

ANALYSIS OF THE RELATIONSHIP BETWEEN CONSUMER'S ENVIRONMENTAL AWARENESS AND BRAND LOYALTY

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Abstract

In this study, we investigated the relationship between consumer's environmental awareness and brand loyalty. We used a questionnaire comprising environmental approach (Magnet et. al., 2009), brand loyalty scale (Şenel, 2011) to collect data from 384 Faculty of Economics and Administrative Sciences students. The outcomes demonstrate that there is relationship between brand loyalty and environmental awareness.

Keywords: consumer behavior, environmental awareness, brand loyalty

1. Introduction

In recent years, customers in mostly business' have become increasingly more significant because markets are getting competitive (Lewis & Chambers, 2000). The accomplishment of a brand on the long term is not identified with the number of customers that purchase it their items or services once, yet consistent purchasers of brand is vital for brand's sustainability. (Jacoby & Chestnut, 1978, p.1).

Brand loyalty emphasizes a fundamental concept in marketing as a strategic view. It is generally recognized as an asset (Aaker 1984, p.140). Brand loyalty is likewise taken care of a client as a

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quality (e.g., Rust et al. 2004). The definition is emphasized by a set of six groups and collectively sufficient conditions. These are that “brand loyalty is the biased (i.e., nonrandom), behavioral response (i.e., purchase), expressed over time, by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (decision-making, evaluative) processes” (Jacoby & Kyner, 1973, p.2). Jacoby (1971), was analyzed brand loyalty as a concept in terms of outcomes (repeat purchase behavior).

Repeat purchasing pattern occur in customer’s behavior according to behavioral brand loyalty. Specifically, a repeat purchasing pattern can be found with actual purchase frequency calculation. The proportion of specific brand purchase determine as “compared to the total number of purchased brands and/or the actual amount of purchase”. Behavioral approaches have been used also brand loyalty researches to measure customer’s purchasing behavior (Ehrenberg, 1991; Guadagni & Little, 1983). Cognitive approaches have the advantage which can allocate different mechanism for repeat purchase behavior. In particular, preferences of customers can act operative effects. Personal tastes, brand attributes and past experiences due to brand purchases are involved conceptual differences (Wernerfelt, 1991, p.231).

With expanding attention to environmental issues, there has been rising interest for ecological benevolent business rehearses. Prior studies has shown environmental practices of firms has a relationship with existing and potential stakeholder groups, financial institutions and suppliers, as well as internally by employees and owner/managers (Gadenne et. al.,2008, p.45).

The purpose of this paper is to analyze relationship between brand loyalty and environment awareness. The study was conducted in Turkey. At long last, this study presents brand loyalty and environment awareness relationship proposes suggestions for future exploration and additionally marketing methodologies. However, the results in this study are likely to make a significant contribution to the literature about environment awareness an brand loyalty in Turkey.

2. Literature Review

Back & Parks (2003) research the interceding impacts of attitudinal brand loyalty on the relationship between consumer satisfaction and behavioral brand loyalty. They found that customer satisfaction had a significant indirect effect on behavioral brand loyalty when mediated by attitudinal brand loyalty, including cognitive-affective conative brand loyalty stages. Krishnamurthi & S. P. Raj (1991) shows that if we focus specific brand and products, loyal are less price sensitive than non-loyal people in the choice decision but more price sensitive in the quantity decision. Wernerfelt (1991) predicts about market share and performance. His study shows that the relationship between market share and performance is positive in cross-sectional studies. On the other hand, it is flat in time-series studies. The theory is also consistent with the view that market share is an asset in itself. Shugan (2005) show that many true loyalty program invests in the customer (e.g., provides free up-front training, allows familiarization or customization) with the expectation of greater future revenue. Bohdanowicz (2006) investigates the influence of the geo-political, economic and socio-cultural context of a country on the environmental attitudes and pro-ecological initiatives incorporated in in the hotel industry in Europe. Stabler & Goodall (1997) search for learning of and states of mind to environmental assurance procedures. Results of study demonstrate that organizations will probably fuse environmental objectives and practice on the off chance that it can be exhibited that advantage as lower expenses and/or higher incomes and benefits result. Follows & Jobber (1999) tried a purchaser model of environmentally responsible purchase conduct utilizing covariance basic investigation, the model effectively anticipated the buy of environmentally responsible and non-responsible item choices and afterward were observed to be generally as essential in foreseeing goal as the environmental outcomes of an item. Laroche et al. (2001) investigated the demographic, psychological and behavioral profiles of consumers who are willing to pay more for environmentally friendly products. In the result of study, they said that today's ecological problems are severe, that corporations do not act responsibly toward the environment and that behaving in an ecologically favorable fashion is important and not inconvenient. Buyers put a high significance on security and warm associations with others, and they frequently consider biological issues when making a buy. Gan, et. al. (2008) inspects the components affecting customers' obtaining conduct toward green items in New Zealand, The examination additionally distinguishes variables that separate between the individuals who buy green items and the

individuals who don't. Results show that consumers who are married are more likely to purchase green products. Buyers are more averse to buy green items if the items are more costly. Buyers are less inclined to buy green items on the off chance that it is not from a brand that they are acquainted with. a green label did not influence customers' choice to buy green items. Laroche et al., (2002) found that customers' signs of inspirational mentality towards environmental issues don't as a matter of course prompt genuine environmentally neighborly acquiring conduct. Yam-Tang & Chan (1998) researched that larger part of buyers don't buy items in view of the ecological concern alone and they won't trade-off other item qualities for a superior domain. Shrum et. al. (1995) built a psychographic profile of the green customer as far as variables straightforwardly identified with buy conduct, for example, price awareness and general consideration in shopping, enthusiasm for new items and brand loyalty. The outcomes demonstrate the green consumer to be a sentiment pioneer and a watchful customer who looks for data on items, including data from promoting, additionally recommend that the green purchaser is fairly wary of advertising.

3. Methodology

As part of this study, a questionnaire was prepared according to scales which are used before by studies. Questionnaire has three sections. First one is the part which has brief information about recall news from actual newspaper. With the brief information, we aimed to remind the recall event of the brand. Second part includes prepared scales. They are about environmental awareness and brand loyalty. The last part has demographic questions.

Questionnaire has applied to sample group. Collected data were analyzed using SPSS 21 program and the results were evaluated. We employed the consumer survey method in this research. Studies of Munnich & Roche (2009), Şenel (2011) were used as references while preparing scale expressions in the survey form. The survey included 9 items, 5 of which were based on the brand loyalty scale Şenel (2011), 4 items were taken from the Munnich & Roche (2009). Survey items were rated on 5-point Likert scales (1 = *strongly disagree* to 5 = *strongly agree*). The study covers university students in Izmir. Participants were students aged between 18 and 25 years. We used a random sampling method to select participants for this study. This research aims to understand the relationship between brand loyalty and environmental

awareness. In total, 400 questionnaires were distributed and 384 valid questionnaires were received. The overall rate of return was, therefore, 96 %.

According to study, exploratory factor analysis has applied to 9 items. It was divided in two groups. Groups are called “Environmental Awareness” and “Brand Loyalty”.

Figure 1 Here

Hypotheses derived from analysis of main object.

H1: There is a relationship between environmental awareness and brand loyalty.

Relationship between “Environmental Awareness” and “Brand Loyalty” was examined with correlation analysis.

4. Findings of the study

According to reliability analysis result, the overall average of two scales' Cronbach alpha value is 0,873. Accordingly Kurtuluş (2010), the value is indicating a high reliable scale ($0.80 < \alpha < 1$).

When we look for demographic characteristics, the participants of this survey, 40% were female and 60% were male. According to the data collected, survey respondents were mostly male when compared female. If we classify responders as ages, the distributions are as follows: 92% of respondents are aged 18-25 years, 8% are aged 26-35 years. According to these findings, most respondents are aged 18-25 years and it can be identified as “young”.

In accordance to survey, it is asked for driver license ownership. Results show that 64% of respondents have a driving license, 69% of respondents have not ownership car. 73% of respondents have family car ownership. It is important for perception on car brands.

According to the case which is prepared from real news, it is asked for awareness about “recall information”. Results indicate that %71 of participants heard news about X car firm. Among the respondents of survey, 37% of participants hear news about firm from television, %30 participants hear from radio, %60 participants hear from internet, %27 participants hear from newspapers and %6 hear from other communication canals. This finding shows that the majority

of the respondents hear news from internet. Internet became most popular communication canal nowadays. People refer internet when they need any information.

Table 1 Here

As shown in Table 1, the first factor which is called “brand loyalty” has 5; the second factor which is called “environment awareness” has 4 questions. Factor loadings of the questions for the “brand loyalty” are between 0.719 and 0.843; for “environmental awareness” are between 0.598 and 0.854. Hutcheson and Sofroniou classified factor loadings with their Kaiser-Meyer-Olkin (KMO) values. According to the study, all factor load values are acceptable (above 0.50). The “brand loyalty” factor explains 40,203% of the total variance; the “environmental awareness” factor explains 26,472% of the total variance. According to the acquired findings, the first factor, brand loyalty is more explanatory than the other factor. In total, two factor groups explain 66,675% of total variance.

Table 2 Here

As shown in Table 2, the correlation between factors are 0,513. Correlation is significant at the 0.01 level (2-tailed). Hair et. al. (2002) classified correlation values as their power of explanation. These findings show that the correlation between questions is moderate ($\pm.41\pm.60$). As a result, the results show that there are positive relationship between Environmental Awareness and Brand Loyalty.

5. Results

According to literature research, environmental aspects on all business processes are increasingly applied. Also customer choices are affected by environmental approach. Parallel to the world, Environmental approach is getting more important in Turkey. Especially, Environmental objects in advertisements are arising in daily life. Our study shows that Internet has a critical role to spread news. 60 percent of participants got the info about the event on internet.

If we take into consideration that environmental approach is newly emerging on customer purchase behavior in Turkey, the results are confirmatory and supportive. There are positive, statistically significant and moderate relationship between environmental awareness and brand loyalty. According to the study, H1 was agreed.

6. Discussion

Human life is effected by environmental indicators. For example, harmful substances in foods probably will cause illness in short or long term. It is directly relevant to life quality. Past studies showed that environmental awareness is depending from cultures. Laroche et. al. (2001) mentioned that companies may not act for environment without customer pressure. We can say that positive surge of environmental awareness will increase also environmental production. Shrum et. al. (1995) analyzed green customers who are acting for environment as a lifestyle. They look for signs and the other elements on product's package. In our study, we conducted that environmental awareness and brand loyalty has a relationship. The results which are gained from surveys in Turkey support other past studies.

7. Limitations and Future Research

They are few limitations which is applied during the study. Customers who live in İzmir have identified for this study. However to reach all customers need larger budgets, long time frame. It may also not possible to reach the customers because of voluntariness criterion. Sampling method was applied for the target group. 400 survey forms were distributed with internet and printed paper. 16 of them were missing or filled in with incoherent and incomplete information. These surveys are not including analysis process. The final number of valid responses was 384. This study targeted to reach customer behavior according to environmental awareness and brand loyalty concepts in Izmir /Turkey. Future studies can analyze same content in different locations to compare the results. Also the relationship analysis can be changed to explore different customer behavior areas. It is also advised to make research with qualitative methods instead of surveys. With this method, it can be reached customer behavior with interviews.

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Figure 1: : Research Model

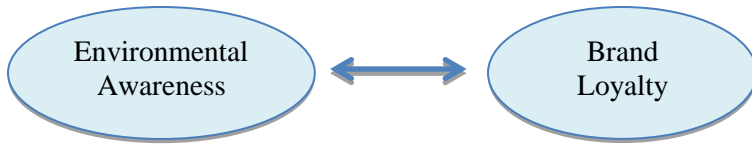


Table 1: Results of Factor Analysis

Factors definitions	Brand Loyalty	Environmental Awareness
Q1	,803	
Q2	,841	
Q3	,719	
Q4	,843	
Q5	,806	
Q6		,598
Q7		,686
Q8		,854
Q9		,797

Table 2: Correlation Analysis Results

		Brand Loyalty	Environmental Awareness
Brand Loyalty	Pearson Correlation	1	,513**
	Sig. (2-tailed)		,000
	N	384	384
Environmental Awareness	Pearson Correlation	,513**	1
	Sig. (2-tailed)	,000	
	N	384	384

** . Correlation is significant at the 0.01 level (2-tailed).