

FACTORS AFFECTING THE CONSUMER LOYALTY: A STUDY ON APPLE PHONES IN SHINAS WILAYAT, OMAN

VenkataVara Prasad B* Dr. ShanmugaPriya* C. Rajalakshumi**

*Shinas College of Technology.

**Mother Teresa University.

Abstract

Customer loyalty is both an attitudinal and behavioral tendency to favor one brand over its competitors, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand.

The consumer loyalty toward smartphone is increasingly as a focus of marketing research. Particularly, consumer loyalties in smartphone industry, from loyalty programs to customer retention become a major focus of research in the field of marketing. The results of the research confirm that various factors have an influence on consumer loyalty towards smartphones. Oman is one of the fastest growing economies in Middle East market, the smartphone industry in Oman is growing very fast. Smartphone has become essential part of personal and business life as there is a continuous increase in disposable income and there has been a major shift in the attitude and aspirations of the consumers. This research is to analyze different factors which are influencing the consumer loyalty when purchasing a smartphone. The recent growth of smartphone usage is an observable fact across all age and gender segments. Hence, this research explores through quantitative analysis of some of the key factors believed to affect consumer's loyalty towards Apple smartphone.

Keywords: Customer loyalty, Apple brand, smartphone.

1. Introduction

Customer loyalty is both an attitudinal and behavioral tendency to favor one brand over its competitors, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand. Customer loyalty encourages consumers to shop more consistently, spend a greater share of wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment. The loyalty will have an impact on customer because it led them to deal with same company and use same brands.

The study will focus on Apple brand. Having competition has always been the thing that has kept the best businesses performing at the best levels. Apple is one of the leading brands in the world. Marketing experts like Marc Gobe argue that Apple's brand is the key to the company's success. It's got nothing to do with products like the iMac or iPod.

1984 apple ad is unknown from today's one because it was simple like its products(2001). Samsung was trying to launch the digital mag which was short lived which repurposed as Samsung vision app. Apple focus only with its videos and commercials. On the other hand Samsung is represented by Samsung USA, Samsung mobile, Samsung TV etc. That makes them diluting the brand consistency.

2. Review of Literature

Mark D. Uncles and Grahame R. Dowling, Kathy Hammond, (2003) opined that the customer loyalty presents a paradox. Many see it primarily as an attitude-based phenomenon that can be influenced significantly by customer relationship management (CRM) initiatives such as increasingly popular loyalty and affinity programs. However, empirical research shows that loyalty in competitive, repeat-purchase markets is shaped more by the passive acceptance of brands than by strongly-held attitudes about them. From this perspective, the demand-enhancing potential of loyalty programs is more limited than might be hoped. They documented three different perspectives on loyalty i.e., customer brand commitment, customer brand acceptance and customer brand buying, and relate them to a framework for understanding customer loyalty.

Elena Delgado-Ballester and José Luis Munuera-Alemán (2005) analyzed that existing literature of brand loyalty has been focused on the roles of perceived quality, brand reputation and customer satisfaction, due to the fact that consumers' knowledge and experiences guiding their subsequent actions. In this scenario, the shifting emphasis to relationship marketing needs a lot of effort to analyze how other constructs such as trust predict future intention. The fact that there are conceptual relationships between trust satisfaction and loyalty. But such effort is lacking in the brand-consumer relationship. So the authors focus on analyzing the relationships existing among these concepts. The findings suggest the key role of brand loyalty as a variable that generates customers' commitment, especially in situations of high involvement, in which its effect is stronger in comparison to overall satisfaction.

Lee, Jung-Wan (2011) examines the relationships between corporate image, price, product quality, product innovation, and customer loyalty, and investigates key drivers that establish and maintain customer loyalty to smartphone and mobile telecommunications service providers. The results of the study show that corporate image, product quality, and product innovation are strong antecedents for establishing customer loyalty in high-tech product markets. In addition, the empirical findings show that product innovation plays an important role in establishing and maintaining customer loyalty. However, price shows no relationship to customer loyalty.

Lai-Ying Leong (2008) found the determinants of customer loyalty (CL) in mobile telecommunication services from the Malaysian perspective. Service quality (SQ), perceived value (PV), trust and habit were examined as the determinants of customer loyalty. The currently unexplored causal relationships between these determinants were also examined. This study is one of the first to examine not only the determinants but the causal relationships between them. Lai-Ying Leong analyzed the survey data by using structural equation modelling. The findings revealed positive significant influences of trust and habit on customer loyalty but not for service quality (SQ) and perceived value (PV).

Mansour S. M. Lotayif (2017) figure out the sets of variables needed for designing an international marketing strategy (IMS) in GCC context. Therefore, the causality relationships between designing an IMS and brand orientation (BO), brand performance (BP), international financial performance (FP), international commitment (ICOM), and brand repositioning (BR), congruence of marketing environment (CUE), controlling international branding activities (CIBA), and demographic factors (DF) were tested. The study revealed that there are significant causality relationships between designing international marketing strategy (IMS) and the above mentioned variables. In branding context in GCC, this study is a pioneer endeavor in this perspective.

3. Methods of Analysis

3.1 Research Question

What are the factors that affect the consumer loyalty?

3.2 Research Objectives

1. To identify different factors affecting the consumer loyalty towards Apple brand.
2. To study the relative importance given by the consumers to various factors that affect their loyalty towards Apple brand.
3. To give suggestions for the concerned stakeholders i.e., retailers, service centers to take steps to improve the customer loyalty among Apple brand users.

3.3 Significance of the Study

This study will benefit both the company and consumers. It will benefit the customers by can having an insight into the factors affecting consumer loyalty and try to understand the company's loyalty programs in better way and getting maximum benefit out of it.

This will be beneficial for the companies also as the study can be used to effectively retain their customers by modifying their loyalty programs as well as introduce innovative retention strategies, in effect, increase profits. Lastly, this is also equally beneficial for the researchers in terms of gaining additional insights on the current market situations which can be used as a basis in conducting further research.

3.4 Sources of Data

The study has depended on both secondary and primary sources of data. The secondary data were collected from the standard text books and leading journal, magazines and financial websites.

3.5 Questionnaire

Primary data were collected by administering a well-conceived questionnaire to the sample customers.

3.6 Scaling Techniques

The scaling techniques used in the present study are Likert scale, Rank order scaling.

3.7 Statistical Tools

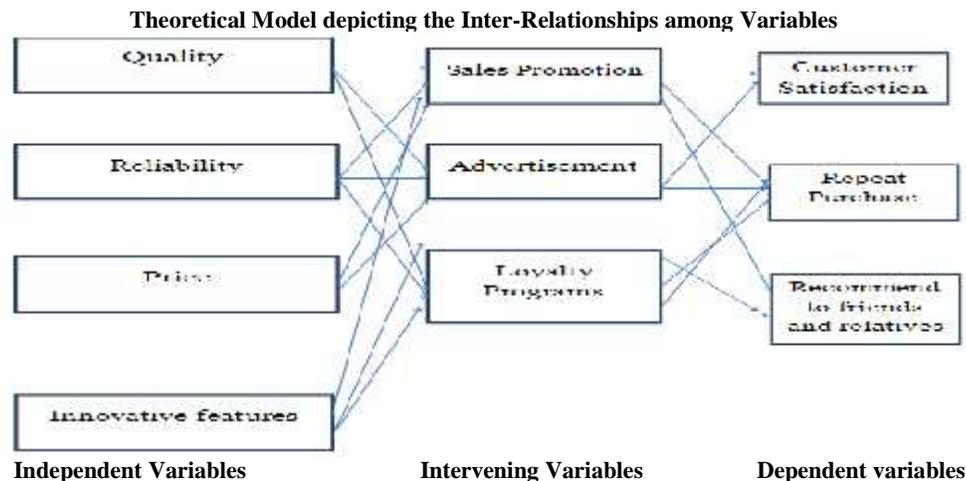
Relevant statistical tools such as Percentage analysis, mean, standard deviation, weighted average, mean score analysis, Chi-Square, Paired t-test, ANOVA, Friedman Test were used in the study. Advanced interdependent type of multivariate statistical tools like two ways ANOVA is used for the analysis and interpretation of survey data.

Statistical Packages

Statistical packages like Microsoft Excel and SPSS IBM 21 were used in the present study.

3.8 Sampling Design for Sampling Customers

- (a) Population of Shinas Wilayat : 30,000
- (b) Sampling frame : 800 customers
- (c) Sampling size : 100 customers
- (d) Sample method : Simple random sampling



4. Results and Discussion

Testing of Hypothesis

Friedman's Test

The **Friedman's test** is a non-parametric statistical test developed by the U.S. economist Milton Friedman. Similar to the parametric repeated measures ANOVA, it is used to detect differences in treatments across multiple test attempts. The procedure involves ranking each row (or *block*) together, then considering the values of ranks by columns.

In the present study, consumers were asked to rank the six attributes selected for the study that are important reason to buy Apple. The attributes are reliability, high quality, good value for money, unique features, best customer service and exactly satisfy their needs. The null hypothesis given below is verified by the Friedman's test.

H₀: There is no significant difference in the ranks provided by consumers to the six attributes that are important reason to buy apple.

H₁: There is significant difference in the ranks provided by consumers to the six attributes that are important reason to buy apple.

Table 4.1: Table showing the product attribute rankings and Chi square value

S. No	Product Attribute	Rank	Chi-Square Value	p Value
1	Reliability	3.42	32.871	.000
2	High quality	2.67		
3	Good value for money	3.81		
4	Unique features	4.71		
5	Best customer service	4.91		
6	Exactly satisfy my needs	2.93		

Source: Results computed

From the above Table, it is clear that, mean rank for the attribute is very high for High quality is 2.67 and mean rank for the attribute exactly satisfy my needs is 2.93 and so on. The Best customer service is ranked least with 4.91. Hence, high quality is the most important attribute that influences purchase of apple product.

As the computed p value (.000) is less than the assumed significance value of 0.05, the above null hypothesis is rejected. Hence, there is significant difference in the ranks assigned by the consumers to the six attributes Reliability, High quality, Good value for money, Unique features, Best customer service and Exactly satisfy their needs that are important reasons to buy Apple product.

Independent Sample T Test

The Independent sample t test procedure compares means for two groups. In this study, independent sample t-test used to test whether gender influences the customers' rating of attributes of apple phones.

H₀: There is no significant difference between customers' rating of attributes of Apple phones and their gender.

H₁: There is significant difference between customers' rating of attributes of Apple phones and their gender.

Table 4.2: Table showing the results of Sample T Test

Attributes	Sig.	H0 Accepted/ rejected	Result
loyalty programs	0.569	Accepted	Not Significant
convenient location	0.684	Accepted	Not Significant
customer service	0.025	Rejected	Significant
Experience	0.339	Accepted	Not Significant
buy Apple again	0.721	Accepted	Not Significant
Recommend to friends and family	0.031	Rejected	Significant

Source: Results computed

Among various demographic variables the gender is the most important variable that discriminates the satisfaction level of using apple phones. The above table shows the summarized result of test for the customers' rating of attributes of Apple phones and their gender. From the result, it is concluded that the attributes like loyalty programs, convenient location, experience and buy Apple again are not statistically significant that of the demographic variable gender. The other attributes like customer service, recommend to friends and family are statistically significant to the demographic variable gender.

Analysis of Variance One Way (ANOVA)

ANOVA technique is used when an independent variable is of nominal scale with more than two categories and the dependent variable is metric or at least on interval scale. In the present study, the customer satisfaction, repeat purchase and recommendation to friends and relatives could be influence by the rating given to the factors of quality, reliability, price and innovative features of Apple brand apropos years of usage.

H₀₁: There is no significant difference in customer's rating of attributes of Apple phones with their years of usage of Apple phones.

H₀₂: There is significant difference in customer's rating of attributes of Apple phones with their years of usage of Apple phones.

Table 4.3: Summarized ANOVA Table : Customer's satisfaction with years of usage

Attributes	Subject	Sum of squares	df	F	Sig.
Quality	Between Groups	18.763	4	7.042	.000
	Within Groups	63.277	95		
Reliability	Between Groups	39.885	4	12.672	.092
	Within Groups	74.755	95		
Price	Between Groups	17.946	4	9.511	.000
	Within Groups	44.814	95		
Features	Between Groups	34.190	4	13.355	.031
	Within Groups	60.800	95		
Attractive advertising	Between Groups	38.090	4	8.997	.063
	Within Groups	100.550	95		
Discount and sales promotion	Between Groups	50.651	4	13.500	.000
	Within Groups	89.109	95		

Source: Results computed

The above summarized ANOVA Table, at 5% significance level, the 'p' value for the attributes Quality(0.000), Price(0.000), Features(0.031) and Discount and sales promotion (0.000) are less than 0.05 (95% level of confidence) the null hypothesis is *rejected*. Thus, there is significant difference in rating of attributes of Apple products with the customers' years of usage. The 'p' values for attributes like reliability (0.092) and discount and sales promotion (0.063) are greater than significance value of 0.05, thus the null hypothesis is accepted. Therefore, the rating of attributes of apple products is not significant with the customer's years of usage

Chi-Square Tests

Case 1

Null Hypothesis H_0 : There is no significant difference between educational level and years of usage of Apple brand.

Alternative Hypothesis H_1 : There is significant difference between educational level and years of usage of Apple brand.

The output result of Chi-square test is shown below in table 4.4.

Table 4.4: Chi-Square Tests For Educational Level And Years Of Usage Of Apple Brand

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.760 ^a	6	.000
Likelihood Ratio	30.973	6	.000
Linear-by-Linear Association	.090	1	.764
N of Valid Cases	100		

a. 3 cells (20.0%) have expected count less than 5. The minimum expected count is 3.72.
Source: Results computed through SPSS

The 'p' value, that is, Pearson Chi-squared test reads a significant level of 0.000 at 5% level of significance. This value of 0.000 being less than the significance level of 0.05, *the null hypothesis is rejected*. Thus at 95% of confidence level, we accept the alternative hypothesis, that is, educational level of customers and years of usage of apple brand are associated significantly with each other.

Case 2

The gender wise classification and their period of usage of Apple phones were cross-tabulated from 100 respondents. A cross tabulation with a Chi-squared test was requested from the computer package. The output is shown below in the table 4.3.

Null Hypothesis H_0 : There is no significant difference between gender and years of usage of Apple brand

Alternative Hypothesis H_1 : There is significant difference between gender and years of usage of Apple brand

Table 4.5: Cross Tabulation For Gender Of Customers * Period Of Usage Of Apple Phone

Gender of the respondents	Period of usage of Apple Phone				Total
	less than 1 year	1-3 years	3-5 years	more than 5 years	
Male	17	21	4	3	45
Female	34	8	10	3	55
Total	51	29	14	6	100

Source: Results computed

The cross tabulation shows the number of respondents falling into each cell, that is, the combination of type of educational category with years of usage of Apple brand.

The output result of Chi-square test is shown below in table 4.4.

Table 4.6: Chi-Square Tests For Gender and Years of Usage of Apple Brand

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.198 ^a	3	.004
Likelihood Ratio	13.472	3	.004
Linear-by-Linear Association	.873	1	.764
N of Valid Cases	100		

a. 3 cells (20.0%) have expected count less than 5. The minimum expected count is 3.72.
 Source: Results computed through SPSS

The 'p' value, that is, Pearson Chi-squared test reads a significant level of 0.000 at 5% level of significance. This value of 0.004 being less than the significance level of 0.05, *the null hypothesis is rejected*. Thus at 95% of confidence level, we accept the alternative hypothesis, that is, gender of customers and years of usage of apple brand are associated significantly with each other.

Two-Way ANOVA

The **two-way ANOVA** compares the mean differences between groups that have been split on **two** independent variables (called factors). The primary purpose of a **two-way ANOVA** is to understand if there is an interaction between the **two** independent variables on the dependent variable. In the present study two way ANOVA is used to analyze the difference between all combinations of customers' age and customers' education level (i.e. interaction effect of the two variables) and their level of satisfaction on Apple phones based on their experience.

H₀₁: There is no significant difference between customers' age and their level of satisfaction on Apple phones based on their experience (main effect 1).

H₀₂: There is no significant difference between customers' education level and their level of satisfaction on Apple phones based on their experience (main effect 2).

H₀₃: There is no significant difference between all combinations of customers' age and customers' education level and their level of satisfaction on apple phones based on their experience (interaction effect).

Table 4.7: Results of Anova Tests for Age and Satisfaction Level of Apple Brand

List of variables used			
Dependent	Satisfaction level of customers based on experience		
Independent	Customers' Age	1.	18-24 yrs
		2.	25- 35 yrs
		3.	above 35 yrs
	Customers' Educational level	1.	Diploma
		2.	Bachelor
		3.	Masters & above

Source: Results computed

Effect	Variables	F	Sig.	Result
Main effect1	Customers' Age	0.563	0.921	No significant difference
Main effect 2	Customers' education	0.781	0.181	No significant difference
Interaction effect	Age & Education	0.652	0.028	Significant difference

Source: Results computed

As the p value (0.028) is lesser than 0.05, H₀₃ was rejected at 5% level of significance. Hence it is found; there is significant difference between all combinations of customers' age and customers' education level and their level of satisfaction on apple phones based on their experience; it means, there is an interaction effect of customers' age and customers' education level on their level of satisfaction on apple phones based on their experience Hence, we look at the main effects 1 and 2.

As the p value (0.921) is greater than 0.05, H₀₁ was accepted at 5% level of significance. Hence it is found, there is no significant difference between customers' age and their level of satisfaction on apple phones based on their experience.

As the p value (0.181) is greater than 0.05, H₀₂ was accepted at 5% level of significance. Hence it is found there is no significant difference between customers' education level and their level of satisfaction on apple phones based on their experience.

This shows that the independent variables age and educational level individually have same level of satisfaction on the usage of apple phones based on their experience. When we see the combined effect of age and education level of customers there exist a difference in the satisfaction level on apple phones based on their experience.

Findings

1. Educational level of customers and years of usage of apple brand are associated significantly with each other.
2. Gender of customers and years of usage of apple brand are associated significantly with each other.
3. There is significant difference in the ranks assigned by the consumers to the six attributes Reliability, High quality, Good value for money, Unique features, Best customer service and Exactly satisfy the consumer needs that important reason to buy Apple phones.
4. There is significant difference in rating of attributes of apple products with the customers' years of usage and the rating of attributes of apple products is not significant with the customer's years of usage
5. It is concluded that the attributes like loyalty programs, convenient location, experience and buy Apple again are not statistically significant that of the demographic variable gender. The other attributes like customer service, recommend to friends and family are statistically significant to the demographic variable gender.
6. The combined effect of age and education level of customers there exist a difference in the satisfaction level on apple phones based on their experience.

Recommendations

1. Apple should provide more security on its devices.
2. Apple phones performance will be even better if battery and camera of the devices will be improved.
3. Include apps / programs to trace out /protect the phone in case of loss of phone.
4. External appearance of the phones to be modified as it has been same for several years.
5. At strategic level marketing, that is Segmentation, Targeting and Positioning (STP), Apple brand is doing well in segmentation and positioning levels. But targeting strategies can be strengthened by focusing more on female youth segment.

Conclusion

In conclusion, the research was conducted in Shinas wilayat. Apple brand has its own strategies that make itself different from others. Apple considering as a well-known brand globally. From our research we find that people focus on the quality, characteristics and the uses. Based on the data that we collected from the respondent by creating a structured questionnaire, large number of them prefers Apple than others in term of safety, quality, and features. The respondents give their opinion about the weaknesses of the brand and the suggestions to overcome them. Their views are different according to their needs and perceptions.

References

1. Elena Delgado-Ballester and José Luis Munuera-Alemán 'Brand trust in the context of consumer loyalty' European Journal of Marketing Volume 35, Issue 11/12.
2. Lee, Jung-Wan. Academy of Marketing Studies Journal, suppl. Special Issue 1; Arden15 (2011): 59-69. Volume 15, Special Issue, Number 1, 2011.
3. Lai-Ying Leong, 'The determinants of customer loyalty in Malaysian mobile telecommunication services: a structural analysis'. International Journal of Services, Economics and Management. Volume 4, Issue 3.
4. Mansour S. M. Lotayif, 'Causality Relationships between Main Branding Variables and International Marketing Strategy: Evidence from MNCs in GCC Market.' International Journal of Business and Management; Vol. 12, No. 1; 2017.
5. Hammond, James 'Branding your Business', Great Britain and United States: Kogan Page Limited, 2008.
6. Healey Mies, 'What's branding'. Switzerland: A RotoVision Book, 2008.
7. Kapferer J.N *The strategic Brand Management: Creating and sustaining brand equity Long Term*, Kogan Page, London,2004.
8. http://www.sas.com/en_us/insights/articles/marketing/customer-loyalty-in-a-digital-orld.html