

*Full Length Research Paper*

# **Analysis and investigation of the role of brand in keeping and increasing purchase portfolio of customers of air freshener industries in Pars Rayehe Saz Company in Iran**

**Asadollah Kordnaei<sup>1</sup>, Mehran Mohtadi<sup>2</sup>, Gholamreza Jandaghi<sup>3</sup> and Ali Mokhtari Mughari<sup>4\*</sup>**

<sup>1</sup>Tarbiat Modares University, Tehran, Iran.

<sup>2</sup>Shahroud University of Technology, Shahroud, Iran.

<sup>3</sup>University of Tehran, Qom campus, Iran.

<sup>4</sup>Sharif university (Golpayegan College), Tehran, Iran.

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**This research aims to analyze and investigate the role of brand in keeping and increasing the buying portfolio of customers. In this respect, three hypotheses have been developed. In carrying out this research after exploration of models and approaches in brand, questionnaire was used for customers of the company, Pars Rayehe Saz. Based on the hypotheses of the research, a questionnaire form consisting of 24 questions was made, and statistical population was enveloped as company's customers in the first months of the year that was available for the company. Then, this questionnaire form was delivered and gathered after filling. Result was analyzed by SPSS software and all hypotheses examined and the final result was in line with all three hypotheses. It means there is a significant relationship between purchase decision-making and loyalty oriented decision-making (first hypothesis). There is a significant relationship between product quality and future supposed brand extended product quality perceived by customers (second hypothesis). There is a significant relationship between product proportion and future supposed brand extended product proportion perceived by customers (third hypothesis). Statistical population for this research is limited to customers of the first several months of the year that was available for the company to send and receive questionnaire form; the research hypotheses were tested by correlation test. Sign test and simple regression and all the hypotheses were verified. Finally, based on the above three hypothesis, it was concluded that there is a relationship between customers and brand, and it means by using brand, customers would be kept and their purchase basket would increase.**

**Key words:** Marketing strategy, brand, customer keeping, customer loyalty, customer purchase basket.

## **INTRODUCTION**

Of all the different methods of marketing, brand and branding is not so modern, but it is efficient, and attractive in many active companies especially new entrant. Recently efficiency measurement is one of these methods of user's concerns. One of these issues is whether using of brand and investing on it is a right choice or not. One of the relevant measuring criteria

could be considered as relationship between brand and keeping customers and even increasing the purchase basket. Branding has a long history in commercial marketing. The brand concept is a contemporary issue in marketing. Academics have been trying to rationalize an effective and efficient brand management system, which includes topics such as brand perceptions, brand loyalty, brand knowledge, brand differentiation, brand equity, brand awareness, brand proliferation and brand image. A brand is a distinctive label, sign, or symbol that differentiates the goods and services of one seller from another

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\*Corresponding author. Email: [alimokhtari2005@yahoo.com](mailto:alimokhtari2005@yahoo.com).

(Kotler, 1991). Branding is a process of imbuing a product with positive attributes and characteristics specifically designed to increase the appeal of that product to consumers (Aaker, 1996; de Chernatony, 1992; Keller, 2003). By creating a brand, a company defines how it wants consumers to think and feel when they see a brand's logo, name, or message, or when they experience the brand. A branding approach allows multiple attributes of the product or service to be associated with the overall brand, allowing advertisers to highlight different product features through diverse messaging. This offers a rich and versatile platform for developing marketing messages and strategies. Consumers view a brand as an important part of a product, and branding can add value to a product. For example, most consumers would perceive a bottle of opium perfume as a high-quality, expensive product. But the same perfume in an unmarked bottle would probably be viewed as lower in quality, even if the fragrance were identical (Kotler et al., 1999). Powerful brand names have consumer franchise - that is, they command strong consumer loyalty. This means that a sufficient number of customer demand these brands and refuse substitutes, even if the substitutes are offered at somewhat lower prices. Companies develop brands with a strong consumer. Franchise is insulated from competitors' promotional strategies. Thus, it makes sense for a supplier to invest heavily to create strong national or even global recognition and preference for its brand name. A product becomes a brand when the physical product is augmented by something else—images, symbols, perceptions, feelings—to produce an integral idea greater than the sum of its parts. A brand might be composed of a single product, or it might be made up of multiple products that span many categories. But at its core there remains a soul, a distinctive identity and image that resonates with its consumers and transcends its physical representation in terms of product format (Batey, 2008, p.4). Customer loyalty is essential if a company is to retain its current customers. However, many debates are centered round what customer loyalty actually is. As Majumdar (2005) states, "Customer loyalty is a complex, multidimensional concept". The complexity of customer loyalty is reflected in the wide range of definitions within academic fields. Focusing on consumer attitudes, Oliver (1997) defines loyalty as "A deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior". Other definitions of customer loyalty focus on the pattern of past purchasing activity (Gee et al., 2008)

Terblanche and Boshoff (2006) cite empirical and anecdotal evidence to support the notion that loyalty is both a long-term attitude and a long-term behavioral pattern, which is reinforced by multiple experiences over time. Image of brand or supplier is one of the most complex factors. It affects loyalty at least in two ways.

Firstly, customer may use his preferences to present his own image. That may occur both in conscious and subconscious level (Kuusik, 2007). Andres Kuusik (2007) reveals that it is not accurate to treat all customers equally in terms of methods of increasing their loyalty. The research supports the research proposition that the list of most important factors affecting loyalty is dependent on the level of loyalty of costumers. He declared it shows also that reliability of products or trustworthiness of the vendor is most critical for behavioral loyalists and the image creation is the main tool for getting committed customers.

Brands mean different things to different consumers. While brand management may strive to communicate a specific and consistent image to the market, consumers may develop different perceptions of the brand, also depending on their relationship-intensity with the brand. Brand management and research may be well advised to acknowledge the relationship between knowledge, attitude and behavior (Koll and Wallpach, 2009). Lim et al. (2010) argue the task of developing a proper marketing strategy to boost the global brands that will tackle the factors restricting the adaptation of global brands in Malaysia. Being a multi-ethnic country, understanding the consumer's perceptions towards global brands can harness the marketing strategies. Tian et al. (2010), in their researches, analyze the factors that affect a seller's choice between the two pricing instruments and show how different combinations of the two instruments can be optimal under alternative market conditions. A seller may, surprisingly, increase his total number of offers when it becomes more costly to carry brands or hold sales if there are decreasing marginal costs of the alternative selling tool.

Sirgy et al. (2007) present that the model that posits self-congruity with a sponsorship event has a positive influence on brand loyalty, especially under two conditions: (1) when customers are aware of the firm sponsoring the event, and (2) when customers are involved with the event. In this research, all hypotheses are verified, Kolmogorov – Smirnov test was used for normality test of variables, Spearman correlation test for analysis of relationship between product quality and future supposed brand extended product quality perceived by customers, Sign test for analysis of relationship between purchase decision-making and loyalty oriented decision-making and relationship between product proportion and future supposed brand extended product proportion perceived by customers.

## LITERATURE REVIEW

Research literature gives brand and customer loyalty. Few studies consider the relative role of the entire marketing mix on long-term brand performance of mature brands; instead they emphasize advertising and price

promotion (Ataman et al., 2009).

Huang et al. (2006) found that the frequency of sales affects the share of consumers that buy a particular brand and the loyalty of consumers to that brand. They concluded that, as the sales frequency increases for a given brand, households are more likely to be loyal to that brand or switch between that brand and others and less likely to be loyal to other brands. This result conflicts with the implicit assumption of many of the best-known theoretical industrial organization models that loyalty is exogenously determined and independent of sales frequency. Sharp and Sharp (2008), in their research, examined the impact of a loyalty program operating in three product categories. Their results showed some weak "excess loyalty" effects. We adopt their methodology to assess a loyalty program operating in a market that was known to be more promotion sensitive due to a lack of product or price differentiation between brands. We also report on the comparative effects of a price promotion that operated in retaliation to the loyalty program. Suh and Yi (2006) investigate the moderating role of product involvement in the customer satisfaction-loyalty relation.

Structural equation modeling shows that customer satisfaction has both direct and indirect effects on loyalty, whereas ad attitudes and corporate image have only indirect effects through their mediating influence on brand attitudes. Furthermore, product involvement decreases the direct effects of satisfaction on brand attitudes and loyalty, but it increases the indirect effects of ad attitudes and corporate image. Jensen and Hansen (2006) measure relative attitude as a latent two-dimensional second-order factor and to investigate the relationship between relative attitudes and repeat purchasing. A conceptual model of attitude-behavior consistency and brand loyalty is proposed and empirically tested in the context of frequently purchased consumer goods. Structural equation modeling was used on survey data from 395 households to test the model and corresponding hypotheses. They resulted to supporting the conceptualization of relative attitude as a composite of purchase involvement and perceived brand differences. Baig and Shusma (2010), in their research, discuss how emotional satisfaction has an effect on brand loyalty in the hospitality industry and relates the concept of physical satisfaction from the quality of service provided to the psychological dimension of satisfaction which forms the emotional satisfaction within a customer.

Subhani and Osman (2009) studied the association between brand awareness and consumer/brand loyalty for the packaged milk industry in Pakistan. They presented the relationship of brand awareness on consumer/brand loyalty in the packaged milk brands in the urban Pakistan. They said for practicing managers and marketers, it is important that they update their understanding of the nature and role of brand awareness on convenience products, with random switch purchase behavior and low-involvement.

## Research objectives

### *Main objective*

The main objective of this work is to analyze the role of brand in keeping and increasing purchase portfolio of customers of air freshener industries in Iran's markets.

### *Secondary objectives*

These include: to analyze repeated purchasing decision-making and loyalty oriented decision-making, product quality and future supposed brand extended product quality perceived by customers (customer attitudes) and product proportion and future supposed brand extended product proportion perceived by customers (customer loyalty attitude).

## Research hypotheses

Considering the variables of this research, in order to assess the role of brand in keeping and increasing purchase portfolio of customers of air freshener industries in Iran, the following hypotheses were investigated:

H<sub>1</sub> :There is significant relationship between purchase decision-making and loyalty oriented decision-making.

H<sub>2</sub> :There is significant relationship between product quality and future supposed brand extended product quality perceived by customers.

H<sub>3</sub> :There is significant relationship between product proportion and future supposed brand extended product proportion perceived by customers.

H<sub>3a</sub> :There is significant relationship between substitution capability of main product of one brand and future supposed brand extended product proportion perceived by customers.

H<sub>3b</sub> :There is significant relationship between complementary capability of main product of one brand and future supposed brand extended product proportion perceived by customers.

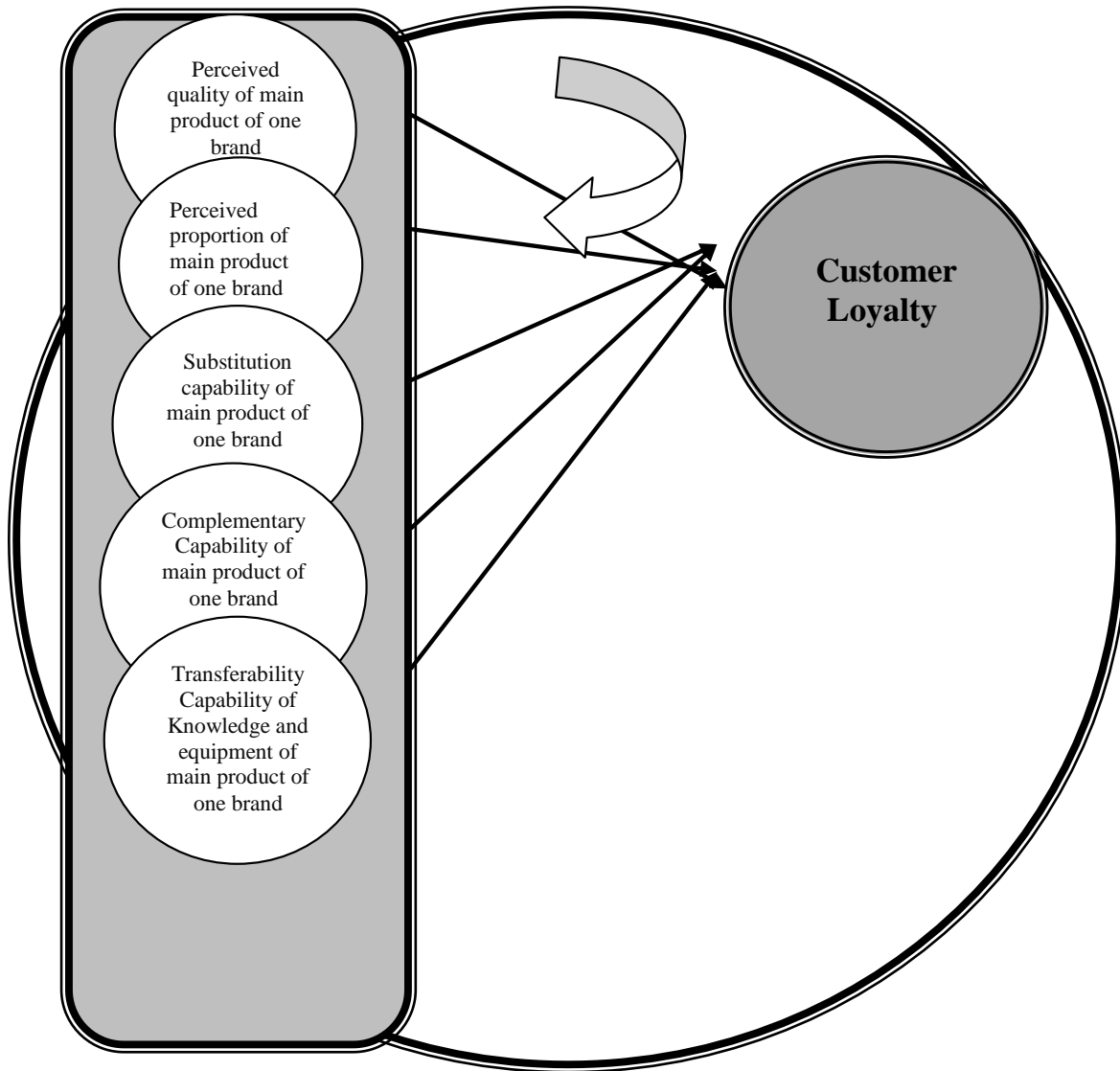
H<sub>3c</sub>: Transferability capability of knowledge and equipment from main product to new product and future supposed brand extended product proportion perceived by customers.

## Research conceptual model

The study designed conceptual model based on research target and its evaluation for gaining access to target (Figure 1).

## METHODOLOGY

This research applied research and cross-sectional survey and



**Figure 1.** Research conceptual model, (Source: Author's work, 2010).

descriptive research. It used correlation method for determination of relation between attitude of customer toward supposed (new) brand extended product and customer loyalty. Because of it, the study designed and distributed one questionnaire that has three parts. The first part of it has 6 questions for geography of customers of air fresheners by Mulan brand (Table 3). The second part of it has 6 questions for general views of customers about Mulan brand and application of air fresheners. The third part of it has 22 questions for analysis of customers' views about Mulan brand and future supposed brand extended product and product quality and future supposed brand extended product quality. For reliability of the research, Cronbach's Alpha was used and the results of variables reliability are shown in Table 1. Ordinal scale such as Likert scale was used for measurement of variables.

Also, the study calculated Cronbach's alpha for all the questions of this research and resulted to 0.801, higher than 0.7. Then the reliability of research is verified. For validity of evaluation, content validity and verification of expert professors and expertise managers was used. Based on the research hypotheses, it can be

stated that independent variables are perceived quality of main product of one brand, perceived fitness of main product of one brand (Substitution capability of main product of one brand, complementary capability of main product of one brand, transferability capability of knowledge and equipment of main product of one brand) and dependent variable is attitude of customers toward supposed (new) brand extended product. Also, the relation between repeated purchase and repeated purchase in Loyalty oriented decision-making is explored and analyzed.

#### **Statistical population and sample**

Statistical population of research is all of customers that have bought Molan products at least one time in a period of 5 months. Numbers of statistical population are 300 customers. Pre test was used for determination of sample size. In pre test, 100 questionnaires were distributed, but 45 were accepted. Time scope of the data collection was from September to December 2009.

**Table 1.** The result of variables research and questionnaire based on Cronbach's Alpha.

Variable	Cronbach's alpha
Repeat purchasing in type of loyalty oriented decision making	0.878
Perceived quality of main product of one brand	0.812
Perceived quality of supposed brand extended product	0.783
Substitution capability of main product of one brand	0.775
Complementary Capability of main product of one brand	0.713
Transferability Capability of Knowledge and equipment from main product to new product	0.883
Perceived proportion of main product of one brand	0.765

$$n = \frac{N \times \frac{z_{\alpha}^2}{2} \times \delta^2}{[(N-1) \times \varepsilon^2] + (z^2 \times \delta^2)}$$

$$\frac{z_{\alpha}^2}{2} = 1.96$$

$$\delta^2 = 0.5$$

$$\varepsilon : 0.95$$

N=300

$$n = \frac{300(1.96 \times 0.5)}{399(0.095)^2 + (1.96 \times 0.96 \times 0.5)^2} \cong 44$$

One hundred customers of the above statistic population were selected randomly, and then 45 questionnaires were analyzed by SPSSWIN software.

## RESULTS

Respondents were divided into 5 categories (1, 2, 3, 4, 5 and more). Based on Table 2, the frequency of repeated purchasing is 2 and 3 times and the least of frequency of repeated purchasing is 4 and 5 times.

For normality testing of variables, the Kolmogrov - Smirnov test was used. The test results are shown in Table 4.

Sign test was used for determination of the relationship between purchase decision-making and loyalty oriented decision-making perceived by customers (Table 5); for analysis of the relationship between product quality and future supposed brand extended product quality perceived by customers, Spearman correlation coefficient was used and for analysis of the relationship between product proportion and future supposed brand extended product proportion perceived by customers, sign test was used (Table 6). For verification of H<sub>2</sub>, simple regression test was used (Table 7).

H<sub>0</sub>: There is no linear relationship between perceived quality of main product of one brand and perceived

quality of supposed brand extended product.

H<sub>1</sub>: There is linear relationship between perceived quality of main product of one brand and perceived quality of supposed brand extended product.

## DISCUSSION

Based on decision making model of Hawkinz et al. (2001), one factor that influences decision making of customers is brand. Based on H<sub>1</sub> because observed statistic (6/4) is larger than table statistic (1/645), by 0.95 confidence intervals, then repeated purchasing is a type of loyalty oriented decision making. Also it is declared that the result of this hypothesis shows positive function of investment on brand for decision making of repeated purchasing and choosing of correct brand strategy for managers of companies.

Based on H<sub>2</sub>, there is significant relationship between perceived quality of main product of one brand and perceived quality of supposed brand extended product; and correlation coefficient is 0/404. Thus, with per unit of improvement of perceived quality of main product of one brand, 0/404 unit of improvement of perceived quality of supposed brand extended product is created. For analysis of H<sub>3</sub>, sign test was used (Table 9).

H<sub>3</sub> was divided into three secondary hypotheses. For analysis of H<sub>3a</sub>, because observed statistics (-6.4) is lower than given table statistic (1.645) by 0.95 confidence intervals, it is declared that substitution capability of main product of one brand has no effect on consumer attitude of supposed brand extended product (Table 8). For analysis of H<sub>3b</sub>, because observed product statistics (5.28) is larger than given table statistic (1.645) by 0.95 confidence intervals, it is declared that complementary capability of main product of one brand has effect on consumer attitude of supposed brand extended product. For analysis of H<sub>3c</sub>, because observed statistics (3.28) is larger than given table statistic (1.645), by 0.95 confidence intervals, it is declared that transferability capability of knowledge and equipment from main product to new product has effect on consumer attitude of supposed brand extended product. Because observed statistics (3) is larger than given table statistic (1.645) by 0.95 confidence intervals, it is declared that perceived proportion of main product of

**Table 2.** Frequency of respondents for variables Repeat purchasing of Mulan spray.

Variable	Repeat purchasing levels	Frequency percentage	Frequency
Repeat purchasing of Mulan spray	1	24/4	11
	2	26/7	12
	3	26/7	12
	4	11/1	5
	5 and more	11/1	5
	Total	100	45

**Table 3.** Variables of questionnaire.

Questionnaire (No.)	Hypothesis
1-3	H <sub>1</sub>
13-24	H <sub>2</sub>
4-12	H <sub>3</sub>
4-6	H <sub>3a</sub>
7-9	H <sub>3b</sub>
10-12	H <sub>3c</sub>

**Table 4.** The result of Kolmogorov-Smirnov Test.

	Repeated purchasing in type of loyalty oriented decision making	Perceived quality of main product of one brand	Perceived quality of supposed brand extended product	Substitution capability of main product of one brand	Complementary Capability of main product of one brand	Transferability Capability of Knowledge and equipment from main product to new product	Perceived fitness of main product of one brand
Sig.	0.12	0.054	0.334	0.32	0.183	0.344	0.051

**Table 5.** The result of Sign Test for H<sub>1</sub>.

Variable	Number of positive signs	Observed statistic	Table statistic
Repeated purchasing in type of loyalty oriented decision making	45	6/4	645/1

**Table 6.** The result of Spearman correlation coefficient for H<sub>2</sub>

Variable	Spearman correlation coefficient	p-value
Perceived quality of main product of one brand and perceived quality of supposed brand extended product	0/404	0/006

**Table 7.** The result of simple regression test for H<sub>2</sub>.

Sig. (F)	Multiple R	R <sup>2</sup>
005/0	0/414	0/172

**Table 8.** The result of regression test for H<sub>3</sub>.

Variable	Beta	Sig. T	Result
perceived quality of main product of one brand	0/414	0/004	There is significant and positive effect

**Table 9.** The result of sign test for H<sub>3</sub>.

Variable	Number of positive signs	Observed statistic	Table statistic
Substitution capability of main product of one brand	0	-6.4	1.645
Complementary capability of main product of one brand	41	5.28	1.645
Transferability capability of Knowledge and equipment from main product to new product	34	3.28	1.645
Perceived proportion of main product of one brand.	33	3	1.645

one brand has effect on attitude of supposed brand extended product.

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