

An exploration study to find important factors influencing on brand in rubber industry

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ABSTRACT

Building a distinguished brand often makes it possible to have sustainable growth in competitive market. It also helps us sell products with higher price; attract reliable customers for long term relationships. This paper presents an empirical investigation to find important factors influencing rubber industry. The proposed study designs a questionnaire in Likert scale consists of 20 questions, distributes it among 300 people and collects 265 filled ones. Cronbach alpha is calculated as 0.756. In addition, Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Approx. Chi-Square are 0.75 and 1292.573, respectively. Based on the results of our survey, we have derived six factors including brand transparency, expected quality, brand promises, brand support and brand sustainability.

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1. Introduction

Brand plays an important role for the success on any industry including rubber industry. There is a high competition in rubber industry since profit margin in this industry is not significant and only efficient and well known firms could survive (Stigler, 1961; Stiglitz & Weiss 1981; Franco, 1990). Therefore, there is a need to investigate brand characteristics and find out how to build a good one. Erdem and Swait (1998, 2004) investigated the effect of brand credibility, trustworthiness and expertise, on brand choice and consideration across multiple product categories, which may vary in regard to potential uncertainty about attributes and associated information acquisition expenses and perceived risks of consumption. They reported that brand credibility increases probability of inclusion of a brand in the consideration set, as well as brand choice conditional on consideration. In addition, although credibility influences brand choice and consideration set formation more and through more constructs in contexts with high uncertainty and sensitivity to such uncertainty, credibility effects are

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present in all different categories. They concluded that trustworthiness influences consumer choices and brand consideration more.

Brands can influence different stages of consumer choice processes, and hence, different components of consumer utility functions. Previous conceptual and empirical work concentrated on the impacts of brands on consumer perceptions of tangible and intangible product attributes. Erdem et al. (2002) extended the work on brand effects with information economics underpinnings to investigate whether consumer price sensitivity, that is, the weight attached to price in a consumer valuation of a product's or nor brand credibility could influence overall attractiveness or utility. They studied how the effect of product price on consumer utility was moderated by brand credibility. To explore the effect of brand credibility on consumer price sensitivity across categories that may involve various levels of consumer uncertainty, they performed the analysis for four products including frozen concentrate juice, jeans, shampoo and personal computers. These categories differed in the degree of potential consumer uncertainty about product attributes, as well as in a number of other category-specific features, which may influence consumer sensitivity to uncertainty. Their results disclosed that brand credibility could decrease price sensitivity and although the direction of the effect was the same, the magnitude of brand credibility's effect on consumer choices and price sensitivity could be different across product categories, as a function of product category characteristics, which influence potential consumer uncertainty and consumer sensitivity to such uncertainty.

Sweeney and Swait (2008) investigated the important additional effect of the brand in managing the churn of current customers of relational services. They proposed that the credibility of the brand could underlay the effect that the brand could play in this process. In their survey, brand had a significant role on managing long-term customer relationships, and detailed how the usual tools of customer relationship management, satisfaction and service quality were associated with brand credibility.

Berry (2000) presented a service-branding model, which underscores the salient effect of customers' service experiences in brand formation. Four primary strategies that excellent service firms implement to cultivate brand equity were discussed and illustrated. They stated branding is not just for tangible goods and it is a principal success driver for service organizations as well. Gilliland, and Bello (2002) investigated on two sides to attitudinal commitment including the effect of calculative and loyalty commitment on enforcement mechanisms in distribution channels.

Wray et al. (1994) presented a neural network with two outcome components of relationship quality, relationship satisfaction and trust, and five input antecedents including the salesperson's sales orientation, customer orientation, expertise, ethics and the relationship's duration. The work contributed towards the development of the technique and provided a number of further possible applications. Harris and Goode (2004) performed a study of online service dynamics on four levels of loyalty and the pivotal role of trust. They stated that the hypothesized cognitive-affective-conative-action loyalty sequence was statistically most likely out of all possible variations. Their structural modeling supported the hypothesized framework and positions trust as central to service dynamics.

2. The proposed study

This paper presents an empirical investigation to find important factors influencing rubber industry. The proposed study designs a questionnaire in Likert scale consists of 20 questions, distributes it among 300 people and collects 265 filled ones. Cronbach alpha is calculated as 0.756. In addition, Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Approx. Chi-Square are 0.75 and 1292.573, respectively. Since we plan to factor analysis and this method is sensitive to skewness of the data we first look at some of the basic statistics including the skewness of the data, which are summarized in Table 1.

Table 1
The summary of basic descriptive statistics

	N	Range	Minimum	Maximum	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Q1	285	4	1	5	1.093	-1.007	.144	.345	.288
Q2	285	4	1	5	.928	-.762	.144	.309	.288
Q3	285	4	1	5	.983	-.515	.144	-.332	.288
Q4	285	4	1	5	1.135	-.516	.144	-.518	.288
Q5	285	4	1	5	.980	-.646	.144	-.064	.288
Q6	285	4	1	5	.984	-.425	.144	-.434	.288
Q7	285	4	1	5	1.138	-.301	.144	-.707	.288
Q8	285	4	1	5	1.221	-.262	.144	-1.002	.288
Q9	285	4	1	5	1.090	-.338	.144	-.716	.288
Q10	285	4	1	5	1.060	-.368	.144	-.518	.288
Q11	285	4	1	5	1.124	-.416	.144	-.614	.288
Q12	285	4	1	5	1.058	-.428	.144	-.451	.288
Q13	285	4	1	5	1.027	-.591	.144	-.287	.288
Q14	285	4	1	5	1.200	-.248	.144	-.855	.288
Q15	285	4	1	5	1.103	-.330	.144	-.618	.288
Q16	285	4	1	5	.919	-.351	.144	-.295	.288
Q17	285	4	1	5	.985	-.156	.144	-.446	.288
Q18	285	4	1	5	1.051	-.200	.144	-.632	.288
Q19	285	4	1	5	1.022	-.148	.144	-.617	.288
Q20	285	4	1	5	.953	-.369	.144	-.201	.288
Valid N (listwise)	285								

As we can observe, we need to remove the first question due to skewness issue and the rest of the survey has been accomplished based on the remaining 19 questions. Table 2 demonstrates the results of factor analysis on these factors.

Table 2
The summary of factor analysis

Factor	Measurable variable	Weight	Eigenvalue	Variance	Accumulated
Brand transparency	Reliability of product delivery	0.728	2.55	13.42	13.42
	Honesty	0.72			
	Security	0.617			
	Communication	0.608			
	Reliability of employee	0.569			
Expected quality	High quality brand	0.836	2.351	12.372	25.792
	High level of consistency	0.768			
	Expected characteristics	0.574			
	Reliability of brand	0.537			
Brand promises	Health Brands	0.769	1.804	9.497	35.289
	promises	0.597			
	Competencies	0.567			
Trust	Reputation	0.71	1.697	8.933	44.223
	Honesty	0.603			
Support	Support	0.76	1.655	8.709	52.932
	Commitment	0.559			
	Increase in trade transactions	0.507			
Sustainability	Continuity	0.767	1.641	8.635	61.567
	Brand loyalty	0.755			

4. Discussion and conclusion

The results of Table 2 indicate there are six important factors influencing brand in rubber industry including, transparency, quality, promises, trust, support and sustainability. In terms of transparency, reliability of the delivered products is number one priority followed by customers' honesty, security and communication. Quality is the second factor consists of five sub-components including high quality brand, high level of consistency between what they offer, expected characteristics and reliability. The third factor, brand promises, consists of three factors including health of brands, different promises and competencies. Trust is the fourth factor, which includes two sub-components of reputation and honesty. Technical support is the fifth factor with three sub-component including support, commitment and increase in trade transactions. Finally, sustainability is the last item, which includes continuity and loyalty.

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