CHAPTER – I
INTRODUCTION

1.1 Background of the Study

Brand loyalty is a result of consumer behavior and is affected by a preference. Loyal customers will consistently purchase products from their preferred brands, regardless of conveniences or price. Companies will often use different marketing strategies to cultivate loyal customer, be it is through loyalty program (ie. rewards program) or trials and incentives (eg. sample and free gifts). Branding has been around for centuries as a means to distinguish the goods of one producer to those of another. The word "Brand" is derived from the old Norse brand meaning "to burn". It refers to the practice of producers burning their mark (or Brand) onto their products. The oldest generic brand which is continuous use in Nepal/India since vedic period is known as 'CHYAWANPRASH'. It is widely use in Nepal/India and many other countries and is herbal paste of 45 herbs made for revered Rishi named Chyawan. The earliest signs of branding can be traced to Europe where the medieval guilds required that craftsmen put trademarks on their product to protect themselves and producer against inferior quality substitutes. Also in fine arts branding began with artists signing their works. Brands today play a number of important roles that improve the consumer's lives and enhance the financial value of firms.

Brands identify the source or maker of the product and allow consumers-either individuals or organizations- to assign responsibility to a particular manufacturer or distributor. Consumers may evaluate the identical product differently depending on how it is branded. Consumers learn about brands through past experiences with the product and the marketing program. As consumers lives becomes more complicated, rushed and time starved, the ability of brand to simplify decision making and reduce risk is invaluable. Brands also perform valuable functions for the firm. First they simplify the

product handling or tracing. Brands help to organize inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can protect through copyrights and design. These intellectual property rights ensure that the firm can safely invest in the brand and can reap the benefits of a valuable asset (Kotler & Keller, 2006, p. 256).

Brands can signal a certain level of quality so that satisfied buyers can easily choose the product again. Brand loyalty provides predictability and security of demand for the firm and creates barriers to entry that makes it difficult for other firms to enter the market. This brand loyalty can translate into willingness to pay higher price. In this sense branding can be seen as powerful means to secure a competitive advantage. Brands represent enormously valuable pieces of legal property that can influence consumer's behavior. Strong brand results in better earnings and profit performance for firms, which in turn, creates greater value for shareholders.

A brand is a perpetual identity that is rooted in reality but reflects the perceptions and perhaps even the ultimate choice of the consumers. Branding is endowing products and services with the power of brands. To brand a product, it is necessary to teach the consumers "who" the product-by giving a name. Branding involves creating mental structures and helping consumers organize their knowledge about products and services in a way that clarifies their decision making and in process provides value to the firm

Brand is the proprietary visual, emotional, rational, and cultural image that you associate with the company or a product. When you think of Volvo, you think of safety. When you think of Nike, you think of Michael Jordon or 'Just Do It'. When you think of IBM, you think of 'Big Blue'. The fact that you remember the brand name and have positive associations with that brand makes your product selection easier and enhances the value and satisfaction you get from product.

Instant noodles have become very popular in both rural and urban areas despite the fact that people are from different background, life styles and fooding habits. Basically, instant noodles are not considered in the form of main course. It is taken as <u>Khaja</u>, School children seem to be the main targets of noodle industry. The Wai-Wai manufactured by Chaudhary Group,Bhainsepati, Lalitpur; Mayos manufactured by Himalayan Hygienic Snacks Noodle Ind. Pvt. Ltd, Located at Banepa; Rum-Pum manufactured by Asian Thai Foods Pvt. Ltd. Biratnagar and RARA the product of Gandaki Noodles are considered to be the major brands in the Kingdom of Nepal. These brands use television, radio, newspaper and posters for promoting their sales. They also keep lucky draw coupons in the packets in order to create loyal customer. Maggi is the first brand to enter into Nepalese Instant Noodles Market whereas RARA is the first Brand produced Locally. There were largely five players operating in the Noodle Industry of Nepal and their Brand as follows;

- ❈ CG Foods Pvt. Ltd. --- with Brand "Wai-Wai"
- ❈ Multi Foods Industries (P) Ltd. ---- With Brand "Min Min"
- ❈ General Foods Ind. (P) Ltd. ------ with Brand "Yum-Yum"
- ❈ Pokhara Noodles (P) Ltd. ------ with Brand "Maggi"
- ❈ Gandaki Noodles (P) ltd. ------- with Brand "RaRA"

1.2 Statement of the Problem

Brand is one of the means for maximizing sales. Major Brands of Noodles are advertised everyday in different media (Television, Radio, Newspaper). To develop brand loyalty various incentives and consumers' scheme informed through media to promote sales and develop brand image of instant noodle. Growing population of Nepal and level of income of consumers are increasing trend. This has addressed in increase of demand of different products. These reasons, many types of products are available in Nepalese market. Now, people can order and buy any kinds of products without leaving comfort of their room.

Television advertisement and internet shopping have revolutionized the marketing and sales within the short span of time.

Nowadays, one can use any product that is produced in another corner of the world. Now consumer is not compelled to buy any particular product; rather they are quite free to choose anything they think best.

Therefore, the basic problem of this study is to measure the branding loyalty on consumer. Mainly, the following problem can be found to be privileged in market.

a. To what extent does brand name persuade customer to choose the product?

b. What are different brands in market? Do the consumers response and stick up to any particular brand or do them repeatedly switch to different brands?

c. Which of the tool is most important for consumers to identify the brand easily?

d. What drives the consumer to build strong brand belief?

1.3 Objectives of the Study

The main objective of the study is to examine the brand loyalty on customer in buying the Instant Noodles. The other specific objectives of the study are;

a. To identify the relationship of brand loyalty with demographic variables like age, sex and income.

b. To analyze the reason behind switching the brand.

c. To identify the major tool that aids consumer to recognize their Brand more easily.

d. To trace out the main drive that makes consumer to have strong brand belief.

e. To provide necessary suggestions and recommendations for further improvement and research.

1.4 Significance of the Study

Study on the topic "Brand loyality in Nepales consumer" will be able to find out effective and efficient Brand in the competitive market, successful marketing of products demand on understanding of consumer's taste, focus and loyalty. The significance and importance of this study can be listed in the following points.

  a. The manufacturers and marketers of will be highly benefited by this study. They can use the findings of the study as the guideline for making marketing strategies for their products so that they can achieve success.

  b. This study will help to know the consumers' behavior on their products. Hence, manufacturers and marketers can decide the advertisement policy, consumers' response to the price and consumers' perception about their product.

  c. The study can help in the segmentation of their market into loyal consumer market and non-loyal consumer market.

  d. This study can give manufacturers and marketers protection from competition.

  e. This study can be helpful in planning marketing mix.

1.5 Limitations of the Study

This study is conducted within the following limitations and constrains. They are :

  a. Although there are approximately 27 brands of instant noodles only five major brands have been taken into consideration.

  b. Only One product (Instant Noodles) are included in this study. Conclusions derived may not be necessarily applicable to other products.

  c. Convenience sampling is taking for participation.

d. This study is totally based on the views and responses received form consumers of Kathmandu Valley only. The findings of the study might not be applicable for other products and other parts of the country.

e. In this research, data will be primary in nature.

f. Only the opinions of the personnel of departmental store and grocers have been examined, which may not represent the opinions of all distributive channels.

1.6 Chapter Scheme

The entire study has been organized into five main chapters as:

Chapter-I: Introduction

The Introduction chapter deals with background of the study, statement of the problem, objective of the study, significance of the study and limitations of the study.

Chapter-II: Review of Literature

The second chapter focus on review of literature related to this study. It contains the conceptual framework and review of the major studies. It gives an overview of the related literature done in the past related to this study.

Chapter-III: Research Methodology

The third chapter deals with the research methodology adopted for the study consisting research design, sources of data, data gathering procedure, design, the period covered, nature and sources of data, tools to be used, research variable etc.

Chapter-IV: Data Presentation and Analysis

The fourth chapter deals with presentation and analysis and interpretation of data. It gives a clear picture of how the collected data has been presented on the study and how it has been analyzed. It consists of questionnaires and analysis of open-end opinions and major finding of the research.

Chapter-V: Summary, Conclusion and Recommendations

And at last, the fifth chapter shows the summary of whole study, conclusion drawn and recommendations given. This ends the study paper.

Besides these chapters, Bibliography and Appendix are included in the end of this study.

CHAPTER – II
REVIEW OF LITERATURE

Introduction:

This chapter highlights relevant literature to make the base of knowledge for the study. The scholars in respect of Brand Loyalty have expressed different reason. Review of literature comprises of provision articles concerned with the study.

This chapter is comprehensive study in the conceptual frame work review of books journals and various researches regarding the Brand.

2.1 Conceptual Framework

2.1.1 Brand

Brands are not only just names, symbols, design or combinations of these although it is true that such things can differentiate products from other products and companies, it also includes additional ingredients such as personality which makes successful brand image.

"The term brand means different things to the different roles of buyer and seller, with buyers generally associating brand with a product or service, and merchants associating brand with identity. Brand can also identify the company behind the specific product." *(Derbaix & Bree, 1997, p. 23)*

The American Marketing Association defines a brand as "A name, term, sign, symbol or design or a combination of them, intended to identify the goods and services of one seller or group and to differentiate them to those for competitors". A brand is thus a product or service that adds a dimension that differentiates it in some way from other products or services designed to satisfy the same need. These differences may be functional, rational, or tangible- relate to product performance of the brand.

Branding can be applied virtually anywhere a consumer has a choice. It is possible to brand:

- ⟩ A physical goods (Wai Wai Noodles, Pantene shampoo or BMW Vehicle),
- ⟩ A service (Nepal Airlines, Nepal SBI Bank, American Life Insurance),
- ⟩ A store (/city Center, Bhat Bhatini Super Market, BATA stores),
- ⟩ A place (Pokhara Mahotsav),
- ⟩ A person (Rajesh Hamal, Shakti Gauchan),
- ⟩ An organization (UNICEF or UNMIN),

"A brand exists in the mind, or not at all. The mind it exists in may be that of a customer, a potential customer, an interested observer, a disinterested observer or almost anybody." (Clements, 2003, p. 52)

"Awareness of a brand may be irrelevant to any purchasing decision that an individual may make. People are aware of the Mercedes car brand, but cannot envisage any circumstance under which they would (could!) buy a Mercedes. They are aware of Marlboro (and scores of other cigarette brands) but as a non-smoker they will never convert their awareness into purchase. Male with no children are not targeted by Pampers or Huggies but still are aware of the brands.

People wear many hats but are or not a potential customer. People may be an employee, an investor, a citizen, a husband and so on. They hate McDonald's hamburgers but might love their stock market record and therefore be a potential customer for their stock. They will never buy a Boeing 777 but might be impressed by the aircraft and favor an airline that flies them. They have no idea what an Intel chip is, but might be persuaded that it is a good thing to have in my PC and therefore buy a computer from a company that uses them." *(Andrews, Ainslie & Currim, 2002, p. 17)*

Proper Branding can result in higher sales of not only one product, but on other products associated with that brand. Brand is the personality that identifies a product, service or company (name, term, sign, symbol, design or combination

of them) and how it relates to key constituencies; customers, staff, partners, investors etc.

2.1.1.1 Purpose of Branding

Brand management is a total approach to managing brands that is sometimes extended, by those who understand the power of brands, to cover the whole approach to managing the company. COCA- COLA, Apple, Samsung, Face Book, You Tube and Twitter is the most valuable brand in the world, with the name alone worth billions of dollars.

"The purpose of branding is to create a powerful and lasting emotional connection with customers and other audiences. A brand is a set of elements or brand assets that in combination create a unique, memorable, unmistakable, and valuable relationship between an organization and its customers. The brand is carried by a set of compelling visual, written and vocal tools to represent the business plan and intentions of an organization." *(McNeal, 1998, p. 32)*

"Branding is the voice and image that represents your business plan to the outside world. What your company, products and services stand for should all be captured in your branding strategy, and represented consistently throughout all your brand assets and in your daily marketing activities." *(Swaminathan, Fox & Redd, 1998, p. 16)*

"The brand image that carries the emotional connection consists of the many manageable elements of branding system, including both visual image assets and language assets. The process of managing the brand to the business plan is important not only in "big change situation" where the brand redefinition is required, but also in the management of routine marketing variables and tactics. This does not have to be a "ground-up" situation where there are wholesale changes to the business. Rather it is more common that specific changes to the changes to the business plan are incremental and the work of the brand strategist and designer is to interpret these changes and revise the branding

strategy and resulting brand assets and define their use in the full range of marketing variables." *(Villwock, 1997, p. 18)*

2.1.1.2 Types of Brand

a. Product

The most common brand is that associated with a tangible product, such as a car or drink. This can be very specific or may indicate a range of products. In any case, there is always a unifying element that is the 'Brand' being referred to in the given case.

i. Individual Product

Product brands can be very specific, indicating a single product, such as classic coca-Cola. It can also include particular physical forms, such as Coca-Cola in a traditional bottle or a can.

ii. Product range

Product can also be associated with a range, such a the Mercedes S-class cars or all varieties of Colgate toothpaste, all varieties of john players garments.

b) Service

As companies move from manufacturing products to delivering complete solutions and intangible services, the brand is about the service.

Service brands are about what is done, when it is done, who does it etc. It is much more variable than products brands, where variation can be eliminated on production line. Even in companies such as McDonald's, KFC where the service has been standardized down to the eye contact and smile, variation still occurs.

Consistency can be a problem in service: we expect some variation, and the same smile every time can turn into an annoyance as we feel we are being manipulated. Service brands need a lot more understanding than product Brands.

c) **Organization**

Organisation are brands, whether it is a company that delivers products and services or some other group. Thus Greenpeace, UN. Mercedes , TATA, Chaudhary Group are all defined organisations and each have qualities associated with them that constitute the brand.

In once sense, the brand of the organization is created as the sum of its prodcuts and services. After all, this is all we can see and experience of the organization. Looking at it another way, the flow also goes the other way: the intent of the managers of the organization permeates downwards into the products and the services which project a common element of that intent.

d) **Person**

The person brand is focused on one or a few individuals, where the branding is associated with personality.

   i. Individual

      A pure individual brand is based on one person, such as celebrity actor or singer. The brand can be their natural person or a carefully crafted projection

      Politicians work had to project a brand that is attractive to their electorate (and also work hard to keep their skeletons firmly in the cupboard). In a similar way, rock stars who wat to appear cool also are playing a stereotype.

   ii. Group

      Not much higher in detail than an individual is the brand of group. In particular when this is a small group and the individuals are know, the group brand and he individual brand overlap, for example in the way that the brand of a pop group and the brand of its known members are strongly connected.

Organizations can also be linked closely with the brand of an individual, for example Virgin is closely linked with Richard Branson.

e) Event

Events have brands too, whether they are rock concerts, the olympics, a space-rocket launch or town-hall dance.

Events brands are strongly connected with the experience of the people attending, for example with musical pleasure or amazement at human feats.

Product, service and other brands realize the power of event brands and seek to have their brands associated with the event brands. Thus sponsorship of events is now big business as one brand tries to get leverage from the essence of the event, such a excitement and danger of car racing.

f) Geography

Areas of the world also have essential qualities that are seen as characterizations, and hence also have brand. These areas can range from countries to state to cities to streets and building.

Those who govern or represent these geographies will work hard to develop the brand. Cities for example, ma have de-facto brands of being dangerous or safe, cultural or bland, which will be used by potential touristes in their decisions to visit and by companies in their decisions on where to set up places of employment.

2.1.1.3 Brand Effectiveness

"With an increase in global competition, branding has become a source of competitive advantage. In rapidly evolving market for consumer, and industrial products and services, the source of next generation competency will be branding. In this briefing we demonstrate how to calculate the brand strength, the price premium associated with the products categories, and type of

customers attracted to the "Premium Products". Marketers who match their brand with customers needs will have a sustainable competitive advantage." *(Chintagunta, 1994, 305)*

Measuring Brand Effectiveness

Brand effectiveness should be defined in terms of marketing effects uniquely attributable to a brand. Brand effectiveness relates to the fact that different outcomes result in the marketing of a product or service because of its brand.

"There are many metrics to measure the potential of and actual effectiveness of brand. The simplest way is to apply the concept of 4 D's of branding; differentiation, distinctiveness, defendable, digit-able." *(Chintagunta, 1994, p. 306-310)*

) <u>Distinctiveness</u>: your brand should be distinct when compared to your competitors and to all spoken and visual communications to which your target audiences will be exposed. The more unique and distinct your communications, the wider the filed of effective competitive strength it will have. There are simple means to apply to test the distinctiveness of your brand.

) <u>Differentiation:</u> the brand strategy and brand assets must set you're offering apart and clearly articulate the specific positioning intent of your offering.

) <u>Defendable:</u> you will be investing in creating your brand assets and in all cases your brand must have proprietary strength to keep others from using close approximations. This applies to your trade names and other proprietary words as well as to your logos, symbols and other visual assets.

) <u>Digit-able</u>: in most businesses there is strong and growing element of electronic communications and commerce that dictate all brand assets be leveraged effectively in tactile and electronics form. This goes for all brand assets.

2.1.1.4 Building the Brand

Brand equity is the added value endowed to products and services. This value may be reflected in how consumers think, feel, and act with respect to the brand, as well as the prices, market share, and profitability that the brand commands for the firm.

Marketers build brand equity by creating the right brand knowledge structures with the right customers. This process depends on all brand related contacts-whether marketer-initiated or not. (Kotler & Keller, 2006, p263)

The art of marketing is largely art of brand building. When something is not a brand, it will probably be viewed as a commodity.

Choosing a Brand Name

"A brand name first must be chosen then its various meanings and promises must be built up through brand identity work. In choosing a brand name, it must be consistent with the value positioning of the brand. In naming a product or service the company may face many possibilities: it could choose name of the person (Honda, Calvin Klein), location (American airlines), quality (Safety stores, Healthy choice), or an artificial name (Exxon, Kodak)." *(Bucklin & Gupta, 1992, p. 206-208)*

Among the desirable qualities of a brand name. Some are:

- It should suggest something about the product benefits.
- It should suggest product qualities such action or color
- It should be easy to pronounce, recognize and remember; short names help a lot to recognize the product to the customers.
- It should be distinctive.
- It should not carry poor meanings in other countries and languages etc.

Building Positive Associations

Strong brand requires careful planning and great deal of long-term investments and has to reflect multiple feature of the product to its customers.

"In trying to build a rich set of positive associations for a brand, the brand builder should consider five dimensions that can communicate meaning:" *(Boush, Friestad & Rose, 1994, p. 167-168)*

- Attributes: A strong brand should trigger in buyers mind certain attributes. Thus a Mercedes automobile attributes a picture of well-engineered car that is durable, rugged and expensive. If a car brand does not trigger any attribute, then it would be a weak brand.

- Benefits: A strong brand should suggest benefits, not just features. Thus Mercedes triggers the idea of well performing car that is enjoyable to drive and prestigious to own.

- Company Values: A strong brand should connote values that the company holds. Thus Mercedes is proud of its engineers and engineering innovations and is very organized and efficient in its operations. The fact that it is a German company adds more pictures in the mind of the buyers about the character and the culture of the brand.

- Personality: A strong brand should exhibit some personality traits. Thus if Mercedes were a person we would think of someone who is middle age, serious, well-organized and somewhat authoritarian. If Mercedes were an animal we might think of lion or its implied personality.

- Users: A strong brand should suggest the type of people who buy the brand. Thus we would expect Mercedes to draw buyers who are older, affluent and professional.

In summary, brands when their very name connotes positive attributes, benefits, company values, personality and users in the buyer's mind. The brand builder's job is to create a brand identity that builds on those dimensions.

2.1.1.5 Choosing Brand Elements

Brand elements are those trademarks devices that serve to identify and differentiate the brand. Most strong brands employ multiple brand elements. Nike has distinctive "swoosh" logo, the empowering "Just Do It" slogan and the mythological "Nike" name based on the winged goddess of victory.

Brand element can be chosen to build as much as brand equity as possible. The test of the brand building ability of these elements is what consumers think or feel about the product if they only knew about the brand element. A brand element provides positive contribution to brand equity.

Brands typically are made up of various elements, such as :

- Name : The word or words used to identify a company, product, service, or concept.
- Logo : The visual trademark that identifies the brand.
- Tagline or catchphrase : "The quicker Picker upper" is associated with Bounty paper towels. "Can you hear me now" is an important part of the Verizon Brand.
- Graphics : The dynamic ribbon is a trademarked part of Coca-Cola's brands.
- Shapes : The distinctive shapes of the Coca-Cola bottle and of the BMW /car are trademarked elements of those brands.
- Colors : Owens-Corning is the only brand of fiberglass insulation that can be pin.
- Sounds : A unique tune or set of notes can denote a brand. NBC's chimes are a famous example.
- Scents : The rose-jasmine-musk scent of Chanel No. 5 is trademarked.
- Tastes : Kentucky Fried Chicken (KFC) has trademarked its special recipe of eleven herbs and spices of fried chicken.
- Movements : Lamborghini has trademarked the upward motion of its car doors, (http://nerruanassicuates,cin/2011/09/beyond)

Brand Element Choice Criteria

"There are six criteria in choosing brand element. The first three can be characterized by brand building in terms of how brand equity can be build through judicious choice of brand element. The latter three are more defensive and are concerned with how the brand equity contained in the brand element can be leveraged and preserved in the face of various opportunities and constraints.

- Memorable: How easily is the brand element recalled? How easily recognized? Is this true at both purchase and consumption? Short brand name like tide, Nike can help.

- Meaningful: To what extent is brand element credible and suggestive of the corresponding category? Does it suggest something about a product ingredient or a type of person who might use the brand?

- Likeability: How aesthetically appealing does consumers find the brand element? Is it inherently likeable visually, verbally, and in other ways? Concrete brand names such as Wheel, Sunsilk etc evoke much imagery.

- Transferable: Can a brand element be used to introduce new products in the same or different categories? To what extent does the brand element add to brand equity across geographic boundaries and market segments?

- Adaptable: How adaptable and updatable is the brand element? Betty corker received 8 makeovers through the years-although she is 75 yrs old, she doesn't look a day over 35.

- Protectable: How legally protectable is the brand element? How competitively protectable? Can it be easily copied? It is important that names that become synonymous with product categories such as Kleenex, Xerox, Jell-O, etc. retain their trademarks rights and not become generic." *(Kotler & Keller, 2006, p. 263-264)*

2.1.2 Brand Loyalty

Brand loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts.

The american Marketing Association defines Brand loyalty as:

1. 'The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category'

2. The degree to which a consumer consistently purchase the same brand within a product class"

If there's anything we want from our products and the brands that provide them, it's love, true love. Well, maybe not quite that level, but according to the most recent Brand keys loyalty leaders list, we consumers are craving an emotional connection to brands. And when they fill that special place in our hearts, they earn our loyalty.

"Brand loyalty is the situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category or the degree to which a consumer consistently purchases the same brand within a product class. Brand loyalty reflects how likely a customer will be to switch to another brand, especially when that brand makes a change in price, product features, communication, or distribution programs." *(Aaker, 1991, p. 41)*

"Brand loyalty represents the core of a brand's equity. Brand loyalty is the ultimate objective and meaning of brand equity, adding that brand loyalty is brand equity." *(Travis, 2000, p. 74)* Still, "brand loyalty can't be analyzed without considering its relationship to other descriptive dimensions of brand equity like awareness, perceived quality, or associations.

Firstly, all the other descriptive dimensions of brand equity can enhance brand loyalty, as perceived quality, associations and awareness provide reasons to buy and affect satisfaction. Loyalty could arise from a brand's perceived

quality or associations, but could also occur independent of these dimensions (for example, a person can be loyal to a low perceived quality brand and dislike a brand with a high perceived quality due to subjective reasons). Yet, the nature of this relationship is unclear. On the other hand, loyalty can induce a higher perceived quality (for example, a potential customer has a better evaluation of a brand if that brand is perceived as having a loyal customer base), stronger associations (the brand can be associated to elements characterizing its loyal customers), or increase awareness (loyal customers tend to provide brand exposure to new customers through 'mouth to mouth' communication)."
(Bloemer & Kasper, 1995, p. 11-14)

Brand loyalty is both an input and an output of brand equity and it is both influenced by and influences the other descriptive dimensions of brand equity. Nevertheless, brand loyalty is qualitatively different from other major dimensions of brand equity, being stronger related to the use experience. Brand loyalty is conditioned by prior purchase and use experience, while awareness, associations, or perceived quality may be present even in the case of a brand that hasn't been used yet.

2.1.2.1 Importance of Brand Loyalty

There are many advantages to business that build successful brands. These include, Higher prices, Higher profit margins, Better distribution and Customer loyalty.

"There are three main reasons why brand loyalty is important:

J Higher Sales Volume – Reducing customer loss can dramatically improve business growth and brand loyalty, which leads to consistent and even greater sales since the same brand is purchased repeatedly. A research conducted in United States found that the average United States Company loses half of its customers every five years, equating to a 13 percent annual loss of customers. This statistic illustrates the challenges companies face when trying to grow in competitive environments. Achieving even 1

percent, annual growth requires increasing sales to customers, both existing and new, by 14 percent.

⌡ Premium Pricing Ability – Studies show that as brand loyalty increases, consumers are less sensitive to price changes. Generally, they are willing to pay more for their preferred brand because they perceive some unique value in the brand that other alternatives do not provide. Additionally, brand loyalists buy less frequently on cents-off deals – these promotions only subsidize planned purchases.

⌡ Retain Rather than Seek – Brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions. The result is lower costs for advertising, marketing and distribution. Specifically, it costs four to six times as much to attract a new customer as it does to retain an old one." *(Mittal & Kamakura, 2001, p. 135-137)*

2.1.2.2 Positive Effects of a High Degree of Brand Loyalty

All products have a series of "core benefits"- benefits that are delivered to all consumers.

⌡ watches tell the time

⌡ Cd- Playes play CD's

⌡ Toothpaste helps prevent tooth decay

Consumers are rarely prepared to pay a premium for products or services they simply deliver core benefits. Successful brands are those that deliver added value in addition to the core benefits. These added values enable the brand to differentiate itself from the competition. When done well, the customer recognises the added value in an augmented product and chooses that brand in preference.

"A high degree of loyalty among customers provides the firm with a series of specific competitive advantages, loyalty having a strong positive effect in two main directions, reducing marketing cost and increasing the brand's revenue. Customers can manifest their loyalty to a brand in several ways: they may

choose to stay with a provider, and they may increase the number of purchases or the frequency of their purchases or even both, thus generating higher revenues for the brand. They may also become advocates of the brand, concerned by playing a powerful role in the decision making of others, thus reducing the brand's marketing communication costs." *(Bloemer & Kasper, 1995, p. 16)*

It is well known that it is much more expensive to gain new customers than to keep existing ones, especially when the existing customer base is satisfied and loyal. Even if there are very low switching costs and low customer brand commitment, there is a substantial inertia among customers. Still, brand loyalty must not be confounded to brand inertia. "Brand loyalty implies a deep-seated commitment to brands and there is a sharp distinction between repeat purchases and actual brand loyalty. In addition, a repeat purchase behavior is the actual re-buying of a brand whereas loyalty includes antecedents or a reason or fact occurring before the behavior. Further, spurious loyalty represents biased behavioral response expressed over time by some decision-making unit, with respect to one or more alternate brands, as a function of inertia. True brand loyalty includes the above, but replaces inertia with a psychological process resulting in brand commitment." *(Bloemer & Kasper,1995, p. 17)*

"The loyalty of the customer base reduces the vulnerability to competitive attacks. Loyal customers perceive very little incentive to try other brands and even if they do, there is a substantial time gap between they receive the information about the new alternative and their decision to try it. Thus, the firm has a significant time to respond to competitive threats and knowing this, competitors are discouraged from spending resources to attract other brands' loyal customers. Loyalty also generates trade leverage, as loyal customers expect the brand to be always available generating incentives for distribution channels to reference the brand. Loyal customers are less price sensitive and the expense of pursuing new customers is reduced, while organizational profitability is positively affected by the level of brand loyalty. Brand loyalty

can enhance marginal cash flow and profitability, as loyal customers often accept to pay a price premium for their favorite brands, are easily stimulated to new usage situations and tend to increase intensively and extensively their spending on the brand." *(Bloemer & Kasper, 1995, p. 18)*
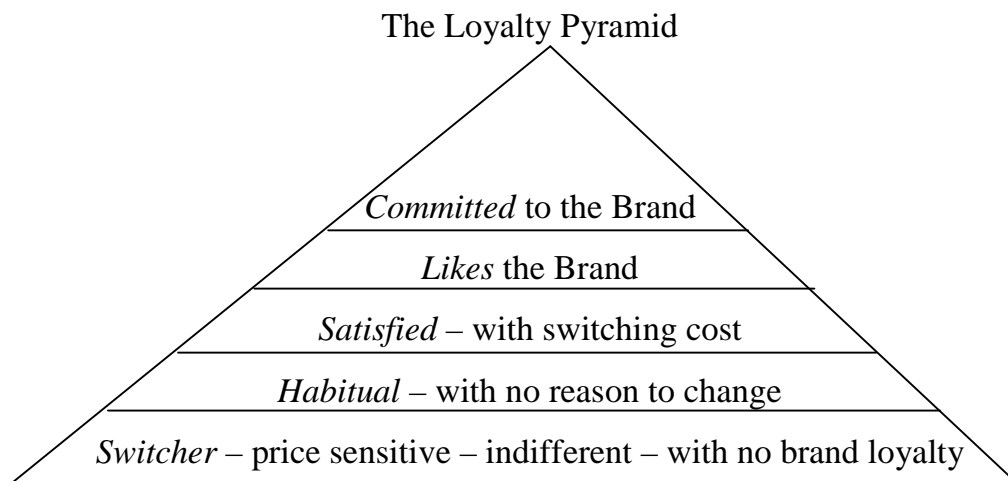
The marketing communication spending is also reduced as loyal customers are already confident in the purchase decision and process information rapidly, instruments like sales promotions or advertising being less intensive needed in this case in comparison to brands with low loyalty degree. Loyalty also enhances the process of attracting new customers. Satisfied and loyal clients tend to provide brand exposure and reassurance to new customers. On the other hand, a potential customer has a better evaluation of a brand if that brand is perceived as having a loyal customer base.

2.1.2.3 Loyalty Driven Consumer Typology

A first approach of classifying consumers considering their degree of loyalty is that of George H. Brown, according to whom buyers can be divided into four groups: *hardcore loyal* - always buy the same brand; *split loyal* - loyal to two or three brands; s*hifting loyal* - loyal to one brand for a period of time, but easily shifting from one brand to another, due to certain advantages offered by the new brand; *switchers* – show no loyalty to any brand, switching the brand with almost any buying situation.

A second approach is that of David A. Aaker who sees five levels of brand loyalty and groups customers accordingly into a loyalty pyramid:

Figure 2.1

The Loyalty Pyramid

```
                          ╱╲
                         ╱  ╲
                        ╱    ╲
                       ╱      ╲
                      ╱        ╲
             Committed to the Brand
                 Likes the Brand
            Satisfied – with switching cost
          Habitual – with no reason to change
  Switcher – price sensitive – indifferent – with no brand loyalty
```

a) The first level represents non loyal buyers who are completely indifferent to brands, each brand being perceived to be adequate if the price is accepted.

b) 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.

c) The third level consists of satisfied customers with switching costs (loss of time, money, or acquired loyalty advantages, performance risks associated with switching etc.). Switching incentives from competitors must compensate the switching costs.

d) 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 experiences, or a high perceived quality. The emotional attachment's reason is sometimes just the fact that there has already been a long term relationship.

e) The fifth level represents committed customers, proud to have discovered and used the brand, and to whom the brand is very important both functionally a as an expression of their personality. The value of this category of customers stays in the impact they have upon others through their recommendations.

Considering the level of involvement and that of perceived differences between brands, Henry Assael identifies four brand loyalty driven types of consumers:

a) Complex loyal firstly does research, then develop beliefs and attitudes about the brand, and finally make a thoughtful choice.

b) Dissonance loyal shops around and buy fairly quickly, as they may consider most brands in a given price range to be the same, even though expensive and self expressive. Even though they experience dissonance noticing certain features or hearing favorable things about other brands, they seek information to support their choice.

c) Habitual loyal makes decisions based on brand familiarity and keep buying the same brand out of habit as passive recipients of information conveyed by advertising.

d) Variety-seeker switches brands for the sake of variety rather than dissatisfaction, choosing brands with little evaluation, and evaluating them mostly during consumption.

Table 2.1

Involvement / Perceived Differences Based Loyalty Types

		Involvement	
		High	**Low**
Perceived differences	**Many and/or significant**	Complex loyal	Variety –seeker
	Few and/or not significant	Dissonance loyal	Habitual loyal

Dick and Basu argue that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage. On the basis of attitude-behavior relationship, they propose four types of brand loyalty. The "spurious loyalty" and "no loyalty" categories occur under low relative attitude that might be indicative of a recent introduction and/or an inability to communicate distinct advantages, or when most competing brands are seen as similar.

Table 2.2

Attitude / Behavior Based Loyalty Types

		Repeat Patronage	
		High	Low
Relative	High	Loyalty	Latent Loyalty
Attitude	Low	Spurious Loyalty	No Loyalty

Rowley and Daves observe that in the previous loyalty typology, Dick and Basu's category of no loyalty is seen to relate to customers whose repeat patronage and relative attitudes are low, but not necessarily negative, meaning that this category includes customers who make infrequent purchases or potential customers. Non-loyal may exhibits this trait as they have no particular interest in the brand, have a negative orientation towards a brand or have a positive orientation towards a competing brand. Thus, Rowley and Daves propose that non-loyal consumers be differentiated on the basis of: repeat patronage or intent to continue shopping, and relative attitude as demonstrated through recommendations made to others, from inertial (associated with behavior and attitude which is relatively passive, and not likely to influence others and which may or may not lead to purchase) to negative (concerned with strong negative attitudes, or behaviors which seek to undermine a brand):

a) *Disengaged loyals* are neutral and uninterested. They have never been customers because they have no awareness, the product is not relevant to them or the product is not within their perception of affordability. Yet, these circumstances may change and they may have potential for being customers in the future.

b) *Disturbed loyals* are existing and continuing customers, who are suffering a temporary perturbation in their loyalty status, and are in the state of questioning previously assumptions about a brand, because they had a negative experience with the brand, or have an unfavorable comparison with other brands, or were exposed to promotion of competitive brands, which tempt them to try alternatives. These customers could be encouraged or enticed to consider re-

commitment to the brand, provided they are assisted to see past their negative experience.

c) Disenchanted loyals are customers who used to be loyal, but who have become less so. Their behavior is such that they do not at present purchase the brand and are unlikely to do so in the future. Their attitude has ceased to be positive towards the brand but often remains neutral, rather than negative, due to previous positive experiences with the brand. Disenchantment arises because of a negative experience with the brand, a positive experience with a competitor, or changes in the match between customer requirements and the product range associated with the brand.

d) Disruptive loyals are previous customers, who have strong negative attitudes and behaviors in respect of the brand. They maintain negative views on the brand and are likely to communicate these to others, possibly vociferously.

Table 2.3

Types of Non-Loyalty Driven Behavior

		Behavior	
		Inertial	**Negative**
Attitude	**Inertial**	Disengaged	Disenchanted
	Negative	Disturbed	Disruptive

2.1.2.4 Factors for Building & Maintaining Brand Loyalty

A product always has a visual appeal and no one can deny that good loking things always get preference. The designing and packaging of the product should be good. Building and maintaining brand loyalty have been a central theme of marketing theory and practice in establishing sustainable competitive advantage. In traditional consumer marketing, the advantages enjoyed by a brand with strong customer loyalty include ability to maintain premium pricing, greater bargaining power with channels of distribution, reduced selling costs, a strong barrier to potential new entries into the product/service category, and synergistic advantages of brand extensions to related product/service categories.

The following are some aspects of marketing mix elements and consumer behavior, which could contribute to brand loyalty:

Product Differentiation:

Brand can be differentiated on the basis of number of different product or service dimensions: product form, features, performance, conformance, durability, reliability, reparability, style and design, as well as such service dimensions as ordering ease, delivery, installation, customer training, customer consulting, and maintenance and repair. (Kotler & Keller, 2006, P.297)

"If the products are differentiated in terms of their characteristics and this difference is perceivable, there are chances of brand loyalty being formed based on satisfaction with greater performance or fit of product with needs. In this case, loyalty is driven by functional or symbolic benefits. Functional benefits would be specific tangible features of the product whereas symbolic benefits would be intangibles such as brand personality and "hedonistic" value of purchases." *(Kayastha, 2003, p. 24)*

Price Differentiation:

Price discrimination occurs when a company sells a product or service at two or more prices that do not reflect a proportional difference in cost. In first-degree price discrimination, the seller charges a separate price to each customer depending on the intensity of his or her demand. In second-degree price discrimination, the seller charges less to buyers who buy a larger volume. In third-degree price discrimination, the seller charges different amounts to different classes of buyers, (kotler & Keller,2006, p. 421)

"If the price differentiation in the market is perceivable, price-led loyalty might exist in the market. Price-led loyalty is practiced by supermarkets, airline companies and FMCG brands, which come out with frequent sales promotions based on freebies. Alternatively, price might be taken as an indicator of brand quality, and the customer might go in for higher priced options. Price-led

loyalty has to be carefully considered with other marketing mix elements and the consumers should never perceive dilution, especially in low-priced bands. Hence, lower prices should create a sense of value through the product offerings as well as through communication." *(Kayastha, 2003, p. 25)*

2.1.2.5 Managing and Assessing Brand Loyalty

"Generally speaking, customers do not like to change or to admit that they were wrong by choosing a particular brand. Moreover, an enormous inertia exists in customer choice, the familiar being comfortable and reassuring. Still, without a clear strategy for creating and maintaining loyalty, no firm can build a loyal customer base." *(Ritson & Elliot, 1999, p. 10)*

"A brand loyalty can only be achieved through a strong brand positioning which means creating and managing a brand's unique, credible, sustainable, and valued place in the customer's minds and it revolves around a benefit that helps the product or service stand apart from the competition. When it comes to managing and enhancing brand loyalty the following points should be considered:" *(Davis & Aaker, 2002, p. 33-35)*

- The customer must be treated with respect in the sense that the interaction between the firm and its personnel, on one hand, and the customers, on the other hand, should be positive and any rude, uncaring, or unresponsive behavior should be avoided.

- The firm must stay close to the customers. For that, focus groups should be used to see real customers' problems, account managers should meet with customers to find out their concerns, and customer contact must be encouraged so that signals be send to both the organization and the customers that the latter is valued.

- Regular, timely, sensitive, comprehensive, and integrated into day-to-day management surveys of customer satisfaction / dissatisfaction must be conducted in order to understand customers' feelings, identify the reasons of overall satisfaction change, and adjust products and services.

- Switching costs must be created by providing unique and valuable solutions for customers' problems or rewarding loyalty directly through specific incentives and advantages.

- Customers must be provided with extra unexpected services so as their behavior be changed from brand tolerance and acceptance to brand enthusiasm.

- Irritations and problems causing people to switch brands must be deeply analyzed. The interaction with a lost customer must be kept in order to clearly identify his negative motivations and all possible actions that could help regain him as a customer and avoid others to follow his action.

Similarly, Innis and La Londe suggest that several specific issues/actions must be considered when managing brand loyalty:

- "Understand the customer service attributes that the customers view as important and focus on improving service levels on these attributes and work to maintain acceptable service levels on less important attributes while reducing the cost of providing these services.

- Recognize and emphasize the importance of logistics to the overall goals of the company: the retention of current customers, the recruitment of new customers, and the building of market share.

- Use the results of this research to support the elevation of logistics in the company, during the strategic planning process, or, operationally and tactically.

- Encourage inter-functional coordination to allow marketing and logistics to work together during planning and implementation in an effort to provide the optimal combination of customer service and marketing service to the customer.

- Use customer service as an element of strategy to help the company gain a differential advantage in the marketplace. Contributors to loyalty research have warned that methods of creating and managing brand

loyalty may have been oversimplified. They point out, for example, that most loyalty schemes don't fundamentally alter market structure. Their introduction may just cost money to those companies who operate in competitive markets with low differentiation.

꘎ In order to manage brand loyalty efficiently, it is necessary to consider approaches to its measurement, as a practical tool in using the construct and linking it to profitability." *(Innis & La Londe, 1994, p. 55-57)*

Likewise, Aaker asserted the most popularized methods for the assessment of brand loyalty:

a. *"Behavior based* loyalty assessments which consider the actual purchase patterns of the customer base using measures like repurchase rates of the brand, percent of purchases which went to each brand purchased considering the last acquisitions, or the number of brands purchased by a customer during a recent given period. Although objective, behavior data has limitations as it may be inconvenient or expensive to obtain, provides limited diagnostics about the future, and it is difficult to discriminate between customers who switched brands and the purchase of multiple brands by different members of a family or an organization." *(Aaker, 1991, p. 62)*

b. *"Loyalty constructs based* assessments which consist of evaluating:

꘎ Customers' objective *switching costs* and their subjective perceived *risks* involved by a potential brand switch.

꘎ Customers' *level of satisfaction and dissatisfaction* (problems they have, sources of irritation, reasons for brand switching). For a brand to have a loyalty potential, its customers' dissatisfaction must be absent or low enough to avoid a switch decision. Satisfaction measurement must be current, representative and sensitive.

꘎ The *liking degree* customers have regarding the firm and the brand. General overall liking can be scaled in a variety of ways: liking, respect, friendship, trust. Liking the brand is not reflected by

customers' perceptions and beliefs about the brand's attributes, but rather by general statements of liking, such as those listed above. The measure of liking can also be reflected by the additional price customers would pay to obtain their brand (price premium) and the price advantage that competitors would have to generate before they could attract a loyal buyer.

⟩ Customers' *level of commitment* to the brand. Commitment can be assessed through the amount of interaction and communication involved with the brand and the extent to which the brand is important in terms of customers' activities and personality. It is important to evaluate not only if the customers recommend the brand but also if they sustain this recommendation with strongly sustained arguments." *(Aaker, 1991, p. 63-64)*

2.1.2.6 Brand Loyalty Correlation

Brand loyalty correlation explains why brand loyalty varies across the product and consumers. Similarly, brand loyalty correlations identify the characteristics of brand loyal consumers and distinguish them from the non-loyal ones. Thus, the loyalties on branding correlation are of high importance for the marketers. Therefore, there must not be any conditions or confusions about the correlation. Correlation must be defined and stated precisely so that the marketer could use them as the guidelines for making strategies. And, this can be better done by improving the weakness of the past attempts and by developing the most scientific and accepted research tradition.

Many researches have been conducted to find out such correlation of brand loyalty. Engel and Blackwell, after analyzing the findings of around 34 researchers conducted by various scholars and experts, have made the following conclusions:

⟩ When extended definitions of brand loyalty are used, some socioeconomic, demographic and psychological variables are related to

brand loyalty. However, those relationships tend to be product specific rather than ubiquitous across product categories.

) There is limited evidence that the loyalty behavior of an informal group leader affects the behavior of the other group members.

) Socio-economic, demographic and psychological variables generally do not distinguish brand loyal consumers from other consumers when traditional definitions of brand loyal have been used.

) Store loyalty is commonly associated with brand loyalty.

) There are some evidences that brand loyalty is inversely related to the number of store shopped.

) Market structure variables, including the extensiveness of distribution and market share of leading brand exert a positive loyalty on brand loyalty.

) The effect of the number of the alternative brands, special deals and price activity are uncertain due to contradictory findings.

2.1.2.7 Brand Loyalty Models

The models that have been employed to analyze the brand loyalty behavior are stochastic in nature. Stochastic models predict behavior based on probabilities. That is to say, stochastic models treat the response of the consumer in the market place as the outcome of some probabilistic processes. The models recognize many factors, such as consumer variable and exogenous variable that determine the outcome of behavior. Even though these factors or variable are not measured or explicitly included in the model, they are represented by probability distribution and their affect is accounted. So far, most attempts at stochastic modeling have been concerned with predicting brand-switching behavior and the rate of trail and repeated purchasing for new products.

While talking about the repeated purchasing behavior of the consumer, some questions may arise. They are:

) Are all the members of the population (i.e. the target market segment) is concerned the same in terms of brand loyalty behavior?

〕 Do the acts of purchasing and using the given brand affect the probability that the given brand is purchased again in the near future?

〕 Are the probabilities of the brand choice changing systematically over time because of the influence of promotion, distribution or shifting tastes?

The first question mentioned above is related to the degree of the loyalty that varies across consumers. The second question is related to the effect of the learning in brand choice process. And the last question deals with influence of time factor as well as promotion, distribution and shifting tastes in brand choice. In fact these questions deal with impact of consumer variables and exogenous variables on the consumer behavior.

Consumer behavior on specific brand is affected by consumer variables such as personality, attitude, income etc. and exogenous variables such as advertising, price, and competitive activity. Considerable efforts have been made to develop models that describe a functional relationship between the probabilities of choosing a brand during a purchase occasion and the factor (i.e., attitude, personality, income past purchase, price, competitive activity etc.) which affect the probability.

A) Bernoulli Model

This is the earliest model of brand loyalty. In this model, the consumer is assumed to have a constant probability (P) of purchasing the brand under study. The probability (P) is determined from aggregate brand choice data and is assumed independent of all external influences, Prior purchases or consumer characteristics.

In this model, the probability of purchasing brand A at a Particular occasion (T) is represented by P (AT). For example, let the brand under study be A, all other brands be B and the probability of purchasing the brand A at a purchase

occasion P (AT). Then, according to the Bernoulli model, P (AT) is determined from aggregate brand choice between brand A and Brand B.

This model suggests that there is no feedback from post purchase events. The response function is free to change over time, however, suggests that number of brands available at a store, special price deals and out of stock situation of the brand influence the probability function. This shows that if brand (A) becomes available at many stores, then the probability of buying that brand may be greater for the consumers who purchase that brand.

There are several variations of the basic Bernoulli model. Although these variations have explicitly considered the heterogeneity in the population, yet they have not abandoned the assumption made by the basic model, i.e. the past purchases have no effect on the present or future purchase probability.

B) Linear Learning Model

The primary concept of this linear learning model is similar to that of Markov model. That is, past purchase affects the future brand-choice probability changes by a certain amount depending on the outcome of a given brand-choice event (whereas in the Markov model, the probability is set to a predetermined value that depends solely on the outcome of the event). Suppose that buying brand 'A' raises the probability of buying brand A by 10%. If the probability were 0.70 before a given trail, it would produce output probability of 0.50 after the purchase of 'A' and 0.35 after the purchase of 'B'. Thus, linear learning model shows that there is a linear relationship between pre-purchase and post-purchase probabilities.

For the first time, Alfred Kuchn applied this model to brand choice date and found that it provided good predictions. Many researchers have tested this model even after Alfred Kuchn and have found the performance of the model rater well in the most of the tests. There are many models so far developed as the modifications to the basic linear learning model. Some of them considered

as important are those, which incorporate the effects of external market forces into learning model by making their parameters functions of these forces.

C) Markov Model

This model takes the assumption about past purchases; it assumes that past purchases influence the probability of current purchase. Many models have been built up on this assumption and they are known as Markov models. Among these models, the most commonly use one is the first-order Markov model.

The first-order Markov model analyses the impact of short-term consumer learning on the purchases probability. This model assumes that the outcome of the last purchases decision affects the brand choice probability on the next trial but the model denies that except the last one other previous purchase have no effect on the probability. For example, the purchase sequences AB and BB would both lead to the same prediction about probability of purchasing brand 'A' on the next purchases because in the both case the last purchase is brand 'B'.

The first-order Markov model can be better illustrated by a product category having three brands. Let us suppose the following probability representing brand choice behavior of customer in a place.

Last Purchase	Next Purchase		
	A	B	C
A	0.08	0.10	0.10
B	0.10	0.60	0.30

The probabilities started in the table above or the transitional matrix given above show that the brand purchase in the last purchase exerts great influence on the probabilities that is applicable in the net purchase. That is, if a consumer had purchased brand 'A' in last the purchase, it is almost certain that it will be bought in the next purchase. But, if a consumer had purchase brand 'A' again

during the next purchase, 80% chances that he will buy 'A' again during the next purchase, 10% chance of buying 'B' and 10% chances of buying 'C'. If the same consumer had purchased brand 'B' in place of brand 'A' in the last purchase, then his chance of buying brand 'A' in the next purchase is 10% that of buying 'B' is 60 percent and of 'C' is 30 percent.

The transitional matrix mentioned above, which the Markov model assumes to be stationary (i.e. that remain unchanged through time) can be used to predict the future brand-share values for A, B, and C. Furthermore, the transitional matrix (probabilities) in the model can be used as one way of measuring both the holding power of a given brand and its ability to attract patronage from other brands. Furthermore, this model has been used to estimate the number of periods that will pass before a given brand will be tried.

There are some factors that the other experts point out as the weaknesses in the first-order Markov model. They have challenged the assumptions such as stationary transitional matrix first-order, population homogeneity etc. and have developed other models, tough following the principle of basic Markov model (i.e., previous purchases affects the brand choice probability in the present and future), which are, largely, independent of these assumptions. Some of such models are the second-order Markov models, which consider the effect of last two purchases, models based on non-stationary transitional matrix and the models taking into account the impact of population heterogeneity on bran choice probability.

D) New Trier Model

The new Trier Model was developed by David A. Akar to model the behavior of a consumer who has purchased a new brand. New brand, here, implies the one that is not used before by a consumer, or if even used before, that is completely forgotten he had used that before.

According to this model, there is a trial period after the initial purchases and the probability of purchasing a particular brand in the future is an outcome of

the consumer's experiences relating to that brand in the trial period. In the initial purchase, the probability of purchasing the particular brand is constant for the consumer who bought it. This trial period purchase affects the probability. After the initial purchase, there may be a number of trial-period purchases. The number of such purchases may vary from consumer to consumer. During the very trial-period purchases, the consumer develops a new purchase of the brand that was purchased in the initial purchase; it may also result into rejection of that brand.

Thus, the new Trier model assumes that past purchase don not affect the present or future purchase probability and the probability is non-stationary and varies from consumer to consumer. Even though the model is considered simple and easier to understand, the assumption of the zero-order processes has limited its use.

E) Probability Diffusion Model

David Montgomery proposed the probability diffusion model. This model assumes that the past purchases don not affect the brand-choice probability in the time to come. According to this model, an individual's response probability is a function of external environmental factors. The probability is non-stationary and varies from consumer to consumer. Thus the mechanism of the probability diffusion model is to some extent related to that of the Markov Model.

Above we reviewed some; widely used brand loyalty models based on the stochastic structure. Based on the principle of stochastic model, these models therefore cannot be free from the problems immanent into the stochastic model. All the stochastic models of brand loyalty stated purchased and relatively low priced. These models avoid the issue of multi-brand loyalty, and neglect the change in stochastic process. Similarly, the effects of heterogeneity and non-stationary are quite confusing in the models.

2.2 Review of Journals and Articles

According to Brand Manager of Himalayan Snacks and Noodle, in his case study "Himalayan war of Himalayn Sanx"(2003) Branding of instant noodles showed the need for defining the market, analysis of the problems and consideration of buyers purchase criteria. His case study findings are summarized as follows.

a. Target market/ Target audience

The target market, in general for the noodles manufacturer as reported by the study showed all over the country. However, the urban areas constitute major noodles consumers. Some of the brands of noodles were found successful to explore their market outside the country as well. Wai Wai was launched itself in some parts of india and was quite popular among the Indians. Similarly, Mayos initiated market in some parts of Bangladesh, Bhutan and India.

The target audience of noodles as reported in the study showed the middle and upper middle class families of the urban areas. Similarly, population of age group between 5 to 18 years was the major category of noodles consumers. They consume noodles mainly as their tiffin in schoola and colleges. Not only as consumer, they were also found to play the role of influencer in buying noodles for their families and are also showed major brand switchers.

b. **Buyer's Purchase criteria for leading brandswaq**

） The main purchase criteria for instant noodles were attributed to be the taste, being a famous brand (Brand Image), having good aroma and spice, and also affected by the consumer scheme and advertisement.

） Consumer of Wai-Wai mentioned theri brand loyalty, taste, image, good spice, good smell and quality toward the brand as important reason for their brand preference,\.

⟩ The consumers who chose Mayos as their main Brand were having slight different version. Gifts/prizes offered and good advertisement by Mayos came up as a strong attributes for its preference. Mayos is still to compete on better advertisement and its time that the consumers went for the preference in the long duration,

⟩ Sick people are the loyal customer of Rara Noodles

Shugan (2005), in his article, *"Brand Loyalty Programs: Are They Shams?"*, has stated that a loyal customer should be an enduring asset rather than a looming liability. True loyalty programs invest now for the future, commit now to the customer and trust rather than demand trust. In contrast, many extant loyalty programs appear to produce liabilities rather than assets. These programs produce short term revenue from customers while producing substantial future obligations to those customers. Rather than showing trust by committing to the customer, the firm asks the customer to trust that, in return for current revenue, the firm will provide future customer rewards. Promising the customer a future reward for a current purchase can merely shift costs into the future.

A real loyalty program should aim to create an asset rather than a liability. A real loyalty program should create current customer benefits by committing to the customer. A true brand loyalty program creates an asset by making the customer more attached to the brand over time. That attachment can come from learning, experience, familiarity, increased switching costs, habit, or customization. In many cases, competition will diminish or eliminate simple price discrimination and related forms of discrimination because the segment that faces discrimination is both attractive to competitive entry and easily captured by competitors.

Lau, Chang, Moon and Liu (2006), in their article, *"The Brand Loyalty of Sportswear in Hong Kong",* have stated that consumer from 'late teens' and 'early twenties' have the highest interest in clothing. They are also the big spenders in the sporting goods market. They are in the period of expressing

individuality and beauty and wear up-to-date and trendy apparel. They dispose their old style apparel frequently and results in frequent wardrobe replacement. This period represents a change in lifestyle and represents a phase of new wardrobe demands. As they have high interest in personal appearance, they tend to have greater clothing expenditure. Nevertheless, the large majority of the respondents aged from 18 to 24 years old are brand switchers. Therefore, marketers have to concentrate their efforts and resources on this consumer segment, such as introducing new lines of fashion sportswear to target the youth market.

On the other hand, creating brand loyal consumers is difficult. Marketers need to continually improve their marketing programs to attract and retain consumers. As competition in the market place is getting increased, consumers are supplied with information on different brands. Thus, important views between 'making more consumer satisfied' and 'making specific groups of consumers more satisfied raises. Making specific groups of consumers more satisfied is more significant related to company's profitability level. Therefore, marketers now focus on brand switching behavior in the market place. As a result, they concentrate on gaining knowledge in factors that can affect consumers to become and remain loyal to their own brands. Loyal consumers may be willing to pay more for a brand.

The promotion is the most efficient strategy in attracting brand switchers. In the sportswear market, promotion tends to reinforce brand switchers to develop more solid brand loyalty towards sportswear. Youngsters follow the moves of their favorite sport celebrities, so they buy the same brand used by sport idols, Sporting goods companies promote their brand images by spending huge amount of money in sponsoring major sports events and individual sports celebrities in Hong Kong.

Huang, Perloff and Villas-Boas (2007), in their article, *"Sales and Brand Loyalty",* have stated that consumers surprisingly exhibit little loyalty to either national brands or private labels for orange juice. Consumers also switch

frequently between frozen and refrigerated orange juice. Switching is enhanced when stores hold frequent sales of orange juice products. Some consumers, known as loyal, always buy a particular brand-name food. Other consumers, called switchers, chose which brand they buy in a given shopping trip depending on relative prices of the products. Stores try to induce these consumers to switch to a given brand by putting it on sale.

As household income rises, consumers are more likely to be loyal to a national brand, less likely to be loyal to a private label and less likely to switch. In short, wealthy households buy a leading national brand and stick with it, even though it may cost more than other brands. As household size increases, consumers are more likely to buy a private label. The reward to buying inexpensive brands rises with family size. This increase comes at the expense of leading national brands; however, the share of switchers remains relatively unchanged.

Renters are more likely to be loyal than are home owners. Surprisingly, renters are slightly more likely to be loyal to both leading national brands and to a private label than are home-owners. Consequently, renters are less likely to be switchers. Race affects loyalty to a national brand for refrigerated orange juice. Race has negligible effects on loyalty to a private label or for frozen juice.

Senior citizens exhibit less brand loyalty for refrigerated orange juice than do younger consumers. In the refrigerated sample, older consumers are less likely to be loyal to either a name brand juice or a private label. This result contrasts with pharmaceuticals, where older consumers were more likely than others to buy a name brand instead of a generic drug. Age has virtually no effect on switching behavior in the frozen or combined samples.

Gommans, Krishnan & Scheffold (2008), in their article, *"From Brand Loyalty to E-Loyalty: A Conceptual Framework"* have stated that the drivers of e-loyalty have immediate implications for marketing management in terms of developing and maintaining brand loyalty in e-space. However, the relative importance of the drivers of e-loyalty in brand strategy formulation depends on the type of e-business as well as the type of market situation.

A customer who buys something on the Internet has one major disadvantage compared to a customer in real space. Internet customers cannot touch, smell, or experience the good before they buy it. This makes a shopper insecure about buying a product. In order to minimize this insecurity, an e-business should offer brands that are well-known, good product quality, and, of course, guarantees.

A unique factor in e-loyalty is the critical role of the first impression created by a website as well as its ease of use - easy navigation, fast page loads, server reliability, quick shopping and checkout processes, and a personalized interface. Further the convenience and site design are among the major factors that determine customer satisfaction, which in turn influence the decision to re-patronize a site.

Jackson (2009), in her article, *"Driving Brand Loyalty on the Web"*, has stated that the savvy managers know that the problems they are searching for could result in their customers losing interest, confidence, or patience in their website- the kinds of issues that undermine the ability of this key customer touch-point to drive brand loyalty. Websites arguably present more demands than any other brand touch-point. For some Web users, the site is the entire customer experience. Business strategy, brand strategy, communications strategy, product quality, and customer service strategy are all transparent. The site is a pressurized environment, since it exposes every dimension of the company.

The customer who is prepared to pay a substantial premium for consumer electronics but who discovers, upon visiting a company website, that product images take an interminably long time to build or that crowded pages and unclear navigation make it next to impossible to locate a product's technical specifications. Both cases would severely undermine this customer's confidence in the brand and his or her motivation to purchase.

While the Internet may seem like an anonymous space, in reality it is far easier to track customers, their purchase histories, and their preferences online than in

a traditional business setting. Customers in bricks-and-mortar stores leave no record of their behavior unless they buy something even then, the data are often sketchy. But in virtual stores, their shopping patterns are transparent. Every move they make can be documented, click by click. If a customer exits a website when the price screen appears, it's a fair bet that he's price sensitive. If one jumps from page to page without ever initiating a transaction, one is probably frustrated at being unable to find what one wants.

2.3 Review of Thesis

Luitel (2005), in his thesis, *"A Brand Preference Study Between Sanmiguel and Tuborg Beer in Kathmandu Metropolitan City"*, has the main objective to analyze the brand preference in beverage. The other specific objectives are;

    a. Examine the buying habit regarding beer and the buying of the consumers.

    b. To find out the effective advertising media loaf beer and their impact on the consumers

    c. To find out the sales volume of beer in Kathmandu metropolitan city.

    d. To suggest measures for promotion marketing of Sanmiguel and Tuborg

The major findings of the study are;

    a. 42% are occasional drinkers with 25% preferring Sanmiguel and 17% preferring Tuborg out of 100 beer drinkers.

    b. The advertisement of Tuborg has the highest recall value among beer drinkers.

    c. 55.93% of beer drinkers preferred to Drink beer with friend Sanmiguel stand for 22.58% and Tuborg by 33.35%.

    d. Brand preference between the two brands Tuborg and Sanmiguel were found to be 56% and 44% respectively.

Pandit (2006), in his thesis, *"A study on Brand Loyalty"* has the main objective to examine the brand awareness of the Nepali consumer. The other specific objectives are;

a. To find if Nepali consumer are loyal or not
b. To identify the correlates of Brand Loyalty.
c. What factors cause the consumer to switch the brand?

The major objectives of the study are;

a. Nepali consumers are aware of various brands of the product offered.
b. The brand loyalty in Nepalese consumers varied as per variable such as age, sex, martial status, family system, education etc.

Singh (2008), in her thesis, *"A study on Brand Loyalty on Nondurable Product",* has the main objective to evaluate the brand loyalty on nondurable products. The other specific objectives are;

a. To find out the brand loyalty
b. To know the consumer behavior on Non durable Product
c. To make the guideline for making marketing strategies
d. Similarly this study will be valuable reference to he scholars and researchers.

The major findings of the study are;

a. Nepalese consumers give high importance to Brand in the consumer non-durable goods. The weighted mean of the various important points given (i.e. from 01 to 05) by the respondent is 3.94
b. Most of the consumers are found buying the products selected for this study by brand rather than by inspection or influences. The percentage of consumers who buy by brand is 70% in Cold Drink, 74% in instant noodles. 52 % in Hair Oil and 60% in Shampoo.
c. In each product selected for the study, at least 64% of the consumer are found to have knowledge of maximum alternative brands available in

the market. This shows the high brand awareness in Nepalese Urban consumers.

d. Majority of the Nepalese urban consumers are found brand loyal.

Kayastha (2009), in his thesis, *"Brand Loyalty on Consumer Product"* has the main objective to trace the brand loyalty on consumer product in Kathmandu. The other specific objectives are;

a. To identify the relationship of brand loyalty with demographic variables like age, sex and income.

b. To find out the number of brand loyal consumers or percentage of brand loyal consumer.

c. To recommend important measures that would help the develop marketing strategies and for conducting further researchers on loyalty on branding in future.

The major findings of the study are;

a. In case of mineral water greater % of female are found to have loyal and most of male are found to have no loyalty. Test shows that there are significant difference between male and female.

b. Similarly in the case of toothpaste % of loyal respondent are found high. They are equally brand loyal. There is no significant difference in brand loyalty between male and female.

c. In the case of Shampoo, male and female are found to have equally loyal tests however that there is no difference in brand loyalty between male and female.

d. In case of hair oil male and female respondent are found highly loyal. Among them female are more than and test statistics shows that there is no difference in brand loyalty between male and female.

e. Under age group 15-20, greater % of respondent are found to have divided loyalty and then found to have no loyalty in case of soap.

f. There is no relation between age and brand loyalty. Greater % of respondent is found to have divided loyal among them.

g. Most of the respondent are found to have undividedly loyal in case of shampoo. This indicates that, they are conscious in the case of shampoo. Test statistics shows that there is no relation between age and brand loyalty.

h. In the case of Mineral water greater % of respondent are found to have loyalty. Among them greater % of respondent of age group 20-25 are found loyal. Test statistics indicates that there is no relation between age and brand loyalty.

i. In the case of toothpaste most of respondents I fall undividedly loyal categories. Most of respond of age group 20-25 and 25-30 are found strongly loyal. Test statistics indicates that there is no relation between are and brand loyalty.

j. In the case of hair oil most of respondent are found have to undividedly brand loyal. Among them greater % of age group 30 and above, are found more loyal then other group. The test statistics shows that there is no relation between age and brand loyalty.

k. Under income group 2000 and above greater% of respondent are found to have to undividedly loyal in the case of shop. Test statistics show that there is no relation between income and brand loyalty.

l. In the case of shampoo greater % respondent of income group are found to have undividedly brand loyal. In this case most of respondent are fall in to undividedly brand loyal. And test statistics show that ther is no relation between income and brand loyalty.

m. In the case of mineral water most of the respondent is found to have no loyal. But among them greater % of respondent of income group 20000 and above are found undividedly loyal in the case of Mineral water. This indicates that there is no relation between age and brand loyalty.

2.4 Research Gap

Previous researches conducted on brand loyalty are of significant importance. However previous researchers have analyazed the response of consumers and concentrate on the brand loyalty on industry as a whole. Previous researchers have not embraced the opinion of distribution channel and impact of brand loyalty on various product within the industry of Instant Noodles. Thus to overcome this Gap, the present research has been conducted by analyizing the buying pattern of the consumers and the experience of the distributive channels on various product within the industry of Instant Noodles.

CHAPTER - III
RESEARCH METHODOLOGY

Research Methodology is known as a path from which the researcher can systematically solve the research problem. This chapter presents method of data collection, nature and type of variables to be studied. Since the basic purpose of study is to know the consumers opinion in Noodles Brand and switching the Brand of instant noodles necessary data was collected from consumers, dealers and producer. The research methodology employed in the present study is described as follows.

3.1 Research Design

The main objective of the study is to examine the brand loyalty on customer in buying the products. The research design adopted for this study is descriptive based on survey study. This study mainly aims to find out loyalty on branding of the Nepalese consumer. Therefore, the survey research design is adopted for the study. The data and information collected from the survey of the consumer are rearranged, tabulated, analyzed and interpreted according to the need of the study for attaining the stated objectives.

The consumers and distributive hubs of Kathmandu valley are extensively surveyed to obtain data and information about the consumer's personality, purchasing pattern of different brands of the products selected for the study, and the attitude, responses and reaction relating to brands. The data and information collected from the survey of the consumer are rearranged, tabulated, analyzed and interpreted according to the need to the study for attaining the state objectives.

3.2 Nature and Sources of Data

The data used are primary in nature. These primary data required for the study are collected from the consumers and distributive channels; personnel of departmental store and grocers, of Kathmandu valley.

3.3 Population and Sampling

All consumers and distributive channels of related products of Kathmandu valley are population of the study. It is almost impossible to include the whole population in the study. Therefore, out of this population, only 50 consumers and 30 distributive channels, including 15 personnel of departmental store and 15 grocers, are taken as sample for this study.

3.4 Method of Data Collection

Two questionnaire set have been prepared. One questionnaire has been distributed to the consumers and the other questionnaire has been distributed to the personnel of departmental store and grocers.

3.5 Techniques of Data Analysis

The present study is based on both the analytical and descriptive approach.

The following techniques are followed in analyzing the data:

- Collection of relevant information,
- Identification of data suited to fulfill the purpose of the study,
- Classification and tabulation of data,
- Derive conclusion, summary and recommendations based on the analyzed data.

3.6 Tools Used

For attaining the objectives set out in the first chapter, both marketing tools and statistical tools have been used.

3.6.1 Marketing Tools

Mainly the following marketing tools have been used to achieve the objectives;

- Relationship between Brand Loyalty and Age
- Relationship between Brand Loyalty and Gender
- Relationship between Brand Loyalty and Income Level
- Reason Behind Brand Switching

3.6.2 Statistical Tools

To analyze the data collected from the questionnaire survey, the following statistical tools have been extensively used;

- chi-square (^{2})
- Percentage
- Pie Chart
- Bar Diagram

CHAPTER - IV
DATA PRESENTATION AND ANALYSIS

4.1 Analysis of Responses of Consumers

Data analysis and presentation chapter deals with the main body of this thesis study i.e. analysis and findings of the collected data. The available information are changed and adjusted in to required data for analyzing. Under this section, the relationship of the demographic factors, especially age, sex and income level, with the loyalty on brand of consumers have been measured. For this mainly five popular Brand of Noodles, i.e. Wai Wai, Min Min, Yum Yum, Maggi and Rara are selected. The purchase of single brand, at least one brand more than one and less than four times, different four brands, during last four purchases is considered as strong, moderate & weak brand loyalty respectively.

4.1.1 Market share of Different Brand of Noodles

If there is any sector in Nepal that can match up to the brewing and distilling business in the regularity with which new brands enter the market it has to be instant noodles. Now the healthiest segment in Nepal's Manufacturing industry is taking its wars abroad.

For years Wai Wai remained ahead despite a premium per packet it charged, while the rest sold at lower prices. But with Mayos, the scenario has changed. For the first time. Wai Wai is facing a competitor that is confident of selling at the same price. Retaining control is a matter of pride for the choudhary group, having dominated the market for so long with a 50% share. In fact, it is said that a large part of the Choudhary group's revenue comes from Wai Wai. The Khetan group, which burnt their fingers in the noodle soup earlier with Yum Yum, Kicked off an aggressive ad campaign for Mayos. The Choudharys have reacted in kind with their own campaign for wai Wai. The first shots have been fired in the Great Nepali Noodle War.

There is also strong competition in the lower-priced - the snack (Khaja) segemnt, following the success of Hits introduced by General food Industries, the makers of Yum Yum, and priced at Rs. 6, Hits is extremly popular among children and in the tarai. Sturggling to keep up are Chaudhary's Mimi and Sathi, Multi- Food Min Min khja and Yes Papa, and Anupam Food's Jony.

The market share of different brand of noodles in the year 2011-12. Wai-Wai Brand of Chaudhary Group and Ru-chee and Mayos of Himalayan snax Noodles (P) ltd. are seems to be pre-dominating the market. Following table shows the market share of different brand of noodles in April 2012

Table 4.1.1

Sales and market share of 75gm Noodles Segment in April 2012

	Brands	Sales In cases	Market Share %
HSNPL	Mayos	115,257	16.2
	Ru –Chee	131863	18.6
	Lekali	21765	3.1
Total –HSNPL		268885	37.9
CG	Wai-Wai	131940	18,6
	Gol Mol	67028	9.4
	Mama 100	2600	0.4
	Mama 75	3525	0.5
/Total CG		205093	28.9
ATF	Rumpum	66954	9.4

	2:00 PM	7474	1.1
	LotPot	22510	3.2
Total ATF		96938	13.6
GNI	Aaha	18745	2.6
	Rara	35728	5.0
Total GNI		54473	7.7
PNI	Jojo	43681	6.1
Other		41210	5.8
Total		710280	100

((Source : Report of Marketing of Instant Noodles, Kathmandu; p. 11-13)

The above table revels that Wai Wai and Ru chee Brand of Instant noodles are considered as market leader with the market share of 18.6% each . Himalayn Sanx and Noodles private limited (HSNPl) was able to hold No. 1 position in Instant noodles with market share of 37.9% followed by Chaudhary Group with market share of 28,9%, Rum Pum Brand of ATF and Jojo of Pokhara noodles Industry also hold good position in market with market share of 9.4% and 6.1%,

Table 4.1.2 Sales and market share of 50 gm Noodles Segment April 2012

	Brands	Sales In cases	Market Share %
HSNBL	Hurray	216437	48.8
CG	Sathi	50118	11.3
	Min Min	39030	8.8
/Total CG			20.1
ATF	Phuchhe	73624	16.6
PNI	City	33707	7.6
GNI	Aaha 50	11531	2.6
Other		19071	4.3
Total			100

(Source : Report of Marketing of Instant Noodles, Kathmandu; p. 11-13)

HSNBL : Himalayan Snax and Noodles (P) ltd. , CG = Chaudhary Group,

ATF = Asian Thai Foods, GNI = Gandaki Noodles Industry, KPF : Kanchanjungha Processed Foods, PNI : Pokhara Noodles Industries

Above tables reflestc Hurray Brand of HSNBL in Pre dominating the market with market share of 48.8%. The Brand Hurray is more popular among the school children due to its aggressive advertisement. Followed by Phuchhe Brand that holds 16.6% of market share and Satthi and Min Min of Chaudhary Group which holds the 20,1% of market share in total.

4.2 <u>Survey Analaysis</u>

4.2.1. Age and Sex Composition

Out of 50 Consumer respondents interviewed, majority of them (64%) Constitued from the age group of 15-39 years followed by age group of 30 and above (26%), and up to 15 years (10%)

The age composition is shown in detail as follws:

<p align="center">Table 4.2.1 : Age Group and Sex of Respondents</p>

S.No.	Age Group(Years)	Total NO.	Percentage	Male	Female
1	Below 15	5	10	2	3
2	15-30	32	64	9	23
3	Above 30	13	26	6	7
Total		50	100	17	33

(Source: Field Survey, 2012)

<p align="center">Fig 4.2.1 Percentage of Respondents by age group</p>
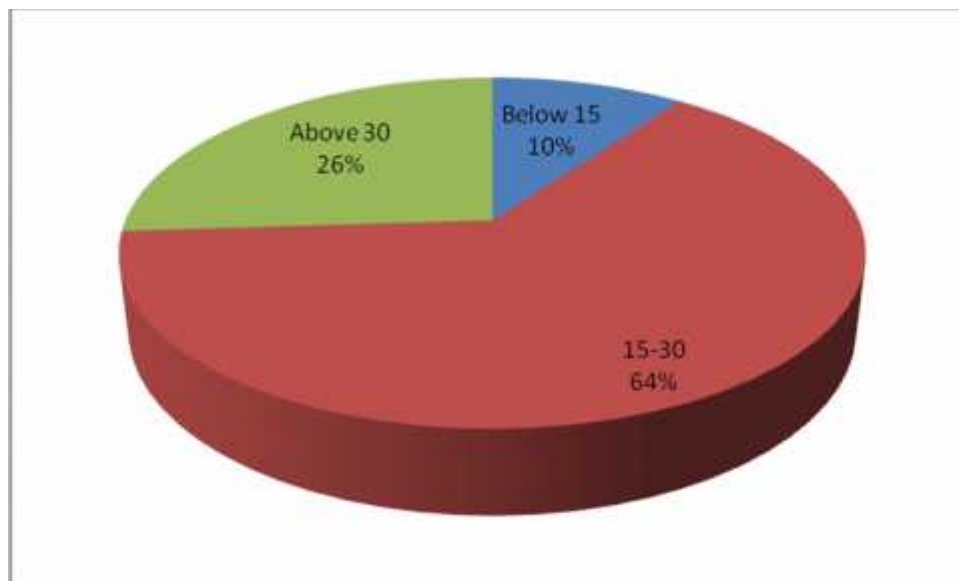
Regarding the Sex Composition out of 50 consumer respondents 33 (66%) were females and remaining17 (34%) were male.

Fig. 4.2.1 (A) Respondents by Sex Group
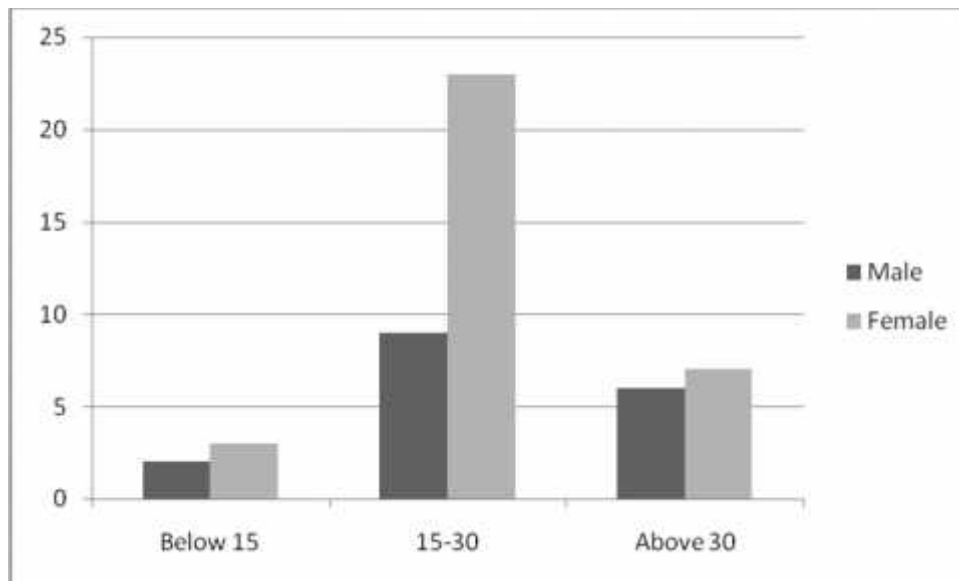
4.2.2 Consumer's view regarding frequency of consumption of Noodles

Users of Instant noodles are classified into four groups based on the consumption habit of Instant Noodles. Frequently (Everyday/Every alternative day) , at least once in a weak , At least Once in a month and occasionally. The Frequency of consumtion of Noddles is shown in detail as follws:

Table 4.2.2 : percentage distribution of Extent of Consumption of Noodles

Frequency of consuption	Number of Consumer	Percentage
/frequently	11	22
Once in a Weak	23	46
Once in a Month	4	8
Occasionally	12	24
Total	50	100

(Source: Field Survey, 2012)

Most of the consumer ie about 46% consumes noodles at least once in a weak, followed by occasional consumer of noodles (24%). Similarly 22% consumer consumed noodles frequently whereas 8% consumer consumes noodle at least

once in a month. Though the frequency of consumption of noodle is different all the respondents consume noodles.

Fig. 4.2.2 Frequency of consumption of Instant Noodles
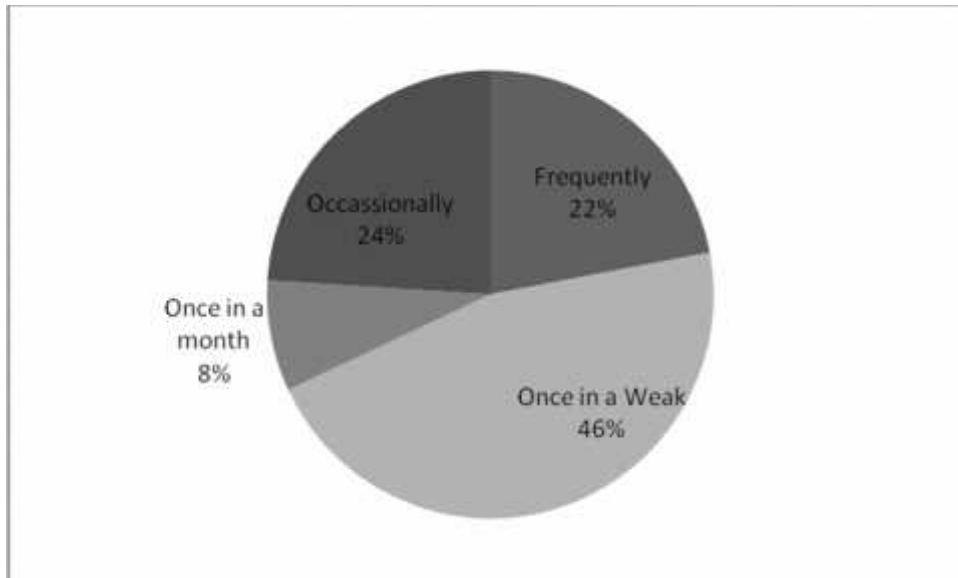
4.2.3 Preference Brand of Instant Noodles

under this part of the study, preference brand of Instant Noodles by nepalese customer has been analyzed.

Table 4.2.3 Preference Brand of Instant Noodles

Brands	Frequently	Once in a Weak	Once in a Month	Occasional
Wai Wai	1	4	3	6
Min-Min	1	2		
Yum-Yum	0	3		
Maggi	2	3	1	5
Rara	3	2		
other	4	9		1
Total	11	23	4	12

(Source: Field Survey, 2012)

There are various kinds of noodles available in the market like Ru-Chee, lekali, golmol, Ma Ma 100, Rum Pum Lot Pot, Aaha, U-key, Jojo etc. apart from five brands namely Wai Wai, Min Min, Yum Yum, Maggi and Rara take for the present study. Regular user of instant noodles are observed to be less brand loyal than occasional user. The above figure reflect majority of daily user of Instant noodle (36%) consumes various alternative noodles. whereas 27.27% consumes Rara , 18.18 % consumer daily consumes Maggai whereas 9% daily users prefer Brand Wai-wai and Min Min.

Customer who consumes instant noodles at lease once in a weak also prefer other Brand of noodles. Nearly 39.13% prefer different brand of noodle available in the market. 17.39% consumer prefer Brand Wai Wai,13.04 % customer prefer Brand Maggi and Brand Yum Yum. 18.18% customer prefer brand Min Min and Brand Rara.

Occasional Consumer and consumer who consumes at least once in month are observed to be brand loyal toward Wai-Wai and Maggi.

Fig 4.2.3 Preference Brand of Instant Noodles
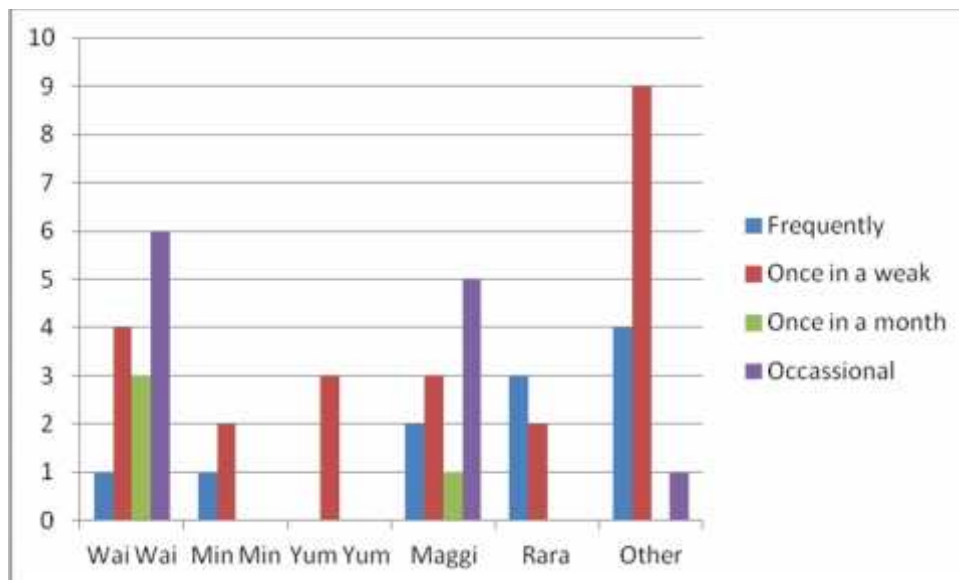
4.2.4. Consumers Opinion on upahar Program on Instant Noodles

One of the opinions of the respondents was collected whether they were awarded prizes as per advertisement (upahar program). only 14% of the total

respondents was in the view that the company used to award as per upahar program while 79% of the respondents viewed that awards were just for advertisement and did not come into reality. . The respondents who did not responded constituted 7% of the total. However advertisement through the television has create a strong brand loyalty, desire to taste the noodles in children who ultimately effect on selection of Brand of Instant Noodles in adult group.

4.2.5 Relationship between age and Brand Loyalty

To measure the relationship between brand loyalty and age of the consumers, the consumers are grouped into three sub group. The brand loyalty on consumer aging below 15 years, between 16 to 30 years and above 30 years has been measured. Mainly, the brand loyalty on Wai Wai, Min Min, Yum Yum, Maggi and Rara is measured.

Table 4.2.5 Brand Loyalty and age

Level	Below 15		15-30		Above 30		Total	
	No.	%	No.	%	No.	%	No.	%
Strong			3	9.38	7	53.85	10	20
Moderate	1	20	18	56.25	3	23.08	22	44
Weak	4	80	11	34.37	3	23.07	18	36
Total	5		32		13		50	

(Source: Field Survey, 2012)

The above table measures the level of brand loyalty on different level of age. The table shows that the majority of Below age 15 and age group between 15-30 category of consumers has moderate or weak level of brand loyalty on Instant Noodle. However the age group above age of 30 shows strong brand loayalty. None of the consumers below 15 year, 9.38% of the consumers within the age of 15 year to 30 year, and 53.84% of the consumers above 30 years have taken a single brand of Instant Noodles in last four purchases, and thus have shown strong brand loyalty. However the majority of the consumers, 20%

of the people below 15 year, 56.25% of people within the age of 15 years to 30 year, and 23.08% of the people above 30 year have made repeated purchase of Wai Wai, Min Min, Yum Yum, Maggi, Rara or other and thus have shown moderate brand loyalty. Likewise, 80% of the consumers below 15 year, 34.37% of the consumers within the age of 15 year to 30 year, and 23.07% of the consumers above 30 year have taken four brands in four purchases, not repeating a single brand, and thus have depicted weak brand loyalty.

In overall, 20% of the consumers have depicted strong brand loyalty, 44% of the consumers have shown moderate brand loyalty and 36% of the consumers have shown weak brand loyalty. Thus, the majority of the people have moderate brand loyalty on Instant Noodle. Furthermore it can be concluded that the consumers above the age of 30 year are more brand loyal than that of others, since the preponderance of percentage on strong brand loyalty and moderate brand loyalty is highest in such group of people than in others.

Figure 4.2.5. Brand Loyalty and Age
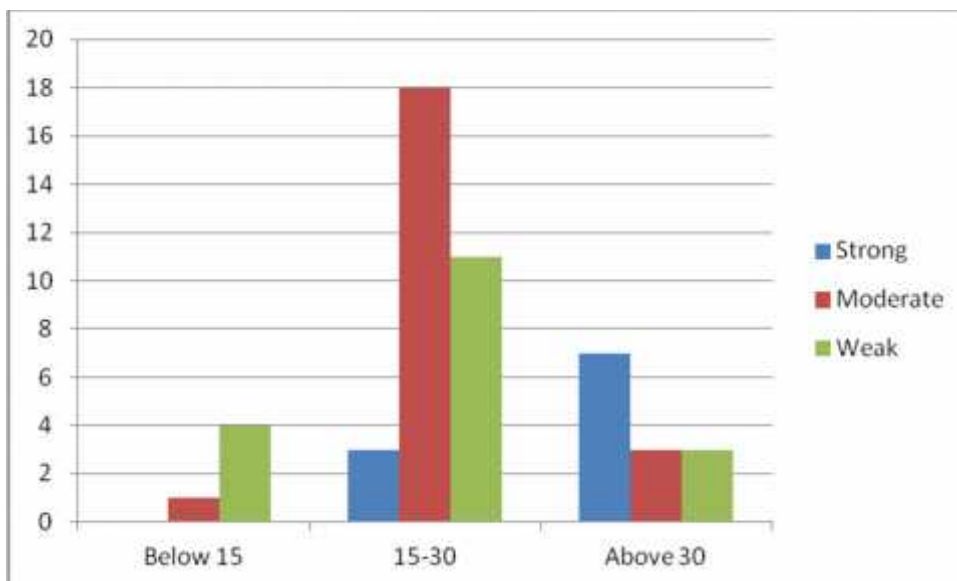
Calculation of chi-square (χ^2) for testing of Hypothesis

Null Hypothesis (H_0): There is no significant difference between age group and selection of Brand Loyalty.

Alternative Hypothesis (H_1) : There is significant difference between age group and selection of Brand Loyalty.

Test Statistic : Under H_0, the test statistic is $\chi^2 = \sum (O-E)^2/E$

where O= Observed frequency (Cell frequency)

E= Expected frequency in a cell = (RT *CT)/N

RT = Row total , CT = Column total

N= Grand Total

Table 4.2.5 (a) Brand Loyalty and Age

Age/ Level	Below 15	15-30	Above 30	RT
Strong	0	3	7	10
Moderate	1	18	3	22
Weak	4	11	3	18
CT	5	32	13	

(Source: Field Survey, 2012)

Table 4.2.5 (b) Calculation of Expected frequency and χ^2

Row, Column	O	E = RT*CT/N	O-E	$(O-E)^2$	$(O-E)^2/E$
(1,1)	0	1.00	-1.00	1.00	1.00
(1,2)	3	6.40	-3.40	11.56	1.8063
(1,3)	7	2.6	4.40	19.36	7.4462
(2,1)	1	2.2	-1.20	1.44	0.6545
(2,2)	18	14.08	3.92	15.36	1.0909
(2,3)	3	5.72	-2,72	7.3984	1.2934
(3,1)	4	1.80	2.20	4.84	2.6889
(3,2)	11	11.52	-0.52	0.2704	0.0235
(3,3)	3	4.68	-1.68	2.8224	0.6031
$\sum (O-E)^2/E$					16.61

Calculated $\chi^2 = 16.61$

Degree of freedom = (r-1)*(c-1) = (3-1) * (3-1) = 4

Level of Significance (α) = 5%

Tabulated $\chi^2_{0.05\,(4)}$ = 9.488

Conclusion : Since calculated χ^2 is greater than tabulated χ^2, it is significant and H_0 is rejected and hence H_1 is accepted which means selection of brand loyalty is dependent of Age group

4.2.6 Relationship between Gender and Brand Loyalty

To measure how the gender affects the brand loyalty of consumers, the consumers are exactly grouped into two sub groups, i.e. into male and female. Then the responses of each category have been collected to measure the relationship between brand loyalty and gender.

Each male and female respondent is asked about the consumption of beverage in the last four purchases. The responses obtained from them are categorized on the basis of gender and presented in the Table 4.2.6.

Table 4.2.6 Brand Loyalty and Gender

Level	Male		Female		Total	
	No.	%	No.	%	No.	%
Strong	1	5.88	9	27.28	10	20
Moderate	7	41.18	15	45.45	22	44
Weak	9	52.94	9	27.27	18	36
Total	17	100	33	100	50	100

(Source: Field Survey, 2012)

The above table depicts the brand loyalty on the basis of gender. The table shows that female are more brand conscious on Instant Noodles than male, since 27.28% of the female consumers have depicted strong brand loyalty, while only 5.88% of the male consumers have shown strong brand loyalty by taking single brand of instant Noodles in last four consumptions.

Similarly, 45.45% of the female consumers and 41.18% of the male consumers have shown moderate level of brand loyalty by selecting at least one brand for more than one time and less than four times within the last four consumptions. Likewise, 27.27% of the female consumers and 52.94% of the male consumers consumed different brands by not repeating a single brand within the last four consumptions and thus clarified weak brand loyalty. Thus, it can be concluded female are more brand loyal than male in case of Instant Noodles.

Figure 4.2.6 Brand Loyalty and Gender
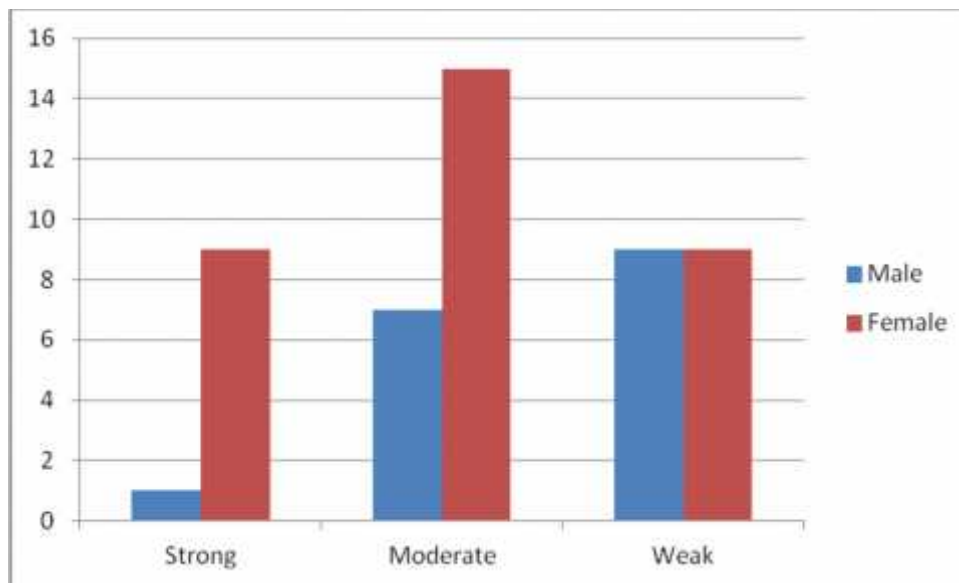
Calculation of chi-square (χ^2) for testing of Hypothesis

Null Hypothesis (H_0): There is no significant difference between Sex group and selection of Brand Loyalty.

Alternative Hypothesis (H_1) : There is significant difference between Sex group and selection of Brand Loyalty.

Test Statistic : Under H_0, the test statistic is $\chi^2 = \sum (O-E)^2/E$

where O= Observed frequency (Cell frequency)

E= Expected frequency in a cell = (RT *CT)/N

RT = Row total

CT = Column total

N= Grand Total

<p style="text-align:center">Table 4.2.6 (A) Brand Loyalty and Gender</p>

Age/ Level	Male	Female	RT
Strong	1	9	10
Moderate	7	15	22
Weak	9	9	18
CT	17	33	

(Source: Field Survey, 2012)

<p style="text-align:center">Table 4.2.6 (B) Calculation of Expected frequency and χ^2</p>

Row, Column	O	E = RT*CT/N	O-E	$(O-E)^2$	$(O-E)^2$/E
(1,1)	1	3.40	-2.40	5.76	1.6941
(1,2)	9	6.60	2.40	5.76	0.8727
(2,1)	7	7.48	0.48	0.2304	0.0308
(2,2)	15	14.52	0.48	0.2304	0.0159
(3,1)	9	6.12	2.88	8.2944	1.3553
(3,2)	9	11.88	-2.88	8.2944	0.6982
$(O-E)^2$/E					4.667

Calculated $\chi^2 = 4.667$

Degree of freedom = (r-1)*(c-1) = (3-1) * (2-1) = 2

Level of Significance (α) = 5%

Tabulated $\chi^2_{0.05\ (2)} = 5.991$

Conclusion : Since calculated χ^2 is less than tabulated χ^2, it is not significant and H_0 is accepted which means selection of brand loyalty is independent of Sex group.

4.2.7 Relationship between Income Level and Brand Loyalty

To measure the relationship between brand loyalty and income level of the consumer, the consumers are grouped into three sub group. The brand loyalty on consumer having income of below Rs. 15,000, Rs. 15,000 to Rs. 30,000 and above Rs. 30,000 has been been measured in this section.

Certainly, the income level of the consumers has impact on consumption and ultimately affects the brand loyalty.

Table 4.2.7 Brand Loyalty and Income

| Level	Below Rs. 15000		15000-30000		Above 30000		Total	
	No.	%	No.	%	No.	%	No.	%
Strong			5	16.67	5	41.67	10	20
Moderate	2	25	16	53.33	4	33.33	22	44
Weak	6	75	9	30.00	3	25.00	18	36
Total	8		30		12		50	100

(Source: Field Survey, 2012)

The above table measures the level of brand loyalty on different level of Income. The table shows that consumer earning below Rs. 15,000.00 have no strong brand loyalty. Further it has been observed brand loyalty is directly proportionate to income level ie. higher the income level higher the brand loyalty. 16.67% of the consumer earning monthly income of Rs. 15,000 to 30,000 and 41.67 % of the consumer earning above 30,000 have depicted strong brand loyalty by taking only one noodles within the last four consumption.

Similarly 25% of the consumer earning below Rs. 15,000, 53.33 % of the consumer earning between Rs, 15,0000 to Rs. 30,000 and 33.33 % earning above Rs, 30,000 has shown moderate brand loyalty ie have made repeated purchase of Wai Wai, Min Min, Yum Yum, Maggi, Rara or other and thus have shown moderate brand loyalty. Likewise, 75% of the consumers earning below Rs. 15000 per month , 30.00% of the consumers earning within the range of 15,000 to Rs. 30,000 year, and 25.00% of the consumers earning above 30000 per month have taken four brands in four purchases, not repeating a single brand, and thus have depicted weak brand loyalty.

In overall, 2o% of the consumers have depicted strong brand loyalty, 44 of the consumers have shown moderate brand loyalty and 36% of the consumers have shown weak brand loyalty. Thus, the majority of the people have moderate

brand loyalty on Instant Noodle. Furthermore it can be concluded that the consumers having income level above Rs. 30,000 per month are more brand loyal than that of others, since the preponderance of percentage on strong brand loyalty and moderate brand loyalty is highest in such group of people than in others.

Figure 4.2.7 Brand Loyalty and Income level
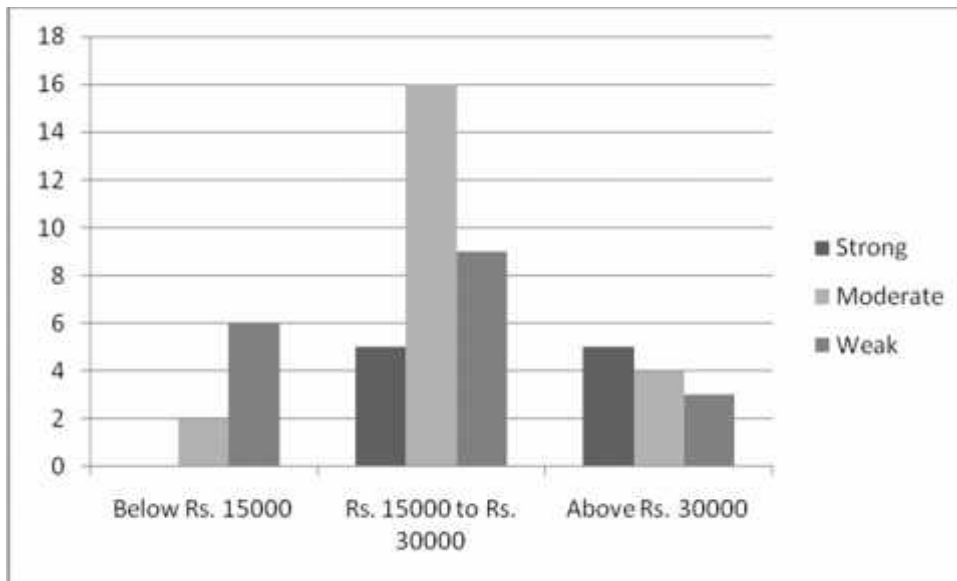
Calculation of chi-square (χ^2)   for testing of Hypothesis

Null Hypothesis (H_0): There is no significant difference between Income Level and selection of Brand Loyalty.

Alternative Hypothesis (H_1) : There is significant difference between Income Level and selection of Brand Loyalty.

Test Statistic : Under H_0 , the test statistic is $\chi^2 = \sum (O-E)^2/E$

where O= Observed frequency (Cell frequency)

E= Expected frequency in a cell = (RT *CT)/N

RT = Row total

CT = Column total

N= Grand Total

Table 4.2.7 (A) Brand Loyalty and Income Level

Age/ Level	Below 15000	15000-30000	Above 30000	RT
Strong	0	5	5	10
Moderate	2	16	4	22
Weak	6	9	3	18
CT	8	30	12	

(Source: Field Survey, 2012)

Table 4.2.7 (B) Calculation of Expected frequency and χ^2

Row, Column	O	E = RT*CT/N	O-E	$(O-E)^2$	$(O-E)^2$/E
(1,1)	-	1.60	-1.6	2.56	1.60
(1,2)	5	6.00	-1.0	1.00	0.1667
(1,3)	5	2.40	2.6	6.76	2.8167
(2,1)	2	3.52	-1.52	2.3104	0.6564
(2,2)	16	13.20	2.80	7.84	0.5939
(2,3)	4	5.28	-1.28	1.6384	0.3103
(3,1)	6	2.88	3.12	9.7344	3.38
(3,2)	9	10.80	-1.8	3.24	0.30
(3,3)	3	4.32	-1.32	1.7424	0.4033
$(O-E)^2$/E					10.2273

Calculated χ^2 =10.23

Degree of freedom = (r-1)*(c-1) = (3-1) * (3-1) =4

Level of Significance (α) = 5%

Tabulated $\chi^2_{0.05\,(4)}$ = 9.488

Conclusion : Since calculated χ^2 is greater than tabulated χ^2, it is significant and H_0 is rejected and hence H_1 is accepted which means selection of brand loyalty is dependent of Income level .

4.2.8 Reason behind Brand Switching

While testing the brand loyalty on Instant Noodles, mainly on the five products, i.e. Wai Wai, Min Min, Yum Yum, Maggi and Rara, majority consumers have

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shown moderate and weak brand loyalty besides strong brand loyalty. Thus, to measure the main reason behind switching the brand, the consumers are asked on this matter.

Table 4.2.8 Reason Behind Brand Switching

Reason	Below 15		15-30		Above 30		Total	
	No.	%	No.	%	No.	%	No.	%
Price Increase		0	4	12.50	3	23.08	7	14
Aggravating Quality		0	13	40.62	4	30.77	17	34
Desire for New Test	1	20	6	18.75	3	23.08	10	20
Brand Access	0	0	2	6.25	2	15.38	4	8
Attractive Advertising of Competitive Brand	4	80	7	21.88	1	7.69	12	24
Total	5	100	32	100	13	100	50	100

Reason	Male		Female		Total	
	No.	%	No.	%	No.	%
Price Increase	3	17.65	4	12.12	7	14
Aggravating Quality	5	29.41	12	36.37	17	34
Desire for New Test	4	23.53	6	18.18	10	20
Brand Access	1	5.88	3	9.09	4	8
Attractive Advertising of Competitive Brand	4	23.53	8	24.24	12	24
Total	17	100	33	100	50	100

Reason	Below 15000		15000 - 30000		Above 30000		Total	
	No.	%	No.	%	No.	%	No.	%
Price Increase	3	37.50	3	10.00	1	8.33	7	14
Aggravating Quality	1	12.50	10	33.33	6	50,00	17	34
Desire for New Test	2	25.00	6	20.00	2	16.67	10	20
Brand Access	0	0	3	10.00	1	8.33	4	8
Attractive Advertising of Competitive Brand	2	25.00	8	26.67	2	16.67	12	24
Total	8	100	30	100	12	100	50	100

(Source: Field Survey, 2012)

The above table reflects that Attractive advertisement of Instant noodles is the major reason for switching the brand to the consumer below the age of 15 year, Almost 80% of the consumers within this age has affirmed this option whereas 20% of the consumer of this age group switch the brand due to desire of new taste.

The consumer within the age of 15 to 30 year has seemed to be more concerned with the quality of the brand and thus has switched off the brand due to aggravation in quality. About 40.62% of the consumer falling within the age of 15 to 30 year has supported this. 21.88% of this age group switch off brand due to Attractive advertisement whereas 18.75% switch to another brand due to desire of new test.

The customer above the age of 30 years also seemed to be more concerned with the quality of the brand. 30% of the consumer above the age of 30 year has revealed this opinion. 23.08 % of the consumer has given the reason of price increase and desire of new taste being the major factor of brand switching. Brand access is crucial for 15.38% whereas only 7.69% consumer above the age of 30 are affected by the Attractive advertisement. This seems that different factors have caused different age of consumer to switch off the brand.

Likewise, the majority of the male consumers have paid more concerned on quality of the brand (29.41%) followed by desire of new taste and attractive advertisement (23.53% each). Wheras the majority of the female consumers have given predilection to the quality (36.37%) followed by attractive advertisement(24.54%) the main reason for switching off the brand. Similarly, 17.65 and 5.88% of the male consumers have revealed increase in price and brand access is the main reason behind leaving the brand. Moreover, 18.18%, 12.12 and 9.09% of the female consumers have stated desire of new taste Price increase and brand access is the major reason for switching the brand.

Analyzing the responses of the consumers on the basis of income level, it has been ascertained that the majority of the lowest income earning people, i.e. below Rs. 15000, have been more concerned to the increase in price, and thus

37.50% of such income earning consumers have left the brand due to increase in price. Similarly 25% of the consumer were influenced by the Desire of new taste and Attractive advertisement. Only 12.50% consumer earning below Rs. 15,000 were observed to be quality sensative. The consumer earning between Rs. 15,000 to 30,000 group are mostly (33.33%) concern to quality of the product. 26.67%, 20% and 10% consumer earning between Rs. 15,000 to 30,000 group stated Attractive advertisement desire of new taste, price increase and/or Brand access respectively are the major rason for switching the brand. consumers earning above Rs. 30000 have switching the brand due to aggravation in quality (34%) followed by Attractive advertisement(24%), desire of new taste(20%), price increase (14%) and Brand Access(8%).

In aggregate, 34% of the consumers have stated aggravating quality, 24% of the consumers have said attractive advertisement, 20% of the consumers have pointed out desire to test new brand, 14% have said increase in price and 8% affirmed difficulty in brand access are the main reason for leaving the brand. Thus, on the basis of majority it can be assumed that quality concerns most, and the inferior quality causes consumers to switch the brand.

4.3 Analysis of Responses of Seller

Under this section, the responses on the extent of brand loyalty of consumers, and the concerns of the brand maker to build the brand that is likeable to created strong brand loyalty on consumers are analyzed. For this, the opinions of the personnel of the departmental stores and grocers have been collected.

4.3.1 Extent of Brand Loyalty

The sustainability of the brand on the long run depends upon the consumer's loyalty on such brand. To scrutinize to what extent the consumers are loyal with their brands, the personnel of the departmental stores and grocery are asked to express their experience. The responses obtained from them are presented in the table below.

Table 4.3.1 Extent of Brand Loyalty

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Strong	3	20	5	33	8	27
Moderate	8	53	7	47	15	50
Weak	4	27	3	20	7	23
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The table reveals that the majority of the personnel of departmental stores, 53% (8 out of 15) have said that the consumers show moderate brand loyalty. In addition, 27% of such group stated moderate brand loyalty and 20% of them have affirmed strong brand loyalty on consumers. Likewise, 47% of the grocers, 7 out of 15, have said that customers pose moderate brand loyalty, while 33% have said that the customers show strong brand loyalty and 20% have said weak brand loyalty on consumers. In aggregate, half of the total respondents, 15 out of 30, have stated that the consumers pose moderate brand loyalty, 27% of the them have stated strong brand loyalty and 23% of them have said weak brand loyalty. Thus on the basis of overall majority and the majority of each category of respondents, it can be concluded that the consumers have moderate brand loyalty on the product of Instant Noodles.

Figure 4.3.1 Extent of Brand Loyalty
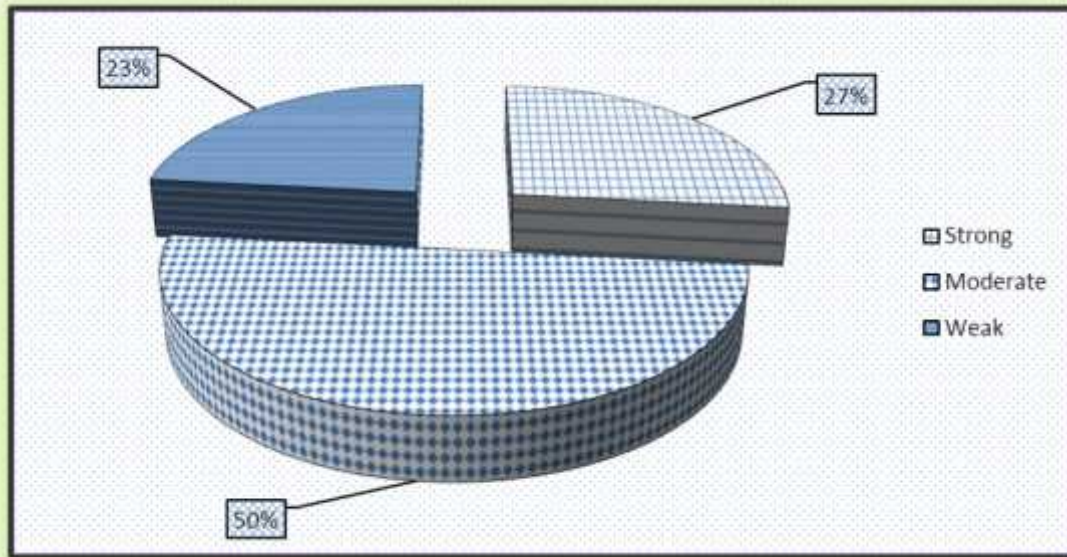
4.3.2 Relationship between Brand Loyalty and Brand Performance

Generally, a high brand loyalty (purchase and attitudinal loyalty) will increase the brand performance (relative price and market share). To examine to what extent does the brand loyalty positively affects the brand performance, the respondents are asked on this matter.

Table 4.3.2 Relationship between Brand Loyalty and Brand Performance

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
High	12	80	14	93	26	87
Medium	3	20	1	7	4	13
Low	0	0	0	0	0	0
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The table reveals that 80% of the personnel of departmental store and 93% of the grocers have experienced a high positive relationship between the brand

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loyalty and brand performance, meaning the relative price and market share of the brand highly increases with the increase in brand loyalty. Further, 20% of the personnel of departmental store and 7% of the surveyed grocers have experienced medium level of positive relationship between brand loyalty and brand performance. However, nobody has said that there is low relationship between these two variables. In overall, 87% of the total respondents have experienced high positive relationship and 13% of the respondents have experienced medium positive relationship. Thus, categorically it can be inferred that there exists highly positive relationship between brand performance and brand loyalty.

Figure 4.3.2 Relationship between Brand Loyalty and Brand Performance
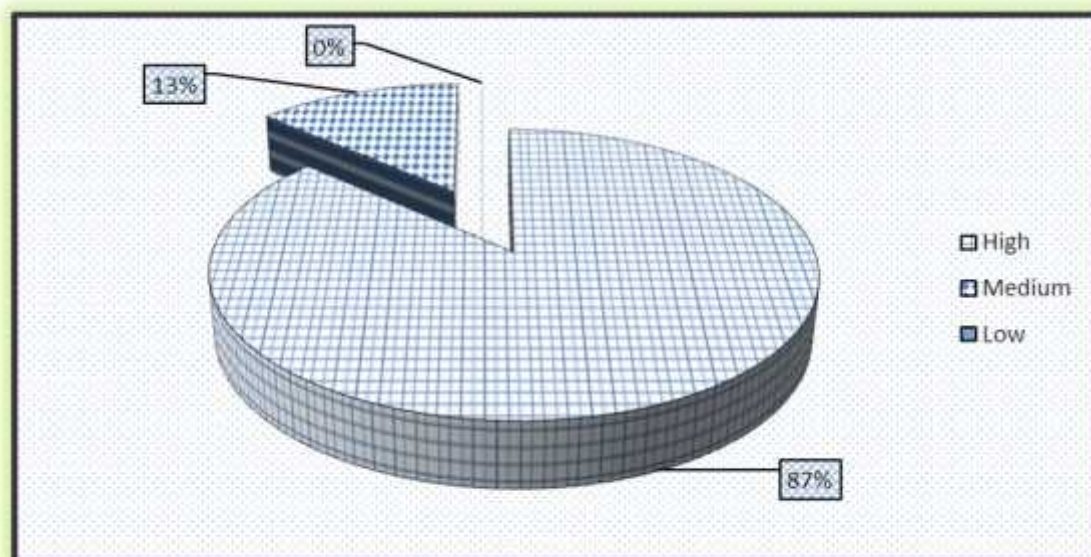
4.3.3 Tool for Brand Identity

While building the brand the brand maker should pay concentration on the tools that will entice the consumers most. To evaluate which tool aids the consumer most to identify the brand, the seller are asked to opine their view on the basis of their experience.

Table 4.3.3 Tool for Brand Identity

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Tagline	2	13	1	7	3	10
Color	3	20	2	13	5	17
Symbol & Logo	4	27	6	40	10	33
Cartoon & Animation	6	40	6	40	12	40
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The above table reveals that the majority of the personnel of departmental stores, 40% (6 out of 15), are in the opinion that the brand maker should use cartoon and animation, such as Fido Dido representing 7 Up, Ronald representing McDonalds and so on. In addition, 27% of the personnel of departmental store have opined that the brand maker should use symbol & logo such as the symbol of Nike product. Further, 20% of them have opined color, as Kodak using yellow, and 13% of them have opined tagline, as NABIL using the tagline 'NABIL Bank Hajur ko Bank'. Besides them, 40% of the grocers have opined that the brand maker should use symbol & logo, 40% of them have opined cartoon and animation, 13% have stated color, and 7% have affirmed tagline for the brand identity.

In aggregate, the majority of the respondents, 40%, have suggested cartoon and animation, while 33% have suggested symbol and logo, 17% have opined color, and 10% have opined tagline to be used as brand identity by the brand maker. Thus, it can be concluded that the brand maker should concentrate more on effective cartoon or animation for the brand in order to be easily identified the brand by the consumers.

Figure 4.3.3 Tool for Brand Identity
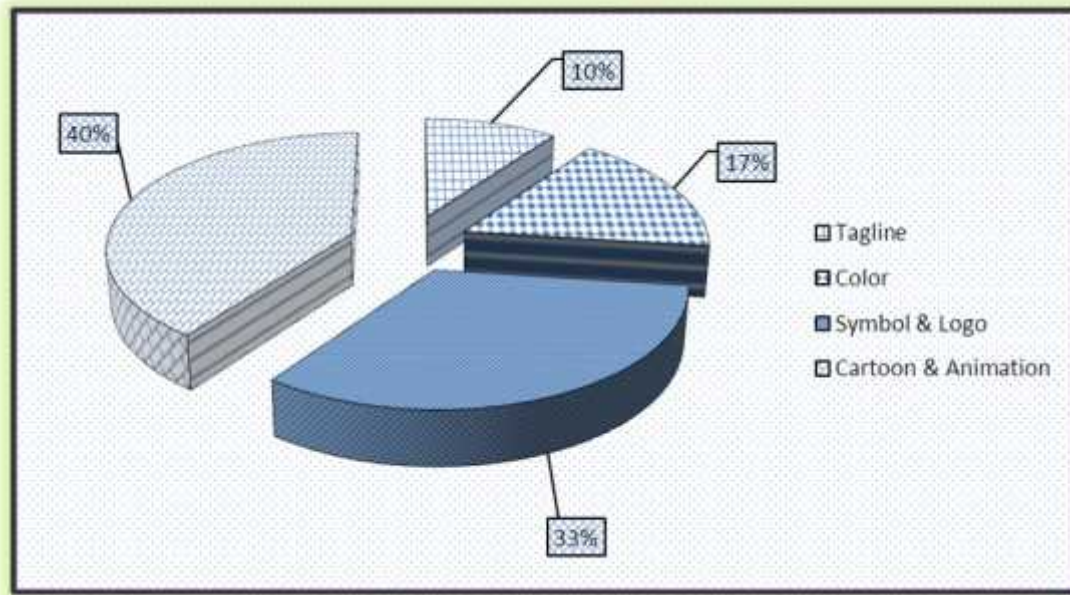
4.3.4 Easy to Memorize Brand Name

The brand name should be such that will be easy for consumers to memorize. The brand maker should concentrate on making the brand name that is easy to memorize for the customers, which will ultimately partially increases the brand loyalty.

Table 4.3.4 Easy to Memorize Brand Name

| Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Person Name	3	20	3	20	6	20
Location Name	9	60	7	47	16	53
Quality Specification	1	7	2	13	3	10
Artificial Name	2	13	3	20	5	17
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The table shows that 60% of the personnel of the departmental store and 47% of the grocers have strongly opined that the brand name should be derived from

the location name, such as Bank of Kathmandu, Everest Hotel etc. While 20% of the personnel of departmental store and 20% of the grocers have stated that the brand name should be based on person name, such as McDonald. In addition, 13% of the personnel of departmental store and 20% of the grocers have opined that the brand name should be concentrated on artificial name, such as Philip. Finally, 7% of the personnel of department store and 13% of the grocers have stated that the brand name should ensure the quality like Quality Ice cream.

However, in overall, the majority of the total respondents, 56% (16 out of 30) suggested that the brand name should be based on location name, while 20%, 17% and 10% have opined that the brand name should be derived from person name, artificial name, and quality specification respectively. Thus on the basis of overall majority, and the majority of each group it can be assumed that the brand name would be more memorable to the customers, if it is made from location name.

Figure 4.3.4 Easy to Memorize Brand Name
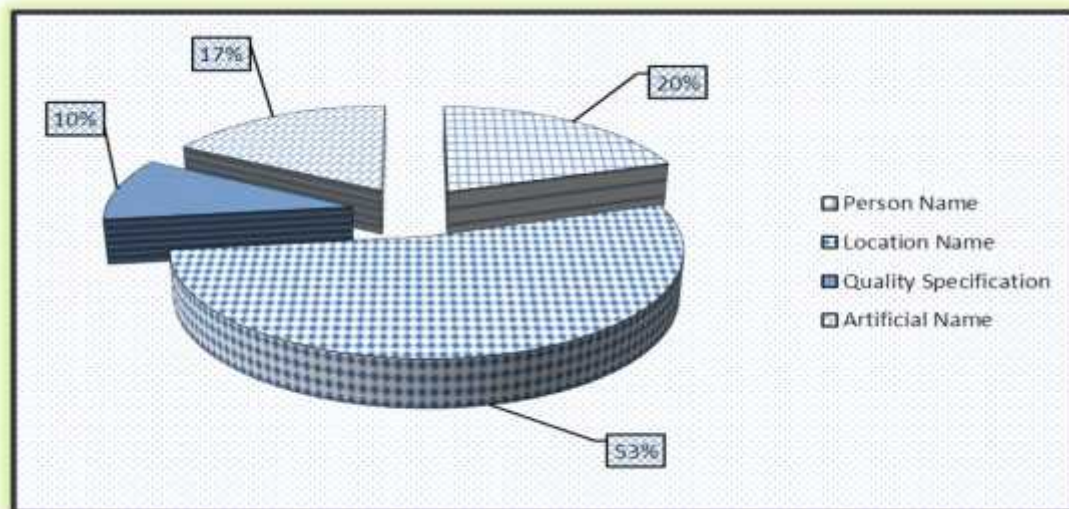
4.3.5 Crucial Dimension for Rich Brand Name

The brand maker should concentrate on creating the rich brand name that will reflect the certain dimension, such as attribute, benefit, company value, personality and users. A rich brand name clarifies the consumers on what the

brand is offering. Thus to identify which dimension is most crucial, the personnel of the departmental store and grocers are asked to express their views.

Table 4.3.5 Crucial Dimension for Rich Brand Name

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Attribute	4	26	6	40	10	33
Benefit	7	47	5	33	12	40
Company Value	1	7	1	7	2	7
Personality	2	13	1	7	3	10
Users	1	7	2	13	3	10
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

Analyzing the table, it has been as ascertained that the majority of the personnel of the departmental store, 47% (7 out of 15) are in the view that the brand maker should concentrate on making the brand, which truly reflects the benefits of the product, such as Mercedes triggers the idea of well performing car, that is enjoyable to drive. While only 33% of the grocers have supported this view. The majority of the grocers, 40% (6 out of 15), and 26% of the personnel of departmental store have opined that the rich brand name should trigger certain attributes in consumers' minds, such as Mercedes attributes a picture of well engineered car. Likewise, 7% of the departmental stores' personnel and 7% of the grocers have stated that the rich brand name should reflect company values. However, 13% of the personnel of departmental store and 7% of the grocers have opined that the rich brand name should depict the personality traits. Finally, 7% of the personnel of departmental store and 13% of the grocers have affirmed that the brand name should explicit the type of users, such as Rolex watch reflects that the consumers are affluent.

In overall, 33%, 40%, 7%, 10% and 10% of the total respondents have opined that the rich brand name should reflect attribute, benefit, company values, personality and users respectively. Thus, considering the overall majority it can be concluded that the rich brand name should reflect benefit to the consumers most, among the five dimensions of the rich brand name.

Figure 4.3.5 Crucial Dimension for Rich Brand Name
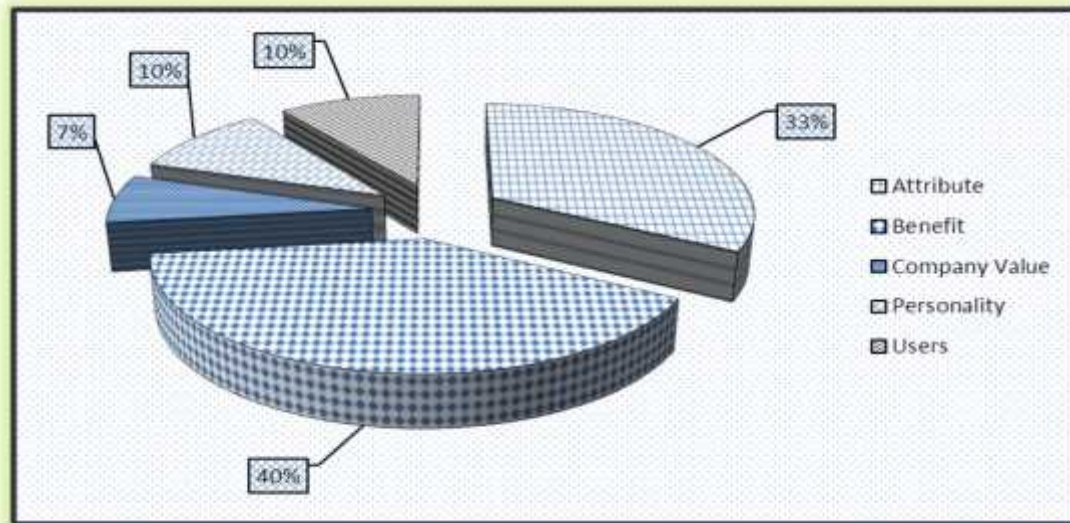
4.3.6 Importance of Brand Loyalty

To evaluate why brand loyalty is important for the company, the respondents are asked on this issue. The opinions obtained from the personnel of the departmental store and the grocers have been tabulated below.

Table 4.3.6 Importance of Brand Loyalty

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Higher Sales Volume	3	20	4	27	7	23
Premium Pricing Ability	8	53	6	40	14	47
Retain rather than Seek	4	27	5	33	9	30
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The table shows that the majority of each category, 53% of the personnel of departmental store & 40% of the grocers, has focused that the brand loyalty is most crucial for setting premium price, since the increase in brand loyalty makes consumers less sensitive to price increment. In addition, 20% of the personnel of departmental store and 27% of the grocers have stated that the brand loyalty increases the sales volume and thus buttress the sustainability of the brand.

While 27% of the personnel of departmental store and 33% of the grocers have opined that brand loyalty is most important for retaining the existing customers, since brand loyalists are willing to quest for their favorite brand and are less sensitive to competitive promotions. In overall, 47% of the total respondents have stated premium pricing ability, 30% of the total respondents have opined retaining the customers and 23% of the respondents have said higher sales volume as the major importance of brand loyalty.

Figure 4.3.6 Importance of Brand Loyalty
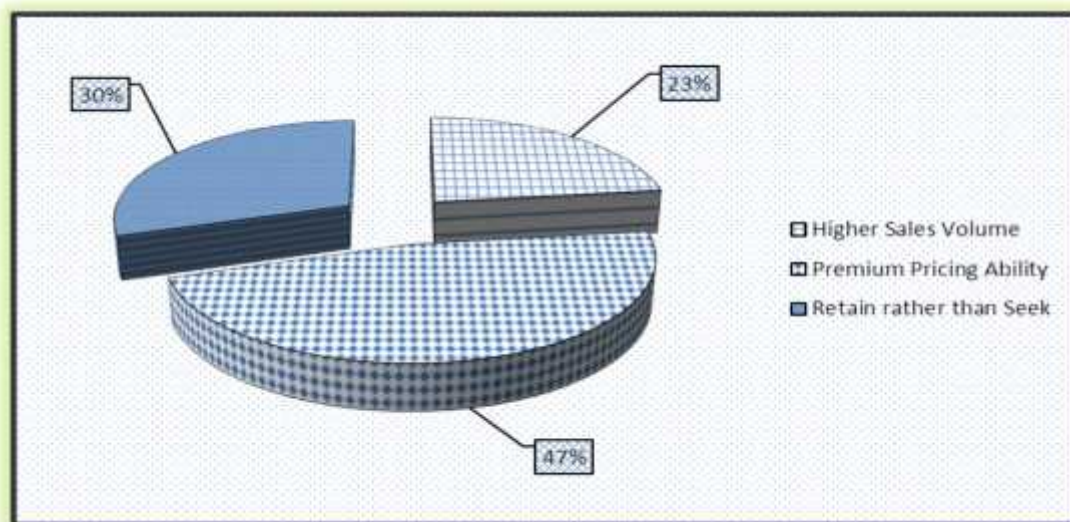
4.3.7 Crucial Element for Brand Name

The brand should be such that will impact on the consumers' mind in buying the product. Thus, the brand maker should analyze each element while building the brand name. To explore which element is most crucial in making the brand name, the respondents are asked on this issue.

Table 4.3.7 Crucial Element for Brand Name

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Memorable	6	40	5	33	11	37
Meaningful	3	20	4	27	7	23
Likeability	4	27	2	13	6	20
Transferable	2	13	4	27	6	20
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The table depicts that the majority of each category, 40% of the departmental store personnel and 33% of the grocers have stated that the brand name should be easily memorable, such as Nike, to make rich brand nae. However, 20% of the departmental store personnel and 27% of the grocers have opined that the band name should be meaningful, whereas 27% of the departmental store personnel and 13% of the grocers have affirmed that the brand name should be much likeable by the consumers, and 13% of the departmental store personnel and 27% of the grocers have said that the brand name should be transferable enough, such as Sony TV, Sony Vio Laptop etc., to make rich brand name.

In aggregate, 37% of the respondents suggested memorable brand name, 23% suggested meaningful brand name, 20% implied likeability and 20% implied transferable brand name. Considering the overall majority, and the majority of each category, it can be assumed that the brand maker should concentrate most in making memorable brand name to affectionate the consumers toward the brand.

Figure 4.3.7 Crucial Element for Brand Name
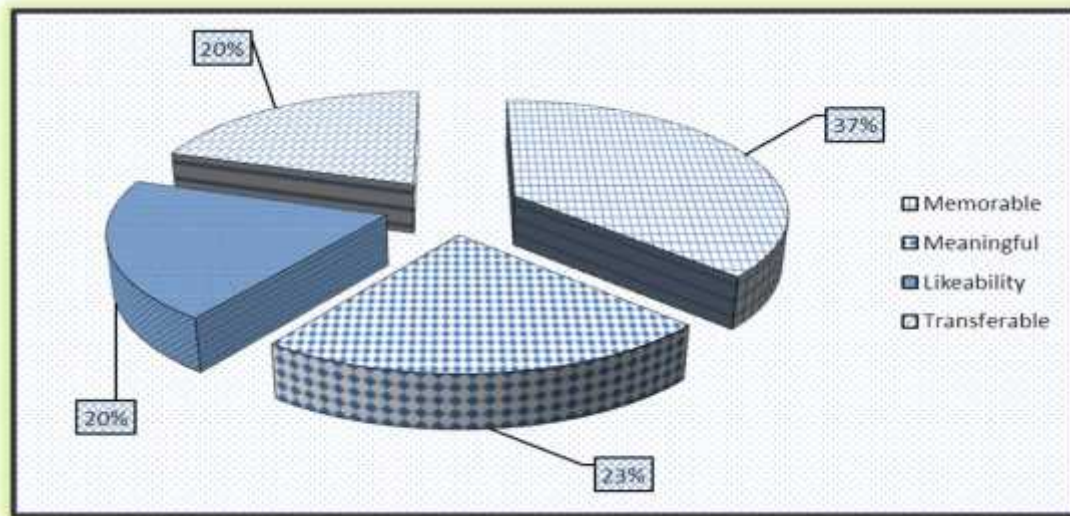
4.3.8 Driving Force for Brand Belief

To evaluate what force keeps the consumers to hold the strong brand belief, the respondents are asked to opine their views on the basis of their experience. The responses obtained from them are presented in the below table.

Table 4.3.8 Driving Force for Brand Belief

Response	Departmental Store		Grocery		Total	
	No.	%	No.	%	No.	%
Past Experience	7	47	8	53	15	60
Opinions of Family	2	13	1	7	3	10
Income Level	6	40	5	33	11	37
Reference Group	0	0	1	7	1	3
Total	**15**	**100**	**15**	**100**	**30**	**100**

(Source: Field Survey, 2012)

The table reveals that the majority of each category of respondents, 47% of the personnel of departmental store and 53% of the grocers have stated that the satisfaction on past usage drives consumers to have brand belief and thus makes loyal. Next to past experience, income level also decides the extent of brand belief on consumers. About 40% of the departmental store personnel and

33% of the grocers have supported on the influence of income level in brand belief. Similarly, 13% of the departmental store personnel and 7% of the grocers have pointed out the opinions of family as the major driving force to make brand belief. Likewise, 0% of the departmental store personnel and 7% of the grocers have stated that the reference group like friends, colleagues and other are the major driving forces for brand belief.

However, in overall, 60%, 10%, 37% and 3% of the total respondents have pointed out the past experience, opinions of family, income level and reference group respectively as the major driving force to make brand belief. Considering the overall majority and the majority of each group, it can be assumed that the satisfaction level in past consumption is the major driving force to make strong brand belief.

Figure 4.3.8 Driving Force for Brand Belief
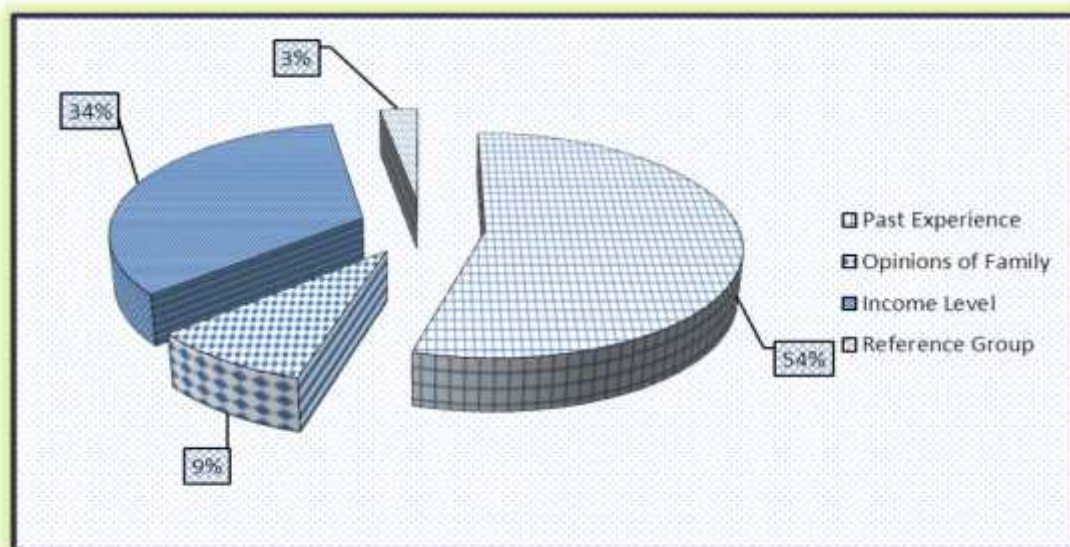
CHAPTER - V
SUMMARY, FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Nowadays, when competing brands are becoming more substitutable, as product quality increases and brands become more consistent, loyalty is the key success factor of any company. Generally speaking, product quality is high, differentiation is generally low, and consumers are increasingly price-sensitive while the array of brands facing customers is increasing. The similarity between competing brands and the increasing array of competing brands, combined with the increased cynicism towards advertising, has resulted in consumers being both more price-sensitive and rarely loyal to a single brand. In markets with little differentiation, customers can be ambivalent towards brands and, as a result, they buy different brands.

Today most customers include several brands in their preferred brand set. There are, however, some brands towards which consumers demonstrate intense sole-loyalty, and these brands often have brand communities - groups of consumers whose common theme is their usage of a particular brand.

Brand managers must be conscious of the fact that the more integrated the consumer is into this community; the more loyal they are in consuming the brand. A successful brand strategy must be based on creating brand loyalty. For achieving this goal, loyalty's relationship to other descriptive dimensions of brand equity must be clearly set out, while target consumers must be classified on a loyalty basis. The marketing mix must be then shaped according to this classification. Furthermore, certain rules generally apply when managing brand loyalty, along with specific tactics and strategies established after a detailed analysis of the particular situation a brand or its actual and potential clients has. Finally, managing brand loyalty implies a periodical assessment of the results obtained through specific strategies and of the levels of brand loyalty among customers, considering both functional and emotional perceived aspects related

to the brand. Thus, to test the extent of loyalty on consumers on different brands of beverage, soap, toothpaste, hair oil and shirt products, on the basis of demographic factors like age, gender, income level, this study has been conducted which reflects the brand loyalty on consumers of Kathmandu.

5.2 Major Findings of the Study

On the basis of the analysis done, the following major findings have been drawn;

Major Findings from Consumers

） It has been ascertained that the consumers above the age of 30 year are more brand loyal than that of others, since the preponderance of percentage on strong brand loyalty and moderate brand loyalty is highest in such group of people than in others.

） Consumption of instant Noodles are independent to Sex Group ie. Male and female shows the same brand loyalty towards consumption of noodles.

） The income level has direct impact on the brand loyalty of each product. The brand loyalty in the consumers earning high income is greater than those earning low income in the brand of instant Noodles.

） Attractive advertisement is the major reason for brand switching for the consumers below 15 years. However, aggravating quality is the main reason for the consumer between the age of 15 and 30 years, and above the age of 30 year for brand switching..

） It has been ascertained that for the lowest income earning people, i.e. below Rs. 15000, price increase is the main reason for brand switching. However, the consumer earning above Rs. 15000 have paid more concern to quality of the product, and thus quality is the main reason for brand switching.

Major Findings from Seller

⟩ 50% of the respondents have stated that the consumers have moderate brand loyalty on the product of Instant Noodles. Similarly, 87% of the respondents have inferred that there exists highly positive relationship between brand performance and brand loyalty.

⟩ Likewise, 40% of the respondents have suggested that the brand maker should concentrate more on effective cartoon or animation for the brand in order to be easily identified the brand by the consumers. And 53% of the respondents have stated that the brand name would be more memorable to the customers, if it is made after location name.

⟩ 40% of the respondents have opined that the rich brand name should reflect benefit to the consumers most. And 47% of the total respondents have stated premium pricing ability as the major importance of brand loyalty.

⟩ 37% of the respondents have asserted that the brand maker should concentrate most in making memorable brand name to affectionate the consumers toward the brand. Similarly, 60% of the respondents have stated that the satisfaction level in past consumption is the major driving force to make strong brand belief.

5.3 Conclusion

Ubiquitously the extent of loyalty on brand on consumers is affected by the demographical factors. However, on the basis of the age of the consumers, it has been found that the preponderance of the consumers above the age of fifteen are more brand loyal than others. Selection of Instant noodles is independent with the sex group. With apropos of income level, it can be concluded that as the income level augments, the loyalty of consumers also increases. Thus, among the three demographic variables, the income level and age group are the most influencing factor on brand loyalty. Likewise, price increment, quality debilitation and predicament in accessibility of the brand are the main reasons for switching the brand.

On the basis of the responses of the distributive channels, it can be concluded that the consumers have brand loyalty on the product like Wai Wai , Min Min, Yum-Yum, Maggi, Rara. Further it can be inferred that there exists highly positive relationship between brand performance and brand loyalty. However, it will be worthwhile, if the brand maker concentrates more on building the alluring cartoons and animations that are memorable, which will ease the consumers to identify the brand. Also, the rich brand should reflect the benefit to the consumers most. Further, it can be concluded that the brand loyalty is most important for manufacturers to charge the premium pricing, as the study has found that the loyalists are indifferent with the price. Eventually, it can be asserted that the brand maker the level of satisfaction is the major driving force for consumers to make robust brand belief.

5.4 Recommendations

Following recommendations are made based on findings of the study.

) The brand maker should focus in making the rich brand that will affectionate the consumers in great extent and that will be easier for the consumers to identify. For such, the cartoons and animations, color, symbols and logos, and other objects should be distinct.

) The brand should tacitly assert the benefit to the consumers, company values, attributes of the product, personality of the consumers and users category of the brand.

) Since the quality aggravation of the brand is one of the major reasons for switching the brand, the manufacturer should pay more concern in ameliorating the quality, not in debilitating the quality. Further, the brand which consumers give more predilections should be easily accessible to the group.

) Brand should be have different characteristics or unique in every type of product. The distinct brand will be very much helpful to differentiate the desire product of the consumer from the other products.

)   Studies on brand loyalty should be made on continuously. Most of consumers showing brand loyalty indicate towards hidden assets of the manufactures or sellers. They should have knowledge of these valuable assets. It will give them effective guideline for developing successful marketing strategy.

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APPENDIX – I

QUESTIONNAIRE

SET – A

Sir/Madam,

It is my great pleasure to inform you that I am undertaking a research study entitled *"A Study on Brand Loyalty in Nepalese customer" (A case study of Instant Noodles)*, for the partial fulfillment for the degree of Master's of Business Studies.I would like to understand your opinions on the subject related to the brand loyalty. In this context, your opinions are valuable to test theory in Nepalese context and suggest for the promotion and development of noodles industry in Nepalese context. It would be an insightful cooperation if you express your views on this questionnaire on the basis of your experience.

Personal Information:

Name: ………………… 		Gender: …………………

Please tick the option that suits you;

Age:

Below 15	
15 to 30	
Above 40	

Income Level: ………….

Below Rs. 15000	
Rs. 15000 to Rs. 30000	
Above Rs. 30000	

Questions:

Please choose the best Alternative;

A) Brand Loyalty:

1.   Do you consume Noodel   a) Yes   b) NO

If Yes Pls mention the Preference Brand of Instant Noodles

a) Wai Wai   b) Min Min   c) Yum Yum

d) Maggi   e) Rara   d) Other ……………

2. How often you consume Instant Noodles

a) Everyday/Frequently   b) Once In a weak

b) Once In a month   d) Occassionally

3. Which of the Noodles brand did you use in last four purchases?

a. ………………… b. ………………… c………………… d. ……………..

4. What are your priority criteria while making decision of purchasing noodle?
   a. Attractive "Uppahar" program
   b. Taste
   c. Attractive Packing
   d. Reasonable Price
   e. Easy availability
   f. Attractive contents of Advertisement
   g.   If other, specify.....................................

B) Brand Switching;

1. Which of the following factors made you leave your brand?

   a) Price Increase

   b) Aggravating Quality

   c) Desire for New Test

   d) Brand Accessibility

   e) Attractive Advertising of Competitive Brand

2. How do you judge instant noodles in terms of price in general

   a) Cheap   b) Expensive   c) Reasonable

3. Please give suggestions and comments about the brand of Instant Noodles.

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Thank You.

APPENDIX – II

QUESTIONNAIRE

SET – B

Sir/Madam,

It is my great pleasure to inform you that I am undertaking a research study entitled "*A Study on Brand Loyalty in Nepalese customer" (A case study of Instant Noodles)*, for the partial fulfillment for the degree of Master's of Business Studies.I would like to understand your opinions on the subject related to the brand loyalty. In this context, your opinions are valuable to test theory in Nepalese context and suggest for the promotion and development of noodles industry in Nepalese context. It would be an insightful cooperation if you express your views on this questionnaire on the basis of your experience.

Name: ………………   Position (Optional): ………………..

Departmental Store/Grocery Name: …………………..

Please choose the best Alternative;

1. To what extent have you found brand loyalty on consumers?
    a) Strong   b) Moderate   c) Weak

2. To what extent have you experienced the relationship between brand loyalty and brand performance (relative price, market share)?
    a) Strong   b) Moderate   c) Weak

3. Which of the following tools should be widely used to build brand identity?
    a) Tagline   b) Color

c) Symbol & Logo   d) Cartoon & Animation

4. To memorize the brand name easily by the consumers, the brand make should use;

   a) Person Name   b) Location Name

   c) Quality Specification   d) Artificial Name

5. Which of the following five dimensions is most germane to build a rich brand name?

   a) Attribute   b) Benefit

   c) Company Values   d) Personality   e) Users

6. Brand Loyalty is most important for …………………..

   a) Higher Sales Volume

   b) Premium Pricing Ability

   c) Retain Rather than Seek

7. To have strong brand equity, the brand builder should pay more concern on which of the following elements?

   a) Memorable   b) Meaningful

   d) Likeability   d) Transferable

8. What drives the consumer to build strong brand belief?

   a) Past Experience   b) Opinions of Family

   c) Income Level   d) Reference Group

Thank You.