Effect of perceived value dimensions of brand on customers’ loyalty (Case Study: Fossil Group Co)

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Abstract:
Creating a strong brand requires strategic thinking so that brand tools transfer perception of promised value to customers. Then they ensure that it become feasible. The purpose of present study is to examine the relationship between customers’ perception of brand properties and creating loyalty or their deciding to repurchase. Research method is descriptive-survey and data collection is done by field and library method. The statistical population is all main customers (in the company’s view customers who have bought various brands of clocks and ornaments over one million dollars) of Fossil group Company which are 40 dealers across the country. Tools for data collection are: basic sources include gathering information from authorities, managers and experts of clock and jewelry union, some of activators and importers in this class. Also, secondary sources involve the related business and marketing books, papers and magazines

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Introduction:

Today, with the advent of global village phenomenon, organizations must transfer their businesses including their brand from real world into the virtual world by applying modern strategies. Brand is distinction feature of products and services from other competitors. Today, brands have become the symbols of international capitalism: they make it possible to assess the companies by clients. So that most customers even willing to pay more for a powerful brand, because the brands represent a new way of life and offer a plethora of new ideas. In order to be able to create and maintain customer trust through their trademarks the companies require expensive advertising and good and strong marketing. Unfavorable publicity, small drop in products quality can cause the customer escape the brand consumers market. Companies based on strong brands can establish themselves strategically for future and compete effectively with potential competitors that control the global markets. Therefore, we can say that companies must begin to create, establish and manage their own trademarks to gain international credibility, enter new markets, long-term growth, reduce costs and increase production.

America Marketing Association (AMA) definition for brand is: “A trademark (legal term used for the Brand) is a name, term, sign, logo or design, or a combination of these that is used to identify the goods or services of seller or group of
sellers and to differentiate those goods or services of competitors”. In short, a brand identifies the seller or manufacturer. A brand is actually a permanent commitment of a vendor to provide a set of features, benefits and special services to buyers. However, when a product/service has no certain characteristic, we cannot simply use it as a brand and protect it sustainably. These distinctions can have logical or tangible or even intangible function. Most brand names are guaranteed a certain level of quality. But a brand can be a symbol of more complex cases such as: nature of the product, product's personality, culture of crop using and product user personality. Brands are intangible assets of companies that added a product to the final value in customers view. They also will create stock added-value for shareholders and will increase the corporate earnings.

In fact, a brand is highly influenced by the visual identity of products/services, and by where and how it is presented.

- **Brand Personality**: brand personality is a charming and pleasant concept in today marketing. Auker is described it as one of the core dimensions of brand identity and events as the closest variable to decision-making process of consumer for buying. The term of brand identity became a subject that was attracting increasingly more university people interest since the early 1990s (Beverland & et al, 2007; De Chernatony & et al, 2010)

- **Trademark**: trademark or brand is a collection of experiences and links that is related to serve, individual or other involved factors. In all the organizations that offer related, special and certain brand identity provide the areas of their dominance in the market and create a value to their desired sections including customers (Nebgestan & Service, 2005; Ohnemus, 2009).

- **Quality**: perceived quality is customer judgment of
general preference or advantage of an object. The perceived quality is a form of attitude which is associated with satisfaction but it is not similar to it; it results from comparing expectations with perceptions of performance (Nobandegani, 88, 76).

- **Customer Loyalty**: Customer loyalty is a concept that is widely used in the field of customers behaviors for many years. For example, Woodside & Round (2007) has been considered the customer loyalty as ability to communicate between reward attitude about entity (brand, service, warehouse, vendor, etc.) and purchase repetition.

Generally, three concepts of customer loyalty are defined as follows.
1. Loyalty as a basic attitude that sometimes led to establishment of a relationship with desired Mark.
2. Loyalty primarily based on overt behavior such as previous shopping model.
3. Typical shopping by individuals’ attitudes

Brand awareness is defined as a consumer's ability to recognize or recall a brand across similar products (Auker & Joakhim Estaler, 2001).

**Marketing:**

Based on America Marketing Society definition, marketing is a set of activities, organizations and processes that are formed to create, connect, distribute, and exchange the offerings that have value for customers, employees, partners and community. This definition is adapted from its main meaning that in existing market literature as what is done in shopping, or going to the market to sell goods or services⁴.

Marketing activities tend to be seen as a creative

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industry, which includes advertising, distribution and sale. It also involves considering the future needs and demands of customers which have been determined by market research\(^5\).

According to Philip Kotler (Marketing leading scholars) marketing is the social process by which groups and individuals obtain what they need and want through creating and exchanging products and value with others.

**Kinds of marketing:**
In marketing performance, our looks may exclusively focus on extensive marketing activities to ensure customer satisfaction and gain the appropriate value. In this case, the marketing is divided into two types of consumption marketing or B2C and industrial marketing or B2B. While some other view can be defined: internal marketing and external marketing.

In this research, because of their importance the internal and external marketing are taken into consideration in the process of creating the company image and its products in various forms and finally creating value in costumer's mind. Moreover, consumption and industrial marketing are favored to distinguish the application location of marketing principles and to introduce the prominent personality factors in such markets.

Following the contents their specifications will be discussed by a description of internal and external marketing:

**A) Internal marketing**
In internal marketing research we are seeking following aspects:
- What specific groups of customers/clients are with these special needs? (When charitable organizations start a program they need to presence of clear relationships in minds), however, the experiences gained from development of charity activities or

\(^5\) Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others(\text{http://www.marketingteacher.com})
developing earnings is generally started with the research on large groups of employers to explore new opportunities.

How to satisfy these needs for each group or target market offers hypothesizes that is effective in how to design a product to meet customer demands. (Charities may think about the revenues and changes to penetrate into the groups for supplying their needs). Emerge of such assumptions can be established by answering following questions:

• How each of the target markets can choose the access ways to productions?
• Each of the vendors or employers are willing to pay what costs and how? (Price analysis)
• Who are the competitors? (Competitors analysis)

How can we describe a product or can design it in a way that customers or vendors are willing to buy from that organization instead of competitors? (Its unique value proposition)
• How the product is identified and how its personality should be described? (Naming and brand ratings)

B) External marketing

In external marketing research, we are seeking the following:

• Advertising and sales promotion operations (focus on production)
• Sale
• Public and visual relations (focus on the entire organization)
• Customer Service
• Customer satisfaction

As above, it is worth noting that people generally focus on external marketing. As a result, all their efforts will be terminated to this point that the products are imposed on those who do not have any interest in them. Internal marketing is an effective attempt that is in appropriate result and goal of

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achieving efforts in external marketing⁸.

**B2C marketing⁹ or consumption market:**
This market is made up of individuals and households who buy goods and services for personal use. The consumers and buyers of goods and services are so varied; their selection among a variety of goods and services is influenced by personal, cultural and social factors.

In the past, salesmen obtained necessary information and knowledge using the experiences from selling directly to customers. But with gradual enlargement of firms and markets, many marketing decision makers by losing their contact with the customers were intended to study the clients. As a consequence of extensive investigation in this area the results were achieved one of which was reaction-stimulus model of buyer behavior. The buyer has a black box of his personal characteristics and factors that are related to his decision; stimuli entered the buyer's black box and reactions are being caused that his buying process influenced by them.

In this type of marketing, the marketer is seeking to know how a stimulus in black box of consumer changed into a reaction. In this model the purchase decision process and the characteristics of buyer have decisive influence on buyer, although these factors are out of the control of marketer. However, their development is important; in following figure the laws of personal features are summarized:

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**Figure 1. The process of decision to buy in consumption market**

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⁸ [http://www.mangmenthelp.org](http://www.mangmenthelp.org)
⁹ Business to customer
The processes that are current in buyer's decision-making and may affect his decisions are also presented in the figure below:

**Figure 2. The process of decision to buy**

**Decision-making process in consumption buying:**

Factors are also effective in consumer purchasing decisions that will play a major role in buyer's decision-making. Among these factors can be noted the people who interact and communicate with the buyer. By identifying these people and how they influence the buying process, marketers determine and plan the way of their marketing performances. How these people impress given the nature of shopping is different among buyers. Among other market characteristics for this type of marketing can be mentioned the following:
- This type of marketing has multi-faceted nature of which salesman not only cannot identify the buyer but also he cannot deal face to face with them.
- Volume and value of buying is low.
Decision-making in this type of purchases is momentary and it is based on motivation.

- It has more dependence to distribution system.
- Mainly efforts are based on mass marketing (one to multi).
- It has more reliance on goods brand.
- Media advertising is used to create brand and raising the level of mind awareness among customers.

**Industrial marketing or B2B:**

Institutional markets are characterized by three types of market: industrial, intermediary and government markets. Industrial or B2B marketing is the process of marketing for goods or services of one professional for using in the other one. Unlike the imagine that will occur from industrial term by creating images of vehicles and heavy machinery, here the purpose of applying this term is not referring to marketing activities of such tools and machines but actually it is introducing a form of marketing. Compared to other types of marketing, such as B2C, its differences can be expressed in this way:

**B2B Content:**

For clarification the applications of B2B marketing the following examples can be cited:

An organization is looking to build a new building, after thorough documentation it invited qualified companies to select the constructor who can do this with minimum price and best quality by discussion and negotiation.

A company that is in need of counseling services by reviewing individuals and eligible institutions discovers that there is no qualified party to provide such a service altogether. Therefore, it intended to divide its required works between several counseling units according to assess the ability of each.

In using office machines such as copier or printer in the organization it can according to income level and number of
personnel, rent the machines or buy them with predetermined conditions.

Figure 3. Factors affecting the industrial buying process

Buyers spend a process to do shopping that is may be somewhat different from what brought up in consumption buying; the hierarchy that has been assumed for it is presented below.

Figure 4. Industrial buying process

Other prominent features of this type of marketing can be mentioned as follow:

Because this activity is face to face, it will be more possible for vendors of this area to identify the insight of people and establish appropriate face-to-face communication. A large volume of value is exchanged during purchase process. It is the organization that is leading to increased satisfaction. (Nobandegani, 88-90).

According to above, the aim of present study is to investigate the relationship between customers’ perception of
brand features and creating loyalty or their deciding to repurchase.

Sub-hypotheses:

1 - There is a significant association between customer's perceptions of brand image and his perceptions of quality of products and services offered to him.
2 - There is a meaningful relationship between customer's perception of brand image and his perception of value.
3 - There is a significant relationship between customer's perception of corporate image and his perception of quality of services provided to him.
4 - There is a significant correlation between customer's perception of direct corporate image and customer's perception of value.
5 – There is a meaningful relationship between customer confidence to employee behavior and customer perception of value.
6 – There is a meaningful relationship between customers’ confidence in the company and customer's perception of quality of service provided to him.
7 – There is a meaningful relationship between customer confidence in the company and customer's perception of value.
8 – There is a meaningful relationship between customer confidence in the quality of offered products and services and his perception of value of services provided to him.
9 - There is a meaningful relationship between customer's perception of cash and non-cash and his perception of value of introduced products to him.
10 - There is a meaningful relationship between customer's perception of value of goods provided to him and loyalty.

Research conceptual model:
Today, branding and brand management have created numerous followers in the world of marketing. Managers and researchers have called the future world of marketing as brand management world and activities around the branding. Perhaps, no investment is more efficient than a valid powerful name and valuable for organizations. To build a strong brand in the market is the target of many organizations. Less vulnerability in competitive market conditions, higher profit margins, stronger relationships with back and forth series rings of production chain and other brand development benefits are of this kind (He & Li, 2010). Based on the research of Doshernatoly & Dal Almorily it is recommended that brand management should have both input and output of organization as perceived by customers and to be considered both of them (Stokburger & et al, 2012).

In viewpoint and new paradigm of brand leadership, the brand management has strategic position and even is forming part of the organization's vision. One of the best ways to introduce the culture and perspective of organization is using brand communication programs (Coleman & et al, 2011).

Increasing competition in services markets has forced many companies to see their brand as a competitive advantage. As service marketing is sometimes apart from product marketing, it is also true about brand and its management. A major portion of the reputation of service-manufacturing corporate in the minds of customers depends upon brand name and company (Karjaluoto & et al, 2012).

In 1996, Brooks announced that there is no difference in brand management approach of a product and service. Service companies can create a picture in minds of customers by help of signs, marks and commercial names. It can be presented along with subjects such as quality of service products, use of specialized staff for delivery, creating specific physical environment of delivery and delivery process (Brooks, 1996). The main objective of brand management is expanding and
protecting brand awareness, because it is the brand awareness that help client at all stages of his decision-making as well as the process of firm’s value creation.

While some time ago the main focus of policy organizations was attract new customers, but today the strategic and commercial policies are focused on maintain and improve customers loyalty and increase their confidence about organization. Persistent customers mostly expand their purchases; as mentioned sales cost to such customers is lower than new or potential customers. Moreover, perdurable clients are continuously refined the organization to others.

**Figure 5. Theoretical model of brand research, loyalty, quality of service and products, and value (Brodie, 2008)**

**Method:**

Research method is descriptive survey and the data collected by field and library method. This study was conducted on Fossil group Company in 1392. The statistical population is all major customers (in the company’s view customers who have bought various brands of clocks and ornaments over one million dollars) of Fossil group Company which are 40 dealers across
Data collection tools:
Primary sources include gathering information from authorities, executives and experts of clock and jewelry union, some of activators and importers in this class. Also, secondary sources involve related business and marketing books, papers and magazines related to the topic and publications associated with imports of luxury goods and marketing.

4-5 validity and reliability of questionnaire:
In this study, formal validity method has been used to determine the validity of tools. In this case, the questionnaire has been reviewed and designed by coordination with teachers, experts of this class and it was proved in terms of validity. The questionnaire has reliability, when its true and observed scores are highly correlated.

In this study, the Cronbach's alpha coefficient was used to assess the validity of it due to superior of control method of internal factors. This method obtains indicators for stability of measuring from groups and individuals in addition to reveals the ability to generalize these measurements.

Using the related software, Cronbach's alpha coefficient was estimated 95% for the total scale which indicates the appropriate reliability of questionnaire.

<table>
<thead>
<tr>
<th>Cronbach's alpha</th>
<th>No. of items</th>
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<tbody>
<tr>
<td>0.095</td>
<td>40</td>
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</tbody>
</table>

Data analysis method:
Processing and analysis of this research's data have been made using SPSS statistical analysis software. First, the questionnaires were collected; next, by setting the codes file the data were entered page and then were analyzed.

Data analysis is performed based on statistical inference. The goal of inferential statistics is conclusions about
characteristics of society from which the studied sample is extracted.

**Hypotheses test:**

<table>
<thead>
<tr>
<th>row</th>
<th>Hypothesis</th>
<th>Accept/reject</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>There is a significant relationship between International customers’ understanding of brand features and loyalty with decision to repurchase.</td>
<td>Accept</td>
</tr>
<tr>
<td>2</td>
<td>There is a significant relationship between customer perceptions of brand image and customer perception of quality of products and services offered to him.</td>
<td>Accept</td>
</tr>
<tr>
<td>3</td>
<td>There is a significant relationship between customer perceptions of brand image and customer perception of value.</td>
<td>Accept</td>
</tr>
<tr>
<td>4</td>
<td>There is a significant relationship between customer's perception of corporate image and customer perception of the quality of products and services offered to him.</td>
<td>Accept</td>
</tr>
<tr>
<td>5</td>
<td>There is a significant relationship between customer's perception of the corporate image directly and client's perceptions of value.</td>
<td>Accept</td>
</tr>
<tr>
<td>6</td>
<td>There is a significant relationship between customers' confidence in employee behavior and customer's perception of value.</td>
<td>Accept</td>
</tr>
<tr>
<td>7</td>
<td>There is a significant relationship between customers' confidence in employee behavior and customer's perception of value.</td>
<td>Accept</td>
</tr>
<tr>
<td>8</td>
<td>There is a significant relationship between customers trust to the company and customers perceptions of the quality of products and services offered to him.</td>
<td>Accept</td>
</tr>
<tr>
<td>9</td>
<td>There is a significant relationship between customers’ trust to company and customer's perception of value.</td>
<td>Accept</td>
</tr>
<tr>
<td>10</td>
<td>There is a significant relationship between customer's perception of quality of services provided and his perception of the value of services offered to him.</td>
<td>Accept</td>
</tr>
<tr>
<td></td>
<td>There is a significant relationship between customer perceptions of cash and non-cash and his perception</td>
<td>Accept</td>
</tr>
</tbody>
</table>
There is a significant relationship between customer's perception of the value of services provided to him and his loyalty.

Discussion and conclusion:

According to the results of main hypothesis and sub-hypotheses of first, second, third, fourth, attention to indexes that we proposed in its assessment can be effective in strengthening the brand image of the company. Planning measures such as improving performance and behavior of employees, developing and strengthening their individual and group creativity, give independence to individuals, pay attention to education and empowerment, and establishing a long term relationship with customers can influence the customer perceptions of corporate performance and can create specialized, professional and desired image of organization brand. Furthermore using models such as establishing the communications centre and management system of contact with customers can be effective.

According to the results of fifth hypothesis, behavior of the staff is part of concentration on internal branding. It can be considered due to positive assessment of its impact on customer evaluations of the quality of services and products and received value. Classifying and identifying the characteristics of customers and promoting good behaviors in the organization as corporate culture can be impressive in this regard. In bulletin of organization a variety of behaving manners and correct interaction of employees must be written. Developing such measures as internal publication and disseminating ethics charter which has been developed in organization can be influential. Moreover, applying this charter by individuals of organization to interact with customers and teaching personnel continuously, transmitting the results of their functions, and implementing proper patterns of behavior can be effective in this area.
In the sixth and seventh hypotheses, influencing of policies and company performance as trust option to company in measuring the value of products and services, his evaluations of the perceived quality of services is affected by this option. In qualitative assessment of products and services, customers are focused on factors that lead to their trust. Factors such as ambiguities in flow of information and work, lack of attention to customers’ needs, lack of pursue continually and properly respond can influence the customers trust to company.

Based on the eighth and tenth hypotheses, providing works with high quality that involves defined elements in evaluating the quality of products and services, is influenced the customer satisfaction. It can also be effective in customer evaluation of received products and services. Given the accepting these assumptions and the impact of quality promotion of products and services we can make the customer to be pleasure. Measures such as the following can be effective in attracting customers:

- accuracy in providing expected products and services
- correct agent of employees about expected services of customer and delivering a service beyond customer needs, providing a variety of proposals to create jobs and to boost the power of consumer's choice.
- presenting new, efficient and feasible designs due to environmental conditions (economic, cultural, social, etc) can affect positively the customer's perception of service quality and his loyalty.

About the ninth hypothesis that “the cash and non-cash costs are factors that could negatively affect value received from products and services” (this means the high prices and unjustified damaging effects of received services on received value), the following actions can have a positive impact on customer's perception of the value of provided services:

- Proper assessment of offering recommended price of service and attempt to do with the way that costs are
less than suggested amounts so that least cost is imposed to the customer.
- avoid the incurring undefined costs in doing works
- Reduce the time to do things, do things carefully to decrease re-work, careful analysis of customer needs and gathering necessary information on behalf of customer to do things.

As the result of this study and its end point according to obtained results, the customer valuation plays more powerful role in changing him into a loyal customer. With this result, we can mention to importance of factors that can be effective in creating value of service in the opinion of customer. Factors that were considered, in this set, influential on customer loyalty include: brand image, corporate image, employee trust and company confidence, quality of services, value and costs to receive services.

By using these results, one can achieve satisfactory results in the long term by prioritizing these factors and focusing on factors that contribute most to obtain the organization's goals.

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