Full Length Research Paper

Customers' Attitude towards Product Brand and Warranty/Guarantee option: An Empirical Study on Electronic Products User in Dhaka City in Bangladesh

Md. Shamim Hossain[1] and Md. Abdullah Al Mahmud[2]

[1]School of Business and Economics, Manarat International University
Plot # CEN 16, Road # 106 Gulshan, Dhaka-1212, Bangladesh. Mobile No.: +8801927652385
[2]School of Business and Economics, Manarat International University
Plot # CEN 16, Road # 106, Gulshan, Dhaka-1212, Bangladesh. Mobile No.: +88 01718150263.

This study aims to investigate the customers' attitude towards brand of the product and guarantee or warranty of the products. Results from the study indicate that for purchasing electronic products customers prefer brand rather than guarantee or warranty of the products. The results also revealed that better brand product provide better warranty that brings the study to recommend on during purchasing electronic goods, customers' should emphasize on brand of the product. The analyses provide that there are no meaningful differences between the customers who prefer brand and customers who prefer warranty/guarantee.

Key words: Customers' Attitude, Brand, Warranty/Guarantee, Electronic Products, Customers' in Bangladesh.

INTRODUCTION

The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. Instead, companies build their success on a long-term customer relationship. According to former studies, it can cost as much as 6 times more to win a new customer than it does to keep an existing one. (Rosenberg et al. 1984: 45) Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5%. (Reichheld 1993: 65). For this it is quite justifiable to judge the customers intention or customers buying behavior. The Customers' buying behavior has a great impact on the market condition. Most of the electronics products are generally long lasted product and contain high cost. As it requires high cost to purchase electronic product so customers consider the durability of the product during purchasing electronic products. The different companies follow different ways to prove their products durability.

Such as warranty/guarantee period is considered for product durability factor. Another factor which influences on customers buying decision is brand. Generally well known brand products have longer durability than that of others. In some cases though well known brand products don't provide higher warranty/guarantee period but their products have longer durability than that of others. This study is design to highlight whether customers prefer brand of the product or warranty/guarantee of the product during purchasing of the product.

Objective of the study

1.   To find out the customers' attitude towards band of the product and guarantee or warranty of the products.

Corresponding author Email: samimhosain@yahoo.com

2. To measure whether guarantee or warranty option meet the longevity of the product.
3. To measure whether the customer accept the higher cost for guarantee or warranty.
4. To measure whether better brand provide better warranty or guarantee.
5. To measure cost effectiveness of replacing new product with existing product.
6. To assess whether customers get their feedback as per warranty guarantee contact.

METHODOLOGY OF THE STUDY

This study was design to examine the customers' attitude towards brand and guarantee or warranty through collecting data and analyze this datum.

Study Population: The study was targeted to collect data from various customers from different areas of Dhaka city.

Sample Size: The study was targeted 340 customers from different areas of Dhaka city. The data were collected through random sampling.

Instruments: The data were collected through semi-structured questionnaire. The questionnaire was constructed in two parts. One was for highlighting demographic information about the customers and the other part was for highlighting various hypotheses. The hypotheses were constructed based on a series five-point Likert-scale. (5=strongly disagree and 1=strongly agree).

Literature Review

Customer purchasing decision is wholly a continuous changeable matter which cannot be framed within a certain limit or scope. Sometimes it may be go for in the favor of better services or in the favor of brand loyalty or surprisingly in the favor of warranty or guarantee option of the product or in favor of unknown factors. But previous research shows that most of the cases customers go for better service quality rather than brand loyalty or guarantee or warrantee package. Warrantee or guarantee is the way to serve the customer to use the product smoothly. And Service quality of the product is the major influencing factor to customer decision pattern. Moreover without warrantee or guarantee option, producer can still provide better service. Excellent service is a profit strategy because it results in more new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring the re performance of services (Leonard L. Berry, A. Parasuraman, and Valarie A. Zeithaml,1994). Customers not only focus on brand value but also focus on what they are getting compared to what they are giving. In other words the functionality of the product and any emotional or intangible value plus the hard, tangible benefits must be set against the total cost of ownership (Martin, 1996). Many of the research show favor to the brand equity to influence the customer behavior. Branding is creating that individual niche in the consumer's psyche and owning it. More than just marketing, branding is the entire effect that creates a memorable identity (Workshop by Greg Stine). Brand can create customers passiveness to the product (Aaker D1991). The intrinsic brand preferences should be highly persistent and should hence have a positive and high carryover. The high carryover of the intrinsic brand preferences is consistent with the notion that "brand equity" is an enduring constructs (Keller 1998). Brand equity and trust are the most important factors affecting behavior and attitude patterns of customer loyalty (G. Jandaghi, A. Amini, P.Pirani, Z.Amini, H. Kharazi, 2011).And this brand equity is actually the result of customer loyalty which is created by the customer satisfaction. There is a strong positive correlation between customer satisfaction and customer loyalty (Donio et al., 2006; Story and Hess, 2006; Cheng et al., 2008). Most of the researchers found that customer satisfaction is the predictor of customer loyalty (Faullant et al., 2008; Leverin and Liljander, 2006; Terblanche, 2006). The best chance of success under tough market conditions, a loyalty program must enhance the overall value-proposition of the product or service (Grahame R. Dowling &Mark Uncles, 1997).

Analysis of Data

Data collected from Questionnaires were analyzed by using various statistical tools. Descriptive as well as statistical analysis was done in this report. Mean, Standard Deviation, Hypothesis and frequency Distribution were used by SPSS software to justify the e-branding context in Bangladesh.

Data analysis

For analyzing data statistical package program 17.0 is used. According to the descriptive statistics, the sample consists of 340 people from whom 15.6% has monthly income below 15000 Taka, 22.1% has monthly income below 25000 Taka, 29.4% has monthly income below 40000 Taka, 18.2% has monthly income below 60000 Taka, and 14.7% has monthly income above 60000 Taka. The education levels of the respondents' shows 3.8% are primary school alumnae, 12.9% are secondary school alumnae, 19.1% are high school alumnae, 36.2% are graduate, and 27.9% are postgraduate.

The analyses show that 80.9 % of the respondents prefer brand over warranty or guarantee during purchasing electronic product and the remaining 19.1% prefer warranty or guarantee over brand.

Table 1. Monthly income level of Electronic Goods users.

Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<15000	53	15.6	15.6	15.6
	<25000	75	22.1	22.1	37.6
	<40000	100	29.4	29.4	67.1
	<60000	62	18.2	18.2	85.3
	>60000	50	14.7	14.7	100.0
	Total	340	100.0	100.0	

Source: Authors own creation from survey data.

Table 2. Educational Status level of Electronic Goods users.

Educational Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary	13	3.8	3.8	3.8
	Secondary	44	12.9	12.9	16.8
	Higher Secondary	65	19.1	19.1	35.9
	Graduate	123	36.2	36.2	72.1
	Post Graduate	95	27.9	27.9	100.0
	Total	340	100.0	100.0	

Source: Authors own creation from survey data.

Table 3. Percentage of customer preference on brand and warranty / Guarantee option.

For purchasing product which option do you prefer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Brand	275	80.9	80.9	80.9
	Warranty/Guarantee	65	19.1	19.1	100.0
	Total	340	100.0	100.0	

Source: Authors own creation from survey data.

H1	Longevity of the products having warranty / guarantee option meets the customer's expectation.
H2	Customer will accept the higher cost for the higher warranty / guarantee periods of the products
H3	Product having warranty / guarantee option has higher cost than product without warranty / guarantee option.
H4	Better brand provide the better warranty / guarantee service.
H5	It is cost effective to replace the existing product with new product after warranty / guarantee periods.
H6	Customers get the warranty / guarantee services as per contract.
H7	Service quality of the product is not related with warranty / guarantee option.

Frequency of individual item: According to the single item indicating customers' attitudes, it appears that the customers were strongly agreed on all of our hypotheses. More than 50% of the customers indicated that they were strongly agreed and agreed about our assumption. At least, 50% strongly agreed and agreed that:

Longevity of the products having warranty / guarantee option meets the customer's expectation. (71.7%).

Customer will accept the higher cost for the higher warranty / guarantee periods of the products (58.9%).

Product having warranty / guarantee option has higher cost than product without warranty / guarantee option (57.7%). Better brand provide the better warranty / guarantee service (67.9%). It is cost effective to replace the existing product with new product after warranty / guarantee periods (52.1%). Customers get the warranty /

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Table 4. Independent Samples t-test.

Independent Samples Test									
		Levene's Test for Equality of Variances		t-test for Equality of Means					
								95% Confidence Interval of the Difference	
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Customer will accept the higher cost for the higher warranty / guarantee periods of the products.	Equal variances assumed	1.953	.163	2.522	338	.012	.39608	.15703	.08721	.70496
	Equal variances not assumed			2.366	90.197	.020	.39608	.16738	.06356	.72861

Source: Authors own creation from survey data.

guarantee services as per contract (64.7%). Service quality of the product is not related with warranty / guarantee option (55%).

Study Hypothesis testing

The study is highlighted its analyses based on some hypotheses testing. All the hypotheses were tested through independent sample t test based on the customers' preferences during purchasing product; that is whether the customers prefer brand or warranty / guarantee of the product during purchasing product. The hypotheses are as follows:

According to Independent Samples Test results that were done for based on preferences; as indicated above, all values are higher than the standard value that is 0.05 except Customer will accept the higher cost for the higher warranty / guarantee periods of the products (.012) which representing meaningful differences between the customers who prefer brand and customers who prefer warranty. The other values represent no meaningful differences between the customers who prefer brand and customers who prefer warranty. So the result shows that longevity of the product based on warranty / guarantee meets the customers' expectation. Majority of the customers are not ready to bear high cost for warranty / guarantee. The customers also reveal to agree at the statement that Better brand provide the better warranty / guarantee service.

CONCLUSION

Service quality of the product leads the customer attitude towards preference on the brand of the goods and warrantee or guarantee option of the goods. And this study revealed that actually customers perception about service quality of the product is mostly related with the brand equity of the product over the warrantee or guarantee option of the product. Because customer thinks that better brand is able to provide the better services whether there is any warrantee or guarantee option is connected or not. And following this research, producer can improve their product quality as per customer respond and demand. So if the quality of the product is increased then this can automatically increase the customer loyalty to their brand which can take them in market leader position. So customer will no more loyal if the quality of the products is fall even though the brand equity is very high. But still there is a chance for the new firm which it not yet achieve the brand equity that just began the business in the industry can create customer loyalty if the services is provided according to their warranty or guarantee contract. Actually these firms provide more warrantees or guarantee option to the customers for capturing the market share within a short time which will no more available if above statement is not done.

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