An Empirical Investigation of Brand Loyalty towards Pepsi-Co Beverages with Special Reference to Tiruchirapalli District

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ABSTRACT

Understanding Consumer Preference becomes inevitable in this competitive era, for any product, especially for soft drinks market. Sales volume is the Key performance indicator of the consumer satisfaction towards the product. Previous literature supports our research that satisfied consumer will retain towards the same brand which will leads to stand in the arena. In this paper the researcher identified the key factors which induce the consumers to buy the PepsiCo range of soft drinks repeatedly in trichirapalli city. The important aspect of this research is that, the researcher has added loyalty variables and found out the impact of loyalty among the consumers using regression analysis. A Structured Questionnaire was developed with the help of the review according to the trichirapalli region. Data collected from 383 respondents from the important parts of the city. Analysis and Interpretation made through SPSS 14.0. Reliability statistics, Multiple Regression and t- tests were used. Interesting findings were revealed in this study by the researcher.

Keywords: PepsiCo holdings, Consumer Satisfaction, Preference, Loyalty Dimensions

INTRODUCTION

Globalization, new technologies, intense competition, consumer demand shifts, economic and political system changes persuade the organization to rethink about the product and make uniqueness in the customers' mind. The concept of brand loyalty has framed and developed by Copeland (1923), since then, 'n' no of definitions developed and appeared in the literature (Jacoby & Chestnut, 1978). This would provide a clear clue to know how important this concept is in marketing theory. In the article of Gounaris & Stathakopulos, 2004 they insisted that brand loyalty is an asset which would leads to brand extension, high market share, high return on investment and most importantly high brand equity. According to Kapferer (2003), brand is purely an attribute, the purpose of which is to determine a company's product, certify its origin and differentiate it from the competition (Kapferer 2003). Become globally successful in a market an organization capable of managing their brand, reflecting its identity, and determining its elements, uniqueness and equity (Janonis et al., 2007).

In the literature, S.King writes that "people choose their brands the same way they choose their friends in addition to the skills and physical characteristics; they simply like them as people. Bloemer and Kasper (1995), in their research paper they proved that there is a strong relationship between the repeat purchase and brand loyalty. In another paper published by David (2002) ascertained that brand loyalty can be achieved by positioning of the brands in the customers' minds by creating and managing a unique , credible , sustainable and valued place that make brand stand apart in a competition. Lau,

Chang, Moon, and Liu (2006) studied the brand loyalty of sportswear in Hong Kong using a sample including 280 university students, aged from 18 to 24 years old. Their study concludes that brand name, style, and promotion are the key brand factors which can distinguish hard-core loyal consumers and brand switchers. Also, brand name and style have had more influence on the brand loyalty of hard-core loyal consumers, while promotion influences more on that of brand switchers. In addition, product quality has perceived by both groups as the most important factor affecting their brand loyalty.

BRAND LOYALTY LEVELS

Aaker (1996) sees five levels of brand loyalty and split customers accordingly into a "loyalty pyramid", comprising five types of buyers, each type being positioned on a corresponding level of the pyramid as in Figure 2 (Aaker, 1996):
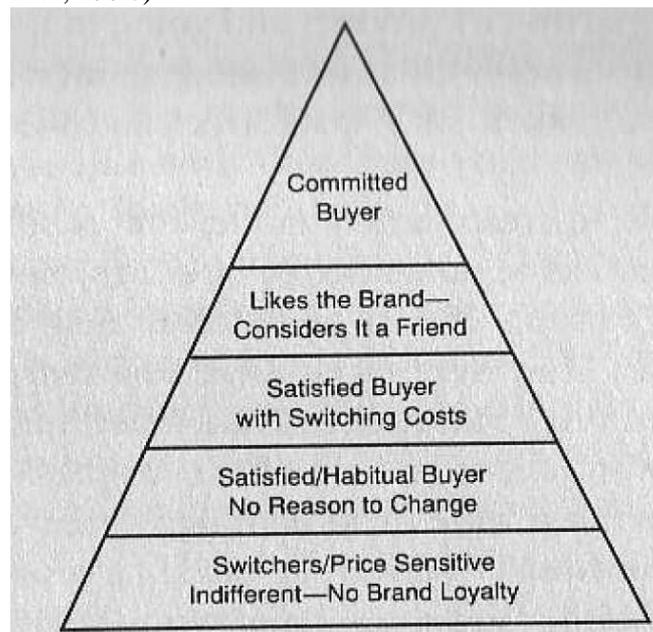

Figure1. The Loyalty Pyramid (Aaker, 1996)

The first level of the loyalty pyramid represents non-loyal buyers who are completely indifferent to brands, each brand being perceived to be adequate if the price is accepted. The second level includes satisfied or at least not dissatisfied buyers with no dimension of dissatisfaction sufficient enough to stimulate a change, but vulnerable to competitors that can create a perceived benefit in the case of switching. The third level consists of satisfied customers with switching costs (loss of time, money, or acquired loyalty advantages, performance risks associated with switching incentives from competitors must compensate the switching costs). The fourth level contains customers who truly like the brand and have an emotional attachment to the brand, based upon associations such as a symbol, a set of use experience, or a high perceived quality. The emotional attachments reason is sometimes just the fact that there has already been a long term relationship. The fifth level represents committed customers, proud to have discovered and used the brand, and to whom the brand is very important both functionally and as an expression of their personality. The value of this category of customers stays in the impact they have upon others through their recommendations.

REVIEW OF LITERATURE

Jacoby and Chestnut (1978) provided a conceptual definition of brand loyalty as: (i) biased (i.e. non-random), (ii) behavioral response (i.e. purchase), (iii) expressed over time, (iv) by some decision-making unit, (v) with respect to one or more brands out of a set of such brands, and is a function of psychological (decision-making evaluate) processes. Brand loyalty can be operationalized either based on behavioral, attitudinal or composite approach (Jacoby & Chestnut, 1978). Behavioral loyalty has

been considered as repeat purchases frequency (e.g. Brown, 1952) or proportion of purchase (e.g. Cunningham, 1956), while attitudinal brand loyalty referred to "stated preferences, commitment or purchase intentions of the customers".

Customer loyalty to a certain brand varies in industries and markets (Quelch and Harding, 1996). The relationship between a customer and the brand determines the loyalty of the customer to the brand (Bluestein, 2003).According to Dillon et al, (2001), to achieve brand loyalty; the consumer has to be convinced that the brand offered consists of most suitable combination of price and quality. The nature and degree of customer based brand equity is noticed through the strength, and uniqueness of brand associations stored in memory. Oliver (1997) defined customer's loyalty as "a deep held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts that have the potential to cause switching behavior" (p. 34).

Chaudhuri & Holbrook (2001) mention that brand loyalty is directly related to brand price. Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium is defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison. Brand loyalty consists of a consumer's commitment to repurchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service. According to Duffy (2003) loyalty is the feeling that a customer has about a brand which ultimately generates positive and measurable financial results. Improvements in retention and increasing in the share of the company are the obvious economic benefits of customer loyalty.

FACTORS OF BRAND LOYALTY

To create brand loyal consumers and to retain them, it is essential to understand the major factors that influence brand loyalty among them. This study focuses on the five brand loyalty factors: brand name (Aaker,1996; Cadogan & Foster, 2000; Jacoby & Chestnut, 1978), product quality (Frings,2005; Garvin, 1988; McCormick & Scorpio,2000) , price (Cadogan & Foster, Foster, 2000; Ryan *et al.*, 1999), promotion (Czerniawski & Maloney, 1999; distribution (Evans *et al.*, 1996; Milliman, 1982). The above factors are used in our study to explain the loyalty of Pepsi products.

THE MODEL USED IN THIS STUDY

Reviewing the extensive literature on brand loyalty, based on that as a researcher we have constructed a model to explain the loyalty attributes. The below diagram used in our study,
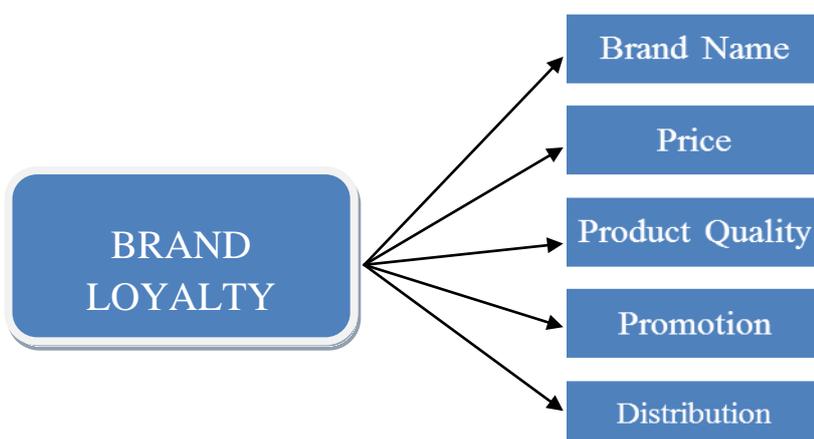
METHODOLOGY

Research Design

The type of research used in the study is descriptive, methods of data collection used in this study is primary and secondary data. Majority of the responses collected based on primary data which is collected through a well framed and structured questionnaire to obtain the opinion of the respondents. The data is collected in and around district of Tiruchirapalli; sampling method used in this study is Convenience sampling. The sampling size is calculated based on Bayenes method, as per the population of trichy district totally 383 respondents were used to obtain the information. The questionnaire consists of two parts. Part I contains questions related to understand the socio economic conditions of the respondents. Part 2 contains questions related to customer's opinion about various brand loyalty dimensions of the Pepsi brand.

Data Analysis

The common measures such as the total, frequency and percentage are used to analyze the data gathered through the questionnaires. In this study, **"t-test"** is used to determine whether there is any significant relationship between independent variables (Brand Name, Product Quality, Price, Distribution and Promotion) and customer brand loyalty as dependent variable. Linear regression was used to study the significant of each variables and hypothesis were tested.

TABLE 1: SOCIO ECONOMIC VARIABLES OF THE RESPONDENTS

S.NO	ATTRIBUTES	VARIABLES	FREQUENCY	PERCENTAGE
1.	Age of the respondents	Below 20	122	31.9
		21-25	81	21.1
		26-30	82	21.4
		31-35	67	17.5
		36 & above	31	8.1
2.	Gender	Male	156	40.7
		Female	227	59.3
3.	Occupation	Students	8	2.1
		Working Professionals	131	34.2
		Business People	119	31.1
		Govt.Employees	99	25.8
		Others	26	6.8
4.	Monthly Income	5000-15000	140	36.6
		15001-25000	197	51.4
		25001-35000	38	9.9
		35001-50000	8	2.1

Source: Primary Data

The Table 1 shows the socio economic variables of the respondents. 21.4 % of the respondents are in the age group of 26-30 years.40.7% of the respondents are Male.59.3 % of the respondents are Female.34.2 % of the respondents are working professionals. 51.4 % of the respondents are in the 15001-25000 rupees monthly income group.

TABLE 2: RELIABILITY TEST

Cronbach's Alpha	N of Items
.819	18

The result in Table 2 indicates that the Cronbach's Alpha for the 18 items is 0.819, the consistency reliability of the measure used in this study can be considered as acceptable.

REGRESSION ANALYSIS

Table 3: Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.955(a)	.913	.912	.146	1.794

a. *Predictors: (Constant), Promotion, Appearance, Brand Name, Price, Quality*
b. *Dependent Variable: Brand Loyalty*

From the table 3, we can conclude that with 91 percent of the variance (Adjusted R^2) in customers' loyalty were significant. This indicated that the combination of the predictors significantly predict Customer Loyalty.

The Durbin-Watson produces the Durbin-Watson test statistic, which test for correlation between errors. Independence is tested by the Durbin-Watson coefficient, which uses standardized residuals. The Durbin-Watson statistic should be between 1.5 and 2.5 for independent observations. In this study, Durbin-Watson value is 1.794 and shows a positive correlation.

TABLE 4: ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.532	5	16.906	789.010	.000(a)
	Residual	8.078	377	.021		
	Total	92.610	382			

a. *Predictors: (Constant), Promotion, Appearance, Brand Name, Price, Quality*
b. *Dependent Variable: Brand Loyalty*

This table summarizes the results of an analysis of variance. The ANOVA test result is shown in Table 4. It shows that F = 789.010 is significant at 0.05 level.

COEFFICIENTS FROM REGRESSION ANALYSIS

Table 5 illustrates the Coefficients, helps to understand which one among the five independent variables is most important in explaining the variance in Customer Brand Loyalty. If we look at the column Beta under Standardized Coefficients, we see that the highest number in beta is 0.539 for Brand Name, which is significant at the 0.05 level. The next higher number in Beta is 0.485 for Quality, which is significant at the 0.05 level. The next higher number in Beta is 0.433 for Price, which is significant at the 0.05. Only Brand Name, Quality and Price are significant but the other two variables will always add a little to the predictions of Customer Loyalty.

TABLE 5: COEFFICIENTS

Model		Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.214	.063		3.378	.001
	Brand Name	.366	.011	.539	31.914	.000
	Quality	.345	.019	.485	17.835	.000
	Price	.288	.011	.433	25.622	.000
	Promotion	.013	.014	.016	.906	.366
	Distribution	-.069	.019	-.102	-3.659	.000

a.   *Dependent Variable: Brand Loyalty*

HYPOTHESIS TESTING

There is no significant relationship between personality dimensions and customer brand loyalty
Hypothesis1 (H1): Brand Loyalty dimension *Brand Name* will lead to brand loyalty.
Hypothesis1 (H2): Brand Loyalty dimension *Quality* will lead to brand loyalty.

Hypothesis1 (H3): Brand Loyalty dimension *Price* will lead to brand loyalty.
Hypothesis1 (H4): Brand Loyalty dimension *Promotion* will lead to brand loyalty.

Hypothesis1 (H5): Brand Loyalty dimension *Distribution* will lead to brand loyalty

Table 6: "t-test"

	BRAND LOYALTY DIMENSIONS	SIG (2 TAILED)	ACCEPT/REJECT (P AT 0.05 LEVEL)
Pair 1	BRAND NAME	.000	Accept
Pair 2	QUALITY	.000	Accept
Pair 3	PRICE	.000	Accept
Pair 4	DISTRIBUTION	.093	Reject
Pair 5	PROMOTION	.729	Reject

The result showed in Table 6 indicates that Brand name (H1), Quality (H2) and Price (H3) and has significant relationship with Customer Loyalty and we accept them. Distribution (H4) and Promotion (H5) has no significant relationship with Customer Loyalty, we reject H4 and H5 (p>0.05).

TABLE 7: FACTORS INFLUENCING TO BUY PEPSI-CO BEVERAGES

S.NO	FACTORS	NO.OF RESPONDENTS	PERCENTAGE
1.	Brand Name	127	**33**
2.	Product Quality	97	**25**
3.	Availability	36	**9**
4.	Promotion	58	**15**
5.	Price	65	**16**

Source: Primary data

From the above 33 percent of the respondents said they are influenced by the brand's name. 25 percent of the respondents said they are influenced by the Product Quality, 16 percent of the respondents said they are influenced by the price, 15 and 9 percent of the respondents said they are influenced by Promotion and Availability respectively to go for Pepsi-Co products.

CONCLUSION:-

Understanding of consumers' choice and make them to buy the same brand again and again in today's competitive arena is not easy, hence this paper helps to understand the preference of attributes towards Pepsi-Co beverages and also to know the importance of loyalty dimensions. From this study, we know loyalty dimensions are vital for not only to increase the sales and also the customer's become loyal to your brand. Though several initiatives have taken by the company to improve the performance of their brand but still there is a gap in the expectations, hence our study incorporate loyalty dimensions to fulfill the performance gap. The respondents are satisfied with the brand's loyalty dimensions such as Brand name, Product Quality, Price, Distribution and Promotion. Thus a company should enhance its brand loyalty dimensions to be top of customers mind and increase brand loyalty. So a company wants to compete with its competitor, retain and attract new customer it should develop these dimensions.

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