

Research Article

Influence of Deal Proneness on Consumers Brand Loyalty and Switching

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Abstract: The study captured the influence of deal proneness on consumer's decision variables of being brand loyal or switching at each point in time. The major objective was to ascertain whether there is any significant relationship between the dependent and independent variables. In order to actualize the aforementioned, research questions were formulated on questionnaire and administered to 200 respondents who were selected randomly from each cluster in Calabar Campus. The model specification for the test of the two hypotheses formulated for the study was Chi-Square statistical tool, which helped to confirm the outcome of the research. Thus the major findings indicated that there is significant relationship between deal proneness and customers brand loyalty and switching. Therefore marketers and businesses are encouraged to sustain the tempo in order to retain existing and future customers.

Keywords: Deal Proneness, Consumers, Brand, Loyalty, Switching Product.

Introduction

Consumers all over world tend to consume different brands of products within their respective localities for reasons best known to them. A careful observation suggests that several factors could be responsible for this behaviour. More worrisome is the fact that most consumers, tend to glue or stick to the consumption of preferred brands of products found in their localities at the expense of other less preferred brands of products. This makes them more or less loyal to such brand. A brand loyal consumer therefore refers to a consumer who engages in the purchase and consumption of a particular brand of product over a long range of time or on a permanent basis (Kotler, 1984). According to him, several reasons are responsible for this intuitive behavior of some consumers and these he enumerated to include; the quality of the product, the price of the product, availability and usefulness of the product, incentives offered by the product, as well as the product's suitability to a particular situation etc. Consumer Deals which forms the focus of this study is among such incentives which are offered to consumers of certain products in order to secure their continued patronage of those products.

According to Gordon C. Wilson (1968) when a manufacturer offers the trade a stocking bonus, or mails out a coupon to the purchaser, or offers a premium to the purchaser of his product, he is actually cutting his price for the duration of the offer. Special deals therefore, whether offered to the consumer or to the trade, are in effect temporary price reductions aimed at getting the interest of the buyer to continue in the consumption of the same product for which the offer was made (Gordon & Mciver, 1968). According to them, one way a manufacturer can offer premium to the purchaser of his product is through "consumer

contest” which is still very prevalent in our society today. Example of such contests in Calabar contest of 2008, The Bank PHB consumers contest of 2008, the UNICAL Micro-Finance Bank consumers contest of 2008, and many others too numerous to mention.

Objectives of the Study

The main aim of the study includes;

- 1) To ascertain whether there is any significant relationship between deal proneness and customers’ brand loyalty.
- 2) To ascertain whether there is any significant relationship between deal proneness and customers’ brand switching.

Research Questions

The following research questions were formulated for the study;

- 1) Is there any significant relationship between deal proneness and customers brand loyalty?
- 2) Is there any significant relationship between deal proneness and customers brand switching?

Statement of Hypotheses

All the formulated hypotheses are stated in the Null (Ho) form.

Ho: there is no significant relationship between deal proneness and customers brand loyalty.

Ho: There is no significant relationship between deal proneness and customers brand switching.

Review of Literature

Proneness refers to an inclination or prostration to certain internal or external factors that serve as inducements or motivators (Hornby, 1974), while deal is what is given out to a number of persons, which could be monetary or non-monetary in form. With the above two, rather short, definitions in mind, and linking same with the study of consumer behaviour, it is inferred that “deal proneness “ has to do with the consumers’ desire or deep respect for what is given out to prospective customers for purchasing a particular product other than the product itself. It is the extra benefit (other than those inherent in the product itself) that a consumer seeks to get from a seller for buying a certain product or brand. These may take the form of a price reduction, discount, bonus, and premium, etc, that serve as an inducement or motivators to the consumer to persistently consume a particular product or service (Schiffman and Kanuk, 1987).

Deal Proneness’ and Consumers Purchase Behaviour

In the view of Stanton (1981), consumers’ buying behaviour is influenced by both internal and external factors. Internal influences on buying behaviour refers to those internalized values of a consumer (though they are not directly observable) that affect the consumers’ selection of products. These internal factors include; motivation, perceptions, learning, attitudes, etc, while the external factors include; premium offers, coupons, price packs, trade stamps, Discounts, promotional allowances, contests, sweepstakes, and games.

Deal–Proneness has a lot to do with consumer’s attitude which in itself is concerned with learned tendencies to respond consistently towards an object in a positive or negative way (Aaker, 1997). If the afore stated analogy is true of deal-proneness and attitude, then it will be accepted in principle that Deal–proneness has influence on consumers’ purchase behaviour. Precisely speaking, consumers’ deal proneness positively affect his buying behaviour towards those products and services whose associated sale’s deals are appreciated or valued by the

consumers' concerned (Miller and Kelli, 2009). Thus, consumers' deal proneness affects their preference for products. Often, deal proneness can be developed through instrumental conditioning and cognitive learning, which invariably occurs only after consumers' must have had positive or rewarding experience with a particular product's attributes and other benefits associated with its consumption (Maslow, 1987). The more reason deal-proneness influence buying behaviour, and brand loyalty in some cases. Though dealing however is legitimate, and in certain circumstances, an essential marketing weapon which can have galvanic effect on sale chart (Kevi, 2008).

Marketing Justification of Consumers Dealing

The occasion on which the use of consumers' deal is most evidently justified is the introduction of a new or improved product with a fairly high demand frequency. Other occasions on which dealing can be considered as a constructive part of marketing strategy are; when a product suffers from an off-season without any unalterable reason for it, when a manufacturer finds himself in a position where his own warehouse and dealers shelves encumbered by excessive stock of one or other products, as well as when it is used on occasions less for their own sake than as a means of inducing retailers to stock and display the product.

In summary, the marketing justification of consumer dealing include; to get people to try a new or improved product, to get people to try a familiar product at a different season or in a different way, to achieve some local or temporary tactical objective such as correcting a sales weakness and in a particular area or reducing excessive stocks, or squeezing out a weak competitors. Consequently a marketer must as a matter of necessity, note the following conditions when deciding on whether or not to use dealing as a marketing strategy for the disposal of products. These essential conditions also include; the manufacturer can afford a fairly substantial initial investment in the cost of the deal, which may be recovered for a year or two, the product's advantages are sufficiently apparent to encourage re-purchase after the first trial, and finally, the frequency of purchase is such that the cost of the initial free or subsidized trial is fairly soon covered by repeat purchases at the full price.

The Concept of Brand Loyalty

The term "Brand loyalty" is a term that cannot adequately be defined in a single sentence. There are many approaches to the definition and measurement of brand Loyalty just as there are many theories with vested interest in the subject matter. Perhaps, it will serve a useful purpose to have a look at what the various theorists' viewpoints are as to what the concept "brand Loyalty" connotes. A basic issues among researchers is whether to define the concept in terms of consumer behaviour or consumer attitudes. Some behavioural researchers, are of the opinion that a consumer should be considered brand loyal if he/she made three successive purchases of the same brand. Others suggested that loyalty be measured by the proportion of total product purchases a household devotes to the brand most frequently.

Such reasoning failed to received the consent of the cognitive learning theorists who argued that; such behavioural subjection slack precision as they do not distinguish between the "real brand loyal buyer and the spurious brand-loyal buyer. Consequently, to the cognitive learning theorists, brand loyalty must be measured by attitude towards a brand rather than by purchase consistency. Other theorists suggest that brand loyalty be measured by degree of involvement in which case "High involvement" will not constitute Brand Loyal. Whatever the proper approach and measurement of brand loyalty may be (i.e. whether by behaviour, attitudes or by the level of involvement) one thing common to them is that brand loyalty has a

lot to do with the purchase and use of a particular brand of product on a consistent basis. Thus a brand loyal consumer refers to that consumer who get involved in the purchase and use of a certain product/brand over a long range of time or on a permanent basis (Vanitha, Stilley and Rohini, 2009). However, the degree of brand loyalty varies from one consumer to another.

Typology of Brand Loyalty

The under mentioned was adduced by Kotler, (2001)

Hard–Care Loyal

This refers to consumers who buy one brand all the time. They are the “real” brand Loyal buyers who are intentionally faithful to a particular product brand concerned.

Spurious Brand Loyals

This has to do with those buyers who repeat a brand purchase because it is the only one available at the store or because it is being displayed more prominently than others.

Soft–Care Loyals

This is concerned with consumers who are loyal to two or three brands.

Shifting Loyals

Refers to consumers who shift from favouring one brand to another.

Switchers: Refers to consumers who show no loyalty at all to any brand. Such consumers are either “deal-prone” (i.e buy brand on sale) or variety-prone” (i.e want something different).

Empirical Studies on Brand Switching

To properly articulate the real effect of “deal –proneness” on brand –loyalty, one needs an all-embracing knowledge of the concept of brand –switching and the factors responsible for its occurrence. Consumer’s brand –switching is the act of consumers’ patronage of various brands of products and services from time to time due to certain factors such as sales promotion tools (Jennifer, 1997). Also in a study of consumer behaviour by Solomon (2011) revealed that not all consumers are brand loyal. The same study revealed that some consumers engage in brand-switching because they become dissatisfied or bored with a product or service while others become more concerned with “price” than with the “brand name”.

Moreover, in a study on the “declining brand –loyalty in United State, Marketing News (1984) it was revealed that, contrary to marketers’ beliefs, brand loyalty was not declining significantly at the time of the study in USA. It went on to state that the slight decline that was observed at the time appears to be due to an increase by marketers in sales promotion at the expense of advertising, to greater consumer awareness of price, and more targeting towards special niches.

The findings further revealed that special price deals do induce consumers to switch brands. However, it establishes that after the special offer must have ended and another deal comes along, the same consumers are just likely to switch again. Thus, while sales –promotion-deals do increase market share, they do not necessarily create brand–loyalty, whether defined as commitment or habit. It is observed that consumers’ deal-proneness has adverse effects on brand –loyalty by discouraging it and encouraging brand –switching among consumers. This

is so because consumers who are highly inclined to sale promotion deals often tend to favour the consumption of those products/brands for which deals are offered to customers as a sales strategy rather than gifts. However, it will be necessary to mention here that less deal –prone consumers are likely to be more brand-loyal consumers than high deal –prone consumers.

Research Methodology

This research study was carried out to ascertain the influence of deal proneness on consumers brand loyalty and switching. The data for the study was elicited through the use of questionnaires administered to 200 respondents in Cross River University of Technology. The distribution was done using simple random sampling of all the clusters. The model specification for testing the two hypotheses formulated was the Chi-Square (X^2) statistical tool.

Data Analysis

Table 1. Analysis of Research Questions/Hypotheses

S/N	Responses Research Questions Hypothesis 1	Yes		Don't Know		No		Total	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%
1	Has deal proneness any positive effect on consumers Brand Choice?	150	75	20	10	30	15	200	100
2	Does a consumer dealing have any effect on Brand Loyalty?	160	80	10	5	30	15	200	100
3	Has consumers dealing or the lack of its effect on consumers Brand Switching?	140	70	12	6	48	24	200	100
4	Consumers Dealing has no significant relationship with Brand-Loyalty	Agreed	%	Undecided	%	Disagreed	%	Total	%
		20	10	10	5	170	85	200	100
5	Consumers dealing has no significant relationship with Brand Switching	10	5	4	2	186	93	200	100
Source: Field Survey, 2018									

The frequency score results obtained from the analysis of the researcher questions/hypotheses indicates that;

- 1) Deal proneness has positive effect on consumers brand choice. This is verifiable from table I in which 150 respondents (75%) responded in favour of the research question I, while only 30 respondents (15%) disagreed.
- 2) Consumers dealing has effect on consumers brand loyalty. This is so because 160 (80%) of the entire respondents answered in the affirmative to research question 2, with only 30(15%) in opposition.

3) Consumers dealing also has effect on consumers brand switching. This revelation was also in question 3 in which 140 (70%) respondents answered in the affirmative while 48 (24%) respondents answered in the contrary to research question 3:

4) Also the frequency scores in respect of the two hypotheses revealed that consumers dealing has significant relationship with Brand –Loyalty and Brand Switching. This is seen in table I as the respondents responses to item 4 and 5 indicated that 170 (85%) and 186 (93%) respondents respectively were not in favour of hypotheses I and 2 because they all disagreed.

Test of Hypotheses

Hypothesis 1

H₀: There is no significant relationship between deal proneness and customers brand loyalty.

H₁: There is significant relationship between deal proneness and customer brands loyalty

The result obtained from the test of hypothesis I, the calculated value of X^2 (3.1059) is greater than the critical value of X^2 (1.635). Thus by interpretation, the result falls outside the range of feasible solution, hence the alternative hypothesis is hereby accepted. This invariably means that there is significant relationship between deal proneness and customers brand loyalty

This means that consumers dealing has significant relationship with Brand-Loyalty. This result corroborates the outcome of our earlier analysis in this work in which the frequency score test proved the same result in table 1.

Hypothesis 2

H₀: There is no significant relationship between deal proneness and customers brand switching

H₁: There is significant relationship between deal proneness and customers brand switching

The result of test 2 also indicated that the calculated value of x^2 (27.0549) is greater than the table or critical value of x^2 (1.635). Therefore the alternative hypothesis (H_1) is accepted as the outcome of the test falls outside the range of feasible solution. The interpretation of this result is that there is a significant relationship between deal proneness and customers brand – switching. Again the result corroborate earlier result obtained from the frequency score test in table 1.

Summary of Findings

A major finding of this study was that deals proneness has positive influence on consumers' brand-choice. This result is seen in the frequency score analysis in which 150 (75%) of the entire respondents of two hundred (200) supported this stand. Other findings of the study were, consumers dealing has influence on both brand-loyalty and brand –switching. These facts were revealed by the frequency score analysis shown in table I earlier in this work. As can be seen in the study, not only does consumers dealing have influence/effect on brand–loyalty and brand–switching, it also has significant relationship with both brand loyalty and brand –switching as revealed by the results of the tests of the two hypotheses tested in the study. It should also be noted that the outcome of the empirical study in this case corroborates with the theoretical conclusion earlier drawn.

Conclusion

Indeed this study has clearly demonstrated the fact that proneness to consumers deal influence brand choice, loyalty and switching. But we must not lose sight of the fact that too

much of everything is bad. As stated in the study, less deal-prone consumers are likely to be more brand- loyal consumers than high deal-prone consumers, and that too much reliance on dealing has marketing as well as political dangers because dealing is likened to antibiotic drugs which is miraculously effective when used for a specific purpose, but, likely to lose their effectiveness and possibly disadvantageous to the consumer if used indiscriminately.

Recommendations

Sequel to the various findings of this study, the researchers hereby recommend as follows;

- 1) Marketers of new products as well as those marketing improved products should not shy away from the use of consumer deal proneness as strategy to drive products fast and effectively to different market segments.
- 2) Consumers dealing should always be properly used as a marketing strategy to improve the lot of the company and not merely as a means to secure customers brand-loyalty or switching.

Conflicts of interest

There is no conflict of interest of any kind.

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Appendix 1

Table 2. Test of Hypothesis 1

Responses	Freq.	Agreed	Undecided	Disagreed	Total
Management	fo	1	1	8	10
	(fe)	(1)	(0.5)	(8.5)	(10)
Academic Staff	fo	5	2	43	50
	(fe)	(5)	(2.5)	(42.5)	(50)
Non-Academic Staff	fo	6	3	31	40
	(fe)	(4)	(2)	(34)	(40)
Students	fo	8	4	88	100
	(fe)	(10)	(5)	(85)	(100)
Total		20	10	170	200
Source: Compiled from table 1 and item 4 was used.					

Appendix 2

Table 3. Test of Hypothesis 2

Responses Respondents	Freq.	Agreed	Undecided	Disagreed	Total
Management	fo	2	2	6	10
	(fe)	(0.5)	(0.2)	(9.3)	(10)
Academic Staff	fo	1	1	48	50
	(fe)	(2.5)	(1)	(46.5)	(50)
Non-Academic Staff	fo	4	0	36	40
	(fe)	(2)	(0.8)	(37.2)	(40)
Students	fo	3	1	96	100
	(fe)	(5)	(2)	(93)	(100)
Total		10	4	186	200
Source: Compiled from table I and item 5 was used.					

fo	fe	fo – fe	(fo – fe) ²	(fo – fe) ² /fe
2	0.5	1.5	2.25	4.5
2	0.2	1.8	3.24	16.2
6	9.3	-3.3	10.89	1.1710
1	2.5	-1.5	2.25	0.9
1	1	0	0	0
48	46.5	1.5	2.25	0.0484
4	2	2	4	2
0	0.8	-0.8	0.64	0.8
36	37.2	-1.2	1.44	0.0387
3	5	-2	4	0.8
1	2	-2	1	0.5
96	93	3	9	0.0968
E_x²	-	-	-	27.0549

fo	fe	fo – fe	(fo – fe) ²	(fo – fe) ² /fe
1	1	0	0	0
1	0.5	0.5	0.25	0.5
8	8.5	-0.5	0.25	0.0294
5	5	0	0	0
2	2.5	-0.5	0.25	0.1
43	42.5	0.5	0.25	0.0059
6	4	2	4	1
3	2	1	1	0.5
31	34	-3	9	0.2647
8	10	-2	4	0.4
4	5	-1	1	0.2
88	85	3	9	0.1059
E_X²	-	-	-	3.1059

Note: (i) Tests are conducted at 5% Significance level
(ii) Degree of freedom = (C – I) (R – I) = (3 – I) (4 – I) = (2) (3) = 6

Now at 5% level of significance and 6 degree of freedom, the table or critical value of X^2 is 1.635.

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