of brand loyalty. Thus in today's markets the ability to generate consumer's loyalty towards brand is a major goal of brand management.

Relation between services marketing mix activities and brand Loyalty:

Based on previous research studies (Keller, 2002; Aaker, 1991; yoo et el., 2000), this study also examines six services marketing mix activities that are widely adopted to build brand loyalty in the consumers Apparel Industry. The hypotheses for the study are outlined below.

Price:

Behavioural science has time and again proved the fact that consumers attribute product quality and benefit to the price being charged to them. Price and promotion spending determine the positioning of a brand in the minds of customers and have positive association on quality of product that takes on to consumer retention or loyalty. High income group customers revealed a significant difference among the level of loyalty- 38 percent high and 25 percent low loyalty that was influenced by price. (East, Harris, Lomax, Willson and Hammond, 1998). Datta (2003), proposed that price had a chief impact on consumers brand loyalty. Thus:

H1: Brand loyalty is related positively to the extent to which the price of the brand is perceived to be high.

Distribution:

Distribution intensity discovers the total sum of mediators accustomed by a manufacturer within its trade areas (Bonoma and Kosnik 1990; Stern, El-Ansary, and Coughlan, 1996). Distribution is defined as extensive when products are to be spread over a larger geographical region and consequently to be made available at greater number of stores in the market. Farley (1964) discovered that consumers were brand loyal in markets where brands tended to be extensively dispersed. Raj (1985) also revealed that good reputation of brand was positively associated with brand loyalty. A brand had greater repurchase rates because of its wider distribution intensity. In addition, the influence of distribution intensity on brand loyalty also extensively counted on target customers of certain brands and industrialists. Thus:

H2: Brand loyalty is positively related to the extent to which the brand is available in stores.

People:

The most important and dominating factor in services industry is the people. People are the faces of brands as well as whole organisations. People are all of the persons who transport service and others who directly or indirectly contribute to the service environment. The personnel-customer and customer-customer relations in the service environment are tremendously very important to make the service experience pleasing and satisfactory. Thus, including the name of the server/sales associate on sales receipts can pledge a long-term customer relationship. In addition, furnishing a customer-service representative's interaction material for upcoming customer inquiries can generate value. (Anitsal Ismet et el., 2012). Thus:

H3: Brand loyalty is positively related to the extent to which participants are involved in the brand

Promotion:

Promotion includes the collection of tools accessible to the marketer in order to communicate efficiently and effectively the features and benefits of its products and services to its consumers. According to an extended hierarchy of effects model advertising is positively associated to brand loyalty as it strengthens brand related association and attitude towards the brand. (Shimp, 1997). Promotional components had a positive effect on brand equity elements (Sedaghat, et el., 2012). Johnson (1984) studied the relationship among advertising expenses and brand loyalty and revealed that the most often recommended aim for deteriorating loyalty was the increased importance on promotion expenses comparative to advertising expenses in the brand advertising and promotion budget. Thus:

H4: Brand loyalty is positively related to the extent to which promotion expenditure is used for the brand **Process:**

Process for service gathering is the real processes, mechanisms, and flow of actions by which the service is delivered (Booms and Bitner, 1990). Printing on sales receipts such information as return-policy and an invitation to take a customer-satisfaction survey could increase not only operation effectiveness but also customer perceptions of service quality and of how much the retailer is concerned with satisfying its consumers (Anitsal Ismet et el., 2012). Thus:

H5: Brand loyalty is positively related to the extent to which process for services is used for the brand.

Physical Evidence:

Physical evidence is the setting in which the company and customers interrelate and in which services or products are delivered; it can also be any tangible commodities which enable execution or communication of the service (Booms and Bitner, 1998). In this regard, sales receipts can be identified as physical evidence in the services mix because they assist as a tool to communicate the firms' services and performances and as proof of purchase. They distribute information to further tangible physical evidences, such as web-site information, location of the store, telephone number for store and/or customer service, and hours of operation (Anitsal Ismet

et al., 2012). Thus:

H6: Brand loyalty is positively related to the extent to which physical evidence is used for the brand.

METHODOLOGY:

The objective of the study was to examine which variables of marketing strategy mostly influence loyalty of customers. The questionnaire designed for this study was initially pre-tested in India on a sample of post-graduate students from Pondicherry University, measurement scale were developed to measure seven constructs on five point likert scale (1= strongly disagree to 5= strongly agree). The study focused on branded apparel products in Indian market, ten imported brands (Puma, Jack and Jones, Adidas, Pepe Jeans, Lee, Nike, GANT, MANGO, Tommy Hilfiger and Dorothy Perkins) were selected as product stimuli. In order to achieve the objectives, structured questionnaire were distribute to 300 respondents who had experience for the specific brand. Shopper's center intercept survey method was employed to collect consumer's perception from a Metropolitan City of Bengaluru. Out of 300 survey questionnaires 280 were considered valid and were used in the study.

The data analysis was conducted using SPSS (Statistical Product and service Solutions) & AMOS 20.0, specially using Maximium likelihood and Oblimin with Kaiser Normalization for Confirmatory factor analysis (CFA). Initially three methods reliability analysis, Validity analysis and Confirmatory factor analysis were used to select and assess the final items to be used for hypotheses testing.

RESULTS:

Demographic characteristics:

A total of 280 respondents were finally selected for analysis of the study, more or less equal number of male and female respondents participated, with a highest age group of 31-40 years, 47 percent had a postgraduate degree, 60 percent were single and approximately 65 percent reported a personal monthly income of between \Box 35001-50000.

Reliability and validity of measures:

Cronbach alpha and composite validity were taken in to consideration for testing the reliability (Hair et al., 1998). The items that were not meeting the minimum requirement of reliability were eliminated. As a result, 25 items retained for 7 constructs in the study, with all the constructs moderately meeting the recommended value of 0.70 (Table 1).

Construct	Number of items	Cronbach alpha
Price	4	0.706
Distribution	4	0.749
People	3	0.811
Promotion	3	0.751
Process	3	0.771
Physical Evidence	3	0.765
Brand loyalty	5	0.802

 Table 1: Cronbach alpha of constructs

Convergent Validity:

Convergent validity among constructs was checked (Table 2). Composite reliability values are greater than 0.5 and 0.7 respectively which guarantee the internal validity of measurement model (Bagozzi, 1981).

Construct	Composite reliability
Price	0.708
Distribution	0.656
People	0.814
Promotion	0.754
Process	0.774
Physical Evidence	0.635
Brand loyalty	0.804

Table 2: Convergent Validity

Structural Equation Model:

Structural equation model (SEM) is used to estimate parameters of the structural model. Model fit criteria suggested by Hu and Bentler (1999) were used for both measurement and structural model: X2/df, Goodness-of-fit statistics (GFI), Comparative fit index (CFI) and root mean square error of approximation (RMSEA).

Measurement model result:

as presented in table 4 all factor loading were significant and varied from 0.52 to .95. The measurement model goodness of fit index indicated that all the criteria except Norm Fit Index (NFI) meet the measurement model (X2/df = 1.51, GFI= 0.90, AGFI= 0.87, CFI= 0.92, RMR = 0.05 and RMSEA = 0.04). (See Table 3).

Fit Measure	Recommended Values	Values from Model	Conclusion
Chi-square (X2) / df	\leq 3.00	1.51	Fit
Goodness of Fit (GFI)	≥ 0.90	0.90	Fit
Adjusted Goodness of Fit (AGFI)	≥ 0.80	0.87	Fit
Norm Fit Index (NFI)	≥ 0.90	0.81	Moderately Fit
Comparative Fit Index (CFI)	≥ 0.90	0.92	Fit
Root Mean Square Residual (RMR)	≤ 0.09	0.05	Fit
Root Mean Square Error of Approximation (RMSEA)	≤ 0.10	0.04	Fit

 Table 3: Reported Values of Model Fit for the Measurement Mode

Construct	Items	Standard Loading	T-Value	Standard multiple Correlation
	Price 1	.682	-	.465
Price	Price 2	.637	8.123	.301
	Price 3	.587	7.672	.345
	Price 4	.549	7.283	.406
	Distribution 1	.671	-	.451
Distribution	Distribution 2	.602	6.803	.363
Distribution	Distribution 3	.536	6.386	.287
	Distribution 4	.555	5.684	.290
	People 1	.819	-	.510
People	People 2	.775	11.461	600
	People 3	.714	10.966	671
	Promotion 1	.794	-	.630
Promotion	Promotion 2	.709	9.631	.503
	Promotion 3	.625	8.882	390
	Process 1	.655	-	.429
Process	Process 2	.795	9.493	.631
	Process 3	.736	9.325	.542
	Physical Evidence 1	.957	-	.917
Physical Evidence	Physical Evidence 2	.521	4.947	.272
	Physical Evidence 3	.664	4.519	.370
	Brand loyalty 1	.760	-	.321
	Brand loyalty 2	.734	10.809	.412
Brand loyalty	Brand loyalty 3	.647	9.705	.419
	Brand loyalty 4	.642	9.630	.539
	Brand loyalty 5	.567	8.548	.577

Table 4: Parameter estimation for measurement model

Structural Model:

once the measurement model has been tested for suitability, the estimation of structural model followed. A structural model was employed to examine the relation amongst latent variables in the proposed model (Byrne, 1998). As presented in table 5, all the fit measures indicated that the structural model was acceptable model (X2/df = 1.51, GFI= 0.91. AGFI= 0.92, NFI = 0.97, CFI= 0.96, RMR = 0.03 and RMSEA = 0.05), thus the estimated structural model illustrated in Figure 2. Fits the sample data, out of six hypotheses of this study, 4 was supported.

Fit Measure	Recommended Values	Values from Model	Conclusion
Chi-square (X2) / df	\leq 3.00	1.51	Fit
Goodness of Fit (GFI)	≥ 0.90	0.91	Fit
Adjusted Goodness of Fit (AGFI)	≥ 0.80	0.92	Fit
Norm Fit Index (NFI)	≥ 0.90	0.97	Fit
Comparative Fit Index (CFI)	≥ 0.90	0.96	Fit
Root Mean Square Residual (RMR)	≤ 0.09	0.03	Fit
Root Mean Square Error of Approximation (RMSEA)	≤ 0.10	0.05	Fit

 Table 5: Reported Values of Model Fit for the Structural Model





Note: The Solid lines represent Supported hypotheses and the broken lines represent unsupported hypotheses.

RESULTS OF HYPOTHESES:

Relationship of marketing mix efforts on brand loyalty:

Empirical support was found for the relationship of marketing ix activities on brand loyalty, as Hypothesized in H1 to H6. Results showed that Hypotheses H1 to H4, the relationship of price ($\beta = 0.30$, t-value = 8.09), distribution ($\beta = 0.25$, t-value = 4.59), people ($\beta = 0.26$, t-value = 4.81), promotion ($\beta = 0.32$, t-value = 9.51), and brand loyalty was statistically significant. However Hypotheses H5 and H6, relationship of process ($\beta = -0.11$, t-value = -2.15), physical evidence ($\beta = 0.09$, t-value = 0.16) and brand loyalty was week and insignificant. (See Table 6).

Hypothesis	From	То	Standard coefficient	T-Value	Results
H1	Price	Brand loyalty	0.30	8.09***	Supported
H2	Distribution	Brand loyalty	0.25	4.59***	Supported
H3	People	Brand loyalty	0.26	4.81***	Supported
H4	Promotion	Brand loyalty	0.32	9.51***	Supported
H5	Process	Brand loyalty	-0.11	-2.15	Un-Supported
H6	Physical Evidence	Brand loyalty	0.09	0.16	Un-Supported

Table 6: Results of Hypot	theses testing from struct	ural equation model
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*** Significant at 1%

CONCLUSION AND RECOMMENDATION:

Brand loyalty is a key indicator of brand success. Understanding the drivers that contribute to and detract from the strengthening of brand loyalty is therefore critical. The objective of this research is to test differential effects of services marketing mix efforts on brand loyalty among Indian consumers. The results of study showed that marketing strategies have a positive effect on brand equity. Findings show that by using original, creative and different marketing strategies, companies can develop higher brand loyalty and positive perception of their brands. The research also reveals that marketing strategies like process and physical evidence do not necessarily enhance brand loyalty among apparel consumers. However, as a recommendation, several managerial implications arise from these results, first, services marketing strategies are important tool for companies influencing brand loyalty. Secondly marketing managers should be attentive to the effects that marketing mix strategies have on consumer's perceptions of brand loyalty. In this context, companies should pay attention to the design of their marketing strategies, ensuring they are original and creative. For the future research, it is pointed out that our study only examined the relationship between selected services marketing mix efforts on brand loyalty. Further research needs to focus on relationship of services marketing mix strategies on all dimensions of brand equity and overall brand equity.

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