

Investigating the relation among brand Trust and Risk aversion in Kermanshah Home-backed Furniture Shops

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Abstract

The aim of this research is to find out what is the perception of brand trust and risk aversion in Kermanshah furniture shop. Therefore, the purpose of the research is to identify what elements will affect the risk aversion in order for the case study provider to gain more market share. The customer's feelings will be analyzed base on the influences of brand trust. In order to carry out this research, a qualitative research was carried out. A set of questionnaire was developed and randomly distributed to 200 respondents. Reliability analysis, Pearson correlation analysis. The result of this research suggests that and trust of customers to a brand have significant affects the risk aversion.

Keywords: brand trust, customer feelings, risk aversion, Kermanshah province

Introduction:

Store brands, also known as private labels, home brands or own brands, generally refer to merchandise sold under a retail store's private label displaying either the store's own name or a brand name created exclusively by the retailer for that store (Sprott and Shimp, 2004). Over the past decade, amid the highly dynamic international business environment, store brands have grown significantly in the retail and consumer goods markets (Zielka and Dobbstein, 2007). International retailers engage in the active promotion of store brands to generate higher revenues and gross margins, increase store traffic and bargaining power relative to national brand manufacturers, and to boost store loyalty and improve store differentiation (Richardson et al., 1996; Baltas, 1997; De Wulf et al., 2005; Walsh and Mitchell, 2010). Store brands are regarded as an important strategic decision due to their value as an avenue for retailers to create competitive advantage, especially during an economic downturn (yap et al, 2012).

Satisfaction is the main factor in the success of many organizations and several researches have mentioned brand trust relationship with mouth to mouth communication, loyalty, purchases repetition and increasing profitability of organizations (Gonzales, Fernandez, Prado, 2007) in the service industries that providing services is based on how to meet and their experience from the organization. Thus it is no wonder that companies spend considerable resources to measure and manage customer satisfaction. Businesses should investigate factors affecting brand trust and his again coming to improve brand trust and loyalty and achieve their commitment by meeting brand trust (low and colleagues, 2004). With global growth, making and survival of long-term relationship with the customer is the main concern of companies (Hsieh and colleagues, 1681-1689).

In this study, for the first time the simultaneous impact of brand trust and with the intention to buy is measured and in this population is still not tested and we want to study the subject in this research. Research shows that the cost of attracting new customers is five times of the cost of retaining existing customers. Companies have found that losing a customer is more than losing a sale item, it means the loss of that customer's total purchases during the lifetime or time period that the customer could do.

Literature Review

- Brand

Brand means a specific product, service, or business identity. 'Brand love', or love of a brand, is an emerging term encompassing the perceived value of the brand image (Keller, 2003). A name, term, sign, symbol, design, a good or service which are identifying the sellers to distinguish them from their competitors. Watkins (2006), Aaker (1991), Doyle (1994) and Kotler et al. (1996) adopt this definition. In order to achieve goals of product and brand management, it is important to build a strong brand. Strong brands will result in higher profit stream, either in long term or short term (Aaker al.et, 1991). Pearson (2005) explains a brand is constructed by features, customer benefits and values. A brand is invented when the marketing is adding value to a certain product within the process to distinguish the similar features and benefits from the other products.

- Brand Image

Brand image is defined by Keller (2003) as a strong, favorable with unique brand association in recognition, which will result in positive attitude, perceived quality and positive affect in overall. He also states that brand image has been widely accepted in literature that is the perception existing in the memory of the customer. When a customer or consumer can recognize a product brand, it means that they had combined the symbolic value and the willing to own the product as well. Keller also states the high level of brand awareness and positive brand image will increase brand choice probability of consumer, lead to increasing consumer loyalty and lower the damaging of market action.

- Brand Satisfaction and Brand Trust

Based on the commitment-trust theory, in order to maintain a long term relationship, trust is a significant variable in the development of an enduring desire such as brand (Hunt and Morgan, 2004). Trust and satisfaction are different roles in the forecasting the future intentions for high and low relational consumers (Johnson and Garbarino 2007). They also found satisfaction to be keying for occasional

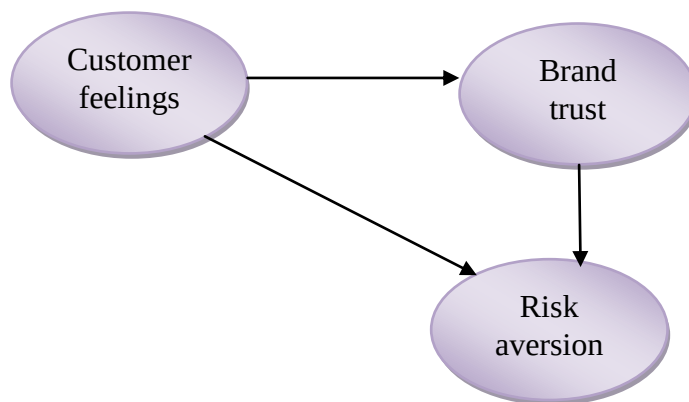
customers, while trust was more important for consistent customers. Doney and Cannon, (1997) suggest that trust is the dominant antecedent of repurchase intentions. Then, Ranaweera and Prabhu (2003) found both trust and satisfaction to have strong positive effects on customer retention. Finally, Delgado-Ballester et al. (2003) suggest that satisfaction affects loyalty both directly, as well as through trust.

- Brand Image toward Consumers' Decision Making

Engel et al., (1986) indicates that the factors that influence the consumption and use of a good or service are the marketing and consumer behavior like availability, advertising, image and consumer characteristic. Besides, based on Hankinson and Cowking (1993), in order to achieve the brand acceptance, the relationship between the customer and brand – perception of customer to brand is needed. The customer's psychological and physical needs and the brand's symbolic values and functional attributes will be reflect by the strong relationship between customers the brand.

Conceptual model

Because in today's business world gaining proper position in the mind of the consumer, overtaking the competition by various means and in general the identification of several factors that influence consumer preferences and risk aversion are very important as well as service and manufacturing organizations continually strive to maintain existing customers and gain new customers, the study has dealt with investigating customer feelings factor and its impact on the customer's risk aversion to show the organizations which factor is more important and helps them to increase their sales of products and services. Accordingly the conceptual model of this study is as follows:



(Metzler, 2008)

Methodology

This is an applied research and since it investigates further relationships between variables in the existing circumstances is descriptive and survey and uses structural equation modeling to examine the relationship

between variables. Data collection conducted through a questionnaire containing a number of questions about the measured variables of the research population. The questions using special techniques and scales are made in such a way that information can be collected from the intended population or sample. Thus this is an applied research and concerning the method of collecting information for the purpose of research is descriptive survey. Data were collected using a questionnaire which is made up of three parts: The first part included questions about personal characteristics, education and gender. The second part of the questionnaire included questions on independent variables. These components were created based on a five point Likert scale (1 = strongly disagree to 5 = strongly agree).

Structural equation modeling was used in order to estimate the measurement model and research structural model. In this method, the mathematical and statistical complicated combination of confirmatory factor analysis and multiple variable regression analysis and path analysis come up in a complex system to analyze a complicated phenomenon. This technique allows assessing the relative importance of direct and indirect links of variables and thus helps for understanding the mechanism of cause and effect among variables.

In this study Christian Gro'nroos standard questionnaire (1999) was used to measure determining the customer feelings. Mukesh Kumar standard questionnaire (2009) was used for measuring customer satisfaction. Mahd rizami and colleagues standard questionnaire (2010) was used to measure purchase intention. For using this questionnaire at first items of the questionnaire were translated into Persian and in conformity with the Iran issue in a few cases some literary terms were replaced with more appropriate words. Modified questionnaire containing 30 items on 4 pages covers three relationship marketing, brand trust and purchase intention. At the beginning of the questionnaire the purpose of data collection by questionnaire and the need for respondent's cooperation in the supply of data required was stated by an explanatory letter. For this purpose, emphasis has been made on the value of the data resulted from the questionnaire to encourage respondent in answering questions. Several questions have also been designed to obtain respondent descriptive information such as gender, age, income and education. For formulating replies the five point Likert-type scale (scale range of 1 for strongly disagree and 5 for strongly agree) was used that is considered one of the most common scales of measurement of close-ended responses. In this manner, respondent should read each item and then specifies his degree of agreement with its content in the scale range.

Results

Cronbach's alpha was used in order to determine the reliability of the test. The method is used for calculating the internal consistency of measurement instrument that measures the different attributes. The higher alpha shows more reliability. In this study, a total of 212 questionnaires were distributed and finally 200 questionnaires were completed and returned, and the analysis was based on 150 questionnaires as follows.

Table 1 the results of the questions reliability test

		Brand Trust	Risk Aversion
Cronbach α	0.833	0.722	0.819

Source: researcher calculations

According to Table 1 high Cronbach's alpha for three structures shows the desirability of collecting data instrument. Since Cronbach's alpha for the three structures is more than 0.7 represents the desirability of collecting data instrument for an exploratory study.

Based on the above diagrams that this study conceptual model has been estimated using structural equation modeling, following table that is a summary of diagrams can be presented:

Table 2: Results of path analysis (structural model)

Total effect	path
0.56 (3.56)	Brand Trust ← Customer's Feelings
0.12 (5.1)	Brisk Aversion ← Customer's Feelings
0.55 (2.87)	Brisk Aversion ← Brand Trust

Source: researcher calculations

The aim of this study as far as an experimental study allowed is to explore the meanings and concepts mentioned in the previous chapters. Therefore, data obtained from the questionnaire were analyzed and we have seen that valid measures and extended models were reliable and statistically significant. In order to exploit the estimated model, we should fully interpret the results obtained from the models. Before interpreting the results of the structural model estimation, fitted model should be appropriate and fit goodness tests confirm the suitability of the estimation. In such circumstances, we can trust results of model estimation.

The results of direct and indirect and total effects from the table that represents total effect shows that relationship between variables of conceptual model has statistically significant effects.

Conclusions and Recommendations

As mentioned in the previous sections, the results of statistical analysis endorse all of hypotheses, thus this research can be trusted to assess the relationship between customer feelings and brand trust that intends to buy in kermanshah province furniture shops

The findings show among aspects of customer feelings three dimensions of relationship and commitment conflict removing have the greatest impact on brand trust and confidence is at the next level in having effect, so we can say that sale dealerships and clear explanations and sending electronic messages and product support can have the greatest impact on brand trust respectively as well as the results of the regression analysis show all aspects of brand trust have a positive impact on risk aversion. The empathy, warranty and guarantee, reliability had the greatest impact on customer risk aversion and physical dimension is in next category in terms of impact, therefore we can say that appropriate reception has the greatest impact in this issue and after that customer involving in affairs and being on time in meeting demands, satisfaction at time of coming to organization, flexibility, various services, meeting need according to demand and at next category up to date equipment have the most effect on brand trust and increase purchase desire in customer in the province food industries. So we can say that managers should seek to improve brand trust accordingly in order to see better results in goals advancement including profitability of the organization. The results of the regression analysis show that family preferences and products quality, safety of raw materials, products taste, nutritional value, freshness and shelf life of products have the most impact on individual behavior for purchase intention. Therefore managers and investors in the province food industry should be aware of the impact of relation of customer feelings and brand trust to buy in the province food industry and the results of the study are reliable to be used.

Based on Hankinson and Cowking (1993), they stated that customer's own physical and psychological needs and the brand's symbolic values and functional attributes which perceived by the customer will be reflected by the strength of relationship between customer and brand. From the result analysis, all the measurements have achieved good or positive image due to the customers' perception.

For the measurement of well-recognized brand and perceived best price offered are the main factors to lead those consumers are having a positive image toward Kermanshah furniture shops. With the highest score in well-recognized brand of commodities, it shows the most of the consumers known about the brand of Commodities in Kermanshah furniture shops. According to Keller (2003), Customer-based equity is occurred when a customer is familiar and aware to the brand and possesses positive association about the brand of recognition. The well-recognized brand is the most important in building the positive image in Commodities in Kermanshah furniture shops.

Based on Ranaweera and Prabhu (2003), they found that both trust and satisfaction to have strong positive effects on customer retention. Finally, Delgado-Ballester *et al.* (2003) suggest that satisfaction affects loyalty both directly, as well as through trust. both brand satisfaction and brand trust of Commodities in Kermanshah furniture shops has moderate positive relationship with its brand image. This is because the correlation value scored for the brand satisfaction and brand trust of Commodities in Kermanshah furniture shops to brand image of Commodities in Kermanshah furniture shops is 0.667 and 0.609 respectively. It means that when Commodities in Kermanshah furniture shops is willing to put efforts in increasing the level of brand satisfaction and brand trust, the higher brand image will be gained. It is because brand satisfaction and brand trust are influencing the brand image. With the higher level of brand satisfaction and brand trust, strong positive brand image will be created.

Based on Keller (1993), consumer brand awareness will be increased when quality that receives from the brand is high. The brand awareness represents the brand recalls and brand recognition. Keller (1993) also states the high level of brand awareness and positive brand image will increase brand choice probability of consumer, lead to increasing consumer loyalty and lower the damaging of market action. With the high services qualities are provided by Commodities in Kermanshah furniture shops, it had increasing the recognition of consumers toward Commodities in Kermanshah furniture shops. Therefore, it will increase brand choice probability on repurchase intention of consumers. Hence, it will directly affect or influence the decision making of consumers in selecting their service provider.

Future research can do the research based on the different demographic. It means that the perception on brand image will be divided by the age, occupation, or monthly income. Hence, it can test how these different demographic variables would show different level of influence in the brand image towards decision making, which can make the research to be more precise.

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