

ROLE OF BRAND TRUST IN CREATING BRAND EQUITY IN THE MOBILE PHONE INDUSTRY AMONGST BLACK GENERATION Y STUDENTS

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(M Comm)

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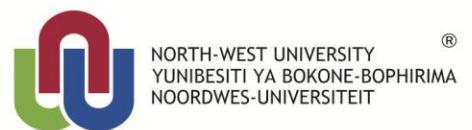
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Vanderbijlpark
2013

It all starts here™



*To my parents,
Christo and Lunel Roets*

DECLARATION

I declare that:

“Role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students”

is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references, and that I have not previously submitted this thesis for a degree at any other university.

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Christiaan Roets

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ABSTRACT

ROLE OF BRAND TRUST IN CREATING BRAND EQUITY IN THE MOBILE PHONE INDUSTRY AMONGST BLACK GENERATION Y STUDENTS

Keywords: marketing, mobile phones, brand equity, brand loyalty, brand trust, social image, black Generation Y students, South Africa

In the highly competitive business landscape of the twenty-first century, intangible assets such as brand equity are deemed as increasingly vital to the long-term success of organisations. Brand loyalty, which is the primary driver of brand equity, germinates from consumers' brand identification, trust in the superiority of the brand, and their perceptions of the social esteem that use of the brand signals. The mobile phone industry is one of the most dynamic and competitive industries of this century, with new smartphones boasting breakthrough features appearing on the market in rapid succession. In South Africa, black Africans make up the majority of the Generation Y cohort (hereinafter referred to as black Generation Y). As the first generation brought up in this era of mobile telephony, the Generation Y cohort (individuals born between 1986 and 2005) represents an important current and future segment for the manufacturers and marketers of mobile devices, including smartphones. Furthermore, because of the number of members possessing a tertiary qualification, their potential earning power, together with the sheer size of this segment, it was important to determine and model the role of brand trust in creating brand equity in the mobile phone industry amongst these individuals.

The study hypothesised that social image directly influences black Generation Y students perception towards brand trust, brand trust directly influences brand loyalty, which in turn directly influences brand equity. The results indicate that social image has a significant positive influence on brand trust, which in turn has a significant positive influence on the development of brand loyalty and consequent brand equity.

A descriptive research design using a single cross-sectional sample was followed, using a self-administered questionnaire. The self-administered questionnaire was distributed to a convenience sample of 600 students enrolled at three public South

African higher education institutions (HEIs) situated in the Gauteng province. Permission from the lecturers at the three HEIs was obtained to administer the questionnaire during class times. Of the questionnaires completed, 460 questionnaires were usable. The captured data were analysed using descriptive statistics, correlation analysis, bivariate regression and independent T-tests.

In order to confirm the hypothesised construct paths, a measurement model was created based on the correlation analysis. The correlation analysis results indicated that social image has a significant relationship with brand trust, which in turn has a significant relationship on the development of brand loyalty and consequent brand equity. Five latent variables were identified in the measurement model.

The structural model hypothesised that social image influences brand trust, brand trust influences brand loyalty, which in turn influences brand equity. The hypothesised model fit the data.

This study contributes to the body of knowledge pertaining to brand equity by developing a model to illustrate the role of social image and brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students, and determining which factors act as antecedents to successful brand equity. The role of brand trust in creating brand equity is suggested to be a five-factor structure comprised of social image, brand reliability, brand intentions, brand loyalty and brand equity. The study also offers recommendations and guidance for marketers and organisations that seek to improve their brand equity. This study will contribute by profiling the black Generation Y student in South Africa concerning their perception towards brand trust in creating brand equity in the mobile phone industry. The findings of this study will add value to South African marketers, as well as international marketers seeking to target the Generation Y cohort.

OPSOMMING

ROL VAN HANDELSMERKVERTROUË ONDER SWART GENERASIE Y-STUDENTE IN DIE SKEP VAN HANDELSMERKEKWITEIT IN DIE SELFOONBEDRYF

Sleutelwoorde: bemarking, selfone, handelsmerkekriteit, handelsmerklojaliteit, handelsmerkvertroue, sosiale beeld, swart Generasie Y studente, Suid-Afrika

In die hoogs mededingende sakelandskap van die 21e eeu word ontasbare bates soos handelsmerkekriteit as toenemend belangrik vir organisasies se langtermynsukses beskou. Handelsmerklojaliteit, wat die primêre stukrag van handelsmerkekriteit is, ontstaan vanuit verbruikers se handelsmerk-identifikasie, vertroue in die meerderwaardigheid van die handelsmerk en hul persepsies van die sosiale agting wat van die handelsmerktekens gebruik maak. Die selfoonbedryf is een van die mees dinamiese en mededingende nywerhede van hierdie eeu waar nuwe slimfone met baanbrekerskenmerke in vinnige opeenvolging op die mark verskyn. In Suid-Afrika vorm swart Afrikane die meerderheid van die Generasie Y-groepering (hierna verwys as "swart Generasie Y"). As die eerste geslag wat in hierdie era van draagbare telefoontegnologie grootword, verteenwoordig die Generasie Y-groepering (individue wat tussen 1986 en 2005 gebore is) 'n belangrike teenwoordige en toekomstige segment vir die vervaardigers en bemarkers van draagbare toestelle, insluitende slimfone. As gevolg van die getal mense wat 'n tersiêre kwalifikasie het, hul potensiële verdienkrag, tesame met die talrykheid van hierdie segment, was dit belangrik om die rol wat handelsmerkvertroue in die skep van handelsmerkekriteit in die selfoonbedryf onder hierdie individue speel, te bepaal en te modelleer.

Die studie het die hipoteze gestel dat sosiale beeld swart Generasie Y-studente se persepsie teenoor handelsmerkvertroue direk beïnvloed; dat handelsmerkvertroue handelsmerklojaliteit direk beïnvloed wat op sy beurt weer handelsmerkekriteit direk beïnvloed. Die resultate dui daarop dat sosiale beeld 'n belangrike positiewe invloed op handelsmerkvertroue uitoefen wat weer op sy beurt 'n belangrike positiewe invloed op die ontwikkeling van handelsmerklojaliteit en gevvolglik ook handelsmerkekriteit uitoefen.

'n Beskrywende navorsingsontwerp is gevolg wat van 'n enkele deursnitsteekproef met behulp van 'n selfgeadministreerde vraelys gebruik gemaak het. Die selfgeadministreerde vraelys is aan 'n gemaksteekproef van 600 studente gestuur wat aan drie openbare Suid-Afrikaanse hoëronderwysinstellings (HOI's) in die Gautengprovinsie studeer. Toestemming is van die dosente aan die drie HOI's verkry om die vraelys tydens klastyd te voltooi. Van die voltooide vraelyste was 460 bruikbaar. Die versamelde data is met behulp van beskrywende statistiek, korrelasie-analise, tweeveranderlike-regressie en onafhanklike T-toetse ontleed.

Ten einde die hipotetiese konstrukpaaie te bevestig, is 'n metingsmodel geskep wat op die korrelasie-analise berus het. Die korrelasie-analise se resultate het daarop gedui dat sosiale beeld 'n beduidende verhouding tot handelsmerkvertroue openbaar wat weer 'n beduidende verhouding tot die ontwikkeling van handelsmerklojaliteit en gevvolglik ook handelsmerkekwideit openbaar. Vyf latente veranderlikes is in die metingsmodel geïdentifiseer.

Die strukturele hipotese-model stel dit dat sosiale beeld handelsmerkvertroue beïnvloed, handelsmerkvertroue weer handelsmerklojaliteit beïnvloed wat op sy beurt handelsmerkekwideit beïnvloed. Die hipotetiese model pas by die data.

Hierdie studie dra by tot die kennisinhoude wat betrekking het op handelsmerkekwideit deur 'n model te ontwikkel ten einde die rol te illustreer wat sosiale beeld en handelsmerkvertroue in die skep van handelsmerkekwideit in die selfoonbedryf onder swart Generasie Y-studente speel, en om te bepaal watter faktore as voorlopers tot suksesvolle handelsmerkekwideit optree. Die rol wat handelsmerkvertroue in die skep van handelsmerkekwideit speel, word voorgehou as 'n vyffaktorstruktuur wat bestaan uit sosiale beeld, handelsmerkbetroubaarheid, handelsmerkoogmerke, handelsmerklojaliteit en handelsmerkekwideit. Die studie maak ook aanbevelings, en gee leiding vir bemarkers en organisasies wat graag hul handelsmerkekwideit wil verbeter. Hierdie studie sal 'n bydrae lewer deur 'n profiel van die swart Generasie Y-student in Suid-Afrika te vorm ten opsigte van sy persepsie teenoor handelsmerkvertroue in die skep van handelsmerkekwideit in die selfoonbedryf. Hierdie studie se bevindings sal waarde toevoeg tot Suid-Afrikaanse bemarkers, asook internasionale bemarkers wat die Generasie Y-groepering wil teiken.

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CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

Branding, as a dimension of brand equity, is recognised as a vital marketing tool, and is an important area of research in the field of marketing (Cobb-Walgren *et al.*, 1995:27; Keller, 1993:3; Konecnik & Gartner, 2007:402; Krishnan & Hartline, 2001:328; Lassar *et al.*, 1995:11). Brand equity is a relational market-based asset that has attracted the attention of both marketing academics and practitioners. Keller (1993:1) postulates that there are two major reasons for studying the concept of brand equity. First, brand equity relates to the financially based motive of estimating the value and importance of a brand for accounting tenacities, mergers and acquisitions, or divestiture purposes. Secondly, studying brand equity is a strategy-based motive and, as such, encompasses the enhancement of marketing efforts. This entails the enhancement of the productivity relating to marketing activities. This need to enhance the efficiency of marketing arises from higher costs, greater rivalry between competitors and the flattening of demand in marketplaces.

Establishing brand equity is not only a vital part in branding, but also offers numerous advantages such as contributing to creating stronger brand preferences amongst consumers as well as heightened purchase intentions (Pappu *et al.*, 2005:143). Lee *et al.* (2010:470) claim that if an organisation has the need to attract new customers or retain existing customers, the organisation has to ensure that the market offering includes a unique component. In order for the customer to identify and buy the product, it is necessary to build a strong brand image as well as to foster a positive attitude towards that brand. Branding is also a tool for differentiating the organisation's products from that of its competitors, thereby ensuring that the organisation forges a key competitive position in the market. In addition, branding is viewed as an essential element for organisations competing in the dynamic market environment, helping the organisation strengthen its competitive position and build market share (Pappu *et al.*, 2005:143).

Given the importance of building a robust brand, it is necessary to ascertain the factors that help create a strong brand (Delgado-Ballester & Munuera-Alemán, 2005:187). Lee *et al.* (2010:470) emphasise that the consumer responds very differently to the marketing efforts of branded products than to those of unbranded products, which may be accredited to brand equity. Brand equity, which is the added value consumers derive from a branded product, is the reason why many consumers will pay a premium for a branded name over an unbranded name (Cobb-Walgren *et al.*, 1995:25; Yoo & Donthu, 2001:1).

Falkenberg (1996:4) classifies brand equity as a “relational market-based asset” because of its relationship with the final users of the brand. Furthermore, Lee *et al.* (2010:470) theorise that brand equity comes into being when the consumer acquaints him or herself with the brand, holds some strong, positive attitude, as well as a distinctive association with the brand, and chooses the specific brand over another.

Aaker (1991:47) indicates that brand equity consists of four dimensions, namely brand loyalty, brand awareness, perceived quality and brand associations. Ambler (1997:283) states that when brand equity is conveyed in relational terms, a new line of research starts – that of brand trust – not only for relationship assessment but also as the foremost indicator of brand equity. Chaudhuri and Holbrook (2001:81) emphasise the importance of brand trust in creating brand equity, and add that published research on brand trust is insufficient.

Delassus and Descotes (2012:118) highlight that brand equity comprises a functional component, whereby the practical and performance aspects of the branded product are of importance, and of a symbolic component, whereby the intangible elements of the brand are emphasised. As brand trust is the foremost indicator of a brand, it is important to address the two components of brand trust, namely brand reliability and brand intentions. Brand reliability is grounded in the degree to which the consumer believes that the brand has kept to its promised value and has satisfied the need of that consumer. In comparison, brand intentions stem from the consumer’s belief that the brand in question will above all else, including self-interest of the brand, see the interest of the consumer as most important if unforeseen problems occur with the product (Delgado-Ballester, 2004:574).

According to Krishnan and Hartline (2001:328), the quality-laden information that brand equity offers is of the utmost importance. As the importance of brand equity is increasing as a concept, the measurement of brand equity from a consumer's perspective is absent according to Lassar *et al.* (1995:11). As such, this study will seek to address the role that brand trust plays in brand equity, with the focus being on the mobile phone industry. This research is important because of the advantages it provides to organisations and researchers. Furthermore, marketers can also gain from this study by increasing their knowledge on brand equity. As brand equity is increased and improved, it will ultimately introduce competitive advantage, which in turn will produce lucrative extensions, resilience against rivals, and create difficulties for rivals to enter into the market as competition (Kayaman & Arasli, 2007:93; Lassar *et al.*, 1995:11).

Generation Y, according to generational research, is the youngest defined generational cohort and the members of this generation cohort play a significant role for the future. Markert (2004:21) defines the Generation Y cohort as including individuals born between 1986 and 2005. Considering the 2013 mid-year population count, approximately 37.8 percent of South Africans may be classified as Generation Y members. Black Generation Y members account for an estimated 83.4 percent of the South African Generation Y cohort (Statistics South Africa, 2013). The size of this cohort makes research on the black Generation Y vital for marketers operating in South Africa. Of particular importance to marketers, are the black Generation Y members that have chosen to pursue a tertiary qualification because higher education correlates with higher future earning potential and higher social standing (Day & Newburger, 2002; Bevan-Dye & Surujlal, 2011:49). Higher earnings and social standing typically translate into having a greater influence within society (Baum & Payea, 2005; Bevan-Dye & Surujlal, 2011:49). Students at higher education institutions (HEIs) typically are defined as individuals between 18 and 24 years of age (Wolburg & Pokrywczynski, 2001:34; Scott, 2006; Davis & Bauman, 2011).

1.2 PROBLEM STATEMENT

Delgado-Ballester (2004:573) states that the introduction of relational principles into marketing has resulted in a directional change in both marketing theory and practice. Morgan and Hunt (1994:24) emphasise that practitioners and marketing literature

should focus greater attention on trust, as it is one of the most important requirements for achieving success in relationship marketing.

According to Delgado-Ballester (2004:573), consumer studies have not clearly researched the concept of trust. The absence of research on this topic may be attributed to trust often being misunderstood because the brand is an inanimate object. According to Bainbridge (1997:22), trust is the most vital characteristic that any brand can possess. In addition, Blackston (1992:235) refers to trust as one element of the association that a consumer has with a brand. Hiscock (2001:32) believes that “the ultimate goal of marketing is to generate an intense bond between the consumer and the brand, and the main ingredient of this bond is trust”.

As evident from Bainbridge (1997:22), brand trust plays a significant role in brand equity. The purpose of this study is to determine the role of brand trust in creating brand equity in the mobile phone industry. Over the last couple of years, the mobile phone industry has witnessed a ‘smartphone war’ as brands vie for the attention of consumers (Sinha, 2013), as well as cutthroat competition from the mobile service providers. According to the Oxford Dictionary (2013), a smartphone is “a mobile phone that is able to perform many of the functions of a computer, typically having a relatively large screen and an operating system capable of running general-purpose applications”. These smartphone brands include Apple, BlackBerry, Samsung, Nokia and the like, which are competing with a wide variety of prices, features and marketing strategies in an effort to survive and thrive in this competitive industry (Cromar, 2010). Whilst the mobile phone penetration rate in South Africa stood at an estimated 128 percent in 2012/2013 (Potgieter, 2013), smartphone penetration in 2013 was estimated to be 18 percent and is forecasted to increase to 45 percent by 2017 (McLeod, 2013).

Owing to the importance of technology to the South African Generation Y cohort (Vercueil *et al.*, 2011:126), including black Generation Y, the number of black Generation Y individuals in the market, and the ever-increasing prominence of the mobile phone industry in South Africa, it is essential to gather current information on this cohort’s perceptions of mobile phone brands. Scarce attention has been given in the literature to branding in the mobile phone market, and more specifically brand equity amongst the South African Generation Y cohort. Furthermore, studies with a

similar nature to this study have not yet been conducted in South Africa, thus leading to a gap in the literature. Therefore, marketers will gain a better understanding of the role that brand trust plays in brand equity, and ultimately reap the benefits of equity in their brand. As such, recommendations will be addressed for improving brand trust and ultimately achieving greater brand equity.

1.3 STUDY OBJECTIVES

The following objectives were been formulated for the study:

1.3.1 Primary objective

The main objective of this study was to determine and model the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students' in South Africa.

1.3.2 Theoretical objectives

In order to achieve the primary objective, the following theoretical objectives were formulated for the study:

- Review the literature on marketing as an organisational philosophy and as an organisational function
- Review the literature on relationship marketing
- Provide an overview of the mobile phone industry
- Review the literature on the characteristics of the Generation Y cohort
- Discuss the term branding
- Define brand equity, brand loyalty, brand trust and social image
- Review the literature on the influence of brand loyalty on brand equity
- Review the literature on the influence of brand trust on brand loyalty
- Review the literature on the influence of social image on brand trust

- Propose a model on the relationship between social image, brand trust, brand loyalty and brand equity

1.3.3 Empirical objectives

In accordance with the primary objective of the study, the following empirical objectives were formulated:

- Determine which mobile phone brand black Generation Y students' own
- Determine why black Generation Y students' chose their specific mobile phone brand
- Determine the influence of social image in creating brand trust amongst black Generation Y students
- Determine the influence of brand trust in creating brand loyalty amongst black Generation Y students
- Determine the influence of brand loyalty in creating brand equity amongst black Generation Y students
- Empirically test a model of the relationship between social image, brand trust, brand loyalty and brand equity amongst black Generation Y students
- Determine whether the brand of mobile phone owned influences black Generation Y students' perception of social image, brand trust, brand loyalty and brand equity.

1.4 HYPOTHESES

In order to operationalise the empirical objectives formulated for this study, it is required to formulate hypotheses. The hypotheses will be formulated after the review of the literature in Chapter 2 and Chapter 3. The hypotheses will be illustrated within Section 3.6 of Chapter 3.

1.5 RESEARCH DESIGN AND METHODOLOGY

The study comprised a literature review and an empirical study. Quantitative research, using the survey method, was used for the empirical portion of the study. The study focused on measuring perceptions and, as such, the research design to be followed was descriptive in nature.

1.5.1 Literature review

In order to support the research study, international and South African literature was used. This literature was obtained from secondary data sources, including the Internet, journal articles, academic journals, textbooks, online databases, business articles and newspaper articles.

1.5.2 Empirical study

The empirical portion of this study comprised the following methodology dimensions:

1.5.2.1 Target population

For this study, the target population was black Generation Y individuals between 18 and 24 years of age enrolled at South African public registered higher education institutions (HEIs). Specifically, the target population was defined as follows:

- Element: black male and female, full- and part-time students, aged between 18 and 24 years
- Sampling units: South African registered public HEIs
- Extent: South Africa
- Time: 2013

1.5.2.2 Sampling frame and sample method

The 23 public registered HEIs in South Africa (Council on Higher Education and Higher Education Quality Committee, 2012) were selected as the initial sampling frame for this study. This was then narrowed down to include three HEIs situated in the Gauteng Province, namely a traditional university, a university of technology and a comprehensive university.

For this study, a single cross-sectional design was used, and a non-probability convenience sample of 600 students (200 per campus) was taken from the final sampling frame.

1.5.2.3 Sample size

Previous studies of this kind such as Wolburg and Pokrywczynski (2001:34) (sample size: 368), Bush *et al.* (2004:108) (sample size: 218) and Bevan-Dye *et al.* (2009:172) (sample size: 400) indicated a selected sample size of 600 as adequate.

1.5.2.4 Measuring instrument and data collection method

The measuring scale developed and validated by Delgado-Ballester *et al.* (2003:46) was used to measure black Generation Y students' brand trust (that is, brand reliability and brand intentions), and brand loyalty concerning their mobile phone brand. Following the example of Delgado-Ballester and Munuera-Alemán (2005:187-196), brand equity was measured using the scale developed by Yoo and Donthu (2001:14). The scale comprised five constructs, namely brand reliability (five items), brand intentions (four items), brand loyalty (four items) and brand equity (four items). In addition, the five-item scale developed and validated by Lassar *et al.* (1995:16) was used to measure black Generation Y students' perception of their mobile phone's social image.

Participants of this study were asked to complete a self-administered questionnaire anchored on a six-point Likert scale ranging from strongly disagree (1) to strongly agree (6). Also included in this questionnaire, was a section that collected the demographical information of the participants, as well as the reason for the specific mobile phone brand purchase and possible reasons that would change the purchasing behaviour. A cover letter outlined the purpose of the study and provided the necessary contact details.

Permission was requested from individual lecturers at each of the respective institutions to conduct the survey during class times. Questionnaires were hand-

delivered to those lecturers who agreed to ask their students to participate in the study, and they were requested to distribute them to their students during the lecture.

1.5.3 Statistical analysis

The captured data were analysed using the Statistical Package for Social Sciences (SPSS) and AMOS, Version 21.0 for Windows. The following statistical methods were used on the empirical data sets:

- Frequency analysis
- Reliability and validity analysis
- Descriptive analysis
- Correlation
- Structural equation modelling
- T-tests

1.6 CONTRIBUTIONS OF THE STUDY

Within the South African literature, limited research has been done on the influence of brand trust in creating brand equity, especially on high involvement products like mobile phones. One of the main purposes of this study is to improve information and theory to the literature of South Africa, and enhance branding literature internationally. This study also aims to test a model empirically to demonstrate the influence brand trust has towards brand equity in the mobile phone industry. The discoveries found in this research study will aid marketing practitioners, not only in South Africa but also internationally, to improve and increase their brand equity, ultimately increasing their competitive advantage. The research study will also provide and improve the literature on the Generation Y cohort, as this study is part of a larger research project labelled ProGenY at the North-West University (Vaal Triangle Campus), that seeks to profile the South African Generation Y cohort in general, and the black Generation Y cohort in particular.

1.7 ETHICAL CONSIDERATIONS

Ethical considerations were applied at all times during this study. Ensuring that the participant granted permission, and that he/she volunteered to be included in the study

were included in these ethical considerations. Information provided by the participants was kept confidential at all times, and was only reported in aggregate.

1.8 CHAPTER CLASSIFICATION

Chapter 2: Literature review of branding

Chapter 2 discusses the literature of marketing. Included in this chapter is a discussion on marketing as an organisational philosophy and as an organisational function. This is followed by a discussion of relationship marketing.

Chapter 3: Literature review of consumer behaviour

The chapter includes a discussion on the mobile phone industry as well as a description of the Generation Y cohort. The terms brand equity, brand loyalty, brand trust and social image, are defined. The chapter includes a discussion on the fundamental factors influencing equity. The hypotheses are formulated following the review of the literature. Furthermore, a model of the role of brand trust in creating brand equity amongst black Generation Y students is proposed.

Chapter 4: Research design and methodology

The sampling procedure, measuring instrument and data-collection method employed in conducting the empirical study are outlined in this chapter. The chapter also includes a description of the statistical methods utilised to analyse the collected data.

Chapter 5: Results and findings

This chapter includes the findings of the empirical study after the results are analysed, interpreted and evaluated according to the guidelines and instructions. The results of the statistical analysis procedures used to conduct the analysis are reported on.

Chapter 6: Conclusions and recommendations

Within this chapter, a brief overview of the study is given and the main findings of the study are also provided. Chapter 6 concludes with recommendations, suggestions and limitations for future researchers pertaining to the same research study.

1.9 GENERAL

- Annexures are placed at the back of the thesis.
- Tables and figures are placed on the relevant pages in the thesis.
- Where no reference appears for figures and tables, it refers to own research.
- Where no reference page number appears in the text, it refers to Internet sources.
- Referencing is based on the 2012 version of the NWU referencing guide: Harvard Style.

1.10 CONCLUSION

The importance of branding as a fundamental tool in marketing and a dimension of brand equity emphasises the importance of research into this concept. Brand equity has not only drawn the notice of marketing academics, but also marketing practitioners. For this reason, and due to the importance of creating a strong brand, it highlights the significance of ascertaining the factors for creating a robust brand. Therefore, attentiveness towards brand trust in creating brand equity is important because of the change in marketing theory and practice due to the movement towards relational principles in marketing.

As such, this chapter provided an overview of this study's problem statement, objectives of the study, research design and methodology, and chapter classification. The following chapter, Chapter 2, provides a review of marketing as an organisational philosophy and as an organisation function, together with a discussion into relationship marketing.

CHAPTER 2

MARKETING AS AN ORGANISATIONAL PHILOSOPHY AND FUNCTION, AND RELATIONSHIP MARKETING

2.1 INTRODUCTION

Denoted as both an organisational philosophy and an organisational function Grundey (2010:170) and (Hooley *et al.*, 1990:7), marketing directs attention to the segmentation, targeting and positioning, together with the creation of the marketing mix strategy (Kotler & Armstrong, 2010:62). For this reason, marketing as a rule is concerned with the increase in demand for a product or service.

Kotler and Pfoertsch (2010:2) posit that due to powerful rivals, increased globalisation, and consumers knowing what products they want in the current market environment, utilising traditional marketing tactics will lead to restrictions for the organisation. As such, branding leads to competitive advantages over that of rivals, as branding leads to the success for an organisation by ensuring the organisation's product can be distinguished from that of other organisations (Lamb *et al.*, 2010:250).

The purpose of this literature review chapter is to provide an overview of marketing as both an organisational philosophy and a function, together with relationship marketing, to better comprehend the branding strategy and the factors influencing brand equity (as discussed in Chapter 3). In addition, Chiaravalle and Schenck (2007:22) believe that branding is vital to achieve marketing success, and Abbing (2010:18) states that branding should be part of the marketing function. According to Kotler and Pfoertsch (2010:15), branding has been part of the marketing concept for years, but it is only been since the 1980s that it became an accepted marketing concept. This will be discussed in Chapter 3.

Nonetheless, before the organisation can reap the benefits through the implementation of branding, marketing as both an organisational philosophy and function needs to be comprehended. This is important because a brand is a central element in marketing, as a brand is a constituent for the accomplishments of the organisations and the product in the mind of the consumer (Kotler & Pfoertsch, 2010:15). Likewise, and due to the

importance of brand equity to this study, Delassus and Descotes (2012:118) believe brand equity to be a “core concept of marketing”, and the purpose of brand equity to be the conception of a confident, strong and distinctive connotation in the mind of the consumer towards an organisation’s brand. This is in order for the consumer to have a satisfactory perception and positive attitude towards the brand. Once the consumer has experienced this brand satisfaction, it results in brand loyalty. In a similar manner, Palumbo and Herbig (2000:122) suggest that satisfying, and ultimately generating brand loyal consumers, ensures the marketing plan focuses on the quality of the product, and not the price. Brand loyalty is said to be the relationship between the brand and the consumer and for this reason the importance of brand trust towards brand loyalty is evident, as brand trust is the core element in any relationship. Furthermore, Delgado-Ballester (2004:574) theorise the foremost purpose of marketing is to create a powerful relationship between the consumer and the brand, with brand trust being at the core of this relationship. Moreover, Sichtmann (2007:1002) writes brand trust to result in positive outcomes for both marketing success and loyalty towards a brand. For these reasons, Chapter 2 will provide a discussion on marketing in order to comprehend the term branding in conjunction with all its elements fully. The notions of brand trust, brand loyalty and brand equity will be discussed further in Chapter 3, together with social image.

As indicated in Chapter 1, the aim of this study is to determine the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students. This chapter includes an outline of marketing as an organisational philosophy in Section 2.2, followed by an overview of marketing as an organisational function in Section 2.3. In conclusion, Section 2.4 will discuss relationship marketing.

2.2 MARKETING AS AN ORGANISATIONAL PHILOSOPHY

Marketing as an organisational philosophy is the notion that the organisation can accomplish its objectives once the needs and wants of the consumer are identified, and in turn fulfilling these needs and wants better than rivals, leading to the satisfaction of the consumer (Armstrong & Kotler, 2007:11). Included in this philosophy to satisfy consumers needs and wants are the marketing concept, the marketing orientation, consumer orientation, integrated marketing, profits through consumer satisfaction, and social marketing. These concepts will be discussed in the

following sections. In addition, the marketing concept combines customer orientation (consumer needs, wants and requirements) (Svensson, 2005:9), integrated marketing efforts, and results in profitability (Elliott, 1990:23; Gateway CFO Solutions, 2011).

Figure 2.1 depicts marketing as an organisational philosophy.

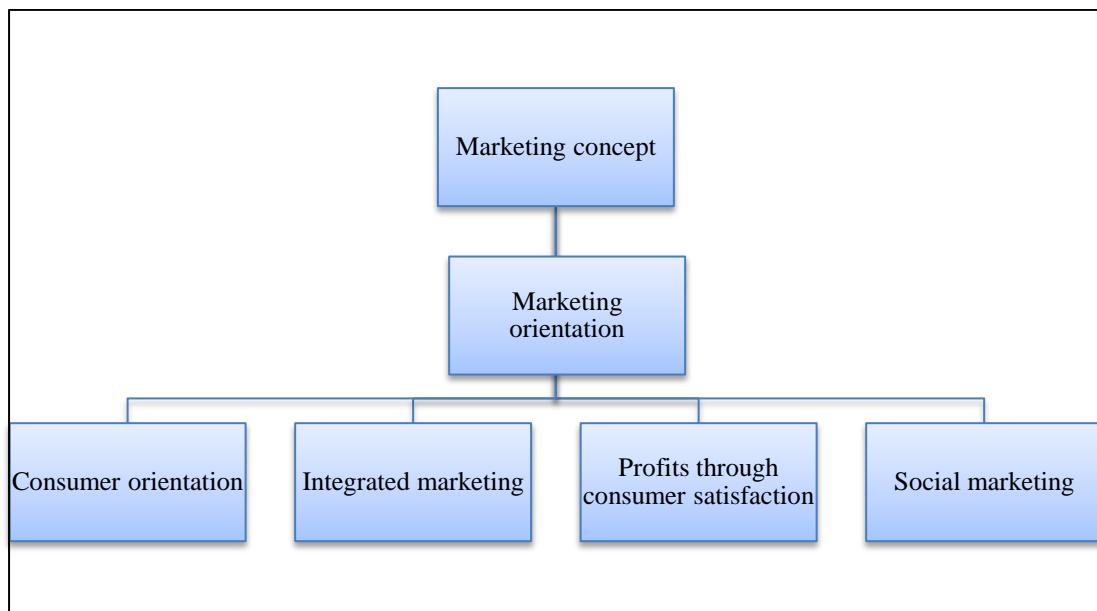


Figure 2.1: Marketing as an organisational philosophy

2.2.1 Marketing concept

The marketing concept defined by Kotler (1980:22) as, “the organisation determining the needs and wants of target markets and adapting itself to delivering the desired satisfactions more effectively and efficiently than its competitors” was created more than half a century ago. Furthermore, O’Cass (1996:37) believe Drucker (1954:1-416) to be one of the first to define the term. Seminal work suggests the marketing concept as a belief that the organisation conducts its business in such a way that the interests of both the consumer and the organisation are at the heart, while balancing the needs of both the consumer and the organisation (Business Dictionary, 2015; Trusrum, 1989:48). For this reason, the marketing concept is in line with brand trust (Section 3.5.3), as brand trust is the faith that the consumer has in an organisation, and that the organisation has the interests of the consumer at heart.

Baker (1985:20), Bernard (1987:75), Brown (1987:28) and Burnett (2008) speculate that the marketing concept is an organisational philosophy, as it is a method for

conducting business, which any organisation can implement. These include profit and non-profit organisations (Brownlie & Saren, 1992:39; Dolnicar & Lazarevski, 2009), which have different objectives, irrespective of whether they are profit or non-profit organisations (Trustrum, 1989:51). According to Elliott (1990:23) and Jayawardhena (2010), it is necessary for an organisation to implement the marketing concept in order to achieve the objectives of the organisation. Turner and Spencer (1997:110) add that when the marketing concept is implemented, the understandings of the organisation can be turned into actions because the marketing concept focuses on the consumer's point of view. According to Miksen (2015) and Loubeau and Jantzen (1998:234) once an organisation focuses its attention towards the consumer, the satisfaction of the consumer is improved leading to repeat business for the organisation, ultimately enhancing profits, therefore, satisfying all stakeholders. The focus towards that of the consumer is in accordance with branding, because branding encourages a consumer to make repeat purchases. Likewise, according to the literature, the repeat purchase decisions by consumers are some sort of indication of the loyalty a consumer has towards the specific brand (Section 3.5.2).

Despite the fact that many marketing academics are in favour of the marketing concept, the concept has received criticism and academics argue against the concept. Seminal work speculates this may be the result of the minimal understanding of the concept by marketers (Houston, 1986:85; Keith, 1960:36; O'Cass, 1996:37; Webster, 1988:30). Furthermore, Houston (1986:85) argues that because of the restricted understanding of the term, many organisations do not enjoy the full benefits that implementing a marketing concept offer like attaining higher sales, stronger profits, and achieving business results that an organisation strive towards (Kokemuller, 2015; Narver *et al.*, 1993:100; Pelham & Wilson, 1996:37; Slater & Narver, 1994:24).

Elliott (1990:23) argues that the marketing concept is restricted and impracticable, and suggests that the concept "should be grounded in a more relevant constituency-based theory of the firm". While the author suggests the implementation of the marketing concept to be more industry specific, it is denoted that this may not be suitable as Turner and Spencer (1997:110) highlight that not enough research has been done on the implementation of the marketing concept. O'Cass (1996:37) theorises that even if practitioners do not understand the marketing concept

completely, it does not mean that the organisations has not implemented and adopted the concept in some way. Consequently, the marketing concept should be communicated in such a way that it is industry specific, and not just a marketing term, ensuring that practitioners understand the term more effectively and implement this philosophy, resulting in benefits for the organisation and consumer.

Ward and Lewandowska (2006:222) postulate that in the current challenging markets, where constant changes are inevitable, organisations need to adapt their strategies to ensure they attain their objectives. Once the marketer believes the current marketing state is successful and lucrative for the organisation, a term closely linked to the marketing concept, namely marketing myopia starts to appear. Marketing myopia is when the marketer disregards the constant fluctuations in the market place, and does not adjust to the changes because the marketing state is lucrative for the organisation (Svensson, 2005:5).

Houston (1986:85) and Pujari (2013) argue that the marketing concept does not necessarily mean satisfying the consumer's research-defined demand, but rather offering a distinct, undifferentiated product to the consumers, and not several products to suit each consumer's needs. This is important since the consumer is the ultimate judge of the organisation (Nakata, 2002:39) and for this reason, branding is important as it allows the consumer to differentiate between the specific organisation and its competitors. When an organisation successfully executes this, it may suggest that the organisation keeps up to date with market changes.

The following section will discuss the market orientation.

2.2.2 Market orientation

Kohli and Jaworski (1990:1), in the 1990s, defined market orientations as the “implementation of the marketing concept”. When an organisation is market orientated it places emphasis on keeping up with the needs and wants of the consumer, delivering these to the consumer, as well as ensuring the quality of the products they produce are up to the standards expected by the consumer from the organisation. In other words, the reliability of the organisation has to be fulfilled, as the consumer will have trust towards the organisation if it can perform as promised and possess the competency to fulfil the consumer's wants and needs (Delgado-

Ballester & Munuera-Alemán, 2001:1242). Brady (2004:149) speculates that the term can be defined further as “the notion of employee behaviour designed to bring about an external customer focus mentality throughout the company”. This infers that the organisation and its employees main focus is to determine the needs and wants of the consumer, and ensure these needs and wants are satisfied.

The most prominent reason for the successful implementation of the marketing concept, *inter alia* the market orientation, is the positive power it has on business performance (Ellis, 2005:629; Kurtinaitiene, 2005:104; Narver & Slater, 1990:22). These may include size, profitability, market share, growth rate, greater return on assets, new product success, sales growth, product quality and job satisfaction (Kurtinaitiene, 2005:105; Nakata, 2002:44). These advantages are in line with the benefits of implementing branding. The literature indicates brand loyalty (Section 3.5.2) and brand equity (Section 3.5.1) increases profits and the market share. Concerning the success of new products, Section 3.1 indicates that brand equity eases the adoption of new products as well as by introducing extensions; brand equity will be influenced positively.

However, Houston (1986:84) and UK Essays (2013) argue that being market orientated can have a negative effect on the performance of an organisation due to environmental circumstances. Henderson (1998:606) agrees by stating that the market orientation is neither unique nor original, and that by following the market orientation concept, the performance of an organisation will not be improved, and may lead to disadvantages for other skills in an organisation. Furthermore, Henderson (1998:606) and Zhou *et al.* (2005:42) contend that market orientation has no advantages to the marketplace, and will not improve factors that have been lost by the lack of marketing throughout the years. Nonetheless, sufficient literature on the topic suggests that there is a relationship between the market orientation and the performance of an organisation (Anttila *et al.*, 1995:1389; Cadogan & Diamantopoulos, 1995:52; Harris, 1998:221; Narver & Slater, 1990:23; Sandvik & Sandvik, 2003:355).

According to Avlonitis and Gounaris (1999:1003), only a handful of organisations implement the market orientation. The outcome for organisations not implementing the market orientation strategy is not reaping the benefits offered by the strategy. The reason for these organisations not implementing the strategy may include apathy,

instrumentality, inadequate authority, short-termism, compartmentalisation, unawareness, inexperience, and feeble management support (Harris, 1998:222; Harris, 2000:603). Once these barriers have been eliminated, Avlonitis and Gounaris (1999:1003) suggest that the market orientation strategy can be determined through company-specific factors as well as market-specific factors.

According to Kohli and Jaworski (1990:1), there exists insufficient literature that reviews the factors that make the market orientation suitable for an organisation. However, as the main focus of implementing the market orientation strategy is to determine and fulfil the needs and wants of the consumer by the organisation, it is proposed that developing a brand ensures a certain level of quality is met, which leads to brand equity for the organisation (Section 3.4.3). Furthermore, Section 3.5.3 will discuss brand trust, which suggests that once the consumers have trust within the brand the consumers believe that the quality of the product will fulfil their expectations or their needs and wants, as the organisation has promised. These notions are in line with the market orientation strategy, and focusing on the development of a successful brand could aid in the implementation of the strategy.

The following sections will discuss the constructs of the market orientation.

2.2.2.1 Consumer orientation

According to Armstrong and Kotler (2007:6) understanding the needs of an organisation's consumers, is a critical step in marketing. As the name suggest, Sheth and Parvitiyar (2000:311) define consumer needs as circumstances of the consumer that are unsatisfied, and will lead the consumer to activities that will enhance these circumstances. It is the responsibility of an organisation to uncover these needs and ultimately satisfy them. According to Lamb *et al.* (2010:12), the transition of an organisation from a product/sales orientation to that of a consumer orientation not only requires revision within the organisation, but also the gradual implementation of the strategy; therefore, not losing the most vital element for the organisation – the consumer.

Armstrong and Kotler (2007:11) believe a consumer-orientated organisation does ongoing research into what the consumer yearns for and needs, then uses the information to collect and test new product ideas. Lamb *et al.* (2010:12) posit that the

organisation needs to examine its strengths and weaknesses to ensure it has the necessary resources to accomplish these new product ideas, therefore, fulfilling the reliability dimension of trust for the consumer (Section 3.5.3). Cant *et al.* (2006:11) concur with this statement, and state that the profit through consumer satisfaction needs to be considered when examining the organisations strengths and weaknesses. Furthermore, Armstrong and Kotler (2007:11) write that being consumer orientated will also aid the organisation and the consumer in situations where the consumers do not know themselves of their wants and needs.

Consumers are of prime importance to organisations, and central to their marketing activities, because of the payment they make to an organisation, which leads to profits for the organisation, as well as profits through consumer satisfaction, (Palmer, 2009:15). The consumers and their payments are the path to sales and profits; thus, the needs of the consumers must be identified and satisfied. Armstrong and Kotler (2007:6) state that consumer needs to include physical needs, social needs and individual needs, and Sheth and Parvitiyar (2000:311) classify them as genetic, biogenetic and psychogenic needs. Furthermore, Kotler and Keller (2006:24) state that consumers have five types of needs, which include stated needs, real needs, unstated needs, delight needs and secret needs.

Once these needs are identified, the needs are moulded by different factors like cultural, social, personal and psychological factors (Perreau, 2014); this is what marketers call “consumer wants” (Armstrong & Kotler, 2007:6). These factors moulding consumer needs are in line with the social image construct (Section 3.5.4), because an organisation’s social image signifies how the organisation would fulfil the consumer’s psychological and/or social needs. Toombs and Bailey (1995:52) suggest organisations become consumer-focused, and examine the consumers’ needs and the transformation into wants, as they have the buying power. Cant *et al.* (2006:11) point out that shifting focus to the consumer orientation strategy allows an organisation to include the value that the consumer has when assessing the value of an organisation. This notion is in line with brand equity, as the literature suggests the relational market-based asset that is brand equity dwells outside of the organisation, and within the relationship between the consumer and the brand/organisation (Section 3.5.2). Furthermore, consumer-based brand equity is the intangible asset of added value that

is formed when consumers have a strong attachment to a specific organisation over that of rivals. In a similar fashion, Aaker (1991:30) and Keller (2003:60) assert consumer-based brand equity to be the consumers' perception of the value of the brand.

In conclusion, Proctor and Kitchen (2002:144) question whether the needs of consumers are being satisfied properly in the twenty-first century with the evolution of marketing, or were their needs satisfied more effectively 40 years ago. In order to overcome this, Hess and Story (2005:313) speculate that nowadays, marketing practitioners have shifted their focus from merely satisfying the needs of the consumer to developing trust within the minds of the consumer to ensure an enduring relationship is created (Section 3.5.3). The following section links up with consumer needs, as the main focus of integrated marketing is the interest of the consumer.

2.2.2.2 Integrated marketing

The next concept in the marketing orientation concept is integrated marketing. According to Kotler (2003:22), this concept focuses on the interest of the consumer throughout all the departments in an organisation, ultimately attending to the consumer's interests and needs. In addition, Botha *et al.* (2004:181) emphasise that integrated marketing involves the marketing mix and a mixture of marketing actions and tools utilised to meet the needs of the consumer.

Integrated marketing occurs on two levels – all the marketing functions (product management, customer service, sales force, marketing research, advertising), and all the departments of an organisation (Kotler, 2003:23). Consequently, it can be postulated that integrated marketing includes all the departments and the marketing activities, as well as the tools of an organisation to satisfy the needs and wants of the consumer, ensuring the organisation upholds its promise towards the consumer, and ensuring the consumer experiences the benefits resulting from the relationship with the organisation.

As such, it is proposed that the promise an organisation makes towards the consumer in fulfilling their needs and wants is in accordance with brand trust (Section 3.5.3), as a consumer who trusts an organisation/brand, has the belief that the organisation/brand will deliver on its promise to meet the expectancies of the

consumer. Furthermore, the relationship required in order to fulfil the expectancies is at the core of brand loyalty (Section 3.5.2).

Due to the importance of the consumer's needs and their power, Prabhaker (2001:113) emphasises that the organisations should rethink their business marketing models. Moreover, the author stipulates that the consumer's power and the ever-changing technology of the modern world are the two reasons for rethinking and adapting the marketing model of an organisation. The mobile phone industry (Section 3.2) demonstrates this ever-changing technology. As a result of the technology industry changing, the focus on the mobile phone industry and the smartphone industry designates the importance of these industries, not only to this study and the Generation Y cohort (Section 3.3), but also to marketers and marketing researchers.

An organisation's marketing department and its functions, as well as other departments, need to work as a team in order to achieve the ultimate goal – attend to and satisfy the needs and interests of their consumers. Once this is achieved successfully, integrated marketing has been implemented. Lamb *et al.* (2010:14) surmise consumers do not see the different types of marketing as different units; hence, the organisation needs to inform, persuade and remind the consumer in the same manner from all departments in the organisation.

2.2.2.3 Profits through consumer satisfaction

Heskett *et al.* (1994:108) and Lamb *et al.* (2010:9) stipulate that profits – the long-term objective of an organisation – be achieved once loyalty amongst the consumers of the organisation has been attained. Furthermore, consumer loyalty can only be reached once consumer satisfaction has been conquered (Anderson & Srinivasan, 2003:124; Hallowell, 1996:27). Botha *et al.* (2004:11) suggests that in the marketing concept, the satisfaction of the consumer is the method of ultimately achieving the organisation's profit goal.

According to Jobber and Fahy (2009:3), the goal of any organisation should be to focus on the satisfaction of their consumers and then cultivate those consumers into loyal ones. "Consumer satisfaction is the feeling that a product has met or exceeded the consumer's expectations" and is the conclusion of the consumer, to a product or

service, where the expectations of the consumer is met by the consumption thereof (Lamb *et al.*, 2010:5).

Williams and Visser (2002:194) suggest that marketers and organisations should focus less on the satisfaction of consumers. Moreover, they stipulate that there are three reasons for consumer satisfaction not aiding organisations to achieve their goals. These are the difficulty of measuring whether consumer satisfaction is aiding the organisation, that it is not a clear indication of genuine buying behaviour, and new technologies. In contrast, Taylor (1995:14) suggests that consumer satisfaction is very important for any organisation whose ultimate goal is to achieve profitability, and indicates that without consumer satisfaction the products, level of service quality, and information would not be what it is today. The reason for the negativity surrounding consumer satisfaction may be because many organisations do not consider this concept critical to profit success, and this may be the result of the relationship between consumer satisfaction and business performance not always being clear (Van der Wiele *et al.*, 2002:184). Zeithaml (2000:74) builds upon this reason and stipulates that the association between consumer satisfaction and profits are neither frank nor uncomplicated. However, Van der Wiele *et al.* (2002:184) postulate that a higher satisfaction of the consumer will ultimately lead to a higher performance for an organisation. Therefore, consumer satisfaction will lead to higher performance for the organisation, ultimately leading to the long-term orientation of profits. Moreover, Mostert and Du Plessis (2007:9) and Lamb *et al.* (2010:9) stipulate that consumer satisfaction leads to numerous other benefits for the organisation including lower acquisition cost, cost savings, price premium, repetitive purchases, referrals, price premiums and revenue growth.

As stated, once consumer satisfaction has been achieved, consumer loyalty can be acquired. According to Bowen and Chen (2001:213) defining loyalty is a challenging task; however, PR Loyalty Solutions (2012) defines consumer loyalty as the positive attitudinal and behavioural attitude of the consumer to have a preference for one brand over all other brands, as a result of satisfaction, ease, performance, or being conversant with the product/brand. This is in line with brand loyalty (Section 3.5.2) and the literature indicates brand loyalty to be the relationship between the consumer's attitude and the brand. In addition, Bowen and Chen (2001:213) speculate

repeat purchases to be some sort of indication of consumer loyalty, and Assael (1993:274) and Paul *et al.* (2008:216) concur by stating the repeat purchases by the consumer to be a result of psychological, emotional and situational factors.

Researchers have both agreed as well as disagreed with the statement that consumer satisfaction leads to consumer loyalty. Mittal and Lassar (1998:185) and Bowen and Chen (2001:215) have affirmed that satisfaction does not transmute into loyalty. Research done by Gronholdt *et al.* (2000:298-308), Szymanski and Henard (2001:16-35) and Delgado-Ballester and Munuera-Alemán (2001:1238-1258) have found that consumer satisfaction leads to consumer loyalty. Biong (1993:33) and Keiningham *et al.* (2007:363-365) stipulate that consumer satisfaction is merely one of the predictors of consumer loyalty, and Homburg and Giering (2001:43-66) state that different aspects like age, variety and income influence this satisfaction-loyalty phenomenon.

The following section will discuss social marketing.

2.2.2.4 Social marketing

According to Armstrong and Kotler (2007:203), social marketing is the “use of commercial marketing concepts and tools in programs designed to influence individuals’ behaviour to improve their well-being and that of society”. Abratt and Sacks (1988:26) and Crane and Desmond (2002:548) point out that the societal marketing concept originated in the 1970s, as it was realised that the resources of society are limited, and damage to the environment was being executed. Kotler and Lee (2008:7) propose social marketing in a simple form, the endeavour of swaying the behaviours of consumers in order to advance health, avert injuries, guard the environment, and contribute to communities. Kotler and Zaltman (1971:5) propose social marketing not as a theory, but rather an outline to understand how the behaviour of consumer can be influenced. This infers social marketing to be grounded on the same principal as marketing, but can be understood as the enhancement of the social well being of the consumers, society and the environment.

Social marketing, indicated by Mostert and Du Plessis (2007:14), can be categorised as having four principles, they include the consumer orientation, long-term profit optimisation, an integrated effort and social responsibility. This resembles the

marketing concept discussed in this section but proposes having the interests of the consumer, society and environment in mind.

Owing to the importance of mobile phone industry, and moreover the smartphone (Section 3.2) industry in this research study, two practical examples of two leading mobile phone brands' environmental policy follow. Apple's statement reads as, "From reporting our entire carbon footprint to finding ways to reduce that footprint, Apple takes a comprehensive approach to environmental responsibility" (Apple, 2013). The same can be said of Samsung with their statement, "At Samsung, we believe it's our responsibility to do business in a way that enriches our planet" (Samsung, 2013). These examples indicate the importance of the social marketing concept is evident in today's market environment.

The following section will discuss marketing as an organisational function, including the marketing process, strategy and program.

2.3 MARKETING AS AN ORGANISATIONAL FUNCTION

According to Baker (2003:9) the value of the marketing concept discussed in Section 2.2, is dependent on the presence of marketing as an organisational function, and the effective implementation and supervision of the marketing mix. Furthermore, the marketing concept can only be functional if marketing activities are devised.

Figure 2.2 summarises marketing as an organisational function.

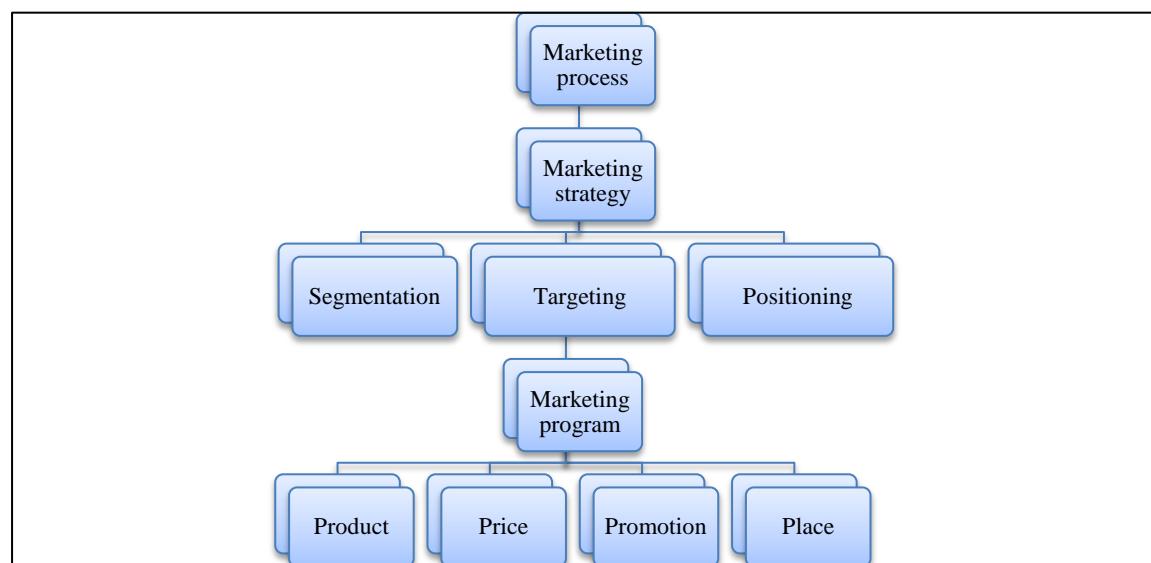


Figure 2.2: Marketing function tasks

2.3.1 Marketing process

According to Lamb *et al.* (2010:28), the marketing process is a combination of activities for which the marketing managers hold accountability. These activities include developing a marketing strategy in order to examine which and whose needs and wants have to be satisfied, developing marketing activities, also known as the marketing mix, and implementing the marketing strategy (NetMBA, 2010). The following sections will therefore discuss these marketing process activities.

2.3.1.1 Marketing strategy

Kotler and Armstrong (2008:47) assert that the marketing strategy is the segmentation and targeting, together with the differentiation and positioning, in the hopes of creating customer value, and ultimately attaining profitability. Furthermore, Walker and Mullins (2011:10) point out that the main objective of the marketing strategy is to successfully assign and manage the capitals and actions of the organisation in order to achieve the objectives of the organisation within a product market. Segmentation, targeting, differentiation and positioning will now be reviewed.

2.3.1.1.1 Market segmentation

The market segmentation concept first originated in the mid 1950s by Wendell Smith, after which researchers of marketing realised that, the differences in needs and wants amongst the consumers had opportunities for the different markets (Sun, 2009:63 & Van Raaij & Verhallen, 1994:49).

According to Lamb *et al.* (2010:177), the segmentation of markets are the subdivision of people or organisations, that share one or more characteristics, which ultimately lead to similar product needs. In addition, these authors speculate that market segmentation is a vital part of the marketing strategy of practically all fruitful organisations. Despite this point of view, Dibb and Simkin (1997:51) posit that many sceptics do not share this agreement of the success of an organisation due to market segmentation.

Moreover, Wright (1996:18) insinuates that the concept of segmenting and targeting are doubtful postulations on two grounds; the first is “for segmentation to have

validity, the segments are associated with a stable set of preferences". Secondly, the researcher discards segmentation, due to the fact that only once segmentation has been lucrative, can targeting be implemented, and targeting is what in actual fact delivers benefits to the organisation. In spite of this, Cahill (1997:12) and Suttle (2015) dismissed the argument by Wright, stating that segmentation and targeting is too important for marketing to be discarded.

According to Fripp (2012), segmenting a market can have numerous advantages. These advantages include better understanding of the consumers, permitting the organisation to create and employ a marketing mix strategy targeted at the specific needs of the market, permitting the organisation to measure latent demand, and permitting the organisation to recognise competing products in the particular market. Bickert (1997:362) indicates that market segmentation can also lead to brand loyalty (Section 3.5.2). For this reason, it is suggested that because the needs and wants of a group of consumers that shares the same expectations are segmented, the organisation creates a relationship with these consumers to fulfil their expectations. In addition, for the consumers to allow the organisation to fulfil their expectations and have a relationship with the organisation, the consumers first need to have trust in the organisation.

Walker and Mullins (2011:137) propose a three-step process for the segmentation of a market, which includes identifying a homogenous section that is not the same as other sections, specifying criteria that define the segment, and enumerating the size and potential of the segment. According to Botha *et al.* (2004:62), market segmentation consists of four levels as depicted in Figure 2.3.

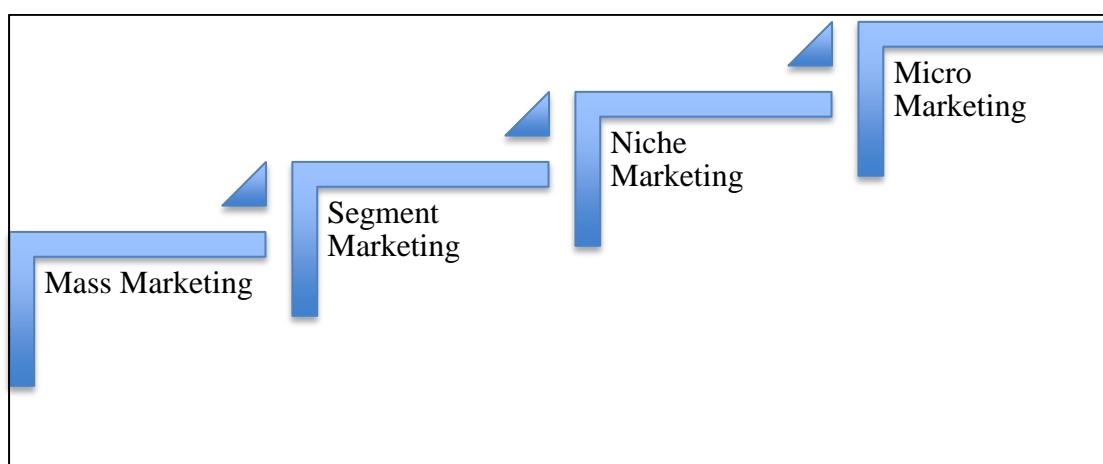


Figure 2.3: Levels of market segmentation (Source: Botha *et al.*, 2004)

Mass marketing entails the organisation creating mass commodities for consumers, using mass circulation and promotion to all consumers (Business Dictionary, 2014). Organisations applying segment marketing or differentiated marketing divide the market into wide-ranging segments and then match the market segments (Badenhorst *et al.*, 2003:324). Niche marketing is used when an organisation concentrates on subgroups within the market segment, and micro marketing is used when the organisation seeks to satisfy the needs of particular individuals (Armstrong & Kotler, 2007:178; Botha *et al.*, 2004:62).

Coulter (2003:215) theorises that after the market has been segmented the organisation needs to decide which of the smaller groups are the most lucrative to sell products to and assign services to, hence the targeting strategy. The following section will discuss the targeting strategy.

2.3.1.1.2 Targeting

According to Mostert and Du Plessis (2007:11) target marketing is when the organisation chooses groups from the segments they wish to serve with goods or services that will have the biggest profit potential for the organisation in the long run. This suggests the organisation needs to determine, after the market has been segmented, which needs of the consumers can be satisfied to the fullest by the organisation, with long-term profit as the end goal that will be achieved once the needs are satisfied.

According to Lamb *et al.* (2010:192), three different strategies exist for targeting a market; these include the undifferentiated strategy, concentrated strategy and multi-segmented strategy. Undifferentiated targeting simply means that the organisation does not see the market as consisting of individual segments, but rather adopting the mass-market philosophy (Uhlig, 2014). Concentrated targeting implies the organisation picks a niche market (one segment), and multi-segment targeting involves the organisation choosing two or more segments to serve, and developing a marketing mix strategy for each segment.

Although targeting is a universal marketing strategy, Wright (1996:18) supports the literature reporting the disadvantages of the targeting strategy. The disadvantages include product offerings that might be dull, vulnerability of the organisation towards

that of competition, small segments, large competitors that might enter the niche market first, costs being great, and cannibalisation (Lamb *et al.*, 2010:194).

In spite of these disadvantages, benefits supported by Cahill (1997:12) include, more growth for the organisation because of the winning of consumers, less wastage and more concentration of resources because the organisation focuses on a specific target market, superior need satisfaction of consumers, sturdier positioning, financial achievement, and economies of scale (Lamb *et al.*, 2010:194). Targeting of a market also leads to the successful development of the marketing mix that is fitting for each target group (Botha *et al.*, 2004:61). The following section will discuss the differentiation strategy.

2.3.1.1.3 Positioning and differentiation

Kotler (2003:308) suggests that positioning is the formation of an image by an organisation, product or service within the mind of the target market, with the result being value proposition; why the consumer ought to buy the product. Differentiation goes beyond this point, and distinguishes the offerings from that of competitors Badenhorst *et al.* (2003:324). As such, positioning and differentiation are in line with Section 3.4 as the creation of a brand is a positioning and differentiation strategy because it allows the consumer to identify and differentiate the organisation, and/or its product, from that of competitors.

Kalafatis *et al.* (2000:416) suggest that positioning is one of the most vital factors in modern marketing management. Therefore, the positioning and differentiation strategy is fundamental for an organisation, because consumers will compare the offerings to that of rivals (Mostert & Du Plessis, 2007:129).

Palmer (2009:251) hypothesises the process of positioning into five steps. This process is depicted in Figure 2.4.

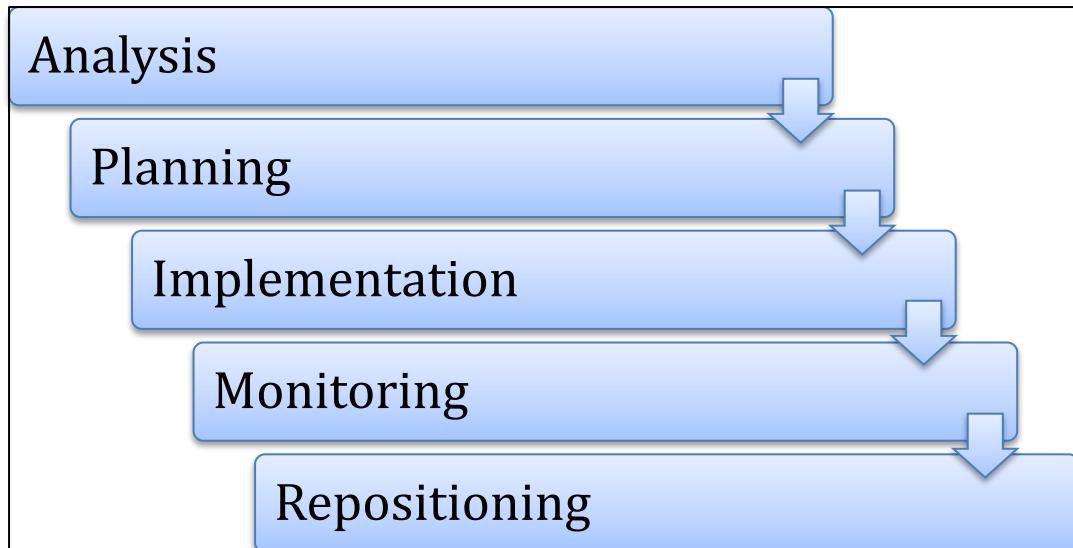


Figure 2.4: The process of positioning a product offer (Source: Palmer, 2009)

Moreover, Marsden (2002:307) views the positioning strategy to be vital for developing a sustainable competitive advantage for an organisation, especially in today's "product saturated consumer world". Section 3.5.1 will discuss the benefits of brand equity, of which competitive advantage is the main advantage, as brand equity is a relational market-based asset and resides outside the organisation.

Furthermore, Palmer (2009:249) posits that the organisation should evaluate its strengths and weaknesses within the marketplace, and once this is done the brand of the organisation takes a place within the specific marketplace. This infers, once the organisation, product or service has been embedded into the marketplace, the needs of the consumers can be satisfied, leading to benefits for the consumer as well as the organisation, which will ultimately lead to the return of the consumer to that specific organisation.

2.3.1.2 Marketing program and marketing mix

According to Armstrong and Kotler (2007:13) the purpose of the marketing programme, is to transmute the marketing strategy into action, by doing this consumer relationships are established (Section 2.4). The marketing programme comprises of the marketing mix.

The marketing mix is utilised to enforce the marketing strategy in order to satisfy each of the organisation's target markets (Armstrong & Kotler, 2007:52). The

traditional marketing mix, first introduced in the 1960s by E.J McCarthy, consisted of four Ps (product, price, place and promotion). Throughout the years, researchers added to these four Ps. Moreover, seminal work indicated consumer, environmental, competitive and marketing decision variables to be included into the marketing mix (Kotler, 1967:72). Robins (1991) altered the marketing mix to consumers, competitors, capabilities and company.

Furthermore, Grönroos (1984:38) hypothesised the marketing mix as interactive marketing, where the focus lies on the relationship between the employee and the consumer, permitting “successful marketing making”. Moreover, Kotler (1991:89) and Williams (2012:48) concurred with this approach because of the importance of the employee-consumer relationship on the successful marketing process.

Since the marketing mix is the implementation of the marketing strategy in order to satisfy the target markets of an organisation, Delgado-Ballester (2004:575) writes that when a relationship between the organisation and consumer is not feasible, the organisation needs to create a brand with which the consumer could develop a relationship. Furthermore, the author asserts the foundation of that relationship to be the theoretical idea that once the marketing mix has been implemented it creates an accumulation of actions on behalf of the brand. Moreover, Chaudhuri and Holbrook (2001:90) write that mental connections with the brand, for example social image (Section 3.5.4), ultimately leads to the build up of brand equity results like greater market share or responses by the consumer towards marketing mix variables. For this reason, brand equity will be positive when the consumer responds positively to the brand's marketing mix elements, in comparison to an unnamed brand (Pitta & Katsanis, 1995:56).

Despite these different overviews of the marketing mix concept, the importance of the marketing mix is therefore to enforce the marketing strategy in order to satisfy the target markets. Hence, the traditional elements of the marketing mix, depicted in Figure 2.5, will be discussed in the following sections.

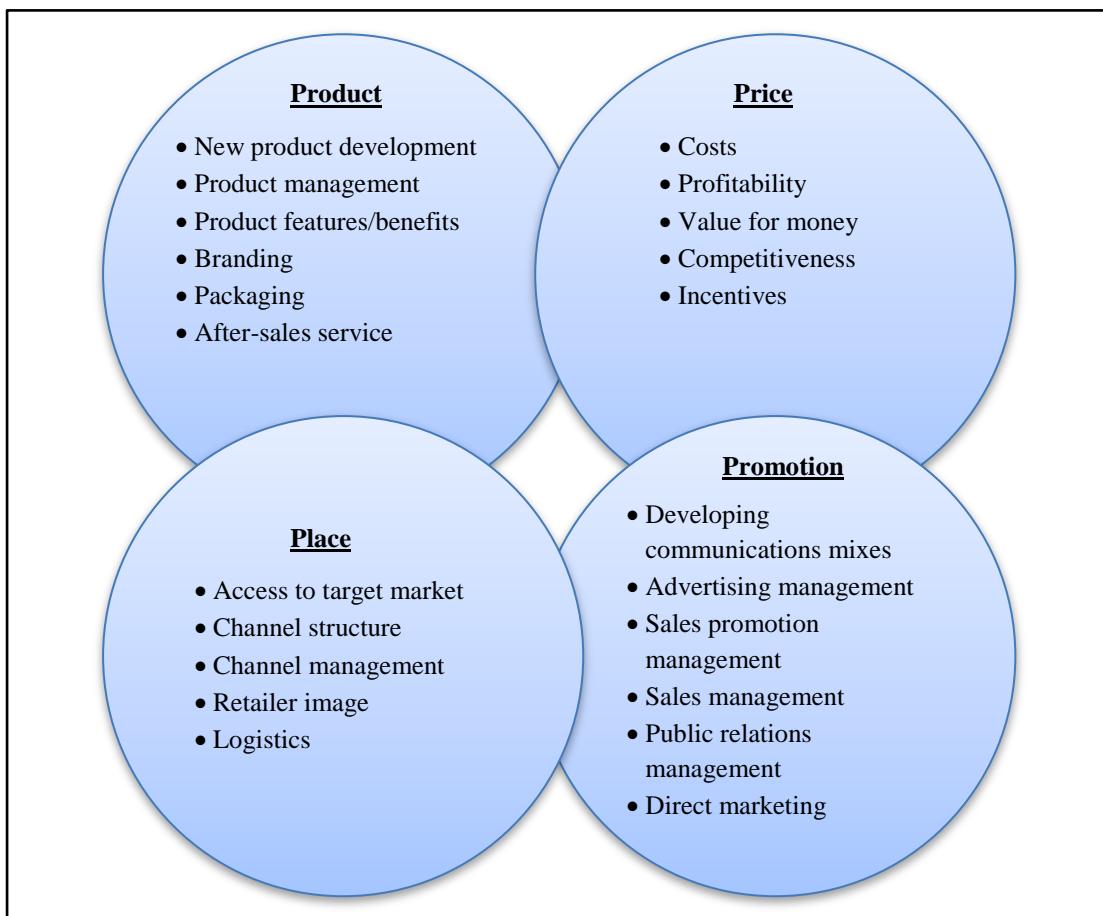


Figure 2.5: Traditional marketing mix (Source: Brassington & Pettitt, 2007)

2.3.1.2.1 Product element of the marketing mix

According to Palmer (2009:22), the product in the marketing mix is the means of an organisation to satisfy the needs of consumers, whether tangible or intangible. Furthermore, Brassington and Pettitt (2007:21) point out that included in the product element of the marketing mix may be after-sales service, guarantees, installation and fitting, quality levels, styling, special design features, durability, packaging, range of sizes or options, warranties, and distinguishes the organisation's product from competition and adds to the brand image of the product. Armstrong and Kotler (2007:10) speculate that within the product element of the marketing mix, consumers will prefer products that have the finest quality, performance and ground-breaking features.

Branding, specifically the brand name (Section 3.4) and brand image, play an important role in the marketing mix (Brassington & Pettitt, 2007:187). Moreover,

Mostert and Du Plessis (2007:152) assert decisions regarding branding are vital for the product element of the marketing mix because of the identification and differentiation element that a brand offers. This leads to consumers becoming brand loyal (Section 3.5.2) and willing to pay a price premium.

The following section will discuss the price element of the traditional marketing mix.

2.3.1.2.2 Price element of the marketing mix

According to Armstrong and Kotler (2007:13), price in the marketing mix is the cost for the consumers to acquire the specific product or service they desire. Lamb *et al.* (2010:407) write that the organisations should fulfil a number of their own objectives when deciding what the price should be for the offering; these include the support of the organisations marketing strategy, reaching financial targets, and fitting the realities of the marketplace environment.

The importance of the pricing element in the marketing mix is essential to the remaining elements of the marketing mix since it influences the revenue that the organisation will bring forth (Palmer, 2009:23). Brassington and Pettitt (2007:221) suggest price can be used as a communicator, negotiating tool, and a defence against competitors, and aids with short-term and long-term objectives (Jain, 2001:102).

Hill and O'Sullivan (2004:20) speculate that the price element in the marketing mix has tactical and lasting implications on the product or service because of the fact that the price determines the image as well as the competition that a firm faces in the market. Badenhorst *et al.* (2003:320) state that the price of a product or service should be set against the value the consumer places on the product or service. This is in accordance with establishing a well-known brand for an organisation. Section 3.4.3 theorises one of the benefits of creating a brand for an organisation is to be capable of setting a price premium for product and/or services. Consumers having trust towards the brand leads to loyal consumers, and brand loyal consumers are willing to pay the price premium as they trust that the quality of the product will fulfil their expectations. Furthermore, brand loyal consumers are less prone to be price sensitive (Section 3.5.2), and establishing brand equity for an organisation leads to the diminishment of price sensitivity and enables an organisation to set a price premium (Section 3.5.1). The less price sensitive consumers are, the more willing they will be

to pay a higher price for the brand, which in turn will lead to an increase in the value of the brand. Moreover, the inclination of a consumer to pay price premium is also a measure of brand equity and offers a good indication of the brand's overall strength.

Moreover, Jain (2001:102) speculates that when an organisation studies the public perception of a product's quality in relation to its price, it can also aid in making decisions about pricing. In addition, Armstrong and Kotler (2007:53) posit that price includes the list price, payment period, discounts, allowances and credit terms.

Brassington and Pettitt (2007:223) propose two perspectives when dealing with price valuation. The first is the perspective of the consumer and includes functional, quality, financial, operational and personal factors, and secondly, the perspective of the organisation. The organisation's perspective for pricing is simply total revenue minus total cost equals profit. Botha *et al.* (2004:167) theorises five steps in determining the price of a product or service, once all the above factors have been taken into account.

The process starts with identifying pricing restrictions and objectives. These may include thoughts and understandings of the consumers, price elasticity, competitors, channels of distribution, and legal or regulatory restrictions (Brassington and Pettitt, 2007:228). The next step is to identify the pricing objectives followed by estimating the demand, supply and revenue. The following step is to determine the cost, volume and profit relationships followed by selecting an appropriate price level. Ultimately, the final price can be determined (Botha *et al.*, 2004:167).

Therefore, the importance of the pricing element of the marketing mix is clear, as it plays a role in numerous aspects, from curbing competition to profits, for the organisation and image of the product or service, which is essential for branding. The following section will discuss the place element of the marketing mix.

2.3.1.2.3 Place element of the marketing mix

After the product has been manufactured, it needs to reach the organisation selling it and then to the consumer (Badenhorst *et al.*, 2003:324). According to Kotler and Armstrong (2008:50), the place element, also referred to as distribution, in the traditional marketing mix, is simply the actions of the organisation to ensure that the

product is available to the consumers. Lamb *et al.* (2010:455) speculate that the distribution element is concerned with making the products available to the consumers when and where they want them, and ensuring the products are in an operational state at the chosen place for which they were intended.

Jansen van Rensburg (2009:260) and Botha *et al.* (2004:122-134) propose the following elements that play a role in the place strategy in the marketing mix.

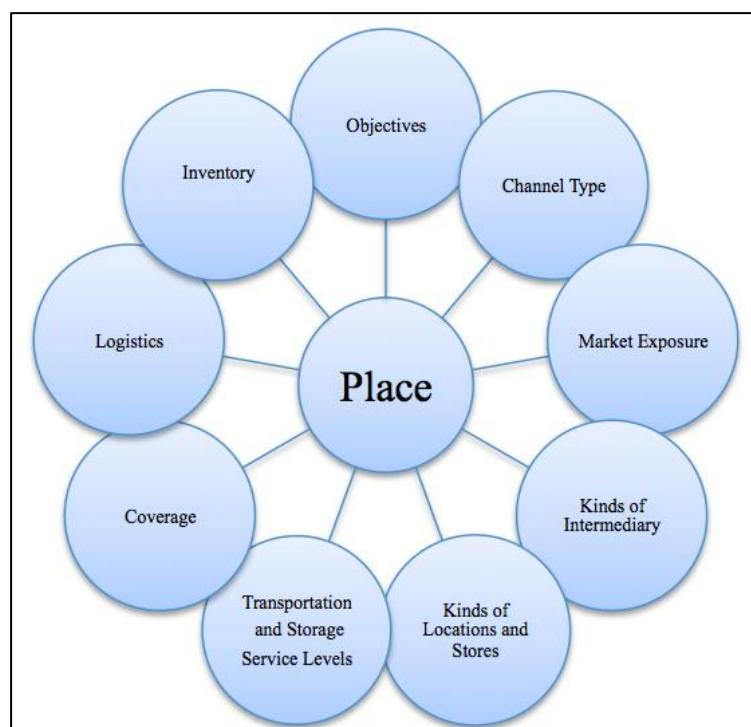


Figure 2.6: Elements of the place strategy in the marketing mix (Source: Jansen van Rensburg, 2009 and Botha *et al.*, 2004)

Palmer (2009:23) postulates that usually organisations are concerned about the channel of distribution; agents used to transport the products from the manufacturer to the end-consumer. As such, Mostert and Du Plessis (2007:195) theorise the marketing channel as the individuals or organisations that aid the producers of products to distribute the products to the final user of the product, and are referred to as distribution channels.

The decisions regarding the distribution decisions consist of two basic decisions (Botha *et al.*, 2004:123); these include the channel management, where attention is given towards the “transaction flow” of the product through the best channel and physical distribution management, and the “physical flow of the product from the

factory to the distribution outlet or to the final consumer". According to Baker (2003:11), the distribution channel does not only focus on the physical transportation of the product to the consumer, but can also take on tasks like market investigation for the producer, marketing, valuing and negotiation with the consumer, financing the deal and acquisition of the goods.

Lamb *et al.* (2010:305) write that four different distribution channels for consumer products exist. They include the direct channel (manufacturer to the consumer), retailer channel (manufacturer to the retailer, to the consumer), wholesale channel (manufacturer to the wholesaler, to the retailer, to the consumer) and agent/broker channel (manufacturer to the agent, to the wholesalers, to the retailer to the consumer) (Badenhorst *et al.* 2003:324).

In conclusion, the manufacturer of the product needs to deliver the product to the consumer and for that reason it is proposed the distribution channel and the place element is important for the consumer to be able to purchase the product when and where it suits the consumer.

The following section will discuss the promotion element of the traditional marketing mix.

2.3.1.2.4 Promotion element of the marketing mix

According to Lamb *et al.* (2010:387), the promotion element of the marketing mix is the communication of the organisation's marketing strategy to consumers and channel members. Hill and O'Sullivan (2004:20) posit that the promotional strategy will establish what and to whom communication is required. In other words, the promotion element is to inform the consumer of the organisation's products, and why the consumer should acquire the product.

Cant *et al.* (2006:298), Czinkota and Ronkainen (2010:20), and Hill and O'Sullivan (2004:21) insinuate the reason behind the marketing communication by an organisation is to ultimately change the purchasing behaviour of the consumers, and inform the consumers about the organisation's offerings in order to influence their attitudes and decision-making. This persuasion includes educating, informing, reminding and persuading the consumer.

Kotler and Keller (2006:19) theorise promotion into five sub categories that organisations can use. These include sales promotion, advertising, sales force, public relations and direct marketing. These promotion categories will be less expensive for organisations that convert their consumers into brand loyal consumers (Section 3.5.2), due to cheaper advertising and promotion costs, and loyal consumer already having trust in the brand. Furthermore, Cant *et al.* (2006:299) and Social Media Today (2013) indicate traditional ways of informing and influencing the consumer may include television, printed media, outdoor media, and cinema. Despite this, in today's technological era, Social Media Today (2013) posits that platforms like social media (Twitter, Facebook, LinkedIn and Google +) to be used in order to create awareness for the brand. In the case of the Generation Y cohort, these platforms will be successful means of capturing their attention, as they spend considerable amounts of time using social media networks, and because Facebook-based brand communities are vital for this generation cohort, as they prefer brand Facebook pages (Section 3.3).

The following section will discuss relationship marketing.

2.4 RELATIONSHIP MARKETING

Throughout the years, relationship marketing as a concept has become a trendy topic for marketing academics and experts (Takala & Uusitalo, 1996:45). Grönroos (1990:5) proposed, “Marketing to establish, maintain, enhance and commercialise customer relationships so that the objectives of the parties are met”. Christopher *et al.* (1991:4) posit “getting and keeping customers”. Furthermore, Shani and Chalasani (1992:37) suggest relationship marketing as an “integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualised and value-added contacts over a long period of time”. The ‘father’ of the relationship-marketing concept (Berry, 1983:26) proposed the definition as “attracting, developing and retaining customer relationships”.

Veloutsou *et al.* (2002:435) point out that the importance of retaining consumers has been a major influence in the creation of relationship marketing. Three antecedents account for the emergence of relationship marketing. The first being the energy crisis of the 1970s, this caused strenuous competition for the industry, and it was more

important for organisations to retain consumers than to acquire new ones. Furthermore, service marketing became an important area for research and lastly, organisations started to utilise fewer suppliers, resulting in building up a relationship with the most frequent suppliers (Sheth, 2002:590).

Section 2.3 discussed the traditional marketing mix and the importance thereof. In contrast to research confirming the support and importance of the marketing mix to an organisation, authors suggest the move away from the marketing mix and towards relationship marketing (Grönroos, 1997:322 & Sinh, 2013:83). Rafiq and Ahmed (1992:56) dispute the marketing mix as not building a relationship between the buyer and seller. Furthermore, Gummesson (1994:8) states the marketing mix as not being successful in the fulfilment of requests in the concept of marketing, and Zineldin (1995:33) writes that the marketing mix cannot be implemented sufficiently in the service sector. According to Goi (2009:1) and Grönroos (1997:328) the foremost limitation with the traditional marketing mix, is that for years, it has been considered the only and main marketing paradigm, the author warns that relationship marketing should not fall into this same repression. Accordingly, Palmer (1996:19) points out that with the competitive nature of today's market, good product quality is not sufficient. In order for an organisation to gain competitive advantage over competitors the organisation needs to build relationships with the consumers (Poynter, 2014; Veloutsou *et al.*, 2002:434).

Relationship marketing originated within Europe in the 1970s, at which time researchers realised a new way of marketing was needed, especially in the fields of industrial and service marketing (Baron *et al.*, 2010:4; Takala & Uusitalo, 1996:45). The reason being organisations becoming globalised and realising the significance of consumer retention and consumer relationship economies (Grönroos, 1997:322). Therefore, Copulsky and Wolf (1990:18), and Shani and Chalasani (1992:37) argue the futility of mass media in aiding the consumer to make decisions, and furthermore state the importance of customised products and services.

However, Zineldin and Philipson (2007:232) assert that rather than discarding the foundations of marketing of the last 30 years, practitioners and researchers should adapt, reconsider and recover the marketing mix, as it is still valid in theory as well as in certain industries. Jobber (1995:92) together with Zineldin and Philipson

(2007:232) argue that if the organisation does not have the right product, price, promotion and place, no relationship can be built with the consumer.

Takala and Uusitalo (1996:46) and Walsh *et al.* (2004:471) write the difference between the traditional marketing mix, or mass marketing, and relationship marketing, is that relationship marketing seeks to build a relationship with the consumer, creating involvement and loyalty in the product and the organisation. In a similar manner, Foscht *et al.* (2009:219) indicate the importance for an organisation to build a relationship with the Generation Y cohort from a young age, with the objective of accomplishing brand loyalty. In the same way, Hess and Story (2005:313) indicate the move from merely fulfilling the expectations of the consumers, to building a relationship with the consumers; hence, the development of the relationship-marketing concept.

According to Grönroos (1997:327) and Mack (2015), a vital aspect in relationship marketing is trust. Morgan and Hunt (1994:22) support this and point out relationship marketing will not be fruitful without trust and commitment. Likewise, Chaudhuri and Holbrook (2001:90) view brand trust and brand loyalty to be significant concepts in the literature of relationship marketing. Hultén (2007:259) and Spekman (1988:79) posit trust as the foundation of relationship marketing being trust will dedicate consumers to a relationship with an organisation. The importance of trust to relationship marketing is to encourage marketers to maintain the relationships they have with consumers, suppliers and so forth (Morgan & Hunt, 1994:22). Grönroos (1997:327) theorises that assets like workforces, technology and systems of the organisation need to be implemented in such a way that the consumers trust in these assets and in the organisation itself.

According to Palmatier (2008:6), when relationship marketing and branding strategies are utilised to create brand equity, these strategies converge. This is important because of the fact that this research study focuses on brand strategies to improve brand equity. Srivastava *et al.* (1998:6) and Srivastava *et al.* (2001:780) speculate that relationship marketing and brands can represent dire foundations of intangible, market-based assets. Ultimately, this will lead to superior financial performance.

The importance of brand loyalty in recent years can be ascribed to the fact of the increasing impact of relationship marketing, both in the theory and the practice of marketing (Sheth & Parvitiyar, 2000:311). Brand loyalty is defined as the relationship between the consumer and the brand/organisation, and according to the literature, trust is at the core of this relationship.

In the same way, trust is expressed as a multidimensional facet in the concept of marketing, which aids in the development of relationships, a crucial relationship marketing tool, vital for brand loyalty as well as brand equity, because brand equity is seen as a relational market-based asset.

Palmer (1996:23) and Uncles (2003:294) assert that the loyalty of a consumer cannot be bought through “financially based incentive schemes”, and organisations should move away from this notion. It is suggested that a way of doing this, is to focus on the significance of the relationship regarding the fondness of a consumer’s self-image and a specific brand. Furthermore, because the social image (Section 3.5.4) is rooted from the self-image idea, marketers can use this relationship between the brand and the self-image/social image of the consumer in order to create brand trust, which will lead to brand loyalty. This will be discussed in more detail within Chapter 3.

Mass marketing seeks to increase sales on a short-term basis and relationship marketing in the long term (Anderson *et al.*, 1994:7; Marketing-Schools.org, 2012). Relationship marketing is at the one end, where organisations try to build relationships with the consumers, at the other end is transaction marketing where the organisation focuses on one transaction at a time, such an organisation would apply the marketing mix strategy (Grönroos, 1997:328; Walsh *et al.*, 2004:471). Kotler (1992:1) and Webster (1992:11) agree somewhat with this statement and state, “companies must move from a short-term transaction-orientated goal to a long-term relationship-building goal” and “there has been a shift from a transaction to a relationship focus”, respectively.

One question still remains, is relationship marketing a paradigm shift from the traditional marketing mix and its four Ps? Some authors speculate that relationship marketing is a paradigm shift in the marketing context (Morgan & Hunt, 1994:20; Palmer *et al.*, 2005:314). Grönroos (1997:322) states that the shift from the marketing mix to relationship marketing is so intense that it could be defined as a paradigm shift.

The author also writes that although relationship marketing is in the start-up phase, it has rooted itself as an “underlying paradigm in modern industrial marketing and service marketing” as the marketing mix becomes too limiting for organisations.

Aijo (1996:8) and Palmer *et al.* (2005:314) point out that relationship marketing is at the centre of the paradigm shift that is taking place in the marketing arena. Opposing from what these authors say, Zineldin and Philipson (2007:238) argue that no concrete evidence indicate the movement from the marketing mix to relationship marketing as a paradigm shift, rather organisations should notice the occurrences in the business setting and modify accordingly. Brodie *et al.* (1997:390) support this statement, pointing out they do not support the notion of a paradigm shift. Payne (1995:49) suggests relationship marketing not be seen as a paradigm shift because it is a rediscovery rather than a discovery.

Furthermore, Hess and Story (2005:313) hypothesise a relationship model, not only to portray relationship-based constructs for the utilisation of marketing, but also to adapt marketing concepts.

2.5 CONCLUSION

Marketing perceived in the traditional practice is seen as both an organisational function and a philosophy, focusing on the segmentation, targeting and positioning as well as the formation of the marketing mix in order to achieve the ultimate goal of increasing the demand for a product or a service. Owing to robust competition in a market, together with increased economic processes and well-informed consumers, the traditional marketing tactics trail evidence of limitations for organisations. One approach to overcome these limitations is the implementation of branding in an organisation in order for consumers to differentiate an organisation’s offering from that of competitors.

However, before the successful implementation of branding can be executed, the objectives of the organisation need to be accomplished by means of recognising the needs and wants of the consumers. Successively the expectations of the consumers have to be fulfilled in a more effective and competent manner than that of competitors, resulting in the satisfaction amongst the consumers. This infers that both

the organisation and the consumer's interests are vital to the execution of the organisation's business.

Following the identification of the needs and wants of the consumer, the organisation needs to keep up with these expectations, satisfy these expectations better than competitors, while also ensuring the quality of the offerings are up to par. This is ensured through focusing on the consumer, rather than the offering by the organisation, and implementing this strategy throughout the entire organisation. Furthermore, realising that the satisfaction of the consumer untimely will lead to profits for the organisation, and being socially responsible towards the environment, society and focusing on the social eudemonia of the consumer.

In order for the organisation to succeed in the above, the marketing manager is accountable for devising marketing activities, which together form the marketing process. Included in this marketing process is the creation of consumer value and profitability by means of segmentation, targeting, differentiation and positioning. Once the organisation establishes which consumer markets to serve, and creating an image in the mind of these markets about the offering, the marketing strategy needs to be implemented by means of the marketing mix.

In order for the organisation not only to serve the expectations of the consumer but also constituting a relationship with them to ensure repeat purchases and other benefits in today's market environment, the concept of relationship marketing was introduced to acquire and conserve the consumers. The reason for this introduction into the marketing arena was globalisation, and the importance of consumer retention and relationship markets. In addition, for the successful implementation of relationship marketing, the literature suggests the presence of trust and loyalty.

For that reason, the aim of this chapter was to review marketing as both an organisational philosophy and function, in order to build a foundation for the branding strategy together with its elements, due to the importance of branding for the success of marketing. The following chapter, Chapter 3 reviews the literature on the mobile phone industry, the Generation Y cohort, branding together with the proposed model, and the factors that ultimately create brand equity.

CHAPTER 3

MOBILE PHONE INDUSTRY, GENERATION Y AND BRANDING

3.1 INTRODUCTION

In the highly competitive business landscape of the 21st century, intangible assets such as brand equity (Delgado-Ballester & Munuera-Alemán, 2005:188) are deemed as increasingly vital to the long-term success of organisations (Gunelius, 2014). In contrast to brand value, which denotes the estimated financial value of a brand in accounting terms, brand equity refers to the widespread brand preference amongst consumers, based on the positive differential effect of a well-known brand name (Kotler, 2003:422). Brand equity represents a relational market-based asset (Hunt, 1997:431; Srivastava *et al.*, 2001:789) that is primarily the product of brand loyalty (Aaker, 1991:50; Bello & Holbrook, 1995:127; Park & Srinivasan, 1994:280; Taylor *et al.*, 2004:222), which is the consumers' consistent preference for one brand over all competing brands within a specific product category (Ferrel & Hartline, 2008:198). Brand loyalty and consequently brand equity, germinates from consumers' brand identification, trust in the superiority of the brand and their perceptions of the social esteem that use of the brand signals (Schiffman *et al.*, 2010:236). A central concept to brand loyalty is the relationship between the consumer and the brand (Chaudhuri & Holbrook, 2001:87). Viewing brand loyalty as a relationship between the consumer and a brand supports the idea that consumers use brands as extensions of their self and as a tool for signalling their self to others (de Chernatony, 2003:382). Furthermore, trust is a crucial factor in any enduring relationship, and by implication, establishing and maintaining trust in a brand is a necessary precursor to developing brand loyalty and brand equity (Krishnan, 1996:392; Taylor *et al.*, 2004:222). This suggests that consumers' perceived social image of a brand, together with their level of trust in that brand, are important antecedents of brand loyalty, which in turn is the salient determinant of brand equity.

The mobile phone industry is one of the most dynamic and competitive industries of this century, with new smartphones boasting breakthrough features appearing on the market in rapid succession (McCarty, 2011; Mourdoukoutas, 2013; Rowinski, 2014).

Mobile phone manufacturers may double or halve their market share on a year-to-year basis, depending on which technological innovations appeal to consumers at that point in time (Walker & Mullins, 2011:86). Given that brand equity facilitates the adoption of new products, mobile phone manufacturers actively seek to build brand loyalty, and leverage their resulting brand equity via brand extensions (Schiffman *et al.*, 2010:236).

As the first generation to be brought up in this era of mobile telephony (Anantatmula & Shrivastav, 2012:12), the Generation Y cohort (individuals born between 1986 and 2005) (Markert, 2004:21) represents an important current and future segment for the manufacturers and marketers of mobile devices, including smartphones. In South Africa, members of the Generation Y cohort account for approximately 38 percent of South Africa's population of 52 981 991 in 2013, with the majority (83%) being black (Statistics South Africa, 2013). With an estimated 95 percent of the black Generation Y cohort owning a mobile phone (Shevel, 2013), this age and ethnic cohort presents an important segment for mobile phone manufacturers targeting the South African market. Those black Generation Y individuals pursuing a tertiary qualification are of specific relevance to mobile phone marketers in that a tertiary qualification often translates into a higher future earning potential and a higher social standing within a society, which in combination, increases the likelihood of these individuals being trendsetters (Bevan-Dye, 2013:155-164) and influencing the mobile phone brand preferences of their peers. Despite the evident benefits of establishing brand equity for organisations operating in highly dynamic and competitive industries such as the mobile phone industry, there is a dearth of published literature on this topic in the South African context, especially in terms of the country's large and potentially lucrative black Generation Y cohort. Attaining brand equity amongst black Generation Y students should be an important imperative to mobile phone manufacturers seeking to establish a long-term competitive advantage in the South African market.

Against the backdrop of Chapter 2, the following chapter will discuss branding and the elements regarding branding, ultimately leading to how social image and brand trust affect brand equity in the mobile phone industry. It was necessary to discuss the basics of marketing in Chapter 2 in order to comprehend branding in Chapter 3

because of the fact that branding is a marketing strategy. The chapter will begin with a look at the mobile phone industry. Section 3.3 will discuss the mobile phone industry, not only in South Africa but also abroad, followed by Section 3.4 reviewing branding as a marketing strategy, the elements of branding and the effectiveness of branding, trailed by the factors influencing brand equity.

3.2 MOBILE PHONE INDUSTRY

The first mobile phone, the Motorola DynaTAC 8000X was sold in the United States of America (USA) for US\$3 995 in March 1984. Nicknamed “The Brick”, the phone measured 13 x 1.75 x 13.5 inches, weighed 793.80 grams, was only capable of making phone calls, and had an estimated battery life of half an hour (Wolpin, 2014). In 2014, 30 years later, the mobile phone has morphed into a high powered, multi-functional smartphone that, over and above being a phone, typically is also a camera, video camera, timepiece, heart monitor, ebook reader, gaming device, music playlist, social networking platform, GPS navigator, and an email account that provides access to a seemingly unlimited array of online data. In addition to the multitude of features that smartphones offer, they also weigh on average 130 grams (GSM World, 2006) and have a standby battery life of up to 390 hours (Smith, 2014). As such, mobile phones have evolved into lightweight pocket-size devices that offer an all-in-one communication, entertainment, educational, scheduling and navigation solution. Figure 3.1 illustrates a timeline of the evolution of the mobile phone.

Globally, the mobile phone and smartphone market is expected to grow to US\$150.3 billion in 2014, up from US\$69.8 billion in 2010 (Markets & Markets, 2011). In 2013, mobile phone sales to end users totalled 1.8 billion units, of which 968 million were smartphones, as around 6.8 billion people of the world population owned a mobile phone by the end of 2013 (Embley, 2013). Thus, the mobile phone market, and moreover the smartphone market, not only creates job opportunities and influences the economic growth rate positively (Garbacz & Thompson, 2007:281), but also offers great marketing opportunities to reach consumers effortlessly (Barutçu, 2007:30; Grant & O'Donohoe, 2007:227; Roach, 2009:129).

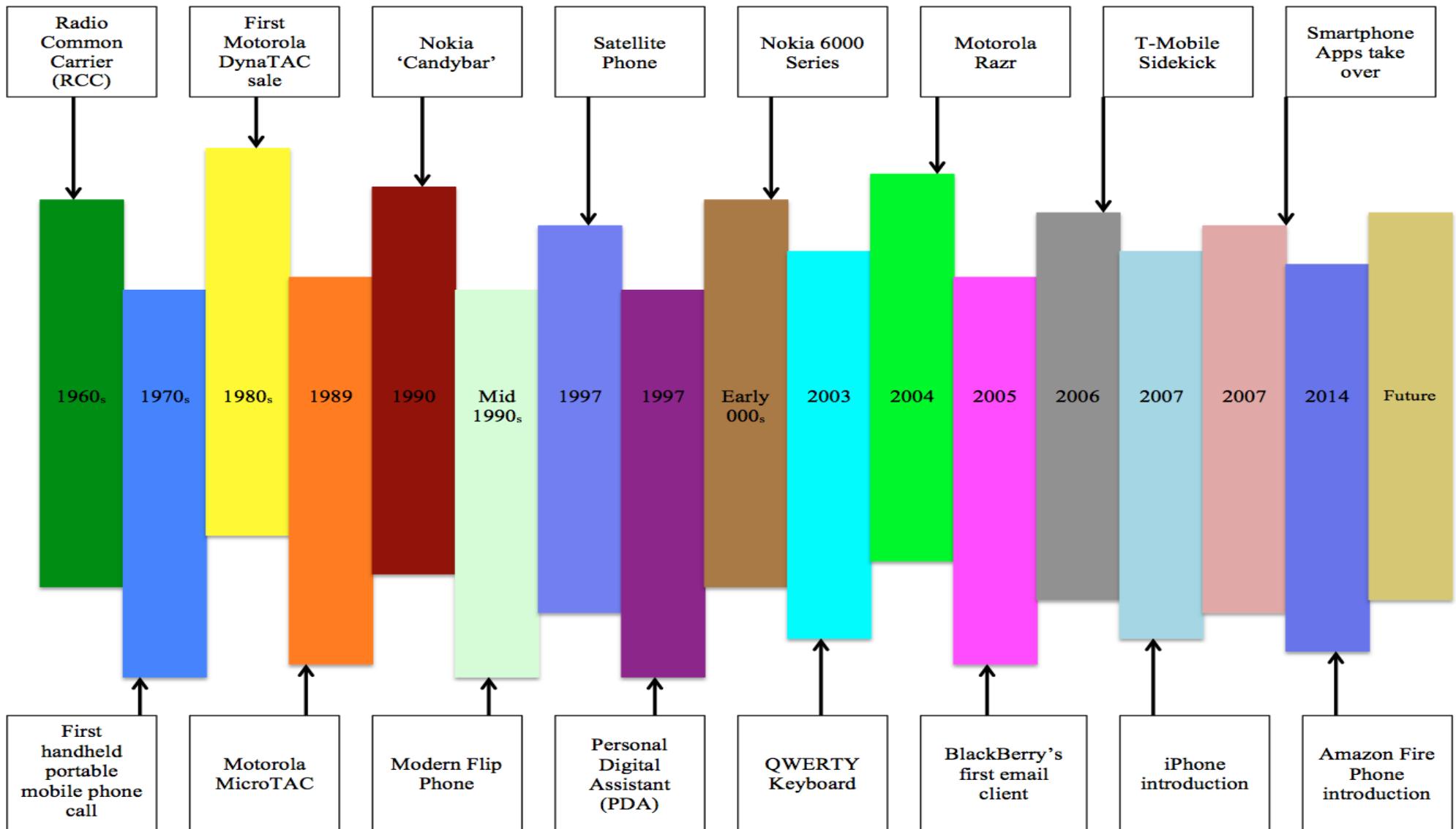


Figure 3.1: Evolution of the mobile phone (Source: Nguyen, 2014)

Whilst Samsung (31% market share) and Apple (15.6% market share) were the leading players in the smartphone market (Table 3.1), Samsung (24.6% market share), Nokia (13.9% market share) and Apple (8.3% market share) were the dominating forces in the overall mobile phone market in 2013 (Gartner, 2014) (Table 3.2). In terms of operating systems, as depicted in Table 3.3, the android system dominates, with the iOS system as a close second (IDC, 2013). Furthermore, major role players in the mobile phone industry are introducing product and line extensions to increase the market share (The Guardian, 2014). These include wearable devices such as the Samsung and Apple smartwatch, available as of September 2013 and early 2015 respectively, and the diversification of the product lines of role players through accessories for smartphones, enhanced memory chips, and so forth (Tech2.com, 2014). In addition, with the introduction of competing products in both the smartphone and smartwatch markets in September 2014, three major role players showed developing ecosystems, for both the device and the lifestyle of the consumer (Goldstuck, 2014).

Table 3.1: Worldwide smartphone sales to end users by vendors in 2013 (thousands of units)

| Company | 2013 Units | 2013 Market share (%) | 2012 Units | 2012 Market share (%) |
|----------------|------------------|-----------------------|------------------|-----------------------|
| Samsung | 299,794.9 | 31.0 | 205,767.1 | 30.3 |
| Apple | 150,785.9 | 15.6 | 130,133.2 | 19.1 |
| Huawei | 46,609.4 | 4.8 | 27,168.7 | 4.0 |
| LG Electronics | 46,431.8 | 4.8 | 25,814.1 | 3.8 |
| Lenovo | 43,904.5 | 4.5 | 21,698.5 | 3.2 |
| Others | 380,249.3 | 39.3 | 269,526.6 | 39.6 |
| Total | 967,775.8 | 100.0 | 680,108.2 | 100.0 |

Source: Gartner (2014)

**Table 3.2: Worldwide mobile phone sales to end users by vendors in 2013
(thousands of units)**

| Company | 2013 Units | 2013 Market share (%) | 2012 Units | 2012 Market share (%) |
|----------------------------|--------------------|-----------------------|--------------------|-----------------------|
| Samsung | 444,444.2 | 24.6 | 384,631.2 | 22.0 |
| Nokia | 250,793.1 | 13.9 | 333,938.0 | 19.1 |
| Apple | 150,785.9 | 8.3 | 130,133.2 | 7.5 |
| LG Electronics | 69,024.5 | 3.8 | 58,015.9 | 3.3 |
| ZTE | 59,898.8 | 3.3 | 67,344.4 | 3.9 |
| Huawei | 53,295.1 | 2.9 | 47,288.3 | 2.7 |
| TCL Communication | 49,531.3 | 2.7 | 37,176.6 | 2.1 |
| Lenovo | 45,284.7 | 2.5 | 28,151.4 | 1.6 |
| Sony Mobile Communications | 37,595.7 | 2.1 | 31,394.2 | 1.8 |
| Yulong | 32,601.4 | 1.8 | 18,557.5 | 1.1 |
| Others | 613,710.0 | 34.0 | 609,544.9 | 34.9 |
| Total | 1,806,964.7 | 100.0 | 1,746,175.6 | 100.0 |

Source: Gartner (2014)

Table 3.3: Top smartphone operating systems, forecast market share and compound annual growth rate, 2013-2017

| Smartphone OS | 2013 Market share (%) | 2017 Market share (%) |
|----------------------|-----------------------|-----------------------|
| Android | 75.3 | 68.3 |
| iOS | 16.9 | 17.9 |
| Windows Phone | 3.9 | 10.2 |
| BlackBerry OS | 2.7 | 1.7 |
| Others | 1.2 | 1.9 |
| Totals | 100.0 | 100.0 |

Source: IDC (2013)

Mobile telephony first became available in South Africa in 1994, following Vodacom and MTN being granted licenses to operate the previous year. Cell C later joined these two mobile operations in 2001, and Telkom Mobile, which uses the MTN network infrastructure, in 2010.

Whilst the mobile phone penetration rate in South Africa stood at an estimated 128 percent in 2012/2013 (Potgieter, 2013), smartphone penetration in 2013 was estimated to be only 18 percent but is forecast to increase to 45 percent by 2017 (McLeod, 2013). While Nokia and BlackBerry continue to lose market share globally, they remain the market leaders in South Africa. Nokia continued to dominate the South African market in 2013. BlackBerry increased its market share from 18 percent in 2012 to 23 percent in 2013. During the same time period, Samsung enjoyed only a marginal increase in the market share from 18 percent to 19 percent (World Wide Worx, 2013a). Furthermore, Koetsier (2013) says a clear difference is noticeable between first world and third world countries, as Nokia is doing well in third world Africa and Apple is doing well in first world countries like Australia. However, even though high-end smartphones such as the Samsung Galaxy range and Apple's iPhone remain too expensive for many, they are an aspirational status symbol (KPMG South Africa, 2013). Not only are these mobile phone devices an aspirational status symbol,

but individuals desiring these devices greatly depend on social influences when making consumer behaviour decisions regarding these devices. These social influences include opinions from friends/family, allowing them to fit into a specific social group and reducing physiological and social risk when purchasing these devices (Goldman, 2010:471; Park & Chen, 2007:1361; Rashotte, 2007; Suki, 2013:239). Specifically to the Generation Y cohort members, Gicheru (2013) opines that a mobile phone device is a status symbol for these members, exhibiting they have money to spend.

For this reason, the following section will review the literature on the Generation Y cohort.

3.3 GENERATION Y COHORT

The concept of generational cohorts is important to market segmentation in that the circumstances and environmental forces shared by a particular age group whilst growing up influence those individuals' behaviour, including their consumer behaviour, and sets them apart from other generations (Twenge & Cambell, 2008:864). The identified generational cohorts range from the seniors right down to the youth, labelled as Generation Y, which, according to Eastman and Liu (2012:94), Kane (2012), and Markert (2004:21), includes individuals born between 1986 and 2005.

Macro environmental forces influencing generational cohorts' consumer behaviour patterns, results in the Generation Y cohort striving towards 'coolness' (Howe & Strauss, 2000:62). Goodman and Dretzin (2001) indicate labels that the Generation Y cohort wear and purchase, activities they participate in, and music they listen to as defining their 'coolness'. Members of this generation were the first to grow up in the Internet-facilitated digitally connected world, where online social networking, instant messaging, 24/7 access to information and mobile telephony typically are considered the norm. Global media, an ever-increasing number of advertising platforms and reality television shows depicting the lives of the uber-wealthy have also seen them exposed during their formative years to a greater number of brands as well as the social esteem afforded by those brands. In combination, these factors have resulted in a generation of technologically astute individuals who are more informed and

connected than any previous generation (Autry & Berge, 2011:462). In accordance, Anantatmula and Shrivastav (2012:12) indicate the importance of mobile phones, computers, the World Wide Web and reality television shows, because these factors shape and sway not only individuals, but also their consumer behaviour patterns.

In terms of the materialistic side of this generation cohort, Ferguson (2011:266) states that there is great materialism amongst the Generation Y members, in comparison to younger generation cohorts. The materialistic side of these members hints towards their focus on consumption in order to differentiate them from previous generational cohorts, as well as other Generation Y members, in order for them to acquire a certain social status, due to these members being socially and culturally conscious (Sheahan, 2005:59).

In marketing terms, the youth market has always been important because as people mature and acquire their own disposable income so they act on the brand awareness and preference established during their formative years (Gillingham, 2014:2). Successfully targeting the Generation Y cohort necessitates understanding the way in which they consume media and engage with brands (Masote, 2012:6). Studies in South Africa suggest that the mobile phone is central to the Generation Y individual's life (Generation Next, 2011:11; Generation Next, 2014:16; Naidoo, 2009:6; Pillay, 2014:6), ranked ahead of clothes, music, money, happiness, friends and love (Generation Next, 2014:16). This can be attributed to the fact that Generation Y members communicate excessively on their mobile phones, and because the majority of members possess a mobile phone (Sheahan, 2005:64; Shevel, 2013).

The popularity of the Nokia and BlackBerry brand amongst university and college Generation Y students seems to be waning in favour of the Apple iPhone and the Samsung mobile phone (World Wide Worx, 2013b). This sentiment appears to be echoed amongst the wider South African Generation Y adult Generation Y cohort, with Apple and Samsung being ranked the two top 'coolest' mobile phone brands and 'coolest' overall brands as illustrated in Figure 3.1 and 3.2 (Generation Next, 2014:16). Evidence suggests that these individuals have shifted their mobile phone spending from phone calls to text messaging, Internet surfing and downloading (World Wide Worx, 2013a). The WhatsApp instant messaging app and Facebook social networking site still dominate amongst both the student portion (World Wide

Worx, 2013b) (Figure 3.3) and wider adult South African Generation Y cohort (Generation Next, 2014:16), with 2014 social networking trends including necknominations and the cancer awareness no-makeup selfies. Marketers who are able to initiate such online trending activities are more likely to create a relationship between their brand and members of this cohort. Given that the largest South African age group on Facebook is the 18 to 34 year olds (Social Bakers, 2014), Facebook-based brand communities may be a viable method of targeting this segment, especially given that Barton *et al.* (2012) indicate that this generation tends to prefer brand Facebook pages.

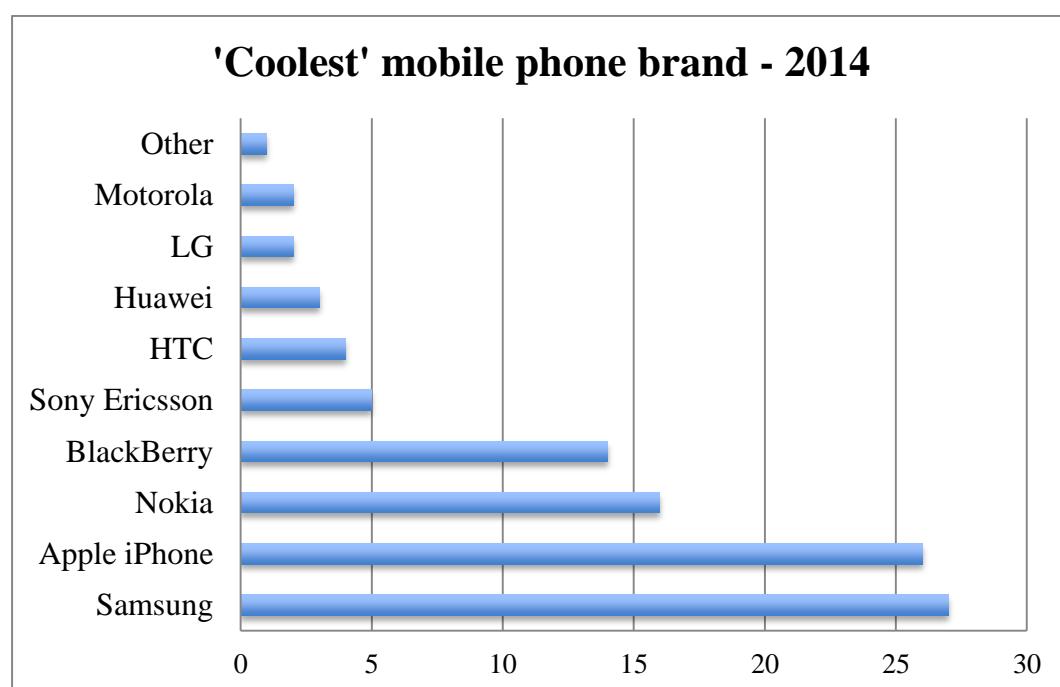


Figure 3.2: Most popular mobile phone brands (Source: Generation Next, 2014)

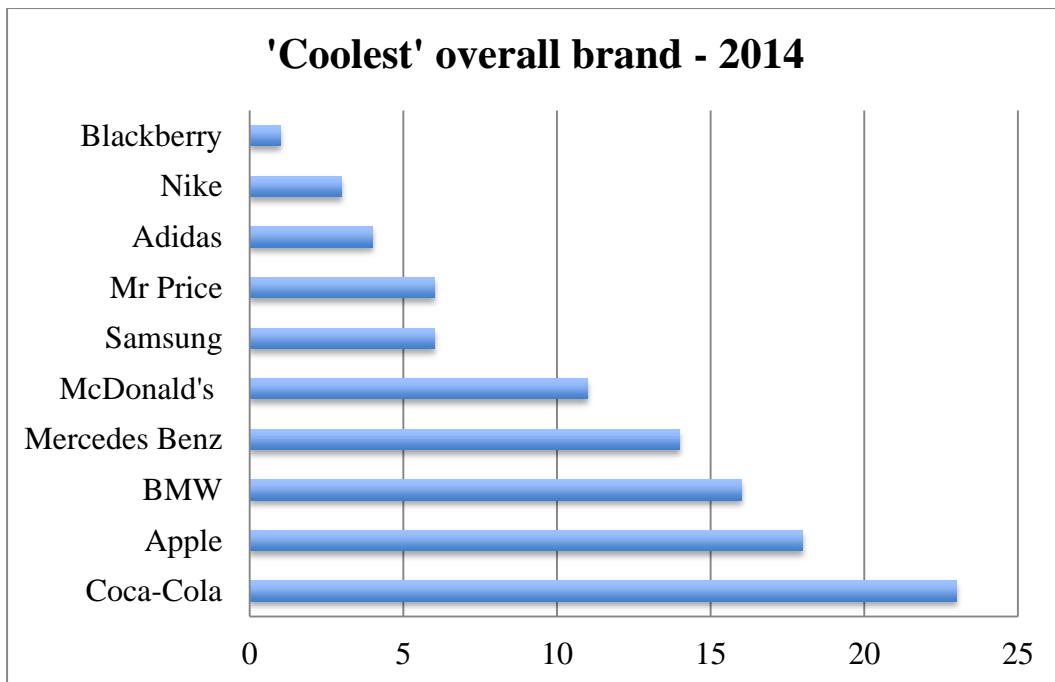


Figure 3.3: Most popular overall brands (Source: Generation Next, 2014)

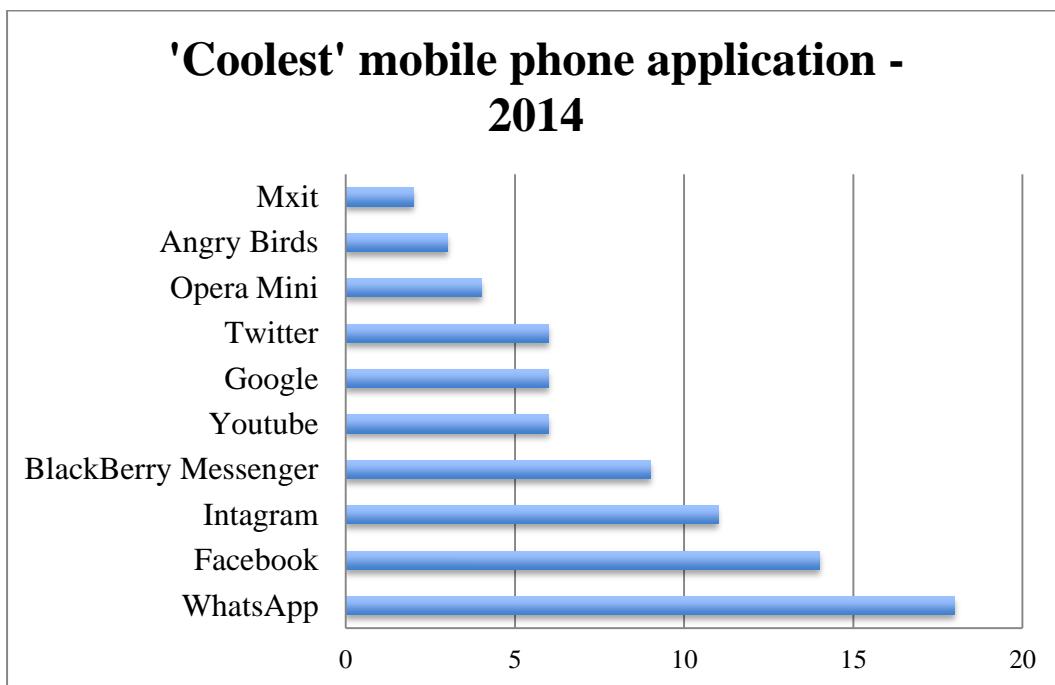


Figure 3.4: Most popular mobile phone application (Source: Generation Next, 2014)

The importance of this generational cohort to marketers is evident because of their influence on one another and their families (MacKenzie, 2014; Renn & Arnold, 2003:97). Furthermore, these members are vital to marketers, because they represent 70 million people in the United States (Kumar & Lim, 2008:569) and 23 million people in South Africa (Statistics South Africa, 2013). Black Generation Y

individuals were chosen for this study because of the research gap pertaining to these individuals (Anantatmula & Shrivastav, 2012:10). These individuals are the first to have enjoyed the benefits of political change, are able to attend traditional white model C schools, and have benefited from education, employment and prosperity build-up prospects (Bevan-Dye, 2013:158; Johnson Controls, 2010:11;). According to Smith (2010), these individuals are assured of not being omitted from the mainstream economy, nor are they destined to blue-collar jobs. Furthermore, many of these individuals are about to enter the workforce, if not already, and acquire their own disposable income. Consequently, these individuals portray an important cohort for the new South Africa, marketers and organisations wanting to attract these consumers because of their entrepreneurial skills and the influence they have on the remaining Generation Y cohort members.

In order for an organisation to establish a relationship with Generation Y members and attain their loyalty, they have to be reached at a young age (Foscht *et al.*, 2009:219). For this reason, and because of the difficulty in attaining their loyalty, Bush *et al.* (2004:113) and Wolburg and Pokrywczynski (2001:41) suggest not utilising traditional marketing efforts to attract these consumers. As such, utilising branding strategies towards these individuals may deliver satisfactory results because of the fact that Generation Y members were brought up where virtually everything has been branded and because they see a brand as an extension of themselves, therefore having a distinctive outlook onto brands (Merrill, 1999; Osipow & Sheehan, 2014).

In conclusion, Beck (2013) writes that Generation Y cohort members experience loyalty towards a brand because of the opinions from their peers. Likewise, Beck (2013) and Sturm (2012) opine that consumer loyalty amongst Generation Y members is influenced by social group opinions, popularity of a brand, trust, as well as the reliability of a specific brand.

The following section will review the literature on branding.

3.4 BRANDING

Branding in the twenty-first century is so undiversified that marketers forget the basics of this marketing strategy. Therefore, in order to understand the elements of

branding and the factors influencing brand equity, the basics of branding needs to be discussed.

Schutte (1969:5) indicates that until the change of the eighteenth century, little, if any manufacturers of products used advertising methods that were consistent, *inter alia* branding. Together with the change of the century and the long awaited introduction of print media, manufacturers of products started to advertise their own brand of products. Heller (2011) and Lears (1995:77) speculate Ernest Elmo Calkins to be one of the first branding leaders, and Holt (2002:80) points out that at the beginning of the branding era, not only was branding used to create a name for an organisation to suggest an on-going business but also to treat potential consumers as “gullible dupes”, persuading them to purchase products.

The following section will give insight into the definition of the term branding.

3.4.1 Defining branding as a marketing strategy

Defining the term brand has not been an easy task because of the different philosophies and viewpoints by stakeholders. Defining the term has been made difficult because it can be viewed from different perspectives like consumers' perspective, the organisation owning the brand, and manufacturers.

For this reason, the American Marketing Association (1960) proposed a company orientated definition of the term as a “name, term, sign, symbol or design, or a combination of these, that identifies the maker or seller of a product or service and to differentiate them from those of competitors”. This definition was the topic of argument by authors like Crainer (1995:97) and Arnold (1992:7) who contended the above definition as being too product-orientated and focusing on ocular qualities for differentiating products. In spite of the disagreement Aaker (1991:19), Armstrong and Kotler (2007:208), and Doyle (1994:58) have accepted the definition.

In addition to the American Marketing Association's definition, Ambler (1992:137) proposed a consumer-orientated definition as “the promise of the bundles of attributes that someone buys and provide satisfaction... The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible”. Brown

(1992:109) posits a broad definition for the term brand as, “nothing more or less than the sum of all mental connection people have around it”.

Taking into account all the different definitions it is proposed that a brand is a method that enables an organisation to achieve competitive advantage over that of rivals by offering a product or service that can be distinguished from that of competitors, ultimately offering satisfaction to the consumers with their purchases that they are willing to pay for.

The following section will discuss the elements of a brand.

3.4.2 Brand elements

Brink (2007:214) points out the importance of first acquainting oneself with the language of branding, in order to comprehend the term fully. The author points out brand names, brand marks, trademarks and copyrights as important terms. Enslin and Klopper (2011:4) label these terms as brand elements (Figure 3.4).

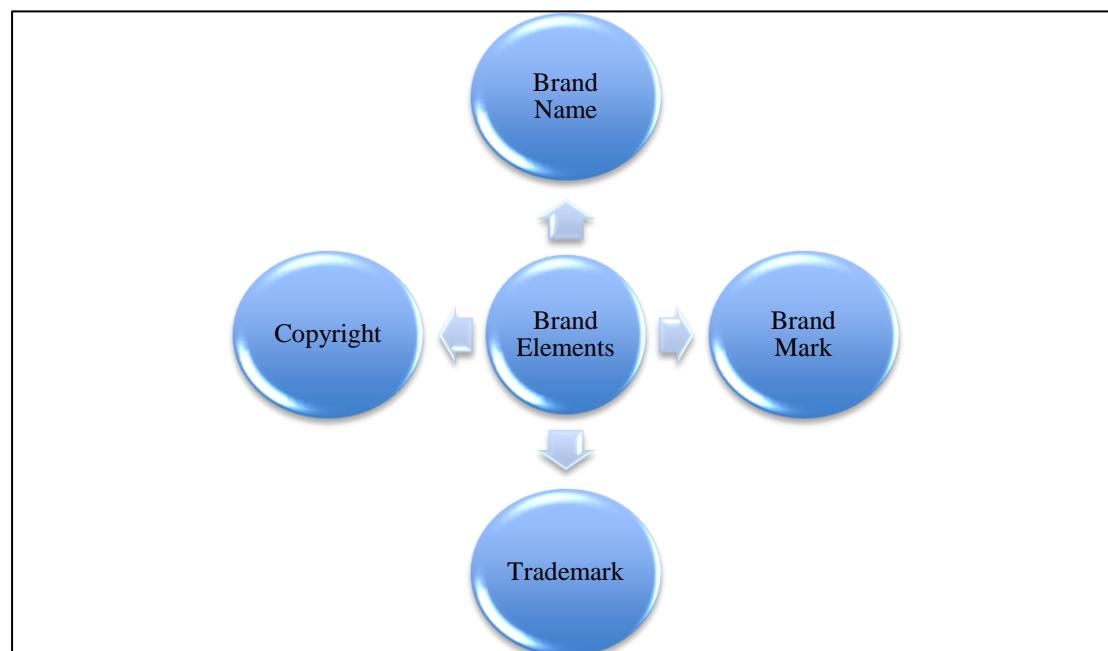


Figure 3.5: Brand elements (Source: Enslin and Klopper, 2011)

According to the Merriam-Webster Dictionary (2013), a brand name is that part of a product or service that distinguishes it from other similar products or services. Although very similar to a brand, the brand name is the part that can be vocalised. Likewise, a brand mark is that part of the brand that can be recognised and

distinguished from other products or services, but cannot be vocalised and include symbols, signs, designs and colours (Brink, 2007:214). A trademark can be defined as, “a logo, a word, a symbol, a design, or even distinctive colouring or lettering, that cannot be copied within the geographical territory in which it is registered” (Hill & O’Sullivan, 2004:71). A copyright is the legal right of an originator for a certain number of years, “to print, publish, perform, film or record literary, artistic, or musical material (Oxford Dictionary, 2013). In terms of branding, it can be asserted that a copyright is the legal protection for the brand to be protected against an organisation’s competitors copying their idea, logo, name and so forth.

According to Enslin and Klopper (2011:4), memorability, meaningfulness, likability, transferability, adaptability and protectability must be taken into account when brand elements are adopted. Whereas, Labh (2013) writes that brand elements should be divided into two sections. This includes creating brand equity through memorability, meaningfulness and likability, and sustaining brand equity by means of transferability, adaptability and protectability.

According to the College of Business (2013), memorability is ensuring that the brand elements of an organisation are memorable and notable in order for reminiscence and distinguishing that of other brand elements. Meaningfulness relates to brand elements possessing some kind of meaning to the consumer in order to ensure descriptiveness, and persuasion and likeability to be visually pleasing to the consumer (Enslin & Klopper, 2011:4). Labh (2013) scribes that the transferability of brand elements should include the elements to be suitable when a line of products are introduced, as well as creating brand equity throughout market segments. Adaptability refers to the adaptability of the brand elements if changes have to be made within the brand, with protectability being the guarantee that the brand elements are registered and protected by law (College of Business, 2013).

The following section will review the effectiveness of branding as a marketing strategy.

3.4.3 Effectiveness of branding

Marketing literature is flooded with authors in agreement with the effectiveness and intangible assets branding offers to an organisation (Investopedia, 2015; Lev,

2001:78). Keller and Lehmann (2006:740) speculate on brands serving a great deal of important purposes, which include simplified choices, reduction of risk, a certain level of quality, and creating trust. This is important for the social image, brand trust, brand loyalty and brand equity, which will be discussed in this chapter. Furthermore, branding can be an indication of the efficiency of marketing activities. Therefore, branding can be exhibited in three ranks; financial, product and consumer. The value that branding accumulates at these three levels can be labelled brand equity, and financial and consumer-based brand equity will be reviewed in Section 3.5.1.

Benefits of branding have been widely speculated for both the consumer and the organisation implementing this marketing strategy. Entenmann (2007) writes that branding, specifically a brand name, channels a positive belief and expectancy towards the product's performance, and can aid organisations in better segmenting their markets. Furthermore, it is stipulated that branding of a product can encourage a consumer to make repeat purchases after the initial pleasing purchase without reconsidering the brand; this will lead to brand trust and brand loyalty, which in turn will protect the organisation against competition in the market and ultimately give superior power over the marketing mix (Section 2.3.1.2).

Moreover, Clarity Marketing Ltd (2005) and Hill and O'Sullivan (2004:199) agree with Entenmann (2007) and state that utilising branding will ensure that a consumer does not consider an alternative product or brand and that a strong brand will lead to brand loyalty and protection against competitors. Brink (2007:214) opines that a strong brand leads to product evaluation, communication benefits and reduced risks. Clarity Marketing Ltd (2005) also suggests that having a strong brand gives the organisation the opportunity of demanding a price premium and acts as a differentiator against rivalry products or services. This is in line with the benefits of brand equity. According to Lamb *et al.* (2010:252), high awareness, perceived quality and brand loyalty in a brand, exhibit high brand equity, leading to an organisation benefitting. In the mind of the consumers, branding is important because they anticipate fulfilling a need through the purchase of a bundle of attributes, which is achieved through purchasing a branded product (Palazzo & Basu, 2007:336) and because consumers believe purchasing a branded product will award them social status.

For these reasons, and because branding offers numerous benefits to both the organisation and the consumer, the following section reviews the literature relating to the proposed model.

3.5 FACTORS INFLUENCING BRAND EQUITY

In order to achieve the primary objective of investigating the role of brand trust in creating brand equity, the relationship network in which brand trust is rooted will now be discussed.

3.5.1 Brand equity

Brand equity is a strategic imperative for many organisations, particularly those such as mobile phone manufacturers that operate in highly competitive and dynamic industries (Kabadayi *et al.*, 2007:75; Washburn *et al.*, 2000:592; Yoo *et al.*, 2000:203). The concept of brand equity may be viewed from two broad perspectives – the financial-based perspective and the consumer-based perspective (Lassar *et al.*, 1995:12; Pappu *et al.*, 2005:144; Wood, 2000:662). The financial-based perspective involves defining brand equity as an accounting entry of the estimated total financial worth of the brand; that is, the brand's valuation (Kotler, 2003:243; Lassar *et al.*, 1995; Pappu *et al.*, 2005; Wood, 2000:662) as per the accountants' perspective (Wood, 2000:662). The consumer-based perspective views brand equity as the consumers' perceptions of the value of the brand (Aaker, 1991:30; Keller, 2003:60). Typically, marketing academics and practitioners adopt the consumer-based perspective of brand equity, viewing the added value resulting from brand equity as a consumer benefit, as opposed to something that can be quantified (Wood, 2000:665), and the same approach was adopted in this study.

Kotler (2003:422) defines consumer-based brand equity as the brand power and value created by “the positive differential effect that knowing the brand name has on a customer response to the product or service”. Walker and Mullins (2011:170) indicate that from a marketing perspective, brand equity is the value created by establishing consumer preference for the organisation's brand over competing brands. Belch and Belch (2012:60), in a similar fashion, highlight that consumer-based brand equity is an intangible asset of added value that is created when consumers form a strong

attachment to a brand and view the image of the brand more favourably than that of competing brands based on its differential appeal. Lassar *et al.* (1995:12-13) propose that the concept of consumer-based brand equity may be deconstructed into five main components (Figure 3.5), namely (1) the global value of (2) consumers' subjective perceptions of a brand (3) relative to competing brands, which (4) positively influences financial performance and that is (5) based on the brand name as well as the physical features of the brand.

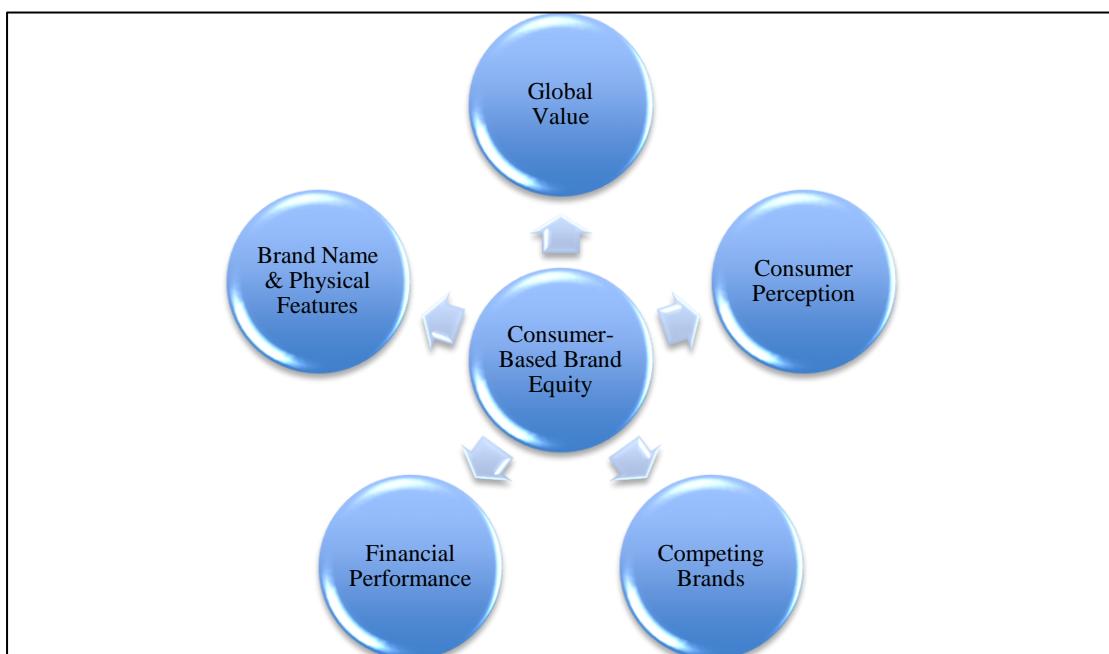


Figure 3.6: Consumer-based brand equity (Source: Lassar *et al.*, 1995)

Brand equity is a much sought after asset because it offers several advantages that include enabling the organisation to charge a price premium, facilitating acceptance of brand extensions and new products, and providing bargaining leverage with distributors and retailers (Kotler, 2003:423). Brand equity also provides a defence against the marketing efforts of competitors and provides a significant market entry barrier (Delgado-Ballester & Munuera-Alemán, 2001:1238) ensuring competitive advantage (Washburn *et al.*, 2000:591), marketing communication benefits (Pitta & Katsanis, 1995:56), and increased market share and profits (Kimpakorn & Tocquer, 2010:379). In addition, brand equity allows the directing of marketing strategies and strategic decisions, the evaluation of the effectiveness of marketing decisions, and the comparison of a brand to that of competitors (MSI, 1999).

Consumers' willingness to pay a price premium for a brand is the best single measure of brand equity and provides a good summary of the overall strength of a brand (Aaker, 1996:107), that is the power of a brand to charge a greater price than that of unbranded equivalents (Ailawadi *et al.*, 2003:2). Furthermore, charging a price premium acts as a differentiator against rivalry products or services (Clarity Marketing Ltd, 2005). In a similar fashion, Buil *et al.* (2013:64) assert that brand equity diminishes price sensitivity amongst consumers, because they identify value towards the brand that an alternative cannot replace; hence, they are willing to pay a higher price for the brand. Introducing a new entry into the market under an established brand name, not only upsurges the chance of success and guarantees reduced costs, but also increases the possibility of earning a second dividend from the original advertising, research and product development investments (Clarity Marketing Ltd, 2015; Pitta & Katsanis, 1995:51). Moreover, distributors and retailers are often more inclined to allow bargaining negotiations once they believe consumers are demanding a specific brand with high equity (Kokemuller, 2014).

Section 3.8 will review the literature on brand loyalty.

3.5.2 Brand loyalty

The assurance of retaining existing consumers and transforming them into loyal consumers is believed to be one of the key factors in ensuring benefits for an organisation (Dekimpe *et al.*, 1997:405; Gamble, 2013).

Rundle-Thiele (2005:494) points out the surfacing of the term brand loyalty in the marketing literature in the 1940s. Brand loyalty was rooted from the term insistence, created by Copeland in 1923. Oh and Fiorito (2002:208) write that the term insistence is the final stage of the consumer's attitude in acquiring a branded product, with no desire to acquire a substitute.

Dick & Basu (1994:104), Chaudhuri (1995:29), Farr and Hollis (1997), Fournier and Yao (1997:453), and Peppers (2009) indicate the definition of brand loyalty as the relationship between that of consumer's attitude towards a brand and the repeat purchase activity towards the same brand. Furthermore, the behaviour of repeat purchasing of a specific brand is not only an uninformed response, but also psychological, emotional or situational factors as well as satisfaction with the brand

influence the consumer (Assael, 1993:402). Keller (2003:42) speculates brand loyalty to be the relationship between the brand and the consumer.

Marketing expert, Day (1969), modernised brand loyalty into two dimensions – attitudinal brand loyalty and behavioural brand loyalty (Matzler *et al.*, 2008:154) (Figure 3.6). Kuikka and Laukkanen (2012:529) indicate that behavioural brand loyalty is related to repeat purchase behaviour, and attitudinal loyalty is concerned with the relationship or commitment to a specific brand.



Figure 3.7: Brand loyalty (Source: Matzler *et al.*, 2008)

Creating loyal consumers towards a brand, that is brand loyalty, is said to be one of the most important factors in creating a strong brand and/or brand equity (Malai & Speece, 2005:9). For this reason, the primary antecedent of brand equity is brand loyalty (Aaker, 1991:105; Atilgan *et al.*, 2005:246; Bello & Holbrook, 1995:127; Park & Srinivasan, 1994:280). Brand equity is the outcome of brand loyalty (Kotler, 2003:442); that is, brand loyalty is the means and brand equity is the end. Aaker (1996:105) stresses that brand loyalty is the core dimension of brand equity and that it is of such great importance that other measures of brand equity may be evaluated based on the influence they have on brand loyalty. In addition, Kumar *et al.* (2013:147) speculate brand loyalty to be a dimension of brand equity because brand equity is a relational market-based asset, as it resides outside of the organisation and within the relationship that consumers have with the brand (Delgado-Ballester & Munuera-Alemán, 2005:187). Kumar *et al.* (2013:147), Pappu and Quester (2008:432), Tong and Hawley (2009:266), and Yoo *et al.* (2000:204) confirm the notion that brand loyalty is a dimension of brand equity.

Whilst some authors opine that repeat purchase behaviour is the manifestation of brand loyalty (Chaudhuri, 1995:29; Dick & Basu, 1994:105; Farr & Hollis, 1997; Fournier and Yao, 1997:453 & Kuikka & Laukkanen, 2012:530), others view brand loyalty more as an attitude towards a brand, whereby brand loyal consumers have a favourable predisposition towards a particular brand, which helps explain the strong brand-consumer relationship (Delgado-Ballester & Munuera-Alemán, 2005:188). Viewed as a relationship-based attitude, brand loyalty refers to the consumers' level of attachment to a brand (Wood, 2000:662), which may vary in degree from the lowest level of brand recognition, to brand preference, to the highest level of brand insistence, where the consumer is devoted to the brand (Ferrel & Hartline, 2008:198).

Fournier and Yao (1997:467) stress that competitive markets and the volatility of products declining as the reason for brand loyalty to be at the centre of marketing strategies in the twenty-first century. Moreover, brand loyalty leads to numerous benefits. Included in these benefits are higher profits for the organisation (Aaker, 1991:104; Clarke, 2001:160) and larger market share (Jensen & Hansen, 2006:442). The positive impacts on consumer behaviour include repurchase and positive word-of-mouth (Hur *et al.*, 2011:1195), deterrence of switching to another brand (Yoo *et al.*, 2000:197), less price sensitivity, and less attentiveness to competitors (Lin, 2010:7), reduced marketing and operating costs, and competitive advantage (Reichheld, 1996:5).

The following section will discuss the brand trust construct of the proposed model.

3.5.3 Brand trust

Trust is a fundamental element in developing and maintaining relationships with consumers, and facilitates brand loyalty (Schiffman *et al.*, 2010:30). In relationship marketing literature, commitment and trust are viewed as prerequisites of successful long-term relationships, with trust being the antecedent of relationship commitment (Harwood & Garry, 2006:109; Morgan & Hunt, 1994:20; Reast, 2005:5). Trust is conceptualised as embodying the characteristics of reliability and integrity (Morgan & Hunt, 1994:23). Brand trust is viewed as playing a vital role in building long-term relationships with targeted consumers (Phan & Ghantous, 2013:458; Sichtmann, 2007:1010). Consumers' commitment to a brand, which ultimately results in brand

loyalty, is rooted in brand trust (Ball *et al.*, 2004:1273; Chaudhuri & Holbrook, 2001:86; Morgan & Hunt, 1994:23).

Brand trust refers to “the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri & Holbrook, 2001:82) and may act as a powerful tool for mitigating consumers’ perceived risk, whether it be performance-, financial-, time-, social- or psychological-based risk (de Chernatony, 2003:376). This purpose of brand trust encourages consumers to purchase brand extensions, because of the mitigation of perceived risk within the mind of the consumer (Kim & Jones, 2009:284). Therefore, trust replaces the uncertainty of knowledge regarding the brand extension. Furthermore, Becerra and Korgaonkar (2011:937) assert that the reason for a consumer’s departure from purchasing a brand is due to the lack of trust.

Delgado-Ballester *et al.* (2003:37) conceptualise brand trust as a two-dimensional construct comprising the attributes of reliability and intentions, as illustrated in Figure 3.8. The reliability dimension refers to the technical or competence aspect of brand trust in terms of the brand’s ability to perform as promised. In addition, Delgado-Ballester and Munuera-Alemán (2001:1242) assert brand reliability to be the belief of the consumer that the brand will respond to their needs and that the brand has the competence to do so. Deighton (1992:368) and Owen (2013) write, that by ensuring a brand can respond to the consumer’s needs, the brand will be trusted in the mind of the consumer and will result to possible future purchases. The intentions dimension refers to the belief that the brand will act in the consumers’ best interests and welfare should an unexpected problem with the product arise. Delgado-Ballester (2004:573) indicates brand intentions to be that part of the brand that will act favourably towards the consumer, resulting in a pleasurable experience, and lead to possible future purchases. Delgado-Ballester (2004:573), Doney and Cannon (1997:42), and Morgan and Hunt (1994:24) assert brand reliability to be vital for developing trust towards a brand, as the fulfilment of promises by the brand leads to a positive attitude towards the brand for satisfaction in the future. Viewed as a two-dimensional construct, brand trust then encapsulates the reliability and integrity characteristics of relationship trust, as defined by Morgan and Hunt (1994:24).

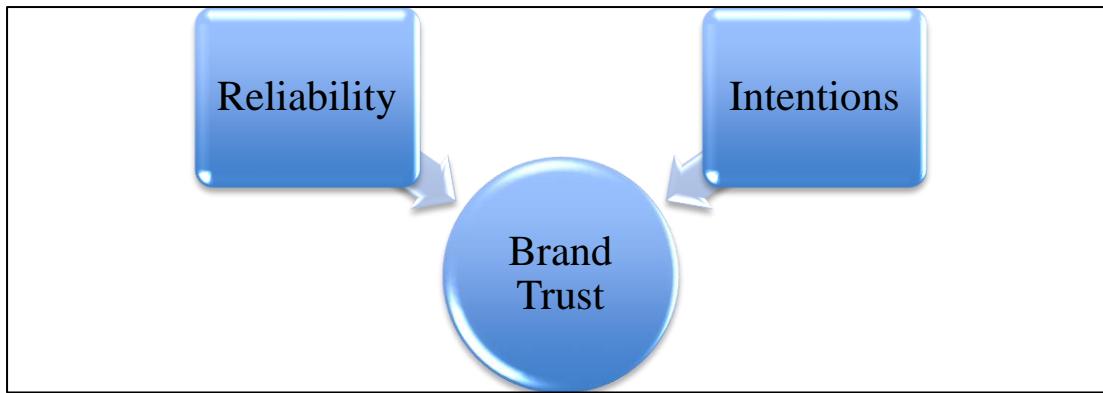


Figure 3.8: Two-dimensional brand trust construct (Source: Delgado-Ballester et al., 2003)

Despite ensuring sustainable competitive advantage and ultimately leading to greater business performance through establishing brand trust, Ha (2004:329) and Folse *et al.* (2013:331-342) speculate that the research of brand trust within the marketing concept to be important, as fundamental ambiguity about the concept is evident. In addition, Sichtmann (2007:1000) points out the importance of not only researching the antecedents or consequences of brand trust, but rather, to combine both these factors into one model. Moreover, Hess and Story (2005:313) agree, and point out that not only will a relationship model introduce relationship-based constructs like trust into the practice of marketing, but reposition traditional marketing concepts like loyalty and equity.

The following section will discuss the social image construct of the proposed model.

3.5.4 Social image

Past research studies have empirically tested the antecedent variables affecting brand trust, yet Delgado-Ballester and Munuera-Alemán (2001:1243) suggest forthcoming studies to recognise and examine other antecedent variables affecting brand trust. This section recognises the social image concept in influencing brand trust amongst black Generation Y students in the mobile phone industry.

In consumer behaviour, consumption is not limited to gaining physiological and functional benefits, but extends to attaining social prestige and self-esteem, and signalling status and self-identity (Acikalin *et al.*, 2009:203; Elliott & Wattanasuwan, 1998:137; Schiffman *et al.*, 2010:236). An individual's interactions with others within

a society result in certain social norms developing that serve to guide social behaviour patterns. These social norms include consumption behaviour and concern for social status, which transmutes into having a significant influence on the economic behaviour of people (Acikalin *et al.*, 2009:203). Brand social image is rooted in the concept of social identity, and relates to consumers use of brands as a method of self-expression, self-enhancement and self-esteem (He *et al.*, 2012:648). In terms of conspicuous consumption, the social status associated with owning and using a brand becomes a salient factor in brand choice (Atwal & Williams, 2009:338). Lassar *et al.* (1995:13) define social image as “the consumer’s perception of the esteem in which the consumer’s social group holds the brand. It includes the attributions a consumer makes and a consumer thinks that others make to the typical user of the brand”.

Likewise, because of interactions amid members of a specific social group, diverse social norms occur, which in turn guides their economic and social behaviour patterns, with the acquisition of social status as one of these social norms (Acikalin *et al.*, 2009:200). According to O’Cass and McEwen (2006:28), products and brands have the capability of conveying messages to others in a social group, leading to social status and allowing individuals to enter into a social group by portraying an image.

The social image of the brand refers to ways in which the brand meets consumers’ psychological and/or social needs (Keller, 2009:142). Given that brand trust mitigates perceived risk, including social and psychological risk (de Chernatony, 2003:376), the brand’s social image is likely to influence brand trust, especially in the case of conspicuously consumed products such as mobile phones. Acikalin *et al.* (2009:200) view social image to lead to conspicuous consumption, which creates a sense of social prestige and display of status. According to O’Cass and McEwen (2006:28) the desire by an individual to acquire conspicuous goods, are ascertained by the opinions of a social group. As a result, individuals no longer behave independently, but rather in a larger social group.

This is especially the case in the mobile phone market, as mobile phones convey some sort of meaning amongst individuals belonging to a specific society, and because in the contemporary world, mobile phones have become a fashion accessory and a source of self-esteem and social prestige (Foley *et al.*, 2007:184), especially amongst

Generation Y members, because it conveys a status-related message. Lassar *et al.* (1995:13) and Palumbo and Herbig (2000:117) assert social image to have a greater contribution to a brand's equity in the luxury product market, as consumers will not purchase luxury products they are not acquainted with. Furthermore, Byrne (1999:97) suggest that social image is important in material goods, as material goods show off status and success.

Akhter *et al.* (2011:1173) and Lau and Lee (1999:356) speculate brand trust to be influenced by the judgement generally held by other consumers that the brand is respectable, and the consumer can trust the specific brand. He *et al.* (2012:652) found that a brand's social image influences brand loyalty via the significant direct effect it has on brand trust. In conclusion, because of a brand mitigating social and psychological risks, together with the acquisition of social status amongst a social group, it is hypothesised that social image has an influence on brand trust.

Section 3.6 will formulate the hypotheses following the literature review in Chapter 2 and 3.

3.6 HYPOTHESES

In order to determine if two or more measured variables are related, a hypothesis has to be formulated. Churchill (1995:109) asserts, “when hypotheses are stated, the characteristics of the population involved are explored. The information obtained is then compared against the supposition in the hypotheses, which will, in turn, be accepted or rejected according to the probability that it is true”.

For this reason, the literature review within Chapter 2 and Chapter 3 offers sufficient evidence in order for the following hypotheses to be formulated.

Ho1: Perception towards brand equity is a five-factor structure composed of brand reliability, brand intentions, brand loyalty, brand equity and social image.

Ha1: Perception towards brand equity is not a five-factor structure composed of brand reliability, brand intentions, brand loyalty, brand equity and social image.

- Ho2: Social image does not have a significant positive influence on brand reliability.
- Ha2: Social image does have a significant positive influence on brand reliability.
- Ho3: Social image does not have a significant positive influence on brand intentions.
- Ha3: Social image does have a significant positive influence on brand intentions.
- Ho4: Brand reliability does not have a significant positive influence on brand loyalty.
- Ha4: Brand reliability does have a significant positive influence on brand loyalty.
- Ho5: Brand intentions do not have a significant positive influence on brand loyalty.
- Ha5: Brand intentions do have a significant positive influence on brand loyalty.
- Ho6: Brand loyalty does not have a significant positive influence on brand equity.
- Ha6: Brand loyalty does have a significant positive influence on brand equity.

In addition, the seventh hypothesis will be formulated in order to determine whether the mobile phone brand of participants influence their perceptions towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

- Ho7: There is no difference between participants' perceptions with BlackBerry, Nokia and Samsung towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

Ha7: There is a difference between participants' perceptions with BlackBerry, Nokia and Samsung towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

The above hypotheses will be tested empirically in Chapter 5. The following section depicts the proposed model to determine the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students.

3.7 PROPOSED MODEL TO DETERMINE THE ROLE OF BRAND TRUST IN CREATING BRAND EQUITY IN THE MOBILE PHONE INDUSTRY AMONGST BLACK GENERATION Y STUDENTS

The literature review within Chapter 3, offers sufficient evidence to propose the following model to determine the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students'. The following figure depicts the proposed model.

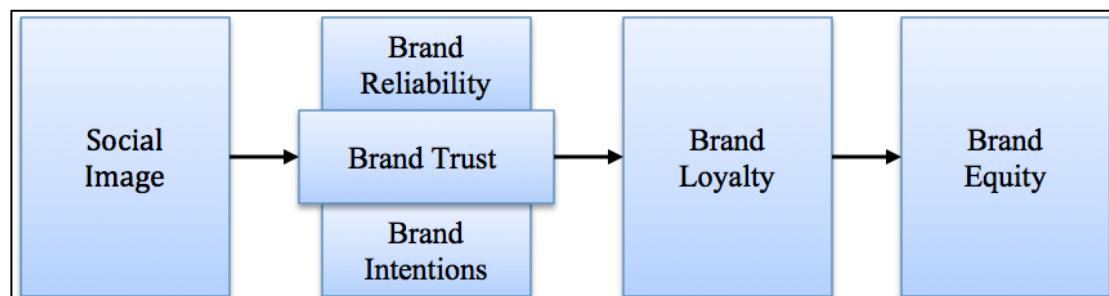


Figure 3.9: Proposed model to determine the role of brand trust in creating brand equity

3.8 CONCLUSION

This chapter comprised a review of the literature on the mobile phone industry, both internationally and in South Africa. Developed into a multi-billion dollar industry over the last three decades, with intense competitive rivalry, the mobile phone has morphed into a multi-functional device, known as a smartphone. This lucrative industry not only creates job opportunities and economic growth opportunities, but also offers opportunities to marketers.

Furthermore, this chapter included a review of the Generation Y literature. As the Generation Y cohort, was the first generation to have been raised in a time where mobile telephony was introduced and became prevalent, these individuals represent a vital segment for the mobile phone industry. Moreover, because these individuals are difficult to attain as loyal consumers, non-traditional marketing strategies need to be implemented. These members see a brand as an extension of themselves, because they were brought up in a time where practically everything has been branded, utilising branding as a marketing strategy to attain their attention and loyalty will result in satisfactory results. Hence, a review on the term branding was discussed leading up to social image, brand trust and brand loyalty in the creation of brand equity.

The literature supports the notion that social image and brand trust are important determinants of the level of brand loyalty black students have towards mobile phone brands in the South African market. As such, both elements are essential to developing brand equity for mobile phone manufacturers targeting this lucrative market segment, because brand loyalty creates brand equity.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

The outline of the research methodology employed in this study will be discussed in this chapter. The American Marketing Association (2004) terms marketing research as “the function that links the consumer, customer and public to the marketing through information – information used to identify and define marketing opportunities and problems; generate, refine and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process”. Armstrong and Kotler (2007:102) support this definition and define the concept as the proposal, accumulation, investigation and reporting of facts and data.

The purpose of this study is to determine the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students. In agreement with the primary objective, the following facets were studied in the literature:

- Marketing as an organisational philosophy and function
- Relationship marketing
- Mobile phone industry
- Characteristics of the Generation Y cohort
- Branding
- Brand equity, brand loyalty, brand trust and social image

Grounded from the literature review in the two previous chapters, a model to determine the role of brand trust towards brand equity on black Generation Y students' was developed and tested empirically.

This chapter will discuss the research design process followed in this study, conjointly with the sampling strategy, questionnaire design, data collection process and techniques used to analyse the data and ultimately concluding the findings.

4.2 RESEARCH DESIGN

According to Malhotra (2010:102) research design is the plan for the researcher to execute the marketing research project. This involves the actions to gain the necessary information in order to answer the research questions and problems. Parasuraman (1991:129) and Dillon *et al.* (1994:41) categorise the research design process into two; exploratory (qualitative data), and conclusive research, and divide it further into descriptive and causal research design (quantitative data).

Exploratory research design develops a distinct preparation of the possibility and description of the research problem. This research design recognises what should be measured and the advisable way to commence with the study (Moutinho *et al.*, 1992:11). In contrast, conclusive research seeks data expressed in numbers, similarly using quantitative research methods. This research design is strictly planned, structured, formal, and adequate for the decision making process (Boyce, 2002:37).

Furthermore, conclusive research may be categorised as descriptive or causal research. Descriptive research, has the main objective of describing market characteristics and is distinguished by earlier formulation of hypotheses, is pre-planned and structured in nature, and can be divided into single or multiple cross-sectional design and longitudinal design (Malhotra, 2010:104). Boyce (2002:39) explains single cross-sectional design as obtaining data from one sample only once, multiple cross-sectional design as obtaining data from multiple samples only once, and longitudinal design as obtaining data from the same participants several times. This study followed the descriptive research approach using a single cross-sectional design.

The following section will discuss the sampling strategy utilised.

4.3 SAMPLING STRATEGY

This section outlines the sampling strategy used to select the sample for the study.

4.3.1 Defining the target population

According to Boyce (2002:232), a population may be defined as a clearly identified collection of units/individuals that share characteristics. These units/individuals consist of the information necessary to solve the research problem.

The target population for this study includes black Generation Y full- and part-time students, aged between 18 and 24 years, and enrolled at a South African registered public higher education institution (HEI) in 2013. The definition of the target population is as follows:

- Element: black male and female, full- and part-time students, aged between 18 and 24 years
- Sampling units: South African registered public HEIs
- Extent: South Africa
- Time: 2013

4.3.2 Sampling frame

Parasuraman (1991:474) speculates a sampling frame as “a listing of population units from which a sample is chosen” and indicates the advantage of compiling a sampling frame is to increase the understanding of the population being researched. Crouch and Housden (1996:116) indicate the advantage of time efficiency and lower cost of using this technique as well as the analysis of the data being more manageable and being in control of the entire procedure.

A comprehensive list of the 23 registered public HEIs in South Africa (Council on Higher Education and Higher Education Quality Committee, 2012) will be the sampling frame for this study. Thereafter, a non-probability judgement sample of three HEIs, located in the Gauteng province was utilised. Included in these three HEIs were a traditional university, a comprehensive university and a university of technology.

4.3.3 Method of sampling

According to Malhotra (2010:376) sampling methods can be classified into two types; non-probability and probability sampling. Probability sampling differs from non-probability sampling in the sense that each participant of the population has a recognised and equivalent chance of being selected (Armstrong & Kotler, 2007:111). Non-probability sampling, in comparison, has no way of telling whether the population element will be included or excluded in the sample and classifies sampling techniques as follows (Malhotra, 2010:376).

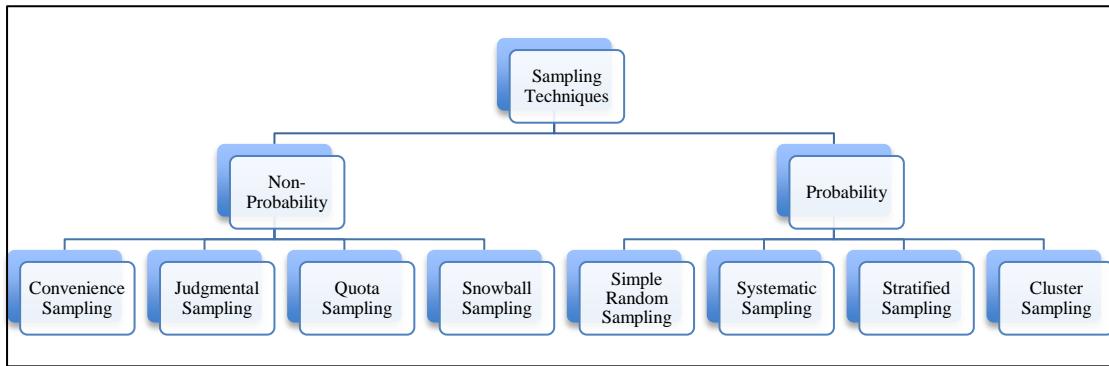


Figure 4.1: Sampling techniques (Source: Malhotra, 2010)

As the name suggests, convenience sampling is based on the convenience or accessibility of the researcher (Martins *et al.*, 1996:253). McDaniel and Gates (1999:422) speculate that this sampling technique has the advantage of inexpensiveness and it is a less time consuming technique.

A judgment sample of three institutions from the 23 registered South African HEIs were chosen, the reason for this being to include a university of technology, traditional university and comprehensive university. A non-probability convenience sample of 600 full- and part-time black Generation Y students were taken at these three HEIs in 2013, the participants were aged between 18 and 24 years of age.

4.3.4 Sample size

Malhotra (2010:374) states the importance of some aspects to take into thought before determining the sample size. These include how important the decision is, the type of research, the quantity of variables, the analysis nature, previous studies of similar nature, incidence rates, accomplishment rates, and possible limitations. Bradley (2010:173) indicates that the purpose, population, procedural aspects and publishing aspects should be taken into consideration when determining the sample size.

The sample size selected for this study was 600. The sample size was divided into three, 200 participants at each of the three chosen HEIs. The sample size is in line with previous studies done by Wolburg and Pokrywczynski (2001:34) (Sample size: 368), Bush *et al.* (2004:108) (Sample size: 218), Delgado-Ballester and Munuera-Alemán (2005:189) (Sample size: 271), and Bevan-Dye *et al.* (2009:172) (Sample size: 400).

The following section will discuss the method utilised to collect the required data.

4.4 DATA COLLECTION METHOD

According to Cant (2003:77), quantitative data can be gathered through three techniques. These techniques include the survey and observation method, as well as experiments. The chosen data collection method for this study was the survey method and the needed data were attained through a self-administered questionnaire. Defined by Blaxter *et al.* (2010:78), a survey method is the gathering of information from individual people, asking all of them the same questions. After obtaining permission, the questionnaires were given to the different lecturers at the HEIs to be handed out to the participants.

4.4.1 Questionnaire design

A questionnaire, according to Malhotra (2010:335), is a technique that is structured and used to obtain data through a series of questions, which the participant needs to answer. Adcock *et al.* (1993:124) speculate the great importance of the layout, length and question order, and because a questionnaire is the link between the researcher asking the questions and the participant answering them, it must be an efficient means of communication.

Burns (2000:574) theorises that a questionnaire should be well planned and carefully constructed; this will ultimately yield the response rate and result in effective data. Furthermore, this form of the survey method has the advantages of cost effectiveness, reduced errors, reduction of fear and embarrassment of the participant and purpose of the survey can be explained clearly to the participant. In addition, Bio Science Writers (2012) and Churchill (1995:433) indicate the importance of including a cover letter, which will both introduce the research study to the participant, and encourage the participant to participate.

The questionnaire used for this study was accompanied by a cover letter explaining the purpose of the study and the questionnaire, as well as explaining the focus on the Generation Y cohort. The questionnaire was kept short because of the clear objectives and in order to ensure that all participants understood the questions in the questionnaire, regardless of their first language being English or not, the language used in this questionnaire was kept straightforward. Moreover, the questionnaire was

handed out during lectures and sufficient time was allocated to each participant to complete the questionnaire.

4.4.2 Questionnaire content

The questionnaire was designed in accordance with the achievement of the empirical objectives of the research study. The study utilised two scales to gather the information necessary for the research. After examining the empirical objectives, the scale developed and validated by Delgado-Ballester *et al.* (2003:46) was used to measure black Generation Y students' brand trust (that is, brand reliability and brand intentions), and brand loyalty. Following the example of Delgado-Ballester and Munuera-Alemán (2005:187-196), brand equity was measured using the scale developed by Yoo and Donthu (2001:14). The scale comprised five constructs, namely brand reliability (four items), brand intentions (four items), brand loyalty (four items) and brand equity (four items). In addition, the four-item scale developed and validated by Lassar *et al.* (1995:16) was used to measure black African Generation Y students' perception of their mobile phone's social image.

The questionnaire utilised consisted of two sections and a cover letter summarising the nature and aim of the study. Section A was aimed at gathering demographic information. This information included institution of education, academic year, gender, ethnic group and age. Furthermore, there was information pertaining to the mobile phone the participants uses, a question pertaining to why the specific mobile brand was chosen, and a question on reasons why the participant will change to a different mobile phone brand in future.

The following table indicates the items utilised to address each of the objectives in this research study.

Table 4.1: Items of questionnaire solving the empirical research objectives

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|--|-----|
| | B3 |
| | B6 |
| Determine black Generation Y students' perception towards their mobile phone brand reliability | B11 |
| | B16 |
| | B20 |

Table 4.1: Items of questionnaire solving the empirical research objectives (continued...)

| | |
|---|------------------|
| | B5 |
| Determine black Generation Y students' perception towards their mobile phone brand intentions | B9 B17 |
| | B21 |
| | B2 |
| Determine black Generation Y students' perception towards their mobile phone brand loyalty | B7 B13 |
| | B18 |
| | B4 |
| Determine black Generation Y students' perception towards their mobile phone brand equity | B10 B14 |
| | B22 |
| | B1 |
| Determine black Generation Y students' perception towards their mobile phone brand's social image | B8 B12 B15 |
| | B19 |

The structure of the questionnaire will be discussed in the following section.

4.4.3 Structure of questionnaire

Within the questionnaire, overt questions were used throughout. Section A consisted of multi-choice questions, open-ended questions, as well as dichotomous questions, which Malhotra (2010:344) defines as “a structured question with only two response alternatives, such as yes and no”.

All of the items in Section B were anchored on a six-point Likert scale, ranging from strongly disagree (1), disagree (2), disagree somewhat (3), agree somewhat (4), agree (5) and strongly agree (6). Martins *et al.* (1996:228) highlight the requirement from the participant of a Likert scale to specify their level of agreement or disagreement to a statement. Commonly, Likert scales are used with research among participants

because it makes it easier and less time consuming for the participants to complete the questionnaire (McDaniel & Gates, 2001:276). The feelings, thoughts and opinions of the participants are much more reliable when they are completing a questionnaire with the help of a Likert scale (Chisnall, 1992:170). Therefore, it was decided to utilise a Likert scale within the questionnaire of this research study.

4.5 QUESTIONNAIRE PILOT TESTING

Blaxter *et al.* (2010:41) indicate the importance of pilot testing because it enables the researcher to review the feasibility of the overall research study and if necessary make alterations, it includes trying the research techniques and methods that the researcher wants to use in the research study, and identifying any possible problems or pitfalls. Once the researcher has established these problems or pitfalls, modifications can be made in order to complete the main study.

McDaniel and Gates (1999:383) emphasise that the pilot test should be conducted in the same manner as that of the final study. Churchill (1995:440) highlights that it is vital for the researcher to gather information or comments from the participant when piloting the questionnaire, and revising the questions that cause problems for the participants. Furthermore, the pilot testing of a questionnaire can identify information that is not necessary for the study. According to Parasuraman (1991:396) and Simon (2011), the advantage of piloting the questionnaire is that flaws in the questionnaire that the researcher might have overlooked are then identified because of the external evaluation.

The questionnaire used in this research study, were pre-tested on six individuals to examine the questionnaire for any possible problems or errors by use of the debriefing method. This method involves presenting the questionnaire to the participant, as it would be done in the main study. Following the completion of the questionnaire, the participant is questioned about any opinions regarding the questionnaire.

The individuals used for the pre-testing did not form part of the pilot test, nor the main sample. The six participants were three qualified researchers and experts in the marketing field, and the other three participants were students. Furthermore, pre-testing of the questionnaire was done to ensure the participants fully understood the purpose as well as the items of the questionnaire. This includes language barriers. Therefore, four out of the six participants' first language was not English. This is

important in the South African context because of the multilingual residents. Moreover, it was found that the participants understood the questionnaire completely, as well as confirming that the questions were understood and clearly stated, therefore, confirming the face and content validity of the questionnaire.

After all the necessary modifications were made, the questionnaire was pilot tested. This was done on a convenience sample of 50 students, who did not form part of the main sample, as this group of participants was located on a different campus in a different province than those of the main sample. The reason for the pilot testing was to test the reliability and validity of the scale. Although sufficient results were obtained from the first pilot test, two questions in Section B were added and all of the questions in Section B were reordered. The modified questionnaire (refer to Annexure B) was then pilot tested again, and satisfactory results were obtained. These results are analysed and reported on in Chapter 5. The final questionnaire was then utilised for the main study at three HEIs with the necessary permission.

4.6 QUESTIONNAIRE ADMINISTRATION

The main survey was executed between the months of April 2013 and May 2013 on a sample of 600 black Generation Y students. The pertinent lecturers of the three HEIs were contacted and permission was requested from them to hand out the questionnaires during normal class time. The questionnaire was accompanied by a cover letter, requesting the participation of the students and explaining the purpose of study. It was ensured that the handing out of the questionnaires was convenient to the lecturer and not distributed during test or examination periods. After a time period, the lecturers of each HEI were contacted to enquire whether the questionnaires were completed. The researcher arranged collection of the questionnaires after completion.

4.7 PREPARATION OF THE DATA

According to Malhotra (2010:452), as soon as the first set of completed questionnaires is received, the preparation of the data should start. This will aid the researcher if any problems with fieldwork are picked up from the first set of completed questionnaires, and the necessary changes can be made. Therefore, data preparation is important to the researcher in order to recognise unwanted problems.

The following sections will discuss the importance of editing and coding the collected data (Malhotra, 2010:475).

4.7.1 Editing

According to Churchill (1995:83), editing involves the inspection of the questionnaires to ensure that they were completed, that they are consistent and the participants followed instructions for completion. The primary objective of editing is to impose a quality standard on the raw data.

McDaniel and Gates (1999:472) summarise possible problems that may be identified through editing of the raw data. These may include ensuring that the sequence in which the questions were asked was followed and confirming the answers of open-ended questions. According to Bradley (2010:314), the researcher can take a number of actions against identified problems, these include understanding the response by inspecting other responses from the participant, understanding the response by the participant by looking at the responses from other participants, re-ask the participant the same question, refuse the data from the participant or do nothing and leave the data as is.

4.7.2 Coding

Coding is the assigning of a code or a number to each response of a question, when the questionnaire consists of mostly structured questions, pre-coding takes place (Malhotra, 2010:454). Coding can be divided into six types, namely descriptive codes, interpretative codes, pattern codes, reflective remarks, marginal remarks and revising codes (Welman *et al.*, 2005:214).

The questionnaire used in this study, were divided into two sections (Table 4.2). Section A consisted of the demographical information and questions pertaining to the mobile phone choice of the participant. Section B included the questions relating to the study itself. The questionnaire was pre-coded with the supervision of research promoter and assistance from a statistician.

Table 4.2: Coding information

| TYPE OF DATA | VARIABLE | QUESTION NUMBER |
|---|-----------------|--------------------------------|
| Demographic and data pertaining mobile phone choice | A1 to A10 | Section A, Questions A1 to A10 |
| Study related questions | B1 to B22 | Section B, Questions B1 to B22 |

4.8 STATISTICAL ANALYSIS

The SPSS and AMOS package, Version 21.0 for Windows was used to analyse the captured data. The statistical methods applied on the empirical data sets will be explained in the following sections.

4.8.1 Frequency distribution

According to Vanderstoep and Johnston (2009:48), nominal data (when responses are divided into two or more categories) need to be presented in a tabular or graphic method once they have been collected. This is done with the help of a frequency distribution. Generally, Malhotra (2010:484) speculates frequency distribution to be the initial step in analysing data. Statistical tables and pie charts are utilised in Chapter 5 to explain the frequency distributions of this research study.

4.8.2 Reliability and validity

Section 4.8.2.1 and 4.8.2.2 will discuss the measures of reliability and validity.

4.8.2.1 Reliability

According to Burns (2000:336), reliability can also be expressed as “dependability, stability, consistency, predictability and accuracy”. Consequently, reliability can be defined as the level of which measures are free from random error and produce constant results; furthermore, test-retest and split-half reliability are utilised the most in measuring reliability (Dillon *et al.*, 1994:321).

Furthermore, the possibility of making generalisations depends on the reliability of those scores (Welman *et al.*, 2005:145). Vanderstoep and Johnston (2009:63) stipulate that the Cronbach alpha is the most widely used method to evaluate the reliability of items and evaluates the point to which the items are related. According to Malhotra (2010:319), the Cronbach alpha varies between zero and one, and an inadequate

Cronbach alpha would be less than 0.6, indicating poor internal consistency reliability, and ultimately that the increase in the number of scale items will increase the Cronbach alpha.

The following tables include the Cronbach alpha for the previous studies from which the scales were adapted.

Table 4.3: Does brand trust matter to brand equity?

| Cronbach alpha | |
|-----------------------|------|
| Brand reliability | 0.88 |
| Brand intentions | 0.83 |
| Brand loyalty | 0.70 |
| Brand equity | 0.85 |

Source: Delgado-Ballester & Munuera-Alemán (2005)

Table 4.4: Measuring customer-based brand equity.

| Cronbach alpha | |
|-----------------------|------|
| Social image | 0.77 |

Source: Lassar *et al.* (1995)

The Cronbach alpha's (Table 4.3 and 4.4) computed in the previous studies calculated above 0.7, which according to Nunnally (1978:245) is preferred.

4.8.2.2 Validity

Boyce (2002:311) defines validity, as a measure that is free of both random and systematic error, ensuring a test measures what is intended to measure, and measures it consistently and accurately. Furthermore, McDaniel and Gates (1999:308) believe reliability to be a requirement for validity. The results obtained from the research instrument cannot be valid if the instrument is not reliable. Malhotra (2010:320) speculate that researchers can assess validity in terms of three perspectives; these include content validity, criterion validity, and construct validity. These three methods will now be discussed.

- **Content validity**

Face validity, as it is also known as (Parasuraman, 1991:442), simply examines whether the scale provides satisfactory reporting on the topic being researched in the study (McDaniel & Gates, 1999:310). In addition, the authors also stipulate that the process of content validity is not a simple one. Vanderstoep and Johnston (2009:60) emphasise that an expert or group of experts can review the measuring instrument and determine content validity.

- **Criterion validity**

According to Malhotra (2010:320), “criterion validity reflects whether a scale performs as expected in relation to other variables selected as meaningful criteria,” and can take two forms, namely concurrent and predictive validity. Sometimes referred to as predictive validity, it shows a relationship between a construct that is being measured and a construct related to the measure, but not one that measures the same construct (Vanderstoep and Johnston, 2009:60).

- **Construct validity**

According to McDaniel and Gates (1999:311), construct validity can be defined as the degree to which an instrument that measures a construct can be connected to the phenomenon that is being researched. This is done through fundamental theory. Malhotra (2010:321) highlights that this type of validity measure is the most difficult to prove and classifies construct validity into convergent and discriminant validity.

Convergent validity, according to Churchill (1995:539), is the measurement of the same construct, and should relate into high correlation between the items.

Discriminant validity, on the other hand, is defined as a measurement scale that is original and does not in any way reflect another variable (Dillon *et al.*, 1994:325).

4.8.3 Descriptive statistics

According to McDaniel and Gates (1999:495), descriptive statistics is the representation of a more resourceful method of abstracting the features of large sets of data; calculating one or a few numbers that generalise the large set of data. The statistics most frequently used include measures of location, measures of variability and measures of shape (Malhotra, 2010:486). These methods will now be discussed.

4.8.3.1 Measures of location

According to Burns (2000:44), measures of location can be classified as measures of central tendency and are the summarisation of a complete distribution by a single, central score. Measures of central tendency can be categorised as the mode, median and mean (Parasuraman, 1991:409).

The measurement of location utilised in this study was chosen to be the mean. Because of the interval scale used in this study, mean is the most suitable measure of location for the collected data.

Mean is the mathematical average of a set of numbers or values of the series, divided by the number of values (Vanderstoep & Johnston, 2009:92; Martins *et al.*, 1996:310). Crouch and Housden (1996:205) also indicate that mean is the most commonly used measure of location.

4.8.3.2 Measures of variability

Martins *et al.* (1996:313) classify measures of variability as measures of dispersion, and categorises it as range, variance, standard deviation and coefficient of variation. Malhotra (2010:487) defines measures of variability as a statistic that designates the distribution's scattering and is calculated on interval or ratio data. This study uses the standard deviation measure, and is expressed as the square root of the variance (Dillon *et al.*, 1994:401).

4.8.3.3 Measures of shape

Measures of shape can be measured through the use of two techniques, namely skewness and kurtosis (Malhotra, 2010:488).

“Skewness is the tendency of the deviations from the mean to be larger in one direction than in the other” (Malhotra, 2010:488) and the distribution can either be symmetric or skewed. According to Hardy (2004:43), when the mean is larger than the median, the distribution is skewed positive and the tail is pulled to the right. In contrast, when the distribution is skewed negatively the tail is pulled to the left.

Weisstein (2013) speculates the definition of kurtosis to be the degree of peakedness of a distribution, *inter alia* the height of the distribution relative to the mean. Kurtosis measures the relative peakedness or flatness of the curve, and the normal kurtosis for

a distribution is zero (Pallant, 2007:56). Furthermore, the greater the kurtosis value of a distribution, the higher and more precipitous the peak will be, and vice versa. The measure of shape is calculated to determine and understand the nature of a distribution.

4.8.4 Correlation analysis

According to Stemler and Tsai (2008:38), the Pearson product-moment correlation coefficient is the most popular manner to calculate the degree of consistency. Likewise, Malhotra (2010:562) points out correlation analysis to be the statistic used to summarise the strength of association between two metric variables. It is calculated to determine if a straight-line relationship exists between two metric variables and how one variable relates to another variable. No or little relationship between two or more variables will be indicated by a low or weak correlation, and a strong relationship between two variables will be depicted by a high correlation coefficient. Hardy (2004:48) indicates correlation coefficients to range between -1.00 and +1.00, where -1.00 indicates an exact negative correlation, and +1.00, an exact positive correlation. Furthermore, zero indicates no relationship between the variables.

4.8.5 Structural equation modelling

According to Hox and Bechger (2007:354), structural equation modelling (SEM) is a statistical modelling technique, which can be perceived as a collection of regression or path analysis or factor analysis. Stata (2014) theorises SEM as a representation of structural equations, a method of viewing them and valuing their parameters. Furthermore, Stata (2014) views SEM to “encompass a broad array of models from linear regression to measurement models to simultaneous equations...”.

Lei and Wu (2007:33) posit SEM to be a number of statistical models used to assess the validity of functional theories with empirical data. In addition, SEM can be utilised to test relationships among latent constructs. Latent, being what multiple indicators have in common with one another. In addition, Suhr (2003) subjects SEM to have two goals; “to understand the patterns of correlation/covariance among a set of variables and to explain as much of their variance as possible with the model specified”.

According to Malhotra (2010:726), each and every relationship has to be identified in order for a SEM model to be estimated. Lei and Wu (2007:34) refer to a path model (structural model) to model mediation, unintended effects and additional multifaceted association amid variable. However, if the availability of numerous observed variables, that are obligated to determine similar latent constructs, is present, a measurement model can be utilised to divide the standard variances of the observed variables; as a result, amending the coefficients in the model for unreliability. The measurement model exemplifies which measured variables express the constructs, and the structural model indicates in what way constructs relate to one another (Malhotra, 2010:726; Rigdon, 1996). As such, reliability and validity is measured within the measurement model, whereas structural relationships are tested within a structural model.

Lei and Wu (2007:36) write the goodness-of-fit of a model being tested is indicated by the degree of discrepancy between the sample covariance matrix and the covariance matrix implied by the model with the parameter estimates. According to Hox and Bechger (2007:361), testing the fit of a model can be a challenging task because of sample size. As such, the model may fit the data well but the chi-square statistic may reject the model because of a large sample size. For that reason, alternative goodness-of-fit indices have been developed (Lei & Wu, 2007:36). The authors point out all goodness-of-fit methods are related to degrees of freedom and chi-square. Furthermore, Suhr (2003:4) indicates when using chi-square, the smaller the values the better the fit. In contrast, with methods like comparative fit index (CFI), non-normed fit index (NNFI), also known as Tucker-Lewis index, a larger value means a better fit.

In order to measure the model fit for this research study, the chi-square, Tucker-Lewis index (TFI), comparative fit index (CFI), incremental fit index (IFI), standardised root mean residual (SRMR) and root mean square of approximation (RMSEA) indices were used. According to Lei and Wu (2007:37), fit indices can be categorised as incremental (determines the increase in fit comparative to a baseline model) and absolute (determines the extent to which the specified model of interest reproduces the sample covariance matrix). TFI, CFI and IFI classifies as incremental fit indices, whereas SRMR and RMSEA are absolute fit indices. According to Hooper *et al.* (2008:54-55), Kenny (2014), Moss (2009), Lei and Wu (2007:37) and Suhr (2003) an

acceptable model fit can be suggested with a TFI, CFI and IFI value of above 0.90 but closer to 0.95. Furthermore, a SRMR value of 0.05 or less, and a RMSEA value of less than 0.08, is also indications of a satisfactory model fit.

As a rule, unreliable constructs cannot be valid; therefore, the constructs of a measurement model need to be evaluated; this is done with composite reliability (CR). Furthermore, CR can be defined as “the total amount of true score variance in relation to the total score variance” and the value needs to exceed that of 0.07 (Malhotra, 2010:733). In addition, validity also needs to be tested and this is done with the help of average variance extracted (AVE).

The following formula is used to compute composite reliability:

$$[(F1_1+F1_2+F1_3+\dots)^2 / (F1_1+F1_2+F1_3+\dots)^2 + (err_1+err_2+err_3+\dots)]$$

The following formula is used to compute average variance extracted:

$$[(F1_1^2+F1_2^2+F1_3^2+\dots) / (F1_1^2+F1_2^2+F1_3^2+\dots) + (err_1+err_2+err_3+\dots)]$$

According to Farrell (2010), “the AVE estimate is the average quantity of variation that a latent construct is able to explain in the observed variables to which it is theoretically related”, and Malhotra (2010:734) scribes the level of the measurement model’s constructs to be that of 0.50 or higher for convergent validity to be attained.

According to Kenny (2014), Hooper *et al.* (2008:56), and Moss (2009), the Akaike’s information criterion (AIC) and Bozdogan’s consistent version of AIC (CAIC) can be utilised when the proposed model is being compared to alternative models. The authors state these methods to be used for the comparison, and the model that scores with the lowest value is the optimal model to be used. AIC is a comparative measure of fit and both the AIC and CAIC is an information theory goodness-of-fit measure assessed with similar data, yet the CAIC indicates a penalty for a sample size too small. Diamantopoulos and Siguaw (2000:36) stipulate a sample size of 200 and more to be sufficient.

Sewall Wright developed path analysis in the 1920s after trying to solve simultaneous equations, followed by Blalock Duncan who made it popular in the 1960s (Xue, 2007). According to Wuensch (2012), path analysis is a technique in which one can establish if a multivariate set of non-experimental data fits well with a specific causal model. Therefore, path analysis can be seen as SEM with a structural model, yet no

measurement model. Furthermore, path analysis can be viewed as an extension of the regression model and can also be called analysis of covariance structures, causal modelling and latent variable models. Path analysis involves doing a regression for every variable in the structural model as reliant on others, which the model shows are causes or method to examine hypothesised relationships between variables (Lleras, 2005:25). A goodness-of-fit measurement can be computed after the observed correlation matrix for the variables are compared with the regression weights anticipated. Thus, path analysis computes the strength of every relationship using merely a correlation or covariance matrix as input (Malhotra, 2010:748-749). Lleras (2005:25) speculates the impel of a researcher to postulate in what way the variables relate to one another, resulting in logical theories that can be seen as an advantage of path analysis. Therefore, path analysis can be seen as a unique instance of SEM, where only observed variables are used and each variable only has one indicator and is measured without error. In conclusion, Malhotra (2010:735) infers it is important to examine the statistic that portrays the extent to which an associated latent construct explains the variance of an observed variable.

4.8.6 T-test

According to Trochim (2006) a t-test is conducted to determine if a statistically difference of means between two groups exist, in other words to compare the means of two groups. Furthermore, Malhotra (2010:503) points out that when the difference between two sets of observations is computed, a paired sample t-test is conducted, and an independent t-test when two separate samples are computed (two separate groups, for example male and female).

4.8.7 Cohen's D-statistic

The effect size of a statistic is called the Cohen's D-statistic and is utilised to measure variables and the size they are comprised of, as well as to compare groups. The Cohen's D-statistic is calculated in order to indicate how big or small the statistical significant difference is. According to Pallant (2007:208), the size of the Cohen's D-statistic is evaluated according to:

- $0.20 \leq d \leq 0.50$: an exceptionally small effect, which is non-significant
- $0.50 \leq d \leq 0.80$: a medium influence with applied significance being reached

- $0.80 \leq d$: a large effect, with a significant effect.

4.9 CONCLUSION

The main objective of this research study was to propose and empirically model the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students.

A descriptive research design and a single cross-sectional sample were utilised, given the nature of the study. Therefore, 23 Public registered HEIs in South Africa were chosen for the initial sampling frame. This was then narrowed down to include three HEIs situated in the Gauteng Province, namely a traditional university, a university of technology and a comprehensive university. The sample size of 600 was chosen, equally dividing the three HEIs into, resulting in 200 students per campus.

Thereafter, a self-administered questionnaire was utilised to gather the necessary data. Included in the questionnaire was a section to gather demographical information as well as information pertaining to their mobile phone choices and a section to attain information regarding the study itself. The last-mentioned section was adapted from previous studies and was anchored on a six-point Likert scale in order to gather the data.

Once the questionnaires were received back, the data was captured using SPSS and AMOS, Version 21.0 for Windows. Included in the statistical analysis were frequencies, reliability, validity, descriptive statistics, correlation, structural equation modelling, t-tests and Cohen's D-statistic.

Chapter 5 reports on, and explains, the results arising from the statistical analysis of the data collected in this study.

CHAPTER 5

ANALYSIS AND INTERPRETATION OF EMPIRICAL FINDINGS

5.1 INTRODUCTION

Included in this chapter are the reporting on and interpretation of the statistical findings of this study. Within Section 5.2 are the results obtained from the two pilot tests of the questionnaire, followed by Section 5.3 explaining the data gathering process. Section 5.4 describes the preliminary data analysis leading to Section 5.5 and the demographic and mobile phone brand analysis. Section 5.6 discusses the reliability and validity of the main survey, followed by the descriptive statistics in Section 5.7. Correlation analysis is discussed in Section 5.8, followed by hypotheses formulated in Chapter 3. Section 5.10 highlights the structural equation modelling, followed by the independent T-tests in Section 5.11.

As a result of the two pilot tests conducted, the analysis of the data took place in three stages. The first two stages involved the analysis of the two pilot test results of the questionnaire utilised in this study followed by the third stage that consisted of the analysis of the main study results. The SPSS and AMOS package, Version 21.0 for Windows was employed for analysing the collected data.

The following section will review the results of the two pilot test stages.

5.2 RESULTS OF THE PILOT TEST

In order to establish face and content validity, an initial pre-test was conducted of the questionnaire, after which the questionnaire was pilot-tested twice, both on a convenience sample of 50 students at a HEI campus. This HEI campus did not form part of the sampling frame utilised for the main study, the reason for this was for the researcher to test the reliability of the multi-item scale in the questionnaire.

The reason for two pilot-tests conducted was the high Cronbach alpha and inter-item correlation in the first test. Malhotra (2010:319) suggests the Cronbach alpha to ambit between 0.6 and one for reliability to be adequate. Moreover, the Cronbach alpha is

calculated between zero and one, where zero indicates low reliability and one indicates more sufficient reliability. Table 5.1 depicts these results.

The Cronbach alpha for the first pilot test was calculated for all of the constructs above 0.9, except the construct brand loyalty. Although this indicates very good reliability, a second pilot test was done after changes were made in the questionnaire. The average inter-item correlation was also calculated for the first pilot test. The results were slightly outside of what Clark and Watson (1995:316) suggest; the authors suggest the average inter-item correlation to range between 0.15 and 0.50.

Table 5.1: Pilot test 1 results summary

| Construct | Items | Number of variables | Mean | Standard deviation | N | Cronbach alpha | Average inter-item correlation |
|--------------------|-----------|---------------------|------|--------------------|----|----------------|--------------------------------|
| Reliability | B1 - B4 | 4 | 4.78 | 1.212 | 50 | 0.945 | 0.814 |
| Intentions | B5 - B8 | 4 | 4.29 | 1.083 | 50 | 0.912 | 0.725 |
| Loyalty | B9 - B12 | 4 | 4.27 | 1.224 | 50 | 0.794 | 0.490 |
| Equity | B13 - B16 | 4 | 4.04 | 1.414 | 50 | 0.929 | 0.770 |
| Image | B17 - B20 | 4 | 4.69 | 1.373 | 50 | 0.963 | 0.868 |

Table 5.2 illustrates the results of the second pilot test, conducted after making changes to the questionnaire. Although the Cronbach alpha and average inter-item correlation was still high, it did decrease slightly. The scales used to form the questionnaire were used in previous studies and resulted in reliable and valid data, therefore, it was decided to use the questionnaire. Furthermore, the high Cronbach alpha and average inter-item correlation can be a result of the loyalty that Generation Y students' have towards their mobile phone brands (Koutras, 2006).

Table 5.2: Pilot test 2 results summary

| Construct | Items | Number of variables | Mean | Standard deviation | N | Cronbach alpha | Average inter-item correlation |
|--------------------|-----------------------|---------------------|------|--------------------|----|----------------|--------------------------------|
| Reliability | B3, B6, B11, B16, B20 | 5 | 4.00 | 1.238 | 48 | 0.943 | 0.771 |
| Intentions | B5, B9, B17, B21 | 4 | 4.02 | 0.934 | 48 | 0.873 | 0.646 |
| Loyalty | B2, B7, B13, B18 | 4 | 4.00 | 1.203 | 48 | 0.843 | 0.581 |
| Equity | B4, B10, B14, B22 | 4 | 4.04 | 1.071 | 48 | 0.785 | 0.473 |
| Image | B1, B8, B12, B15, B19 | 5 | 4.40 | 1.067 | 48 | 0.852 | 0.542 |

The following section outlines the data gathering process.

5.3 DATA GATHERING PROCESS

The definitive questionnaire that was utilised in the main study to gather the necessary data from black Generation Y students enrolled at the three HEI campuses consisted of two sections. The first section comprised demographic questions and the second section questions relating to the perceptions towards specific mobile phone brands. Section A contained ten questions to gather the demographic information of the participants, and Section B 22 questions related to the perceptions each participant had towards his/her specific mobile phone brand. The participants were asked to answer all questions related to the specific mobile phone brand they owned.

A cover letter was included in the questionnaire to give details regarding the questionnaire. These details included information on the researcher, what the research study was about, and the reason for the choice of Generation Y students' as the target population. Furthermore, every participant was assured of confidentiality, and that the results will be utilised for research purposes only.

Permission to administer the questionnaires during class times was obtained from the different lecturers at the HEI campuses. The administration of the questionnaires did not take place during test or exam times. After the questionnaire was handed out to

the participants, time was given to them to answer each question, and thereafter the questionnaires were returned to the lecturer.

Of the 600 questionnaires equally divided between the three HEIs, 546 questionnaires were received back. As a result, a response rate of 91 percent was achieved. From the 546 questionnaires, only 460 could be used. This was because of missing responses or screening criteria that were not met by the participants. Therefore, a final response rate of 77 percent was achieved.

Section 5.4 will discuss the preliminary data analysis.

5.4 PRELIMINARY DATA ANALYSIS

Before a data set can be analysed, coding and tabulation is critical. Kolb (2008:199) agrees with this statement and writes that it is easier to address problems, should any arise with the final survey questionnaire once coding and tabulation has been executed. For that reason, a preliminary data analysis was executed.

5.4.1 Coding

According to McDaniel and Gates (2001:393), coding entails the categorising of a number of responses relating to a specific question and then allocating numeric values to each question's response.

The questionnaire utilised in this study consisted of two sections. Section A comprised questions on demographical information, and Section B comprised questions related to the study.

Table 5.3 illustrates the coding for the questionnaire utilised in this study.

Table 5.3: Coding

| Section A: Demographic data | | | |
|------------------------------------|-------------|---|---|
| Question | Code | Variable | Value assigned to responses |
| Question 1 | A1 | Name of HEI | HEI A (1); HEI B (2); HEI C (3) |
| Question 2 | A2 | Academic year | 1 st year (1); 2 nd year (2); 3 rd year (3); Post graduate (4) |
| Question 3 | A3 | Gender | Female (1); Male (2) |
| Question 4 | A4 | Ethnic group | Black African (1); Asian/Indian (2); Coloured (3); White (4) |
| Question 5 | A5 | Age | |
| Question 6 | A6 | Do you have a smartphone | Yes (1); No (2) |
| Question 7 | A7 | Current mobile phone brand owned | BlackBerry (1); Apple iPhone (2); Samsung (3); Nokia (4); Other (5) |
| Question 8 | A8 | Model of current mobile phone | |
| Question 9 | A9 | Why did you choose your specific cell phone brand | Affordable (1); Features (2); Style (3); Popularity (4); Gift (5); Special contract deal (6); Other (7) |
| Question 10 | A10 | What features would tempt you to change to a different cell phone brand | Affordable (1); Features (2); Style (3); Popularity (4); Gift (5); Special contract deal (6); Other (7) |

Table 5.3: Coding (continued...)

| Section B: Perceptions of constructs towards specific mobile phone brand | | | |
|---|-------------|-------------|------------------------------------|
| Construct measured | Item | Code | Value assigned to responses |
| Brand reliability | 3 | B3 | |
| | 6 | B6 | |
| | 11 | B11 | |
| | 16 | B16 | |
| | 20 | B20 | |
| Brand intentions | 5 | B5 | |
| | 9 | B9 | |
| | 17 | B17 | |
| | 21 | B21 | |
| Brand loyalty | 2 | B2 | |
| | 7 | B7 | |
| | 13 | B13 | |
| | 18 | B18 | |
| Brand equity | 4 | B4 | |
| | 10 | B10 | |
| | 14 | B14 | |
| | 22 | B22 | |
| Social image | 1 | B1 | |
| | 8 | B8 | |
| | 12 | B12 | |
| | 15 | B15 | |
| | 19 | B19 | |

5.4.2 Tabulation

The purpose of tabulation is to exhibit a summary of the data in such a way that it is easy for the reader to read. Moreover, tabulation represents the number of answers that each item in the questionnaire attained (Aaker & Day, 1990:435; Acharya, 2011).

The frequencies obtained for Section B of the questionnaire are illustrated in Table 5.4.

Table 5.4: Frequency table of responses

| Section B: Perceptions of constructs towards specific mobile phone brand | | | | | | |
|--|-------------------|----------|-------------------|----------------|-------|----------------|
| Scale item | Strongly disagree | Disagree | Disagree somewhat | Agree somewhat | Agree | Strongly agree |
| B1 | 29 | 29 | 26 | 79 | 177 | 120 |
| B2 | 76 | 64 | 50 | 72 | 104 | 94 |
| B3 | 21 | 31 | 34 | 94 | 154 | 126 |
| B4 | 24 | 39 | 52 | 102 | 152 | 91 |
| B5 | 45 | 48 | 79 | 105 | 142 | 41 |
| B6 | 24 | 32 | 57 | 80 | 127 | 140 |
| B7 | 46 | 65 | 43 | 66 | 117 | 123 |
| B8 | 21 | 27 | 33 | 76 | 157 | 146 |
| B9 | 17 | 19 | 78 | 135 | 145 | 66 |
| B10 | 37 | 42 | 60 | 64 | 142 | 115 |
| B11 | 14 | 27 | 37 | 102 | 164 | 116 |
| B12 | 24 | 29 | 54 | 97 | 153 | 103 |
| B13 | 42 | 52 | 62 | 97 | 118 | 89 |
| B14 | 32 | 38 | 52 | 96 | 138 | 104 |
| B15 | 26 | 34 | 40 | 99 | 149 | 112 |
| B16 | 40 | 51 | 52 | 97 | 124 | 96 |
| B17 | 21 | 36 | 62 | 120 | 143 | 78 |
| B18 | 36 | 41 | 49 | 99 | 122 | 113 |
| B19 | 21 | 27 | 39 | 80 | 146 | 147 |
| B20 | 16 | 18 | 31 | 93 | 138 | 164 |
| B21 | 19 | 26 | 76 | 103 | 160 | 76 |
| B22 | 51 | 48 | 56 | 95 | 103 | 107 |

Section 5.5 will discuss the characteristic of the participants in the main survey conducted.

5.5 DEMOGRAPHIC AND MOBILE PHONE BRAND ANALYSIS

Section 5.5.1 will discuss the participants' demographical information together with information pertaining to the specific mobile phone brand they own and possible reasons for changing their mobile phone brand to another.

5.5.1 Sample description

Illustrated in Figure 5.1 are the institutions from which the participants were chosen. Of the 460 participants, 41 percent represented a traditional university, 32 percent came from a comprehensive university and 27 percent from a university of

technology. In order to ensure participants to be representative three different universities were chosen.

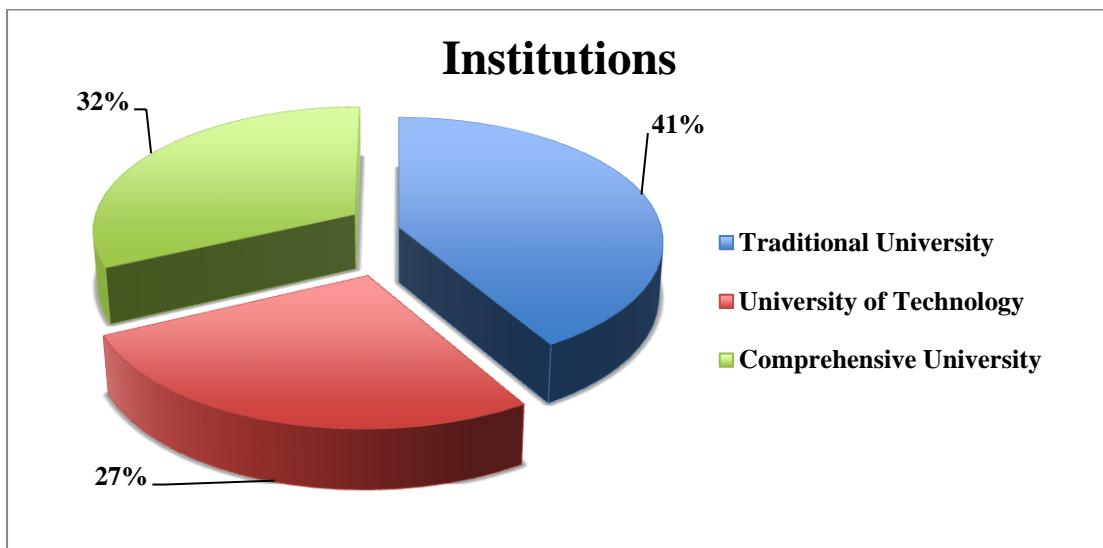


Figure 5.1: Institutions of participants

Figure 5.2 depicts the academic year that the participants were in with their studies. Students in their first year represented 53 percent, 20 percent of the participants were in their second-year, 26 percent were third-year students and postgraduate students accumulated to one percent.

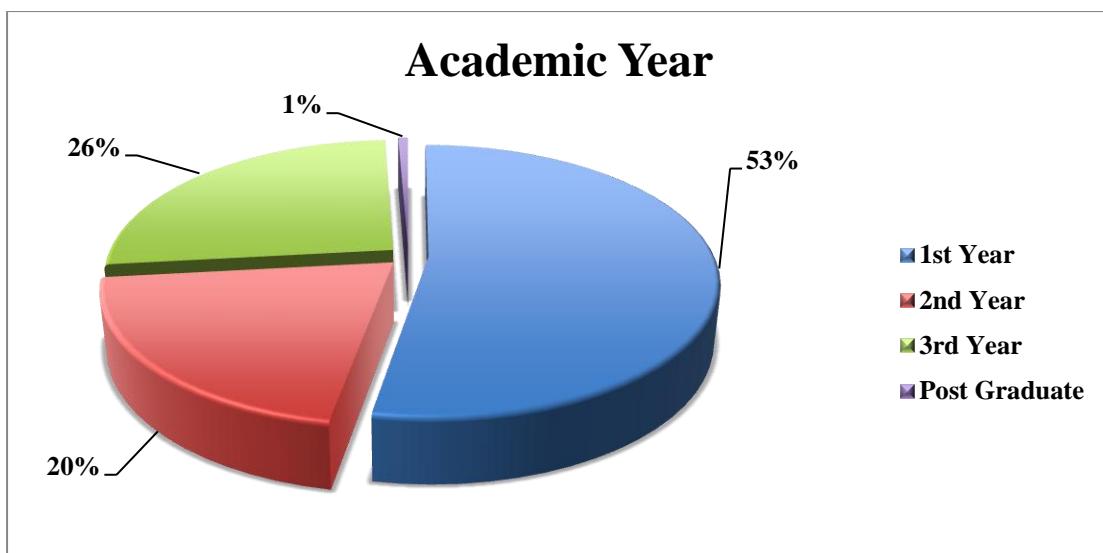


Figure 5.2: Academic year of participants

As shown in Figure 5.3, 60 percent of the participants were female and 40 percent of the participants were male.

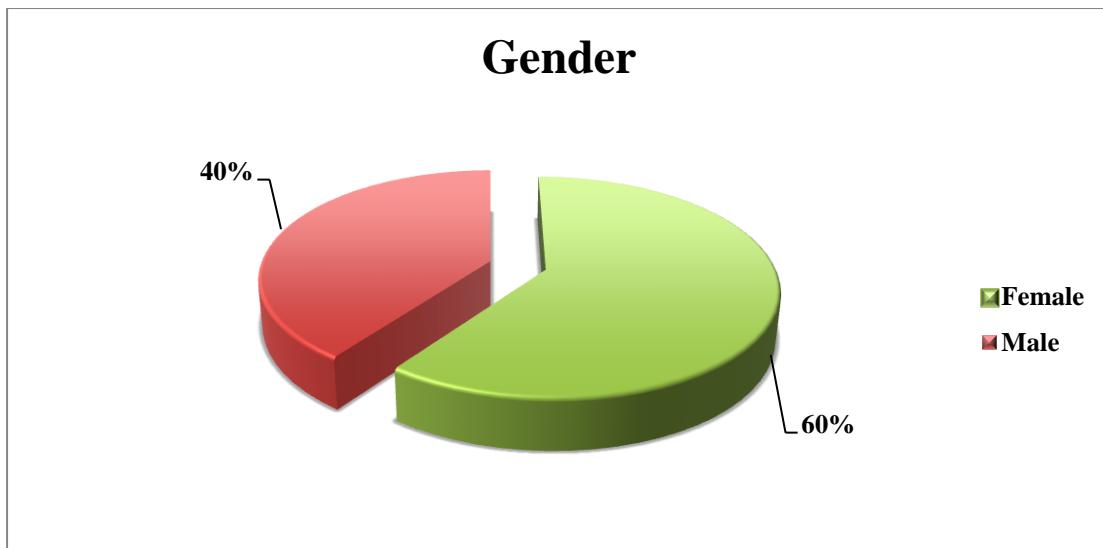


Figure 5.3: Gender of participants

Figure 5.4 illustrates the age of the participants of the questionnaire. The percentage of 18 year old participants was 8 percent, 25 percent of the participants were 19 years old, 24 percent were 20 years old, 22 percent 21 years old, 12 percent 22 years old, 7 percent 23 years old and 2 percent were 24 years of age.

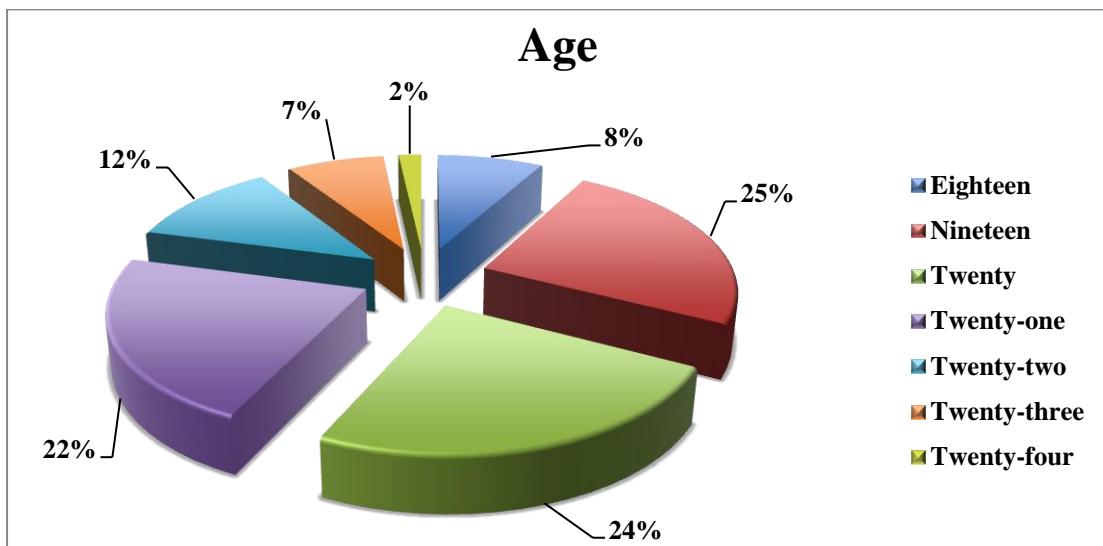


Figure 5.4: Age of participants

5.5.2 Mobile phone brand analysis

In order to determine the amount of participants possessing smartphones, a demographic question was included in the questionnaire to establish this. Figure 5.5 depicts this percentage, 83 percent of the participants do own a smartphone, while 17 percent of the participants do not own a smartphone.

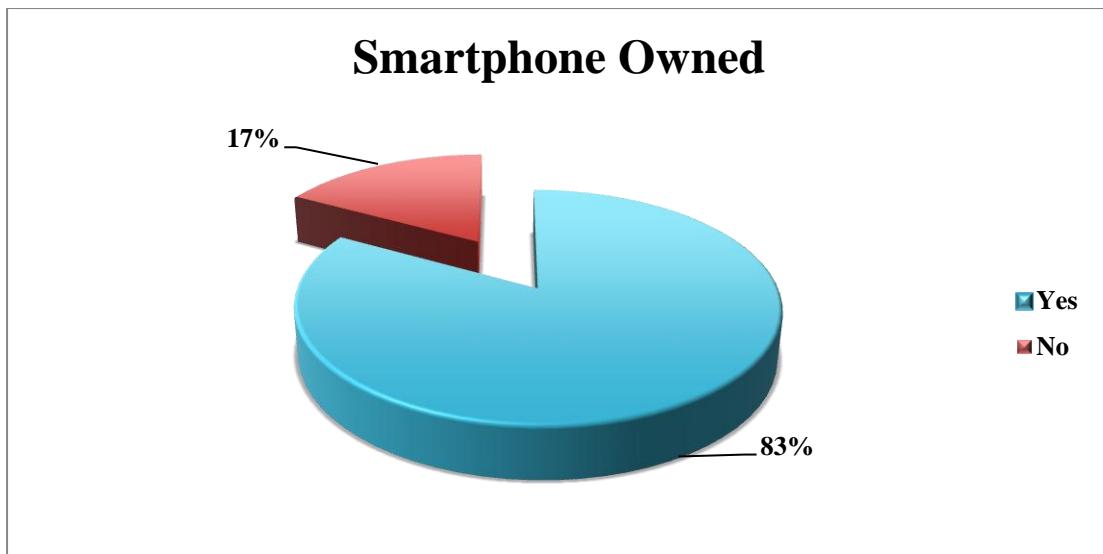


Figure 5.5: Smartphone owner

Figure 5.6 illustrates the mobile phone brand the participants own. BlackBerry is owned by 43 percent of the black Generation Y participants, 40 percent of the participants own a Nokia mobile phone, and 13 percent own a Samsung mobile phone. Apple iPhone and other brands both were indicated by 2 percent each.

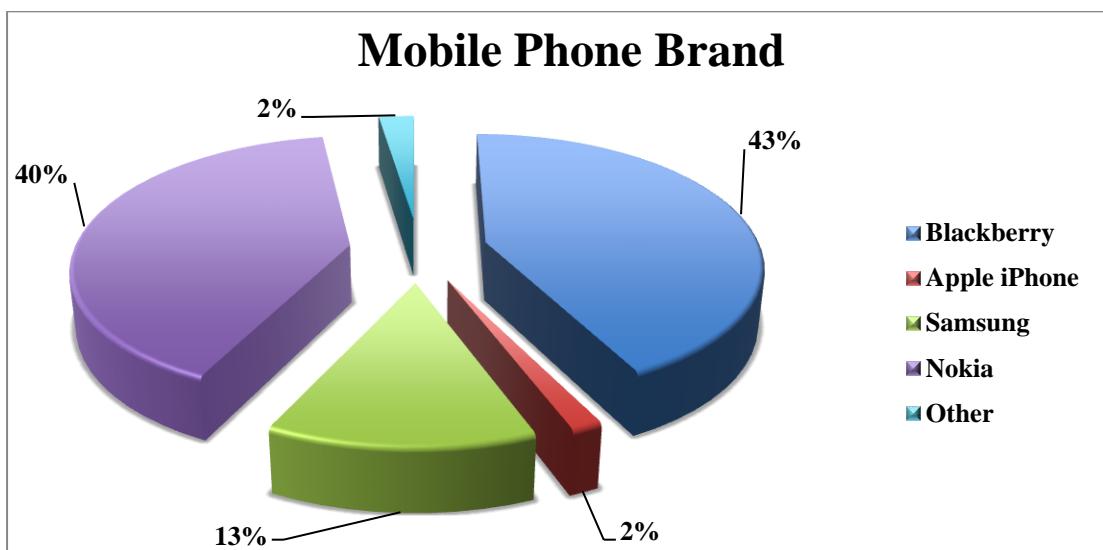


Figure 5.6: Brand of mobile phone owned

Figure 5.7 and 5.8 illustrates why participants chose the specific mobile phone brand that they own and possible reasons why they would change to a different mobile phone brand, respectively. Participants indicated that the main reason they chose their specific mobile phone brand was for its features; 36 percent indicated this as their main reason. Affordability as a reason accounted for 23 percent, 17 percent indicated their mobile phone was a gift, and 12 percent indicated they chose their mobile phone

brand because of its style. Popularity was stated as a reason why the participants chose their mobile phone brand by 5 percent, 4 percent stated other reasons, and 3 percent chose the mobile phone brand because of a special contract deal.

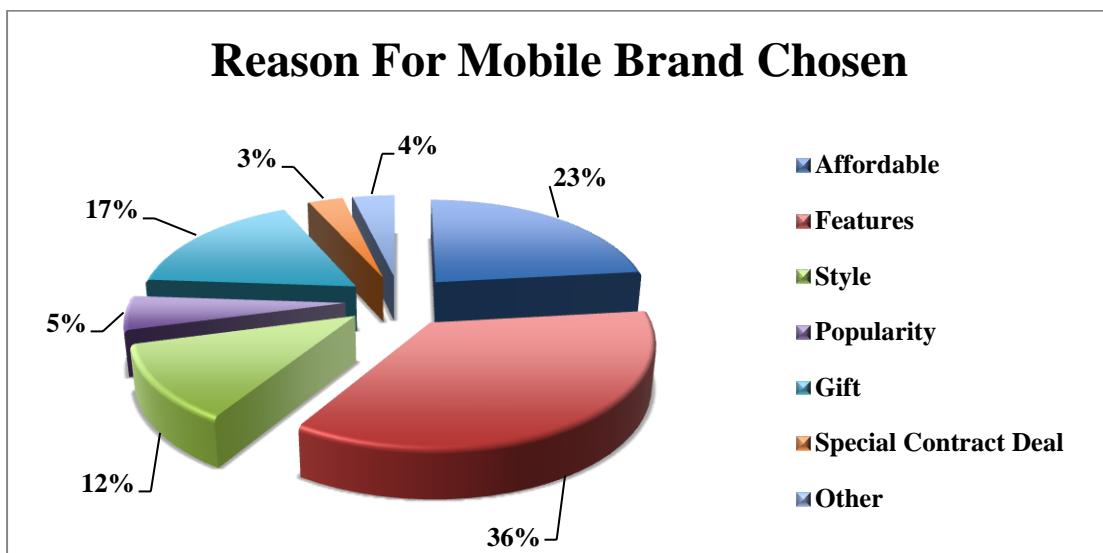


Figure 5.7: Reason for choosing mobile phone brand

As stated, Figure 5.8 illustrates the possible reason why participants would change their mobile phone brand. The biggest reason why they would change was features; 52 percent agreed. Style was the second biggest reason and accumulated to 20 percent. Price as a reason was 13 percent, followed by 6 percent for popularity. Receiving a different mobile phone brand as a gift came to 4 percent, followed by a special contract deal (3 percent) and 2 percent stated other reasons.

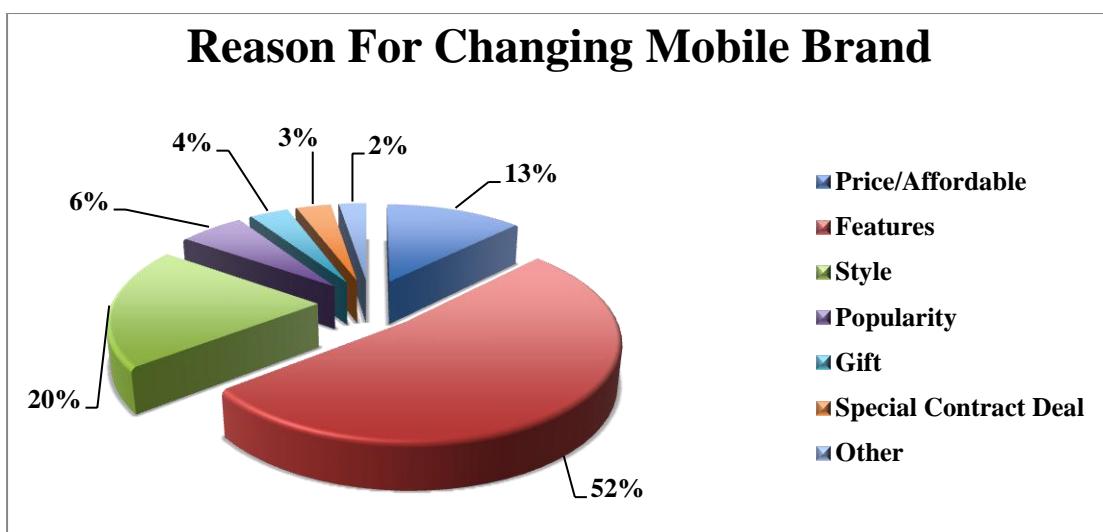


Figure 5.8: Reason for possibly changing mobile phone brand

5.6

RELIABILITY AND VALIDITY ANALYSIS OF MAIN SURVEY

In order to measure the reliability of a research instrument, the Cronbach alpha is calculated. This was done for each construct. According to Pallant (2007:98), a Cronbach alpha higher than 0.70 is satisfactory. Furthermore, the author writes that a Cronbach alpha of 0.80 and higher is the preferred result and indicates good reliability. In addition, Malhotra (2010:319) suggests a Cronbach alpha of 0.60 or higher as a good indication of sufficient internal consistency reliability. The Cronbach alpha is measured between zero and one.

The Cronbach alpha calculated for the different constructs were between 0.711 and 0.846. Consequently, the Cronbach alpha indicates sufficient reliability for all the constructs in the measuring scale.

The Cronbach alpha's for the five constructs were calculated as follows: Construct 1 (brand reliability) = 0.846, Construct 2 (brand intentions) = 0.756, Construct 3 (brand loyalty) = 0.711, Construct 4 (brand equity) = 0.729 and Construct 5 (social image) = 0.751.

With the objective to determine the validity of a measuring scale, the average inter-item correlation needs to be computed (Churchill, 1995:405). The validity according to McDaniel and Gates (2001:262) indicates that the constructs in a measuring scale measures what they are intended to measure. As previously stated, the average inter-item correlation needs to range between 0.15 and 0.50 for adequate validity.

Construct 1 (brand reliability) computed a slightly higher than the recommended value of 0.50, but Pallant (2007:100) indicates this to be an indication of a strong relationship between the items of the construct. The remaining constructs all fell into the recommended values of 0.15 and 0.50, Construct 2 (brand intentions) = 0.443, Construct 3 (brand loyalty) = 0.383, Construct 4 (brand equity) = 0.396 and Construct 5 (social image) = 0.375. As all constructs fall within the recommended range of average inter-item correlation, it can be concluded that validity exists in the measuring scale.

Table 5.5 depicts the reliability and validity measures for the measuring instrument utilised in this research study.

Table 5.5: Reliability and validity measures summary

| | Number of Items | Cronbach alpha | Average inter-item correlation |
|--------------------------|-----------------|----------------|--------------------------------|
| Brand reliability | 5 | 0.846 | 0.530 |
| Brand intentions | 4 | 0.756 | 0.443 |
| Brand loyalty | 4 | 0.711 | 0.383 |
| Brand equity | 4 | 0.729 | 0.396 |
| Social image | 5 | 0.751 | 0.375 |

Section 5.7 will report on the descriptive statistics in the study.

5.7 DESCRIPTIVE STATISTICS

According to Kolb (2008:251), McDaniel and Gates (1999:495), and Hair *et al.* (2008:235), the purpose of descriptive statistics are to enable the researcher to collect and summarise the data, after which the researcher can portray basic characteristics of the large sets of data obtained from participants during the data gathering process.

The responses from the participants were evaluated on a six-point Likert scale. The Likert scale varied between 1 = strongly disagree to 6 = strongly agree (2 = disagree; 3 = disagree somewhat; 4 = agree somewhat; 5 = agree). Therefore, responses above four indicated an agreement to the statement concerning perceptions to the specific mobile phone brand.

Table 5.6 indicates the mean, standard deviation, skewness and kurtosis of the five constructs and 22 items measured. Of the 22 items in the questionnaire, 20 items scored with a mean higher than four and two items scored with a mean higher than three. As already stated, this indicates a high agreement towards the participants' perceptions of their mobile phone brand. The participants are in agreement with their perceptions towards reliability, intentions, loyalty, equity and social image of their chosen mobile phone brand.

The construct that scored the highest mean was Construct 5 (mean = 4.518). This construct dealt with the social image participants experienced towards their mobile

phone brand. This is a strong indication of black Generation Y students' perception towards social image. Construct 1, that dealt with brand reliability towards a mobile phone brand, recorded with second highest mean (4.486), followed by Construct 4 (brand equity) (mean = 4.208); hence, a strong perception towards brand reliability.

Within Construct 1 (brand reliability) that scored the second highest mean, all items had a mean higher than four. Item B20 (I feel confidence in my cell phone brand's name) (mean = 4.763) recorded the highest mean out of the 22 items, followed by item B8 (I would tell my friends about my cell phone brand) within Construct 5 (social image) (mean = 4.650). The third highest item, B19 (I would be proud to own my brand of cell phone), had a mean of 4.617.

All five constructs recorded mean scores higher than four. Despite this, the construct that recorded the lowest mean (4.028), was Construct 3 that dealt with brand loyalty, followed by Construct 2 (brand intentions), which had a mean of 4.138. This indicates a lesser perception in comparison with the other constructs. Despite this, the mean score was still above four, indicating a strong perception towards brand loyalty and brand intentions.

Construct 3 had the item (B2) (Even when another brand is on sale, I would prefer my cell phone brand) that scored the lowest out of all 22 items, with a mean of 3.752. The construct that was ranked with the second lowest mean out of the five constructs, brand intentions, consisted of item B5 (My cell phone brand would compensate me in some way for any problem with the cell phone) (mean = 3.813) had the second lowest mean out of the 22 items.

The standard deviation ranked as the highest standard deviation (1.203) Construct 3 (brand loyalty) and the lowest standard deviation (0.993) Construct 5 (social image). The high standard deviation is an indication of a lower level of agreement amongst black Generation Y students' perceptions of their mobile phone brand. Therefore, black Generation Y students' agree less with the brand loyalty they perceive of their mobile phone brand. In contrast, the low standard deviation implies a higher agreement amongst black Generation Y students' perceptions of their mobile phone brand and social image. This is in agreement when looking at the mean scores of the constructs.

The following table highlights the descriptive statistics for perceptions of constructs towards specific mobile phone brand by black Generation Y students.

Table 5.6: Descriptive statistics for perceptions of constructs towards specific mobile phone brand

| Item | Valid N | Mean | Standard deviation | Skewness | Kurtosis |
|---|------------|--------------|--------------------|---------------|---------------|
| Construct 1: Brand reliability | 460 | 4.486 | 1.102 | -0.819 | 0.202 |
| B3 | 460 | 4.537 | 1.379 | -0.972 | 0.251 |
| B6 | 460 | 4.465 | 1.468 | -0.789 | -0.309 |
| B11 | 460 | 4.572 | 1.277 | -0.955 | 0.452 |
| B16 | 460 | 4.091 | 1.562 | -0.548 | -0.773 |
| B20 | 460 | 4.763 | 1.298 | -1.132 | 0.849 |
| Construct 2: Brand intentions | 460 | 4.138 | 1.013 | -0.566 | 0.079 |
| B5 | 460 | 3.813 | 1.451 | -0.475 | -0.731 |
| B9 | 460 | 4.239 | 1.226 | -0.614 | 0.125 |
| B17 | 460 | 4.222 | 1.343 | -0.638 | -0.227 |
| B21 | 460 | 4.276 | 1.304 | -0.676 | -0.112 |
| Construct 3: Brand loyalty | 460 | 4.028 | 1.203 | -0.477 | -0.467 |
| B2 | 460 | 3.752 | 1.772 | -0.267 | -1.312 |
| B7 | 460 | 4.113 | 1.696 | -0.517 | -1.068 |
| B13 | 460 | 4.009 | 1.563 | -0.465 | -0.853 |
| B18 | 460 | 4.237 | 1.538 | -0.662 | -0.561 |
| Construct 4: Brand equity | 460 | 4.208 | 1.135 | -0.601 | -0.075 |
| B4 | 460 | 4.287 | 1.402 | -0.730 | -0.257 |
| B10 | 460 | 4.254 | 1.571 | -0.680 | -0.668 |
| B14 | 460 | 4.265 | 1.486 | -0.710 | -0.415 |
| B22 | 460 | 4.026 | 1.642 | -0.472 | -0.936 |
| Construct 5: Social image | 460 | 4.518 | 0.993 | -0.980 | 0.950 |
| B1 | 460 | 4.535 | 1.422 | -1.113 | 0.453 |
| B8 | 460 | 4.650 | 1.382 | -1.100 | 0.493 |
| B12 | 460 | 4.380 | 1.388 | -0.811 | -0.050 |
| B15 | 460 | 4.407 | 1.424 | -0.860 | -0.046 |
| B19 | 460 | 4.617 | 1.396 | -1.017 | 0.281 |

The following section discusses the correlation analysis.

5.8 CORRELATION ANALYSIS

According to Malhotra (2010:640) worthy understandings can be obtained with the use of a correlation matrix. As stated in Chapter 4, correlation can be seen as the statistic used to summarise the strength of association between two metric variables. For that reason, the Pearson product-moment correlation coefficients between each construct was assessed and is depicted as the correlation matrix in Table 5.7.

Table 5.7: Correlation matrix

| Constructs | 1 | 2 | 3 | 4 | 5 |
|--------------------------|---------|---------|---------|---------|---|
| Brand reliability | 1 | | | | |
| Brand intentions | 0.699** | 1 | | | |
| Brand loyalty | 0.713** | 0.601** | 1 | | |
| Brand equity | 0.742** | 0.639** | 0.694** | 1 | |
| Social image | 0.730** | 0.608** | 0.678** | 0.683** | 1 |

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

All of the above constructs significantly correlated with each other. More specifically, brand reliability significantly correlated with brand intentions, brand loyalty, brand equity and social image. Furthermore, brand intentions significantly correlated with brand loyalty, brand equity and social image. Brand loyalty significantly correlated with brand equity and social image. Brand equity also significantly correlated with social image.

The following section will outline the formulation of the hypotheses.

5.9 HYPOTHESES TESTING

The testing of hypotheses were commenced and the significance level was specified at the conventional $\alpha=0.05$ level. The first six hypotheses (H1 – H6) were tested with the help of structural equation modelling in Section 5.10. The remaining hypothesis (H7) were tested using independent T-tests (Section 5.11). In accordance with the relationships observed in the correlation analysis, the following hypotheses were formulated:

- Ho1: Perception towards brand equity is a five-factor structure composed of brand reliability, brand intentions, brand loyalty, brand equity and social image.
- Ha1: Perception towards brand equity is not a five-factor structure composed of brand reliability, brand intentions, brand loyalty, brand equity and social image.
- Ho2: Social image does not have a significant positive influence on brand reliability.
- Ha2: Social image does have a significant positive influence on brand reliability.
- Ho3: Social image does not have a significant positive influence on brand intentions.
- Ha3: Social image does have a significant positive influence on brand intentions.
- Ho4: Brand reliability does not have a significant positive influence on brand loyalty.
- Ha4: Brand reliability does have a significant positive influence on brand loyalty.
- Ho5: Brand intentions do not have a significant positive influence on brand loyalty.
- Ha5: Brand intentions do have a significant positive influence on brand loyalty.
- Ho6: Brand loyalty does not have a significant positive influence on brand equity.
- Ha6: Brand loyalty does have a significant positive influence on brand equity.

- Ho7: There is no difference between participants' perceptions with BlackBerry, Nokia and Samsung towards brand reliability, brand intentions, brand loyalty, brand equity and social image.
- Ha7: There is a difference between participants' perceptions with BlackBerry, Nokia and Samsung towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

Section 5.10 will discuss the structural equation modelling and path analysis undertaken to test the first six hypotheses of the study.

5.10 STRUCTURAL EQUATION MODELLING

The structural equation modelling procedure utilised will now be summarised.

5.10.1 Measurement model specification

The first step in structural equation modelling is to postulate the measurement model. For that reason, the five constructs identified in Chapter 3 will be tested as a measurement model in the first hypothesis as a five-factor structure.

The five latent or unobserved factors that make up the hypothesised model included brand reliability (F1) (five indicators), brand intentions (F2) (four indicators), brand loyalty (F3) (four indicators), brand equity (F4) (four indicators), and social image (F5) (five indicators).

The following figure depicts the hypothesised measurement model.

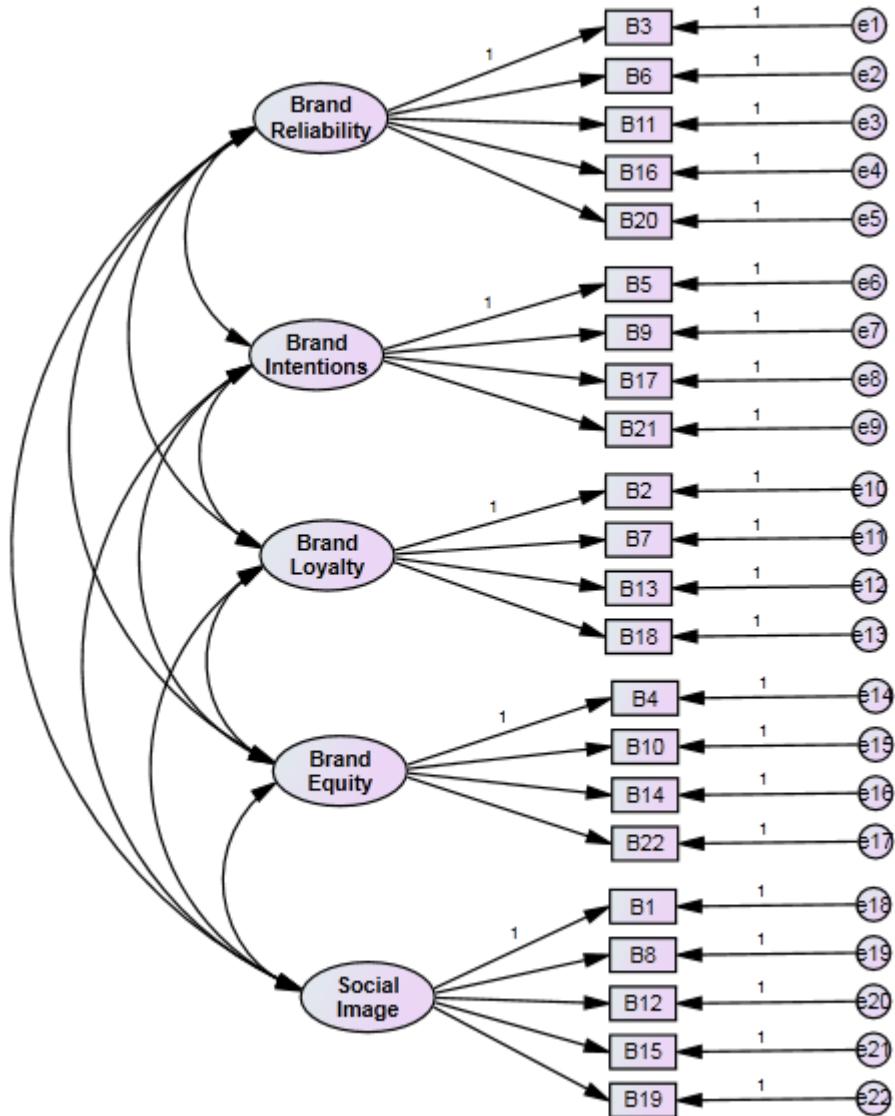


Figure 5.9: Specified measurement model A

After analysing the factor loadings of the first hypothesised measurement model for any problematic estimates, it was identified that indicators B4 and B5 loaded at a level of 0.38 and 0.49 respectively. This according to Hamdan *et al.* (2011:1100) and Krishnan and Ramasamy (2011:1) is too low, and indicates a factor loading of above 0.5 as sufficient. For that reason, the two indicators were removed and Figure 5.10 proposes the second hypothesised measurement model.

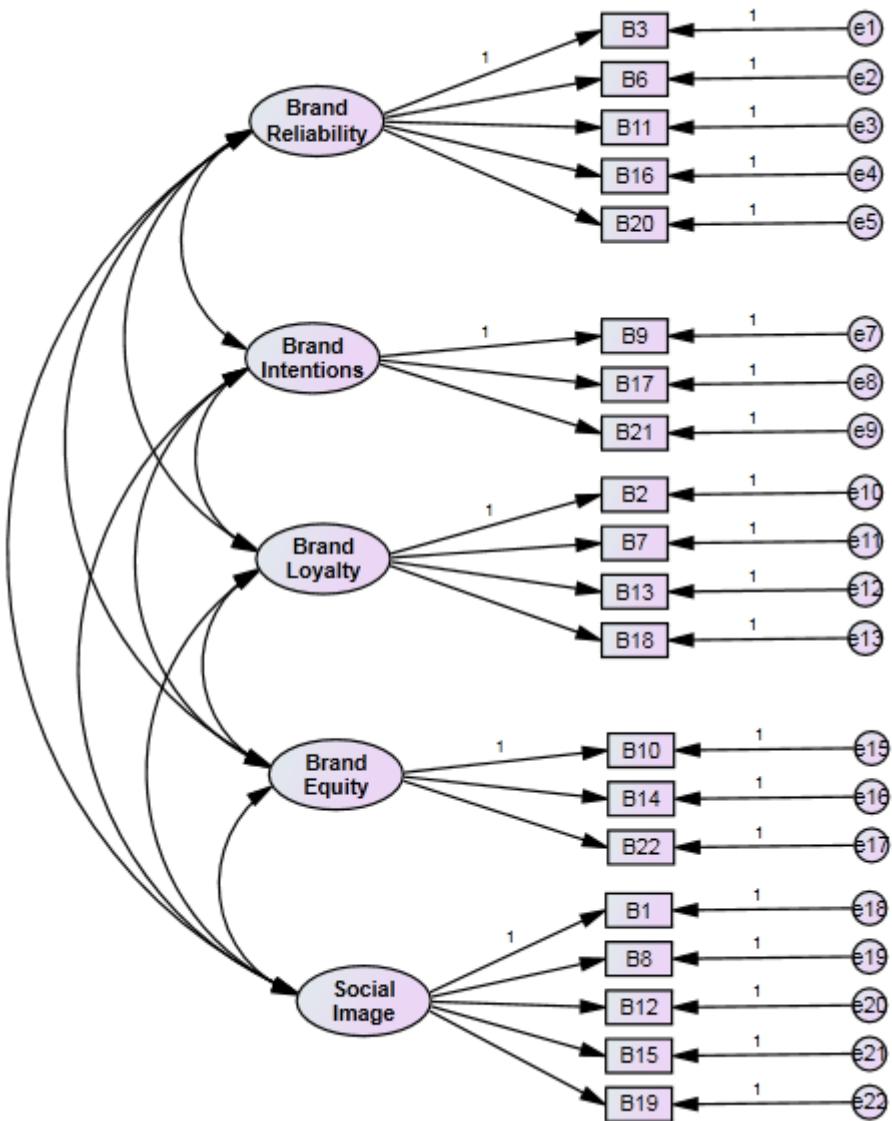


Figure 5.10: Specified measurement model B

For the purpose of model identification, the first loading on each of the five latent factors was fixed at 1.0. As a consequence, there are 210 distinct sample moments and 50 distinct parameters to be estimated, which leaves 160 degrees of freedom (df) based on the over-identified model, and a chi-square value of 451.35 with a probability level equal to $p=0.000$.

The measurement model was assessed for any problematic estimates, such as negative error variances (known as Heywood cases) and standardised factor loadings above 1.0 or below -1.0 (Hair *et al.*, 2010:706). As depicted in Table 5.8, no problematic estimates were identified in the measurement model except indicator B4 and B5 that

were removed. All of the indicators were above the recommended 0.5 level, with no negative error variances or factor loading above the 1.0 level or below -1.0 level.

Table 5.8: Standardised coefficients of the measurement model

| Latent factors | Constructs | Indicators | Factor loadings | Error variance |
|----------------|--------------------------|------------|-----------------|----------------|
| F1 | Brand reliability | B3 | 0.69 | + |
| | | B6 | 0.72 | + |
| | | B11 | 0.78 | + |
| | | B16 | 0.69 | + |
| | | B20 | 0.75 | + |
| F2 | Brand intentions | B5 | 0.49 | + |
| | | B9 | 0.67 | + |
| | | B17 | 0.75 | + |
| | | B21 | 0.74 | + |
| F3 | Brand loyalty | B2 | 0.61 | + |
| | | B7 | 0.61 | + |
| | | B13 | 0.51 | + |
| | | B18 | 0.73 | + |
| F4 | Brand equity | B4 | 0.38 | + |
| | | B10 | 0.76 | + |
| | | B14 | 0.73 | + |
| | | B22 | 0.71 | + |
| F5 | Social image | B1 | 0.55 | + |
| | | B8 | 0.69 | + |
| | | B12 | 0.55 | + |
| | | B15 | 0.73 | + |
| | | B19 | 0.57 | + |

The fit of the model had to be measured, and in order for this to be done the six fit indices produced by AMOS were used. These include chi-square, comparative fit index (CFI), standardised root mean residual (SRMR), root mean square of approximation (RMSEA), Tucker-Lewis index (TLI) and incremental fit index (IFI). The chi-square value of 451.35 with 160 degrees of freedom indicates a poor fit; chi-square is known to be sensitive to sample size (Byrne, 2010:76; Malhotra, 2010:732). Evaluating the other fit indices, delivered a satisfactory degree of fit between the measurement model and the data: CFI=0.93, SRMR=0.0417, RMSEA=0.063, TLI=0.918 and IFI=0.932. These fit indices are in accordance with Section 4.8.8 in Chapter 4.

The following section will discuss the reliability and validity of the measurement model.

5.10.2 Reliability and validity tests for the measurement model

The composite reliability (CR) and average variance extracted (AVE) values were calculated in order for the reliability and validity of the measurement model to be assessed. The formula for composite reliability, as discussed in Chapter 4, Section 4.8.8 is:

$$[(F1_1+F1_2+F1_3+\dots)^2 / (F1_1+F1_2+F1_3+\dots)^2 + (\text{err}_1+\text{err}_2+\text{err}_3+\dots)]$$

The formula was utilised to measure the reliability for each of the five components.

Moreover, the average variance extracted (AVE) is utilised to describe the total variance in the indicators, which is accounted for by the latent construct. The formula utilised to calculate the AVE is:

$$[(Fl_1^2+Fl_2^2+Fl_3^2+\dots) / (Fl_1^2+Fl_2^2+Fl_3^2+\dots) + (\text{err}_1+\text{err}_2+\text{err}_3+\dots)]$$

Table 5.9 depicts the composite reliability and average variance extracted that were calculated for each of the five constructs. All of the five constructs calculated a recommended CR level of 0.70 and above and a recommended AVE level of 0.50 and above. This is an indication that all five latent factors are reliable and display convergent validity.

Table 5.9: Measurement model: construct reliability, average variance extracted and correlation matrix

| | CR | AVE | 1 | 2 | 3 | 4 | 5 |
|--------------------------|-----------|------------|----------|----------|----------|----------|----------|
| Brand reliability | 0.83 | 0.50 | 1 | | | | |
| Brand intentions | 0.75 | 0.50 | 0.89 | 1 | | | |
| Brand loyalty | 0.80 | 0.50 | 0.92 | 0.87 | 1 | | |
| Brand equity | 0.75 | 0.50 | 0.89 | 0.84 | 0.92 | 1 | |
| Social image | 0.83 | 0.50 | 0.92 | 0.82 | 0.92 | 0.86 | 1 |

Out of the 22 indicators, two indicators had a factor loading less than the cut-level of 0.50, which were eliminated as stated earlier in the chapter. The remaining 20 indicators all had a factor of higher than 0.5, of which ten had a factor loading of above 0.70. This suggests convergent validity for all of the 20 indicators.

As a result, the measuring scales of this research study validate both reliability and convergent validity. Furthermore, the fit indices indicate acceptable goodness of fit to the model.

Consequently, sufficient evidence exists in order for the Ho1 to be concluded, and the Ha1 to be rejected. This infers that the perception towards brand equity is indeed a five-factor structure. Section 5.10.3 will present the hypothesised structural model.

5.10.3 Structural model

Structural Model A, is the hypothesised structural model that hypothesises that social image (F5) directly influences brand reliability (F1) as well as brand intentions (F2), which in turns influences brand loyalty (F3). Furthermore, it was hypothesised that brand loyalty (F3) directly influence brand equity (F4).

As seen in the regression path estimates in Figure 5.11, structural equation modelling uses path coefficient illustrated by single headed arrows to illustrate relationships between variables. For the sake of improving visual ability, the covariance lines between the independent variables, the indicator variables of the latent variables and the residual of the independent variable are absent in Figure 5.11. A more detailed model can be found in Appendix D.

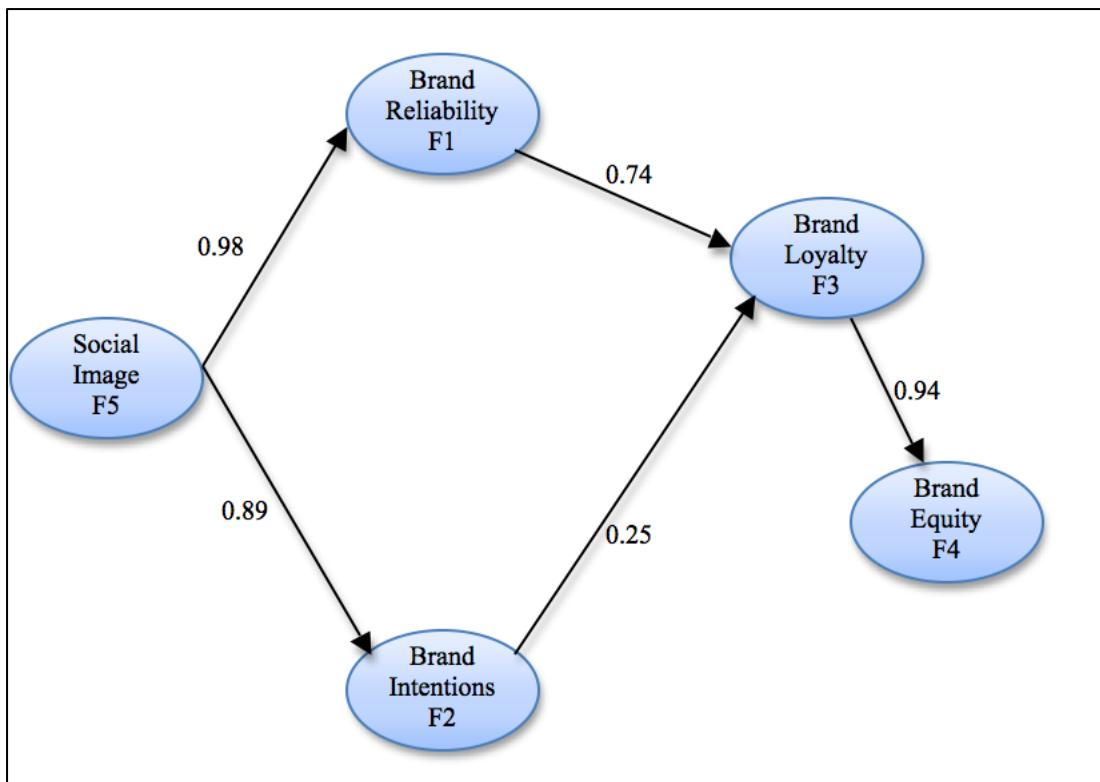


Figure 5.11: Structural Model

In terms of model fit, evaluating the fit indices, Structural Model A fits the data. The fit indices for the structural model are illustrated in the following table and are sufficient for model fit.

Table 5.10: Fit indices of Structural Model A

| Measures | Recommended value | Model A indices |
|----------|-----------------------|-----------------|
| χ^2 | Low χ^2 value | 468.38 |
| CFI | \geq | 0.93 |
| TLI | \geq | 0.92 |
| SRMR | \leq | 0.0426 |
| RMSEA | \leq | 0.06 |
| AIC | Small positive values | 558.38 |
| CAIC | Small positive values | 789.29 |

As indicated by Structural Model A in Figure 5.11, social image (F5) ($\beta=0.98$, $p=0.000<0.05$) has a significant positive influence on brand reliability (F1) as well as on brand intentions (F2) ($\beta=0.89$, $p=0.000<0.05$). As such, Ha2 and Ha3 are concluded, and Ho2 and Ho3 are rejected, due to enough evidence. The squared

multiple correlation (SMC) coefficient for brand reliability is 0.96. This is an indication that social image explains 96 percent of the variance in the perception of social image towards brand reliability amongst black Generation Y students. In addition, the SMC for brand intentions is 0.79, which indicates that social image explains 79 percent of the variance in the perceptions of social image towards brand intentions amongst black Generation Y students.

Furthermore, brand reliability (F1) ($\beta=0.74$, $p=0.000<0.05$) has a significant positive influence on brand loyalty (F3). Likewise, brand intentions (F2) ($\beta=0.25$, $p=0.016<0.05$) have a significant positive influence on brand loyalty (F3). For that reason, Ho4 and Ho5 can be rejected, and Ha4 and Ha5 concluded. The SMC coefficient for brand loyalty is 0.92, which indicates that these predictors (brand reliability and brand intentions) together explain 92 percent of the variance in black Generation Y students' perception of brand loyalty in creating brand equity. In addition, it is indicated that brand loyalty (F3) ($\beta=0.94$, $p=0.000<0.05$) has a significant positive influence on brand equity (F4). The SMC coefficient for the role of brand loyalty in creating brand equity is 0.88. In conclusion, Ha6 can be concluded, and Ho6 rejected.

The following section examines the last hypothesis using independent T-tests.

5.11 INDEPENDENT T-TEST

An independent T-test is executed to determine whether any differences exist. The following independent T-tests were executed to achieve the last empirical objectives of this study.

The following section discusses the independent T-tests amongst BlackBerry and Samsung, BlackBerry and Nokia and Samsung and Nokia users. A T-test was conducted between these brands, because of the higher number of participants owning them. The excluded brands were not tested as they had too few participants.

5.11.1 Independent T-tests and Brand 1 (BlackBerry), Brand 3 (Samsung) and Brand 4 (Nokia)

Independent sample T-tests were conducted to determine whether any differences exist between participants that had chosen Brand 1 (BlackBerry) mobile phone and

Brand 3 (Samsung), Brand 1 (BlackBerry) mobile phone and Brand 4 (Nokia) mobile phone, as well as Brand 3 (Samsung) mobile phone and Brand 4 (Nokia) mobile phone concerning brand reliability, brand intentions, brand loyalty, brand equity and social image. The T-tests were conducted to achieve the last empirical objective of the study, stipulated in Chapter 1. The hypothesis was formulated as follows:

Ho7: There is no difference between participants' perceptions with BlackBerry, Nokia and Samsung towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

Ha7: There is a difference between participants' perceptions with BlackBerry, Nokia and Samsung towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

The following table reports on the results pertaining to BlackBerry (Brand 1) and Samsung (Brand 3).

Table 5.11: Independent T-test

| | Mean | | Standard Deviation | | t - statistic | P - value | Cohen's D |
|--------------------------|------------------|-----------------|--------------------|---------|---------------|-----------|-----------|
| | Brand 1 N=197 | Brand 3 N=61 | Brand 1 | Brand 3 | | | |
| Brand reliability | 4.11 | 4.57 | 1.06 | 1.20 | -2.89 | 0.004* | 0.383** |
| Brand intentions | 3.92 | 4.05 | 1.00 | 1.12 | -0.88 | 0.382 | ***** |
| Brand loyalty | 3.83 | 3.97 | 1.20 | 1.43 | -0.74 | 0.460 | ***** |
| Brand equity | 3.91 | 4.16 | 1.08 | 1.39 | -1.47 | 0.142 | ***** |
| Social image | 4.54 | 4.39 | 0.93 | 1.26 | 1.00 | 0.320 | ***** |

* Statistically significant at $p < 0.05$
 ** Small effect, practically non-significant
 *** Medium effect and moving toward practical significance
 **** Large effect, practically significant
 ***** Cohen's D-statistic not calculated as the difference was not statistically significant

In all of the constructs, except social image, participants owning Brand 3 mobile phone scored higher means than those with a Brand 1 mobile phone. This indicates

participants' with Brand 3 had a more favourable attitude towards their mobile phone than those with Brand 1, except pertaining to social image.

Brand reliability was the only construct that had a statistically significant difference ($p=0.004<0.005$) between Brand 1 and Brand3, for this construct the null hypothesis H_07 is rejected, and the alternative hypothesis H_a7 is concluded. Hence, a difference exists between participants' perceptions with Brand 1 and Brand 3 towards brand reliability. For brand intentions, brand loyalty, brand equity and social image the null hypothesis is concluded.

The Cohen's D-statistic was computed for the brand reliability construct, which was statistically significant. Cohen's D-statistic for the statistically significant construct brand reliability was 0.383, indicating a small effect, which is practically non-significant.

The following T-test was done for the same reason although it was tested between BlackBerry (Brand 1) and Nokia (Brand 4). Table 5.12 illustrates the results.

Table 5.12: Independent T-test

| | Mean | | Standard Deviation | | | | |
|--------------------------|------------------|------------------|--------------------|---------|---------------|-----------|-----------|
| | Brand 1 N=197 | Brand 4 N=183 | Brand 1 | Brand 4 | t - statistic | P - value | Cohen's D |
| Brand reliability | 4.11 | 4.88 | 1.06 | 0.93 | -7.47 | 0.000* | 0.726*** |
| Brand intentions | 3.92 | 4.37 | 1.00 | 0.90 | -4.67 | 0.000* | 0.45** |
| Brand loyalty | 3.83 | 4.24 | 1.20 | 1.09 | -3.43 | 0.001* | 0.342** |
| Brand equity | 3.91 | 4.53 | 1.08 | 0.97 | -5.89 | 0.000* | 0.574*** |
| Social image | 4.54 | 4.56 | 0.93 | 0.91 | -0.27 | 0.786 | ***** |

* Statistically significant at $p < 0.05$
 ** Small effect, practically non-significant
 *** Medium effect and moving toward practical significance
 **** Large effect, practically significant
 ***** Cohen's D-statistic not calculated as the difference was not statistically significant

Between Brand 1 and Brand 4, all of the participants with a Brand 4 mobile phone scored higher means than that of Brand 1, again indicating a more positive perception

towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

Constructs brand reliability ($p=0.000<0.005$), brand intentions ($p=0.000<0.005$), brand loyalty ($p=0.001<0.005$) and brand equity ($p=0.000<0.005$) had a statistical significant difference between Brand 1 and Brand 4. For that reason, the null hypothesis H_07 is rejected, and the alternative hypothesis H_a7 is concluded. For the social image construct, the null hypothesis H_07 is concluded.

For the statistically significant constructs, the Cohen's D-statistic was calculated. Brand reliability ($D=0.726$) and brand equity ($D=0.574$), indicate a medium effect and move forward toward practical significance and brand intentions ($D=0.45$) and brand loyalty ($D=0.342$) that indicate a small, practically non-significant effect. The Cohen's D-statistic was not calculated for social image, as it was not statistically significant.

The last independent t-test conducted measured the difference between Samsung (Brand 3) and Nokia (Brand 4). Table 5.13 illustrates the results.

Table 5.13: Independent T-test

| | Mean | | Standard Deviation | | | | |
|--------------------------|-----------------|------------------|--------------------|---------|---------------|-----------|-----------|
| | Brand 3 N=61 | Brand 4 N=183 | Brand 3 | Brand 4 | t - statistic | P - value | Cohen's D |
| Brand reliability | 4.57 | 4.88 | 1.20 | 0.94 | -2.06 | 0.041* | 0.258** |
| Brand intentions | 4.05 | 4.37 | 1.12 | 0.90 | -2.29 | 0.023* | 0.286** |
| Brand loyalty | 3.97 | 4.24 | 1.43 | 1.09 | -1.53 | 0.127 | ***** |
| Brand equity | 4.16 | 4.53 | 1.39 | 0.97 | -2.31 | 0.022* | 0.266** |
| Social image | 4.39 | 4.56 | 1.26 | 0.91 | -1.16 | 0.246 | ***** |

* Statistically significant at $p < 0.05$
 ** Small effect, practically non-significant
 *** Medium effect and moving toward practical significance
 **** Large effect, practically significant
 ***** Cohen's D-statistic not calculated as the difference was not statistically significant

All participants owning a Brand 4 mobile phone had a higher mean than those that own a Brand 3 phone. This indicates a more favourable perception towards brand reliability, brand intentions, brand loyalty, brand equity and social image.

Construct brand reliability, brand intentions and brand equity had statistically significant differences between Brand 3 and Brand 4. For those constructs, the alternative hypothesis Ha7 is concluded, and the null hypothesis Ho7 is rejected. For construct brand loyalty and social image the null hypothesis Ho7 is concluded and the alternative hypothesis Ha7 is rejected.

Cohen's D-statistic was calculated for the three constructs that had statistically significant differences. Brand reliability ($D=0.258$), brand intentions ($D=0.286$) and brand equity ($D=0.266$), all represent a small effect, which is practically non-significant.

5.12 CONCLUSION

The aim of this chapter was to present and report the empirical findings of the research study. Included in this chapter was a discussion regarding the pilot study, including reliability and validity concerning the pilot study, which indicated the scale used was not only reliable but also valid.

The pilot study results were followed by the coding and tabulation, which forms part of the initial data analysis. Demographical information pertaining to the study was discussed. This included information regarding demographical information as well as information pertaining to mobile phone brand that the participants utilised.

Descriptive statistics were then discussed which included mean, standard deviation and frequency distribution. These calculations were made for constructs pertaining to the role of brand trust in creating brand equity and the perceptions towards this amongst black Generation Y students. Furthermore, the data was tested for reliability and validity. In order to test the significance between the relationships of the constructs, correlation analysis was conducted. For that reason, hypotheses were formulated, and tested with structural equation modelling and path analysis.

Structural equation modelling included a measurement model and a structural model. A proposed structural model indicated that social image has a positive significant relationship on brand reliability and intentions (brand trust). Furthermore, both brand reliability and brand intentions (brand trust) had a positive relationship on brand loyalty. In conclusion it was determined that brand loyalty had a positive relationship with brand equity. For that reason, the hypothesised model can be utilised as an explanatory model of the factors creating brand equity in the mobile phone industry.

Therefore, it can be concluded that social image and brand trust are important for brand loyalty black Generation Y students' have towards their mobile phone brands. For this reason, both constructs are important to developing brand equity. The following chapter will elaborate more on the empirical findings. Furthermore, the conclusions and final recommendation will be discussed in Chapter 6.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

As highlighted in Chapter 1, the directional change that has occurred in marketing theory and practice, due to the introduction of relational principles, has made the concept of brand trust important, as it is a vital prerequisite for successful relationship marketing. Furthermore, the literature suggests brand trust to be an important factor in brand equity. For this reason, an understanding of the role of brand trust in creating brand equity is important. The size and influence of black Generation Y members in South Africa makes it important to propose and empirically test a model of the perception towards brand trust in creating brand equity amongst these members in the mobile phone industry. In the previous chapter, the proposed model was tested and the results were presented. This chapter commences with an overview of the study, followed by the main findings of the study. Thereafter, the contribution of the study is discussed, followed by the recommendations. The chapter concludes with the limitations, future research opportunities, and the concluding remarks of the study.

6.2 OVERVIEW OF THE STUDY

The main objective of this research study was to determine and model the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students. In order to achieve the main objective, a literature review concerning marketing as an organisational philosophy, marketing as an organisational function, and relationship marketing, together with the mobile phone industry, Generation Y cohort, brand equity, brand loyalty, brand trust, and social image was conducted. It is necessary to include the knowledge obtained from the previous five chapters in order to postulate the relevant recommendations based on this research study.

Included in Chapter 1 was the background to the research study, together with the identification of the research problem at hand. The problem statement emphasised the importance of relational principles in marketing. Establishing a relationship with the

consumer is believed to be a fundamental objective in marketing, and trust is the cornerstone of this relationship. Therefore, due to its significance for marketers, together with the lack of literature on the topic, it is important to conduct research on the role of brand trust in creating brand equity. Moreover, emphasis was placed on the mobile phone industry due to the importance of not only these devices, but also technology in general, to the Generation Y cohort. In recent years, mobile phone organisations and smartphone brands have found themselves in a highly competitive industry as these organisations attempt to acquire the attention of consumers. As a consequence, the competitive advantage gained from successful branding and brand equity is more relevant to this industry than ever. Within Sections 1.3, the primary objectives together with the theoretical and empirical objectives are stipulated, concluding with the description of the research design and methodology utilised for the empirical part of this study, as well as the ethical consideration and chapter classifications.

Steered by the first and second theoretical objectives, Chapter 2 included a literature review. The first theoretical objective addresses marketing as an organisational philosophy (Section 2.2). Included in this section is a discussion into the marketing concept and marketing orientation, consisting of the consumer orientation, integrated marketing, profits through consumer satisfaction and social marketing. Section 2.3 reviews marketing as an organisational function, which includes the marketing process. The marketing process comprises the marketing strategy (segmentation, targeting and positioning) followed by the marketing programme and marketing mix. Relationship marketing is discussed in Section 2.4, addressing the second theoretical objective.

Within Chapter 3 the remaining eight theoretical objectives are addressed. Section 3.2 outlines the mobile phone industry, including a timeline of the evolution of the mobile phone. The Generation Y cohort is discussed in Section 3.3. Included in this discussion are their characteristics, and the importance of technology to these members. In order to comprehend branding as a marketing strategy, branding is discussed in Section 3.4. The definition of branding (Section 3.4.1), the elements of a brand (Section 3.4.2) and the effectiveness of branding (Section 3.4.3) are included in this section. The antecedents influencing brand equity are discussed in Section 3.5.

For organisations operating in the highly competitive and dynamic industries as the mobile phone industry, brand equity is deemed as an important strategic imperative (Section 3.5.1). Furthermore, because brand equity can be viewed as a consumer-based perspective, that is the consumers' perceptions of the value of a brand, creating brand loyal consumers is vital for the creation of brand equity (Section 3.5.2). Moreover, trust is not only important to develop and maintain relationships between the brand and the consumer, but also because it facilitates brand loyalty (Section 3.5.3). In addition, because social image influences brand loyalty through the significant direct effect evident on brand trust, and because a brand alleviates perceived risk, together with the desire of acquiring social status, the significance of social image on brand trust is important (Section 3.5.4). Consequently, social image, brand trust and brand loyalty are believed to be the factors influencing brand equity in the mobile phone industry amongst black Generation Y students. After the literature review, the proposed hypotheses is formulated in Section 3.6, followed by the proposed model of the role of brand trust in creating brand equity in Section 3.7.

Chapter 4 reports on the research methodology utilised in this research study and a descriptive research design (Section 4.2) was presented. The target population for this study is defined as black Generation Y full- and part-time students, aged between 18 and 24 years, enrolled at a South African registered public HEI in 2013 (Section 4.3.1). The sampling frame for this research study consisted of the 23 public registered HEIs in South Africa in 2013 (Section 4.3.2). The 23 HEIs were reduced to three HEIs located in the Gauteng province, using the judgement sampling method. Included in these three HEIs, were a traditional university, a university of technology and a comprehensive university. Section 4.3.3 and Section 4.3.4 indicated a non-probability, convenience sample of 600 black Generation Y students was taken. Within Section 4.4 the data collection method was discussed, which included the discussion on the self-administered questionnaire utilised. The self-administered questionnaire utilised to gather the required data included existing scales (Section 4.4.2). The questionnaire pilot testing was discussed within Section 4.5, followed by Section 4.6, which discussed the questionnaire administration. Section 4.8 reviewed the several techniques utilised to interpret and report on the collected data for the statistical analysis within Chapter 5. Included in this section was a discussion on

correlation analysis (Section 4.8.7), structural equation modelling (Section 4.8.8) and the t-test (Section 4.8.9).

In accordance with the empirical objectives formulated at the beginning of the study in Section 1.3.3, Chapter 5 reported on the main findings of the empirical portion of the study.

6.3 MAIN FINDING OF THE STUDY

The following section will discuss the main findings of this research study, in agreement with the empirical objectives framed in Chapter 1.

- Determine which mobile phone brand black Generation Y students' own
- Determine why black Generation Y students' chose their specific mobile phone brand
- Determine the influence of social image in creating brand trust amongst black Generation Y students
- Determine the influence of brand trust in creating brand loyalty amongst black Generation Y students
- Determine the influence of brand loyalty in creating brand equity amongst black Generation Y students
- Empirically test a model of the relationship between brand equity, brand loyalty, brand trust and social image amongst black Generation Y students
- Determine whether the brand of mobile phone owned influences black Generation Y students' perception of brand equity, brand loyalty, brand trust and social image

In accordance with the first empirical objective, Section 5.5, Figure 5.6 depicts which mobile phone brand black Generation Y students own. The majority of participants owned a BlackBerry brand of mobile phone. Furthermore, 40 percent of participants owned a Nokia brand of mobile phone, followed by 13 percent owning a Samsung mobile phone brand. Apple and other brands both accounted for 2 percent each of the

mobile phone brands owned by black Generation Y students. Section 3.2 discussed the mobile phone industry together with the market leaders of mobile phone brands.

Regarding the second empirical objective, why black Generation Y students' chose their specific mobile phone brand, Section 5.5, Figure 5.7 reported on these findings. The most popular reason for black Generation Y students' reason for choosing their specific mobile phone brand was the features that the phone possesses. Affordability accounted for 23 percent of why the participants' chose their specific mobile phone brand. Participants who received their mobile phone as a gift accounted for 17 percent, followed by 12 percent indicating the style of the mobile phone made them choose the specific brand. The popularity of the mobile phone, special contract deals, and other reasons explained the remaining motivations for the choice of phone.

Correlation analysis (Section 5.8, Table 5.7) was performed in order to provide direction on the structural equation modelling. Within the structural equation modelling, a measurement and structural model were developed in order to find the causal relationships amongst the constructs. Amongst all pairs of constructs, a significant correlation was present. As a result, social image, brand trust (brand reliability and brand intentions), brand loyalty and brand equity were included in the measurement model.

The sixth empirical objective of this research study was to test a model of the relationship between social image, brand trust, brand loyalty and brand equity amongst black Generation Y students empirically. Structural equation modelling was executed in order to test this model. A measurement model was assessed followed by a structural model being employed to evaluate causal relationships between constructs.

The measurement model consisted of five latent variables, namely brand reliability, brand intentions, brand loyalty, brand equity and social image (Section 5.10.1). Two factor loadings, loaded at below satisfactory levels, and were removed from the measurement model. Figure 5.10 depicts the second hypothesised measurement model. After computing fit indices, it was observed that the measurement model revealed satisfactory levels of fit.

Next, a structural model was tested based on the measurement model. Evident from Section 5.10.3 the structural model hypothesised that social image (F5) directly influences brand trust (brand reliability (F1) and brand intentions (F2)). Brand reliability and brand intentions directly influence brand loyalty (F3), which in turn directly influences brand equity (F4). Structural model A (Figure 5.11) supports these paths.

As a consequence, the findings of this research study infer the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students may be explained in accordance with the model presented in Figure 6.1.

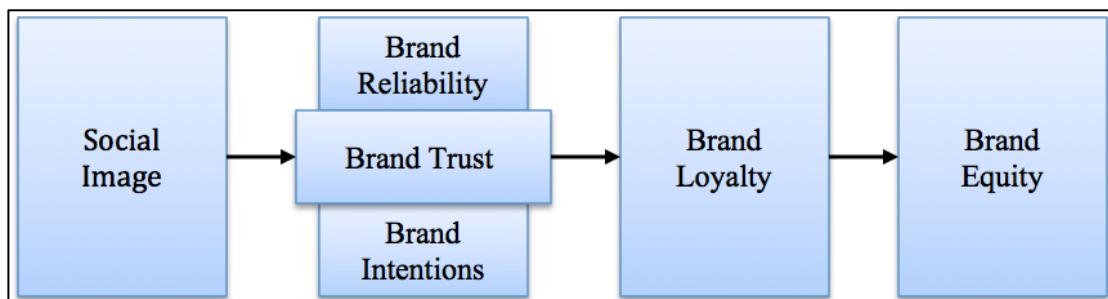


Figure 6.1: Role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students.

In addition, in order to determine whether the brand of mobile phone owned influenced black Generation Y students' perception of social image, brand trust, brand loyalty and brand equity, independent t-tests were conducted. Independent t-tests were conducted on BlackBerry, Samsung and Nokia as the majority of participants owned these brands. Section 5.11 reported on the independent t-tests for BlackBerry, Samsung and Nokia. Table 5.11 illustrates the results for the independent t-test between BlackBerry and Samsung. Participants owning a Samsung mobile phone brand scored higher means for brand trust, brand loyalty and brand equity. This indicates participants with a Samsung mobile phone had a more favourable attitude towards brand trust, brand loyalty and brand equity concerning their mobile phone brand. However, evident in Table 5.11, only one of the brand trust constructs – brand reliability – had a statistically significant difference, and for this reason it can be concluded that a difference between participants' perceptions towards brand reliability exist. The remaining brand trust construct – brand intentions – together with social image, brand loyalty and brand equity indicated no difference between the participants' perceptions of BlackBerry and Samsung.

Table 5.12 illustrates the results for the independent t-test between BlackBerry and Nokia. Apparent from the mean scores, participants owning a Nokia mobile phone had a more positive perception towards social image, brand trust, brand loyalty and brand equity. Even so, brand trust, brand loyalty and brand equity had a statistically significant difference between BlackBerry and Nokia. It is evident from these constructs that there is a difference between participants' perceptions. Regarding the social image construct, there is no difference between participants' perceptions.

Table 5.13 depicts the results of the independent t-test between Samsung and Nokia. In terms of the mean scores, all participants owning a Nokia brand had a more favourable perception towards brand reliability, brand intentions, brand loyalty, brand equity and social image. For the constructs brand reliability, brand intentions and brand equity, a statistically significant difference between Samsung and Nokia brands was evident. For the constructs brand loyalty and social image, no statistically significant differences were measured between Samsung and Nokia.

The following section will discuss the contribution made by this study.

6.4 CONTRIBUTION OF THE STUDY

In today's competitive markets, organisations are focusing on establishing relationships with their consumers, and concentrating on creating robust brands. Creating trust towards a brand not only establishes a relationship with consumers but also aids in the creation of a robust brand. Therefore, marketers in South Africa and internationally need to understand the role that social image and brand trust plays in creating brand equity. This research study contributed to the body of knowledge in the area of brand trust creating brand equity by empirically testing a model of the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students. The role of brand trust in creating brand equity is suggested to be a five-factor structure composed of social image, brand reliability, brand intentions, brand loyalty and brand equity. For this reason, marketers can apply this model in investigating the role of social image and brand trust in creating brand equity. Furthermore, this research study offers direction for marketers and organisations seeking to improve their brand equity, in order to ultimately increase their competitive advantage and reap the benefits accompanied by it. A lack of

published research on the role of brand trust in creating brand equity, and specifically on the significantly sized black Generation Y cohort, is apparent within the South African context. This research study did not only provide knowledge into the social image and brand trust in creating a brand equity domain, but also the Generation Y cohort, and more specifically the black Generation Y cohort.

6.5 RECOMMENDATIONS

For organisations operating in highly competitive markets, brand equity is deemed as vital for competitive advantage, a defence against rival marketing efforts, and central to the long-term success of an organisation. Therefore, it is essential for marketers to develop strategies that will create/improve the equity of their brand in order for them to remain competitive. Central to accomplishing this is to comprehend the antecedents of brand equity within specific industry sectors clearly. In terms of the mobile phone industry, the findings of this study suggest that the antecedents of social image and brand trust aid in developing brand loyalty, and consequently brand equity amongst the black Generation Y cohort in South Africa.

The following recommendations were formulated based on the results of the study.

6.5.1 Focus on social image when targeting black Generation Y students

Consumer behaviour pertains not only to gaining physiological and functional benefits, but also to achieving social prestige and self-esteem (Section 3.5.4). For this reason, social image is vital because it is a noticeable factor in determining which brand to purchase, and relates to how the brand meets the psychological and/or social needs of the consumer (Section 3.5.4). Moreover, the social image factor is vital to the Generation Y cohort, because of their materialistic side as they purchase brands to acquire a certain social status (Section 3.3).

In this study, the findings indicate that the perceptions towards social image amongst black Generation Y students' are vital. For this reason, it is recommended that brands pay attention to developing and promoting an image of status. Section 3.3 indicates global media, increasing the number of advertising platforms, and reality television shows to have exposed Generation Y cohort members to brands and the social esteem

presented by these brands. The brand needs to embody the right image throughout all communication of the brand amongst these individuals, which will result in them purchasing the specific brand over that of rivals. Furthermore, utilising a spokesperson such as a local African celebrity in advertising and promotional campaigns aimed at status-conscious consumers, would portray an image of wealth, status, luxury, exclusivity and success.

In addition, the popularity of product and line extensions by major role players grants these brands with social image opportunities (Section 3.2). It is suggested that brands focus on product and line extensions like the popular smartwatch, and accessories for smartphones and tablets, and ensure the brand is identifiable to others amongst the Generation Y individuals through logos like the Apple logo.

Focusing on the above recommendations will concur with the findings that the social image factor will ultimately lead to greater brand trust and brand loyalty, which in turn will lead to the greater brand equity.

6.5.2 Target the Generation Y cohort through new media platforms

The past two decades have seen several new advertising platforms come into existence. The platforms are digital in nature and include the World Wide Web, mobile telephony and online social networks. Members of the Generation Y cohort are known to be technologically astute and heavy users of digital technology. Section 3.3 outlines the importance of these factors to the consumer behaviour patterns of the Generation Y cohort members.

Given the importance of social media like Facebook, the fondness of brand Facebook pages (Section 3.3), and the popularity of social networking trends to the Generation Y cohort, it is recommended that targeting these individuals through social media platforms like Facebook-based brand communities may be viable for marketers. Not only would commencing such online activities enable brands to reach the Generation Y cohort, but also establish a relationship between the Generation Y member and the brand. This would enable a brand to overcome the difficulty of transforming these

individuals into loyal consumers, as non-traditional marketing efforts are utilised as outlined by Section 3.3.

Moreover, it is recommended utilising social media networks such as Google + to grab the attention of the Generation Y individual. Hence, with the popularity of recent image and video-based networks, it is suggested image-centric social networks such as Pinterest, Slideshare and Tumbler be utilised. Social network platforms such as Instagram and Twitter now permit the user to upload a micro-video, this grants brands and marketers the opportunity to grab the attention of the Generation Y cohort through video advertising. For these reasons, it is recommended that brands and marketers utilise these social media networks, together with new innovative techniques to target the Generation Y cohort.

6.5.3 Focus attention on improving brand trust within the mobile phone industry

Brand trust not only guarantees sustainable competitive advantage and greater business performance, but also mitigates perceived risk and increases the commitment towards a brand amongst the consumer (Section 3.5.3). Consequently, brand trust facilitates brand loyalty (Section 3.5.3). This concurs with the results of this research study. For this reason, it is recommended that marketers focus their attention on improving trust within mobile phone brands.

Delgado-Ballester, Munuera-Alemán and Yagie-Guillen (2003:37) (Section 3.5.3) posit brand trust as a two-dimensional construct, encompassing reliability and intentions. The results of this research study indicate that black Generation Y students' perception towards the brand intentions construct were lower than that of the brand reliability. Consequently, it is recommended that marketers improve the belief amongst consumers that the brand will act in such a way that the interests and welfare of the consumer will be an important priority for the brand should an unexpected problem with the product arise. As a result, a pleasurable experience with the brand will be fostered, which will ultimately lead to future purchases. The reason for the lower agreement towards the brand intentions construct might be that within the South African market, the majority of mobile phone purchases are through a service provider, and the manufacturer of the mobile phone deals through a service

provider. For this reason, service providers need to send a mobile phone with a problem to the manufacturer immediately, in order to ensure consumer satisfaction with the manufacturer of the mobile phone brand.

The results of the study also indicate that brand trust does not have a full mediating role towards brand equity, but give an improved explanation of brand equity. This suggests that because brand equity is better explained when brand trust is brought into the equation, the inference is that brand equity is a relational market-based asset. For this reason, brand trust and brand loyalty can be combined for brand equity to be developed/improved, which will lead to the advantages as discussed in Chapter 3.

In conclusion, improving the brand trust amongst black Generation Y students' in the mobile phone industry will lead to greater brand loyalty, which in turn will improve the brand loyalty, as the findings of the model indicate.

6.5.4 Measure and monitor brand equity on a regular basis in the mobile phone industry

Brand equity, as a consumer-based perspective, is defined as the consumers' perceptions of the value of the brand (Section 3.5.1) and for this reason is an unstable asset. Furthermore, as Section 3.5.2 outlines, due to competitive markets, volatility of products declining, and the increase in demand from consumers, the importance of protecting brand equity is evident.

As the results of the model indicate, social image and brand trust are important determinants of brand loyalty, which in turn are important for the development of brand equity. For this reason, it is recommended that the model be used to measure and manage brand equity on a regular basis, particularly in the mobile phone industry, as brand trust mitigates perceived risk in this product market. Moreover, measuring brand equity on a regular basis enables the organisation to evaluate their market programs, which in turn will help with the identification of product performance and advertising problems.

In addition, Lassar *et al.* (1995:12-13) propose that consumer-based brand equity consists of five constructs. It is recommended that marketers of brand equity manage all of the five constructs. Furthermore, it is suggested that marketers utilise promotion

in developing brand equity. In particular, it is suggested that promotion be used to develop/increase these five constructs, which will ultimately lead to the development of brand equity.

6.5.5 Utilise the model in other industries

In the highly competitive and dynamic environment industries are operating in today, brand equity is vital for the success of these organisations (Section 3.5.1). Trust is essential for ensuring competitive advantage and greater business performance, and facilitates brand loyalty (Section 3.5.3). In addition, because brand trust alleviates perceived risk (Section 3.5.4), the social image of a brand is a probable influence on brand trust.

This study established that social image and brand trust are important determinants of brand loyalty, and for this reason are vital to developing brand equity in the mobile phone industry. Furthermore, because consumers utilise a brand as a method of self-expression, and the brand trust concept has the same meaning in different product types, it is suggested that in industries where social image and trust are important, marketers could utilise this model for the development of brand equity.

6.5.6 Continue to observe Generation Y students' perceptions of social image and brand trust of their mobile phone brand

This research study only offers a glimpse in time, and due to the ever-changing mobile phone offerings in the mobile phone market, Generation Y students' perceptions towards social image and brand trust may vary over time. For this reason, it is recommended that marketers continue to observe the perceptions of these individuals' social image and brand trust regularly.

6.6 LIMITATIONS AND FUTURE RESEARCH OPPORTUNITIES

This research study measured the role of brand trust in creating brand equity in the mobile phone industry amongst black Generation Y students. Numerous future research opportunities arise due to certain limitations in this study.

The first limitation of this research study was that the accumulation of data was from a non-probability convenience sample (Section 4.3.3 and Section 4.3.4). For this reason, researchers analysing the results should interpret the results with care.

Moreover, utilising a single cross-sectional research design (Section 4.2) poses the second limitation. As a result, the findings of this research study exclude the extent of a longitudinal research design. Future longitudinal research studies would be able to offer knowledge that would be worthy in providing insights into the changes concerning the role of social image and brand trust in creating brand equity.

Black Generation Y students' registered at three HEIs located in one province in South Africa was the sample used in this research study (Section 4.3.1 and Section 4.3.2). Thus, future research can be conducted across all nine provinces in South Africa, at other HEI campuses, ultimately offering more insight and broad research results into the understanding of the black Generation Y students' perception towards social image and brand trust in creating brand equity.

The focus on students registered at a HEI is due to the belief that these individuals, who graduate from a HEI, have the advantage of earning a higher than average income, as well as attaining higher social status. Accordingly, future research can focus on non-student individuals, which form part of the South African black Generation Y cohort. This will explore the notion of whether a research gap in the market occurs amongst these consumers.

Future research can be conducted on younger black Generation Y members' as well as other generational cohorts. This research study focused on black Generation Y individuals' between the age of 18 and 24, and for this reason different generational cohort members are of importance to determine whether a different perception amongst these individuals is present. Moreover, other ethnic groups can be considered for future research.

This research study focused on the consumer of branded products as the target population. Future research can shift focus to other members of the value chain. These might include investors, suppliers and employees of the organisation in order to gather data on the perception of social image and brand trust in creating brand equity.

The product category of this research study was the mobile phone industry. Possible future research can be conducted on different product categories like industrial products as industrial product organisations utilise branding to differentiate their products from that of competitors. Furthermore, future research can be conducted on the service industry.

6.7 CONCLUSION

In conclusion, the importance of brand trust and brand equity in today's competitive industry is important, as organisations seek to surpass rivals and gain a competitive advantage. Furthermore, because brand trust alleviates social and psychological risk, and because younger generations see a brand as an extension of themselves, social image is important to the development of brand equity. This study expands on previous research pertaining to brand trust and brand equity, by determining the role of social image on brand trust, which ultimately influences brand loyalty, which in turn influences brand equity amongst black Generation Y students' in the mobile phone industry. Given the sheer size of the Generation Y student cohort, and because they represent the future, it is vital for marketers to comprehend the individuals' perception towards social image and brand trust in creating brand equity.

This study has proposed and empirically tested a model of the influence of social image and brand trust in creating brand equity amongst black Generation Y students' in the mobile phone industry. Social image and brand trust surfaced to be important determinants of brand loyalty, which ultimately is essential for the development of brand equity amongst black Generation Y students in the mobile phone industry.

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ANNEXURE A

PILOT QUESTIONNAIRE

ROLE OF BRAND TRUST IN CREATING BRAND EQUITY IN THE MOBILE PHONE INDUSTRY AMONGST GENERATION Y STUDENTS

Dear Student

My name is Christiaan Roets. I am registered as a full-time student for a PhD in Marketing Management at the North-West University (Vaal Triangle Campus) and am currently working towards my thesis under the supervision of Dr W.P Viljoen.

This study is on the role of brand trust in creating brand equity in the mobile phone industry amongst Generation Y students. The study focuses of Generation Y members (individuals born between 1986 and 2005) because approximately 40 percent of the South African population can be classified as part of the Generation Y cohort.

Please take a few minutes to assist me and complete the attached questionnaire. All responses will be kept confidential and will merely be outlined in the form of statistical data in the analysis and used for research purposes only.

Thank you for your consideration in this regard.

Christiaan Roets
21388172@nwu.ac.za
North-West University (Vaal Campus)

Section A – Demographic Section

Please use a cross (X) to mark the appropriate box.

| | | | |
|----|----------------------------|------------------------|--------------------------|
| A1 | Name of Institution | Traditional University | University of Technology |
| | | | Comprehensive University |

| | | | | | |
|----|----------------------|----------------------|----------------------|----------------------|---------------|
| A2 | Academic Year | 1 st Year | 2 nd Year | 3 rd Year | Post Graduate |
|----|----------------------|----------------------|----------------------|----------------------|---------------|

| | | | |
|----|---------------|--------|------|
| A3 | Gender | Female | Male |
|----|---------------|--------|------|

| | | | | | |
|----|---------------------|---------------|--------------|----------|-------|
| A4 | Ethnic group | Black African | Asian/Indian | Coloured | White |
|----|---------------------|---------------|--------------|----------|-------|

| | | |
|----|----------------------------------|--|
| A5 | Your age at last birthday | |
|----|----------------------------------|--|

| | | | |
|----|----------------------------------|-----|----|
| A6 | Do you have a smartphone? | Yes | No |
|----|----------------------------------|-----|----|

| | | | | | |
|----|--|------------|--------------|---------|-------|
| A7 | Current mobile phone brand owned? | Blackberry | Apple iPhone | Samsung | Nokia |
| | Other (please specify) | | | | |

| | | |
|----|--|--|
| A8 | Model of current mobile phone (e.g. Blackberry 8520)? | |
|----|--|--|

The following two questions (A9 & A10) may have more than one answer.

| | | | | | | |
|----|---|-----------------------|----------|-------------------------|------------|------|
| A9 | Why did you choose your specific cell phone brand? | Affordable | Features | Style | Popularity | Gift |
| | | Special Contract Deal | | Other (please specify): | | |
| | | | | | | |

| A10 | What features would tempt you to change to a different cell phone brand? | Price/Affordable | Features | Style | Popularity | Gift |
|-----|---|-----------------------|-------------------------|-------|------------|------|
| | | Special Contract Deal | Other (please specify): | | | |
| | | | | | | |

Section B – Perception of constructs towards specific mobile phone brand

Please use a cross (X) to indicate the extent to which you agree/disagree with the following statements, where 1 = Strongly disagree and 6 = Strongly agree. PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS ON THE **BRAND** OF CELL PHONE THAT YOU CURRENTLY OWN.

| | | Strongly Disagree | Disagree | Disagree Somewhat | Agree Somewhat | Agree | Strongly Agree |
|-----|--|-------------------|----------|-------------------|----------------|-------|----------------|
| B1 | My cell phone brand is a brand name that meets my expectations | 1 | 2 | 3 | 4 | 5 | 6 |
| B2 | I feel confidence in my cell phone brand's name | 1 | 2 | 3 | 4 | 5 | 6 |
| B3 | My cell phone brand is a brand name that never disappoints me | 1 | 2 | 3 | 4 | 5 | 6 |
| B4 | My cell phone brand name guarantees satisfaction | 1 | 2 | 3 | 4 | 5 | 6 |
| B5 | My cell phone brand would be honest and sincere in addressing my concerns | 1 | 2 | 3 | 4 | 5 | 6 |
| B6 | I could rely on my cell phone brand to solve any problem with the product | 1 | 2 | 3 | 4 | 5 | 6 |
| B7 | My cell phone brand would make any effort to satisfy me in the case of a problem | 1 | 2 | 3 | 4 | 5 | 6 |
| B8 | My cell phone brand would compensate me in some way for any problem with the cell phone | 1 | 2 | 3 | 4 | 5 | 6 |
| B9 | I consider myself to be loyal to my cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B10 | Only under extreme circumstances would I consider purchasing a cell phone brand different from my current cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |

| | | | | | | | |
|-----|--|---|---|---|---|---|---|
| B11 | If the store was out of my cell phone brand, I would go somewhere else to buy it | 1 | 2 | 3 | 4 | 5 | 6 |
| B12 | Even when another brand is on sale, I would prefer my cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B13 | It makes sense to buy my cell phone brand instead of any other brand, even if they are the same | 1 | 2 | 3 | 4 | 5 | 6 |
| B14 | Even if another brand has the same features as my cell phone brand, I would prefer to buy my brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B15 | If there is another brand as good as my cell phone brand, I would still prefer to buy my brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B16 | If another brand is not different from my cell phone brand in any way, it seems smarter to purchase my brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B17 | My cell phone brand fits my personality | 1 | 2 | 3 | 4 | 5 | 6 |
| B18 | I would be proud to own my brand of cell phone | 1 | 2 | 3 | 4 | 5 | 6 |
| B19 | My cell phone brand is well regarded by my friends | 1 | 2 | 3 | 4 | 5 | 6 |
| B20 | In its status and style, my cell phone brand matches my personality | 1 | 2 | 3 | 4 | 5 | 6 |

Thank you very much for your time.

ANNEXURE B

PILOT 2 QUESTIONNAIRE

ROLE OF BRAND TRUST IN CREATING BRAND EQUITY IN THE MOBILE PHONE INDUSTRY AMONGST GENERATION Y STUDENTS

Dear Student

My name is Christiaan Roets. I am registered as a full-time student for a PhD in Marketing Management at the North-West University (Vaal Triangle Campus) and am currently working towards my thesis under the supervision of Dr W.P Viljoen.

This study is on the role of brand trust in creating brand equity in the mobile phone industry amongst Generation Y students. The study focuses of Generation Y members (individuals born between 1986 and 2005) because approximately 40 percent of the South African population can be classified as part of the Generation Y cohort.

Please take a few minutes to assist me and complete the attached questionnaire. All responses will be kept confidential and will merely be outlined in the form of statistical data in the analysis and used for research purposes only.

Thank you for your consideration in this regard.

Christiaan Roets
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Section A – Demographic Section

Please use a cross (X) to mark the appropriate box.

| | | | |
|----|----------------------------|------------------------|--------------------------|
| A1 | Name of Institution | Traditional University | University of Technology |
| | | | Comprehensive University |

| | | | | | |
|----|----------------------|----------------------|----------------------|----------------------|---------------|
| A2 | Academic Year | 1 st Year | 2 nd Year | 3 rd Year | Post Graduate |
|----|----------------------|----------------------|----------------------|----------------------|---------------|

| | | | |
|----|---------------|--------|------|
| A3 | Gender | Female | Male |
|----|---------------|--------|------|

| | | | | | |
|----|---------------------|---------------|--------------|----------|-------|
| A4 | Ethnic group | Black African | Asian/Indian | Coloured | White |
|----|---------------------|---------------|--------------|----------|-------|

| | | |
|----|----------------------------------|--|
| A5 | Your age at last birthday | |
|----|----------------------------------|--|

| | | | |
|----|----------------------------------|-----|----|
| A6 | Do you have a smartphone? | Yes | No |
|----|----------------------------------|-----|----|

| | | | | | |
|----|--|------------|--------------|---------|-------|
| A7 | Current mobile phone brand owned? | Blackberry | Apple iPhone | Samsung | Nokia |
| | Other (please specify) | | | | |

| | | |
|----|--|--|
| A8 | Model of current mobile phone (e.g. Blackberry 8520)? | |
|----|--|--|

The following two questions (A9 & A10) may have more than one answer.

| | | | | | | |
|----|---|-----------------------|----------|-------------------------|------------|------|
| A9 | Why did you choose your specific cell phone brand? | Affordable | Features | Style | Popularity | Gift |
| | | Special Contract Deal | | Other (please specify): | | |
| | | | | | | |

| A10 | What features would tempt you to change to a different cell phone brand? | Price/Affordable | Features | Style | Popularity | Gift |
|-----|---|-----------------------|-------------------------|-------|------------|------|
| | | Special Contract Deal | Other (please specify): | | | |
| | | | | | | |

Section B – Perception of constructs towards specific mobile phone brand

Please use a cross (X) to indicate the extent to which you agree/disagree with the following statements, where 1 = Strongly disagree and 6 = Strongly agree. PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS ON THE **BRAND** OF CELL PHONE THAT YOU CURRENTLY OWN.

| | | Strongly Disagree | Disagree | Disagree Somewhat | Agree Somewhat | Agree | Strongly Agree |
|-----|--|-------------------|----------|-------------------|----------------|-------|----------------|
| B1 | My cell phone brand fits my personality | 1 | 2 | 3 | 4 | 5 | 6 |
| B2 | Even when another brand is on sale, I would prefer my cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B3 | My cell phone brand name guarantees satisfaction | 1 | 2 | 3 | 4 | 5 | 6 |
| B4 | If another brand is not different from my cell phone brand in any way, it seems smarter to purchase my brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B5 | My cell phone brand would compensate me in some way for any problem with the cell phone | 1 | 2 | 3 | 4 | 5 | 6 |
| B6 | My cell phone brand is a brand name that never disappoints me | 1 | 2 | 3 | 4 | 5 | 6 |
| B7 | If the store was out of my cell phone brand, I would go somewhere else to buy it | 1 | 2 | 3 | 4 | 5 | 6 |
| B8 | I would tell my friends about my cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B9 | My cell phone brand would be honest and sincere in addressing my concerns | 1 | 2 | 3 | 4 | 5 | 6 |
| B10 | Even if another brand has the same features as my cell phone brand, I would prefer to buy my brand | 1 | 2 | 3 | 4 | 5 | 6 |

| | | | | | | | |
|-----|--|---|---|---|---|---|---|
| B11 | My cell phone brand is a brand name that meets my expectations | 1 | 2 | 3 | 4 | 5 | 6 |
| B12 | My cell phone brand is well regarded by my friends | 1 | 2 | 3 | 4 | 5 | 6 |
| B13 | Only under extreme circumstances would I consider purchasing a cell phone brand different from my current cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B14 | It makes sense to buy my cell phone brand instead of any other brand, even if they are the same | 1 | 2 | 3 | 4 | 5 | 6 |
| B15 | In its status and style, my cell phone brand matches my personality | 1 | 2 | 3 | 4 | 5 | 6 |
| B16 | I can expect fewer problems with my cell phone brand compared to other brands | 1 | 2 | 3 | 4 | 5 | 6 |
| B17 | I could rely on my cell phone brand to solve any problem with the product | 1 | 2 | 3 | 4 | 5 | 6 |
| B18 | I consider myself to be loyal to my cell phone brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B19 | I would be proud to own my brand of cell phone | 1 | 2 | 3 | 4 | 5 | 6 |
| B20 | I feel confidence in my cell phone brand's name | 1 | 2 | 3 | 4 | 5 | 6 |
| B21 | My cell phone brand would make any effort to satisfy me in the case of a problem | 1 | 2 | 3 | 4 | 5 | 6 |
| B22 | If there is another brand as good as my cell phone brand, I would still prefer to buy my brand | 1 | 2 | 3 | 4 | 5 | 6 |

Thank you very much for your time.

ANNEXURE C

MAIN SURVEY QUESTIONNAIRE

ROLE OF BRAND TRUST IN CREATING BRAND EQUITY IN THE MOBILE PHONE INDUSTRY AMONGST GENERATION Y STUDENTS

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|----|----------------------|----------------------|----------------------|----------------------|---------------|

| | | | |
|----|---------------|--------|------|
| A3 | Gender | Female | Male |
|----|---------------|--------|------|

| | | | | | |
|----|---------------------|---------------|--------------|----------|-------|
| A4 | Ethnic group | Black African | Asian/Indian | Coloured | White |
|----|---------------------|---------------|--------------|----------|-------|

| | | |
|----|----------------------------------|--|
| A5 | Your age at last birthday | |
|----|----------------------------------|--|

| | | | |
|----|----------------------------------|-----|----|
| A6 | Do you have a smartphone? | Yes | No |
|----|----------------------------------|-----|----|

| | | | | | |
|----|--|------------|--------------|---------|-------|
| A7 | Current mobile phone brand owned? | Blackberry | Apple iPhone | Samsung | Nokia |
| | Other (please specify) | | | | |

| | | |
|----|--|--|
| A8 | Model of current mobile phone (e.g. Blackberry 8520)? | |
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| | | Special Contract Deal | | Other (please specify): | | |
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| A10 | What features would tempt you to change to a different cell phone brand? | Price/ Affordable | Features | Style | Popularity | Gift |
|-----|---|-------------------------|----------|-------|------------|------|
| | Special Contract Deal | Other (please specify): | | | | |
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Section B – Perception of constructs towards specific mobile phone brand

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| B4 | If another brand is not different from my cell phone brand in any way, it seems smarter to purchase my brand | 1 | 2 | 3 | 4 | 5 | 6 |
| B5 | My cell phone brand would compensate me in some way for any problem with the cell phone | 1 | 2 | 3 | 4 | 5 | 6 |
| B6 | My cell phone brand is a brand name that never disappoints me | 1 | 2 | 3 | 4 | 5 | 6 |
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| B9 | My cell phone brand would be honest and sincere in addressing my concerns | 1 | 2 | 3 | 4 | 5 | 6 |
| B10 | Even if another brand has the same features as my cell phone brand, I would prefer to buy my brand | 1 | 2 | 3 | 4 | 5 | 6 |

| | | | | | | | |
|-----|--|---|---|---|---|---|---|
| B11 | My cell phone brand is a brand name that meets my expectations | 1 | 2 | 3 | 4 | 5 | 6 |
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| B22 | If there is another brand as good as my cell phone brand, I would still prefer to buy my brand | 1 | 2 | 3 | 4 | 5 | 6 |

Thank you very much for your time.

ANNEXURE D

STRUCTURAL MODEL

Structural Model A

