

Brand Loyalty – A Study with Special Reference to Coca Cola in Rural Areas

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Abstract

Objectives: Brand loyalty is essential to every organization to make the customers/consumers stick to the products. It helps the organization to improve the productivity and also to retain the customers. Retaining the customers with them is more important than finding the new customers. The researchers have made an attempt to study the factors influencing brand loyalty. **Method/Analysis:** By applying structured questionnaire, primary data were collected from 114 respondents. The statistical tools such as Chi square test, one-way ANOVA and regression analysis were administered for analysis. The study factors such as Demographic variables, Brand Awareness, Brand Image, and Perceived Quality that influences Brand loyalty. **Findings:** There is an association between the demographic factors viz., age, gender, marital status, family type, educational qualification. There is no association between the occupation of the respondents, since the null hypothesis is gross annual income of the respondents and preferences were accepted. The researcher found that the brand loyalty do not vary with the demographic factors namely gender, family type, gross annual income brand preferences. The brand loyalty varies with the age, marital status, educational qualification and occupation of the respondents. The results show that there is a high degree of correlation between the study variables and the brand loyalty. It is found that the predictor variables viz., Brand awareness, Brand image and perceived quality are statistically significant determinants towards Brand loyalty. **Applications/Improvements:** The present study focuses those important factors which are influencing brand loyalty. Based on the significance, the organization has to give much priority to retain and improve their brand loyalty.

Keywords: Brand Loyalty, Brand Awareness, Brand Image, Perceived Quality

1. Introduction

Brand loyalty is a state where an individual repeatedly buys the same brand from the same manufacturer. They never wish to change their brands of usage. True brand loyalty happens when consumers buy the same product even when the price is increased. Brand awareness is generally known as the extent of recognition that a consumer has about the brand. Every company's first and foremost goal is to create awareness about their product among the customers.

Brand image is the way in which a product is positioned in the minds of the customers. It is generally achieved through advertisements or through customers' personal experiences with the brand. The consumers'

perception about the quality as a whole is called perceived quality and it is not exactly related to the products original quality. The brand image is created from the personal experiences of the consumers.

2. Study Variables

2.1 Demographic Variable

- Age
- Gender
- Marital Status
- Family type
- Educational qualification

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- *Occupation*
- *Gross annual Income*
- *Brand preference*

2.2 Study Variable

- *Brand loyalty*
- *Brand awareness*
- *Brand image*
- *Perceived quality*

3. Conceptual Frame Work

The researcher has selected the factors and developed a model as presented in the given Figure 1:

4. Statement of the Problem

The “Brand” for a company is like the “reputation” for a person. Brand loyalty leads the significant role of any product in the market. Our research purpose was to test the brand loyalty of coca-cola among the consumers in the rural area and to scrutinize how the consumers have a feeling of trait to this brand. It is about the factors that build the brand loyalty like taste, logo and bottle design and about the image which is created by coca-cola among the consumers. Coca-cola has many opponents in the worldwide market and still they try to sustain the place in the market especially in rural areas.



Figure 1. Conceptual Framework – Brand Loyalty.

5. Objectives of the Research

- To study the association between demographic variables of respondents and brand loyalty
- To understand the variation between the demographic variables of respondents and brand loyalty
- To study the relationship between brand awareness and brand loyalty
- To study the relationship between brand image and brand loyalty
- To study the relationship between perceived quality and brand loyalty

6. Limitations of the Research

This study is restricted to the coca cola brand especially in rural areas of Thanjavur. Researchers have chosen 114 samples from the rural areas in and around Thanjavur. The results may vary according to the perceptions and opinions of the respondents.

7. Research Methodology

The primary data were collected through the structured questionnaire and the sample sizes of 114 were chosen by adopting convenient sample technique. The statistical tools such as ANOVA, chi-square test and regression analysis were adopted to analyse the data.

8. Hypothesis Statements

- There is no association between demographic variables and brand loyalty
- There is no variation between demographic variables and brand loyalty
- There is no relationship between
 - Brand awareness & Brand loyalty
 - Brand image & Brand loyalty
 - Perceived quality & Brand loyalty

The factors were chosen based on the following extensive literature reviews:

8.1 Brand Awareness

In¹ explained that the two important measures of brand awareness are brand recognition and recall. In² clarified that pictorial advertisements unlike non-pictorial ones are more effective on rural consumers than on the urban

consumers. The brand equity as a set of fundamental dimensions like brand awareness, brand perceived quality, brand loyalty and brand associations³. Brand awareness is the key item which is responsible for the entire brand knowledge and the ability of the customers in recognizing the brand under different conditions⁴.

8.2 Brand Image

A brand image is the foremost variable required for brand management. The importance of brand associations (brand attitudes and purchase intentions) was well-established but the non-attribute associations⁵ (beliefs about brand image) are examined recently as per the study⁶. In⁷ confirmed that the hedonic component of attitude is linked with attributes like brand image whereas the utilitarian with quality and warranties etc.

8.3 Perceived Quality

The perceived quality creates a positive impact on the purchase intention⁸. The perceived quality give the consumers a good reason to buy it and it allow the product to stay differentiated from the products of the competitors. According to⁹ the perceived quality as “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives” in his research paper. In¹⁰ made a classification of perceived quality into four categories as intrinsic, extrinsic, appearance and performance.

8.4 Brand Loyalty

If a consumer is not able to identify a product or is not able to differentiate the product among several other alternatives, there will be absence of loyalty for the product¹¹. When a buyer purchases high involvement products repeatedly, it shows his true loyalty. And if there is a repeated purchase of low involvement products, it is just a habitual purchase behavior¹². They researchers investigated the importance of relative attitude in determining the brand loyalty¹³. A purchasing-related conceptualization of consumer involvement brings much more exactness in investigating the influence of involvement on brand loyalty according to authors of the work¹⁴.

9. Data Analysis and Discussion

The table 1 shows that 34% of respondents were in the age group of 41-50 years. 63% of male respondents, 68% of

respondents were married and the rest were unmarried. 48% of people live as extended nuclear families. 40% of respondents were from the category school level/diploma. 40% of the respondents were from the occupation of farmer.

It also depicts that 49 % of respondents lie between an income of upto 200,000 and 27% of the respondents prefer Mazza.

From the table 2 it clearly reveals that the most consumed brand is Mazza with 31 respondents and constitutes 27% of entire respondents, the second preferred brand is Fanta with 18 respondents and covers 16% of entire respondents, the third brand preferred is sprite with 17 respondents and constitutes 15%. The next preferred after sprite is coke with 15 respondents comprising 13% of respondents. Then it is Thums Up with 14 respondents consisting of 12%. Limca has 10 respondents comprising 9% of entire respondents. Lastly minute maid makes 9 respondents with 8%.

Hypothesis (H_0): There is no association between demographic factors of respondents and the brand loyalty

From the table 3 it was found that there is an association between the demographic factors viz., age, gender, family type and income of the respondents with brand loyalty, since null hypothesis is rejected ($P < 0.05$). The researcher also concluded that there is no association between marital status, qualification and occupation of the respondents with brand loyalty, since the null hypothesis is accepted ($P > 0.05$).

Hypothesis (H_0): There is no variation between demographic variables and brand loyalty.

From the table 4, the researcher found that the brand loyalty do not vary with the demographic factors namely gender, family type and gross annual income ($p > 0.05$). Further it is also concluded that the brand loyalty do vary with the age, marital status, educational qualification and occupation of the respondents.

Hypothesis (H_0): There is no significant effect of study variables on brand loyalty

The table 5 contains the values of R and R^2 . The R value is 0.705 which denotes the high degree of correlation between the study variables and the brand loyalty. R^2 Value indicates 49.7% of the variance in brand loyalty. Hence, it is inferred that the predictor variables viz., Brand awareness, Brand image and perceived quality ($p < 0.05$) are statistically significant determinants towards Brand loyalty which is presented in the following Figure 2

Table 1. Demographic profile of the respondents

S.No	Demographic Factors						
1.	Age (Years)	10-20	21-30	31-40	41-50	Above 51	
		9	22	37	39	7	
		8%	19%	33%	34%	6%	
2.	Gender	Male		Female			
		72		42			
		63%		37%			
3.	Marital Status	Married		Unmarried			
		37		77			
		32%		68%			
4.	Family type	Nuclear		Extended nuclear	Joint		
		25		55	34		
		22%		48%	30%		
5.	Educational qualification	School level/Diploma		UG	PG	Others	
		46		45	04	19	
		40%		39%	4%	17%	
6.	Occupation	Govt.	Private	Farmer	Businessman	Others	
		03	36	42	27	06	
		3%	31%	37%	24%	5%	
7.	Gross annual income	Upto 200,000		Between 2,00,001 and 4,00,000	400,000 and Above		
		56		47	11		
		49%		41%	10%		

Source: Primary Data

Table 2. Brand preferences of respondents

S.No	Brands	No. of respondents	%
1.	Coke	15	13
2.	Thums Up	14	12
3.	Sprite	17	15
4.	Fanta	18	16
5.	Limca	10	9
6.	Mazza	31	27
7.	Minute Maid	09	8
Total		114	100

Source: Primary Data

Table 3. Chi-Square Test between Demographic factors and Brand loyalty

S.No	Factors	χ^2 Value	Sig.	Decision
1.	Age	4.33	0.00	Reject
2.	Gender	25.88	0.04	Reject
3.	Marital Status	1.055	0.64	Accept
4.	Family type	53.59	0.01	Reject
5.	Educational qualification	1.45	0.56	Accept
6.	Occupation	1.39	0.11	Accept
7.	Gross annual income	23.43	0.02	Reject

(*= H_0 accepted at 5% significance level)

Table 4. Demographic variable and brand loyalty – One way ANOVA

S.No.	Demographic Factors	F	Sig.	Decision
1.	Age	144.16	0.00	Reject
2.	Gender	0.81	0.73	Accept
3.	Marital status	34.27	0.00	Reject
4.	Family type	0.86	0.69	Accept
5.	Educational qualification	2.07	0.00	Reject
6.	Occupation	1.73	0.02	Reject
7.	Gross annual income	0.71	0.84	Accept

(*H₀ accepted at 5% significance level)**Table 5.** Unstandardized Coefficients of Regression Model – Brand loyalty and Study variable

S.No	Predictors	Unstandardized Coefficients		Sig.
		B	Std. Error	
	(Constant)	1.297	0.542	0.000
1.	Brand awareness	0.187	0.143	0.034*
2.	Brand image	0.262	0.057	0.021*
3.	Perceived quality	0.095	0.405	0.190*
R = 0.705 R²=0.497				

* = significance at 5%level

* (If the sig. of p is less than 0.05, and it indicates that the concerned factor is significant in the model)

**Figure 2.** Regression Model –Study variables with brand loyalty.

10. Results and Discussion

The Researchers found that 34% of respondents were in the age group of 41-50 years and 63% were male respondents, 68% of respondents were married and the rest were unmarried. 48% of people live as extended nuclear families. 40% of respondents were from the category school level/diploma. 40% of the respondents were from the occupation of farmer. It also depicts that 49 % of respondents lie between an income of up to 200,000 and 27% of the respondents prefer MAZZA.

It was concluded that there is an association between the demographic factors viz., age, gender, marital status, family type, educational qualification. The researcher also concluded that there is no association between the occupation of the respondents, since the null hypothesis is gross annual income of the respondents and preference were accepted.

The researcher found that the brand loyalty do not vary with the demographic factors viz., gender, family type, gross annual income brand preferences, at 5% significance level ($p > 0.05$). Further it is also concluded that the brand loyalty vary with the age, marital status, educational qualification and occupation of the respondents

The table contains the values of R and R². The R value is 0.705 which denotes the high degree of correlation between the study variables and the brand loyalty. R² Value indicates 49.7% of the variance in brand loyalty. Hence, it is inferred that the predictor variables viz., Brand awareness, Brand image and perceived quality ($p < 0.05$) are statistically significant determinants towards Brand loyalty.

11. Recommendations

The overall outcome of the research is that the factor “BRAND AWARENESS” causes a great impact on BRAND LOYALTY. So, the COCA COLA Company has to concentrate more on creating more and more awareness about their products. And it is clear that the brand which is preferred more by customers is “MAZZA”. The company should sustain its value and should create awareness about “MINUTE MAID” which is preferred less by everyone.

12. Conclusion

From this study it is clear that the coca cola company fortunes to the extent is mainly because of the brand

awareness. This is the main reason that influences brand loyalty. And from the survey the product Mazaa is the one that is largely consumed in and around the rural areas of Thanjavur district.

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