Does the Brand Name Matter to Purchase Decision? The Case of Mobile Phone

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Abstract

The study aims at determining the influence of brand name on consumer buying decision. Data collected from 160 mobile phone users at Dodoma municipal by using questionnaires and interview. The findings show that consumers’ are not loyal in single brand name and their judgment in a purchase decision on the mobile phone is influenced by three factors; the need, country of origin, and the durability. This means that when different brand names of mobiles are presented to the consumers; they answer mainly three questions: does it match with my need? Where is it made? and if it can stays for a reasonable time. It is recommended that the manufacturers of mobile phones to accentuate on the needs of the market (marketing orientation), durability, and country of origin products (intra-trade) in order to enhance marketing competitiveness.

Keywords: Brand Name, Purchase Decision, Mobile Phone

1. Introduction

Understanding the buyer behaviour is a cornerstone for all business strategies in an enterprise. For example if a marketer wants to introduce new product or modify the existing products she/he must know exactly the behaviour of his buyers (processes they use to select, secure, and dispose products). Consumer buying decision is influenced by many factors including personal, psychological, cultural and social factors; hence it becomes difficult for the marketer to conclude on what make them buy or not buy. The fact that consumers chooses a certain mobile phone and ignore others has an important implication to the marketing team and the product producers; failure to understand it will result to market failure and consequences to the growth of the enterprise.

Marketers usually tries to manipulate various principles of marketing, so do consumers they seek to reach choosing which products or services to buy and which not to buy (Richarme, 2005). As a consequence companies spend billions of money to make people buy their products; however they donot know exactly what makes them buy. The essential questions surrounding the concept of choice are why and how a brand is chosen while others are rejected? This necessitates the understanding of dynamics of customer choice and its relationship with the brand name. The brand stewards of valued brands exhibit greater knowledge of customers than the rest of the pack, because success is the only yardstick that measures how well the brand connects with the customers in the target group.

Brand name, as one of the fundamental dimensions of brand equity, is often considered to be a prerequisite of consumers’ buying decision, as it represents the main factor for including a brand in the consideration set (Moisescu, 2011). Experience shows that many retail mobile phone sellers in Tanzania use price reduction as the only technique to induce sells; and ignore other important product attributes like brand name. For example; it is common to find posters, and other forms of advertisement persuading the customers to make purchase simply because the price has been reduced. Also retailers inveterate that, when buying products for resale, they usually prefer to buy what will give them high profit margin and high sales volume, and ignore completely the issue of brand. Previous research has observed that brand name is one of the most important extrinsic cues, which are product-related attributes not involved with the product’s physical or functional aspects, that consumers use to evaluate products. However, little is known about its influence in mobile phone contexts especially in low income countries like Tanzania.

Studies in this area particularly for the emerging products like mobile phones are few in least developed countries (LDC) like Tanzania, where their buying behaviour is different from developed countries. As an outcome the producers of mobile phones and the marketers fail to position their business strategies effectively. The recent proliferation of mobile phones in the country has intrigued to the studies about mobile phones. This study is therefore specifically to explore the influence of brand name on consumers buying decision the case of Dodoma Municipal Tanzania.
2. Literature Review

Utility theory proposed that consumers make decisions based on the expected outcomes of their decisions (Fishburn, 1970). In this context consumers are viewed as rational actors who are able to estimate the probabilistic outcomes of uncertain decisions and select the outcome which maximized their well-being (Richarme, 2011). According to this theory consumer make purchase decision for a product which they believe that will give them maximum satisfaction (utility). In this assumption, consumers will buy a mobile phone brand which they expect to maximize their utility.

Shamsuddoha et al, (2010) researched the influence of brand name on consumer decision making process. Survey has been conducted among 100 respondents and revealed that; brand name has strong influence on purchase decision. Furthermore the study shows that branded cars have a great place in consumer mind, when customers go for purchasing a car, they prefer to purchase a well known branded car. Customers do not want to try new or unknown branded cars because they have not much information about the lesser known brand. From the study it was clear that well known branded cars are very famous among the people because consumers trust the brand name. This also indicates that people often purchase well known branded cars since they are aware of the brand performance or perhaps they have a good past experience about the brands car.

Wu et al., (2011) investigated the direct effects of store image and service quality on brand image and purchase intention for a private label brand (PLB). The sample in this study consisted of three hundred and sixty (360) customers of the Watsons and Cosmed chain of drugstores. This study reveals that; store image has a direct and positive effect on the purchase intention of the PLB; service quality has a direct and positive effect on the PLB image; and the perceived risk of PLB products has a mediating effect on the relationship between the brand image and the consumers purchase intention of the PLB. The findings implies that, sellers can price the PLB product appropriately to reduce perceived financial risk, and provide PLB products with good quality and reliable performance safe for use to reduce perceived performance risk and physical risk, which in turn will increase consumers’ purchase intention for PLB products.

Jalilvand et al, (2011) in the study of the effect of brand equity dimensions on purchase intention, based on Aaker’s well-known conceptual framework in the automobile industry. Based on a sample of 242 consumers, structural equation modeling is used to test hypotheses. The research reveals that brand awareness, association, loyalty, and perceived quality have a significant impact on consumers’ intention to purchase products. The paper suggests that marketers should carefully consider the brand equity components when designing their branding strategies. Marketers are also called on to adapt their branding approaches to fit each marketing environment and enhance brand loyalty to reduce the switching behavior of consumers.

Laforet (2011) study to examines whether appearance of corporate, product and dual brand names (or a combination of brand names used together) on packaging do influence consumer purchase preference. The face-to-face survey consists of consumers rating their purchase preference on a 7-point scale sixteen random brand names, and combinations of brand names on packaging along with three different prices, each for two product categories: chocolate and cereals a total of 4032 observations are examined. The findings show corporate, product and dual brand names have little impact on purchase preference per se, instead brand category dominance influence consumer choice, and corporate names do not add value as previously thought. The study suggested trends and contexts in which, a corporate name and a product brand name may be extended to optimize consumer brand associations and influence purchase, as well as strategies for extending in remote product categories.

Moradi and Zarei (2011) researched to investigate the relationships among brand equity, purchase intention and brand preference. Data were collected from Iranian students who were the owners of selected brand of laptop and mobile phone. Results indicated that brand equity positively influences consumer’s brand preference and purchase intention. But results unsupported moderating role of country of origin image. Consumer perceptions about the country almost transfer to the originality of a brand that a country produces that. These consumers feel the brands belong to countries with good image are more reliable rather than brands produced in countries with a less desirable image.

Khraim (2011) investigated the influence of brand loyalty on cosmetics buying behavior of female consumers in UAE. The findings showed that, there is positive and significant relationship between factors of brand loyalty (brand name, product quality, price, design, promotion, and service quality and store environment) with

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cosmetics brand loyalty. Additionally, the overall findings of this study also portrayed that amongst others UAE consumers prefer brand name, product quality, price, promotion, store environment and service quality as relevant factors attributable to brand loyalty. It was recommended that, marketers should find it useful to understand how loyalty factors can affect consumer-buying behavior in the market place, which can help in segmenting consumers and markets for their brands and marketing communication.

Coob et al, (2013) study explores some of the consequences of brand equity. In particular, the authors examine the effect of brand equity on consumer preferences and purchase intentions. For comparative purposes, two sets of brands were tested, one from a service category characterized by fairly high financial and functional risk (hotels), and one from a generally lower risk product category (household cleansers). Each set includes two brands that are objectively similar (based on Consumer Reports ratings), but they have invested markedly different levels of advertising spending over the past decade. Across both categories, the brand with the higher advertising budget yielded substantially higher levels of brand equity. In turn, the brand with the higher equity in each category generated significantly greater preferences and purchase intentions.

Rasheed et al, (2014) research on Customer’s Purchase Intention of Counterfeits Mobile Phones in Pakistan used self-administered questionnaires and collected data from 160 respondents. The results demonstrated insignificant relationship of low price on purchase intention and easy access also shows significant relationship towards purchase intention of counterfeits. Siddique et al, (2014) research was centered to explore relationship between purchase decision and features and to estimate variation in purchase decision for various features through the consumers. Randomly, selected sample was 80 respondents from the students of the Comilla University, Bangladesh. Results indicated that internet facility, multimedia, long lasting battery, camera, brand recognition, performance and color of mobile handset mostly persuade purchasing decision and external memory capacities, warranty period, price, customer-care service, phone memory capacities, country of origin have some influence over purchase decision.

Lee (2014), examining on the factors that influence early adopters’ smartphone adoption among college students. The study findings show that there are influence of friends, financial burden, and other family members on the smartphone adoption of college students who adopted smartphones earlier than other students. The study pointed out that brand image of retailer has significant impact on buying decision of customers. Study also suggested that brand image of retailer has significant impact on perceived quality and perceived risk of buying store brands. Gupta et al. (2014) conduct research to examine how the brand image of retailers affects the perceived quality and perceived risk of store brands and ultimately the customers’ buying decision. Study reveals that brand image of retailer has significant impact on buying decision of customers. The study also suggests that brand image of retailer has significant impact on perceived quality and perceived risk of buying store brands. In other words, when consumers have tried the store brand, their opinion about it will have a potential influence on the store image, but it is more likely that the image of the store already influenced consumers’ willingness to try the brand. Saeed et al, (2013) in the study Factors Affecting Consumer Purchase Decision in Clothing Industry in Pakistan found that there is no positive relationship between brand image and purchase decision. Though Suroto et al (2013) in Indonesia find Culture as the dominant variable influencing Purchase decision, however price did not. Macdonald and Sharp (2000) in a controlled experiment found that Consumers have strong tendency to use awareness as a heuristic and show a degree of inertia in changing from the habit of using this heuristic. Forsthe et al, (2013) in the study the pivotal role of brand image in purchase decisions in Pakistan found that in the absence of a strong and favorable brand image, product evaluations, attitudes and purchase decisions will be heavily influenced by the price and other intrinsic product attribute information. Doostar et al, (2012) in the study Analysis of the Impact of Brand Assets on the Buying Decisions of Final Consumers Brand of Iran's Milk Industry Company (Pegah) found that “brand assets on price and perceived quality of dairy products had a positive impact and therefore have a direct impact on purchase decisions of consumers.

3. Method

3.1 Research Design

The study used cross-sectional survey techniques where data collected from Dodoma, Tanzania, which is an administrative town of the United Republic of Tanzania. The choice of area is motivated by the fact that, Dodoma is an urban area, and there are many mobile phone shops and the number of mobile phone users is relatively high.
3.2 Sample and Sample Size

A sample of one hundred and sixty (160) respondents involved in this study. The number of mobile phone shops sought from the Dodoma Municipal Trade Officer. From the list of shops, the number of shopkeepers to be used in the study was selected randomly (that is by using a simple random sampling technique). Mobile phone users obtained by using the convenience sampling technique. A researcher approached convenient respondent given that he/she was ready to participate in the research and that possess a mobile phone. However, the study excluded the new users of mobile phone (used only one brand of mobile phone), and the owners who have been given the mobile phones (not the original buyers). The participants of this research were university students (40), traders (60), and employees (48), and mobile phone sellers (12). The respondents were drawn from the University of Dodoma (school of social science), College of Business Education (Dodoma), Central Market Dodoma, Prime Minister’s Office (Dodoma) and National Housing Cooperation. Students and traders were given a token of 1000-3000 Tanzanian shillings for using their time to respond the questions, however, the employees didn’t accept the payment as they said that they know that this is a scholarly work.

3.3 Research Approach

Initially the study was carried by using interview (qualitative) approach where researcher approached 24 mobile phone users (7 university students, 12 mobile phone sellers, 3 market sellers, and 2 government employees). The findings from this phase have been used to redesign questionnaires and interview guide. Then phase two of the study was carried out through quantitative approach where questionnaires were used to collect primary data mainly from mobile phone users.

3.4 Data Collection Instruments

Questionnaires were used to collect primary data from the mobile phone users. It was designed to capture basic research data like demographics of the respondents, the extent to which consumers are loyal to a specific mobile phone brand name, the extent consumers recall the brand name in pre-purchase activities, consumers’ judgment of different brand names when purchasing mobile phones, and the consumers brand association. Questionnaires contents ranged from ordinal (5-point Likert scale), categorical (yes/no) to interval data (age,) however the “other” chance was allowed. A total of 180 questionnaires was circulated, however, 140 was returned and 130 was clean and eligible to be used in this study.

Also the face to face interview questions were designed to guile the researcher in collection primary data from employees, students, businessmen and mobile phone sellers. All interviews were audio recorded by using the voice recorder, after having the permission from the respondents. Thereafter, each interview was examined in terms of its contents, and was used to support the findings from the questionnaires.

All questions were tested and reviewed twice, in order to make it clear, and answerable. Later on it was translated in to local language (Swahili) for easy understanding and simplicity since a large number of respondents can’t communicate in English. All the data collected by researcher himself for 60 days to ensure the quality, no research assistant was recruited.

4. RESULT

4.1 Extents to Which Consumers are Loyal to a Specific Mobile Phone Brand Name

4.1.1 Brand used

The study sought to know the first mobile phone brand that respondents used. The findings show that majority (48.5%) used Nokia, Samsung (11.5%), and Teckno (9.2%), however 28.5% uses other brands. This finding indicates that, to many people Nokia was their favorite brand. Strategy Analytics Report (2014) revealed that Nokia is second in market share within the first quarter of 2014 with 11.5 percent, and a shipment of 47 million. Nokia’s market share in Dar es Salaam Tanzania was estimated to be 69% in 2013 (International Data Corporation, 2014). The popularity of the Nokia brand name in Africa is highly attributed by its low price and easy to use e.g. the use of native language (Mramba, 2014).
4.1.2 Brand Switching

The study sought to find if the user’s current mobile phone is the same like the one they bought before; the findings show that 81.5% are using the different brand, while 17.5 are using the same brand name. This means that customers are not loyal to a single brand name, their switching from one brand name to another over a time. Brand switching is the process of choosing to change from routine use of one product or brand to steady usage of a different but similar producer (Keller, 2003). Brand switching is sometimes induced by extrinsic incentives, such as sales promotions. Often, however, consumers switch brands as a result of intrinsic motives such as a desire to try a new brand (Mazursky, et al 1987).

4.1.3 Brand Recommendation

The study required to know if the mobile users can recommend their brands (currently using) to other people. The findings show that the users were not ready to recommend to the others the mobile phone brands which they are currently using. Findings show that, it is only 46.2% who were ready to recommend, to others while the rest (53%) were not set for. A study by (Del Rio et al, 2001) show that, when customers are very satisfied with a product they could recommend it to others. Recommendations particularly by the reference group are considered to be important source of information in buying decision process (Senecal, & Nantel, 2004). Research by (Chen et al, 2008) has demonstrated that flow experience appears to influence customer recommendations with regard to mobile services.

4.1.4 Brand Repeat Purchase

The study show that majority of the respondents (61.5%) were not ready to repeat purchase the same brand name. Repeat purchase is a practice of buying of a product by a consumer of the same brand name previously bought on another occasion. A repeat purchase is often a measure of loyalty to a brand by consumers. This means that the respondents covered in this study were not loyal, to a single brand name. The study by (Lin and Wang, 2006) indicate that, customer loyalty was affected by perceived value, trust, habit, and customer satisfaction, with customer satisfaction playing a crucial intervening role in the relationship of perceived value and trust to loyalty.

4.2 Brand Recall in Pre Purchase Activities

4.2.1 Brand Image

Respondents were asked to tell their favorite brands before having and using mobile phones. The finding shows that 52% respondents were wishing to have Nokia, while 37% Samsung, and 12% Teckno. These findings are equivalent to their first mobile phone to buy in which majority bought Nokia. This means that the impressions of consumers behind Nokia (brand image) were high. Brand image has important implications in consumers buying decision. Aaker (1991), for example, says image creates value in a variety of ways, helping consumers to process information, differentiating the brand, generating reasons to buy, giving positive feelings, and providing a basis for extensions.

4.2.2 Buying Intention

Respondents were asked to show the mobile phone brand which their always dreaming to possess. The findings show that although many respondents started to use Nokia, their inspiration is possess high in possessing quality brands like Samsung (53%). According to Utility Theory, the probability of purchase intention will increase, when consumers acquire more benefits than they pay for a product (Dickson & Sawyer 1990). Thaler (1985) also considered that perceived value is an important antecedent to influence consumer purchase intention because it is the composition of transaction utility and acquisition utility.

4.2.3 Brand Association

The study sought to know the brand which is favourite to the respondents and which they can buy for their best friends. The findings show that, in case they want to buy a mobile phone as a prize for their best friends, then Samsung (52%) is their first choice followed by Nokia (25%). This means that Samsung is perceived as valuable brand. This practice is referred as brand association. Keller (2003) defines brand associations as informational nodes linked to the brand node in memory that contains the
meaning of the brand for consumers. Brand associations are important to marketers and to consumers. Consumers use brand associations to help process, organize, and retrieve information in memory and to aid them in making purchase decisions (Aaker, 1991).

4.3 Consumers' Judgment of Different Brand Names When Purchasing Mobile Phones

The study sought to establish consumers’ judgment of different mobile phone brand names when making purchase decision. The findings show that, only three variables significantly influence consumer judgment to purchase mobile phone: country of origin, durability and reliance to needs. Country of Origin (COO) is the term used to describe where products or goods originate from and encompasses agriculture, manufacturing or production Koubaa (2008). Brand-origin appears to be of significant impact on consumer perception. Yaseen et al, (2007) shows that, brand’s country-of-origin image positively and significantly influences dimensions of brand equity.

Physical durability can be defined as how long the device can last under normal use, or whether the device can resist impact from abnormal use (Ling et al .2005). As a mobile device, mobile phones must have a tough case and a hard material. In addition, mobile phones need to be handy to carry around.

Problem/Need-recognition is the first and most important step in the buying decision. Without the recognition of the need, a purchase cannot take place. The presence of the need is considered a necessary condition for purchase decision. The need can be triggered by internal stimuli (e.g. need for mobile phone internet, camera, social media, fashion etc). According to Maslow’s hierarchy, only when a person has fulfilled the needs at a certain stage, can he or she move to the next stage. The problem must be addressed through the products or services available. It’s how the problem must be recognized. In very simple terms, it is only when we recognize that we need something that we consider starting the process to find the product or service that will deliver the benefits to fill the need or solve the problem.

5. Discussion of the Findings

5.1 Level of Consumers’ Loyalty to a Mobile Phone Brand Name

The findings show that the mobile phone users are not loyal to specific brand name. For example; their current mobile phones are not the same like the previous one they had. Furthermore the study shows that consumers are not ready to recommend to the others the brand name in which they are using.

Loyalty is regarded as “a deeply held commitment to repurchase or re-patronize a preferred product or service consistently in the future despite situational influences and marketing efforts” (Oliver, 1999). Every company regardless of the size needs loyal customers because their repeat purchasers and recommend products to others who in turn will bring new customers. Studies show that half of many companies’ sales are due to customer loyalty (Aker, 1993). The companies that possess a pool of of loyal customers are likely to hold high market shares, and profits. Sources of brand loyalty are perceived risk, inertia, habit, involvement, satisfaction, and relationship between product or service providers; corporate image, perceived service quality, trust and customer switching costs are the influential factors of brand loyalty (Rundle-Theileand and Bennet, 2001; Aydin and Ozer, 2005) Unlike the previous study by (Shamsuddoha, 2010), this study proved that consumers are not loyal to a specific brand name; they are flexible to switch from one brand to another. This findings imply that, other marketing strategies e.g. product attributes (package, size, quality, positioning), price (reduction, allowance, discount, amount), distribution, and promotion may influence consumer purchase decision. However the marketers of mobile phones need to create brand loyalty by using other marketing strategies as shown above, because loyalty has a significant effect on the marketability of a product.

5.2 The Extent to which Consumers Recall Mobile Phone Brand Name in Purchase Decision

The findings show that, mobile phone users do recall the brand names in pre purchase and in purchase decision. Furthermore the study finds strong ability of the consumers to correctly generate and retrieve the brand name in their memory. Consumers found to consider of different brand names when they are thinking about the category. Mobile phone sellers disclosed that majority of the consumers go to their shop while knowing exactly which brand name they want, though sometimes they change their minds.

The findings also show that the level of customers’ brand name awareness is very high; for example, customers
were able to know the brand name of the product simply by looking its appearance. These findings are supporting what has been established by (Trived, 2013) who find that brand recall has a significant impact on the consumer buying behavior. High brand recall increases the likelihood that a product will be member of a consideration set, may determine the result of consumers’ decision about the consideration set, also may affect the formalization and strength of brand association in memory (Zinkan, 2012). These findings imply that, once consumers are about to buy the products they usually undertake searching in their memory. The brand name that comes several times in the mind is likely to be included in the consideration set. However the decision to buy or not may be influenced by other marketing forces. Marketers needs hold and enhance the level of brand recall and brand recognition (brand awareness) to consumers.

5.3 Judgment of Different Mobile Phone Brand Names When Making Purchase Decision

The study finds that consumers’ judgment in purchase decision is influenced by three factors; the need, country of origin, and the durability of the mobile phone. This means that when different brand names of mobiles are presented to the consumers; they consider mostly three factors; does it match with my need? Where is it made? And will it stay for a reasonable time.

The study shows that, the mobile phone users do not weight other factors like, the information they had before, the appearance, function, relevance, likability, and even the price. This is contrary to (Uddin et al., 2014; Malviya et al, 2013 and Singh, 2014 ) who point out physical attributes, pricing, charging and operating facilities, size and weight, friends’ and colleagues’ recommendation, advertising, brand preference, social influence and quality as the judgement factors for buying mobile phone.

This finding implies that, consumers are after quality and needs satisfaction as suggested by the utility theory. Utility theory suggest that, when buyers are about to buy a product they seek absolute maximization expected value that they derive by rationally evaluating different choice alternatives and opting the choice that has the maximum return ((Friedman, 1952 as cited by Tarmanidis et al ( 2015). In this context, consumers will buy a mobile phone brand in which they expect to maximize their utility.

6. Conclusion

The objective of this study was to investigate the influence of brand name on the consumers buying decision the case of mobile phone. In order to comply with these questionnaires were administered, and the interview was carried with mobile phone users and sellers. The findings show that the mobile phone users are not loyal to a specific brand name. This has been evidenced by the fact that, they’re not repeating purchases, don’t recommend to the others and they are not proud to posses it. Additionally the findings show that during pre-purchase and purchase process consumers recall the brand names. Besides that, during the purchase they judge a mobile phone by three factors; needs, country of origin, and the durability of the mobile phone .This means that the mobile phone buyers go beyond the name simply because, a name can be counterfeited. Generally the study shows that, although the brand name matters in purchase decision, it is not the ultimate deciders of purchase of mobile phone.

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