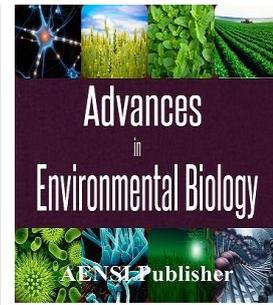




AENSI Journals

Advances in Environmental Biology

ISSN-1995-0756 EISSN-1998-1066

Journal home page: <http://www.aensiweb.com/AEB/>

The Investigate Effect of Consumer's Knowledge and Customer Loyalty (Customers of Tejarat Bank)

¹Gholam Sajadi Khah, ²Jamshid Tayeb, ³Mehrzad Abdinasab, ⁴Mohamadreza Aghajari, ⁵Mostafa Makaryianpour

¹Department of Management, College of Humanities, kerman Branch, Islamic kerman University, kerman, Iran

²Department of Management, College of Humanities, Yasouj Branch, Islamic Yasouj University, Yasouj, Iran

³Department of Management, College of Humanities, Yasouj Branch, Islamic Yasouj University, Yasouj, Iran

⁴Department of Management, College of Humanities, Yasouj Branch, Islamic Yasouj University, Yasouj, Iran

⁵Department of Management, College of Humanities, Yasouj Branch, Islamic Yasouj University, Yasouj, Iran

ARTICLE INFO

Article history:

Received 26 September 2014

Received in revised form 20 November 2014

Accepted 25 December 2014

Available online 2 January 2015

Keywords:

Consumer's Knowledge, brand knowledge, product knowledge, customer loyalty

ABSTRACT

Due to the importance of customer loyalty for business success, academicians as well as practitioners have a keen interest in identifying the determinants of customer loyalty. present research investigate relation between Consumer's Knowledge and two dimensions include brand knowledge and product knowledge with customer loyalty in customers of tejarat bank. The aim of the study were effect of Consumer's Knowledge and two dimension comprise brand knowledge and product knowledge on customer loyalty in customers of tejarat bank. The population of the study comprises customers of tejarat bank on tehran city. The instrument of data collection in this research is standard questionnaire. Number of 220 questionnaire distributed and analyzed. Samples were also selected with method of Available random. To analyze data and test hypotheses was used SPSS and AMOS software. The results indicate that consumer's knowledge and two dimension have a positive and significant impact in customer loyalty.

© 2014 AENSI Publisher All rights reserved.

To Cite This Article: Gholam Sajadi Khah, Jamshid Tayeb, Mehrzad Abdinasab, Mohamadreza Aghajari, Mostafa Makaryianpour., The Investigate Effect of Consumer's Knowledge and Customer Loyalty (Customers of Tejarat Bank). *Adv. Environ. Biol.*, 8(25), 13-18, 2014

INTRODUCTION

Globalization, diffusion of markets and growth of information technology have all improved customer knowledge and produced a state where extensive accomplishment is no longer possible through optimized product, service and price technologies.

Today's, organizations are worried that modern customers have a propensity to be less devoted to a certain company and brand [9] Examination of consumer knowledge has a rich tradition in information processing has been of great interest to scholars [1,3,22].

Results of the Sujana [22] research concerning the role of consumer knowledge have been supported in other empirical researches. Domain specific knowledge i.e., knowledge of a product category was found to have an effect on comprehension processes and the stimulation of service and product related inferences [7].

According to a researcher with loyal customers organizations can increase profits because loyal customers are willing to purchase more often, pay out money on trying fresh products, recommend products and services to others, give organizations sincere suggestions.

Thus, present research investigate relation between Consumer's Knowledge and two dimensions include brand knowledge and product knowledge with customer loyalty in customers of tejarat bank.

The concept of the consumer's knowledge:

According to Brucks [5], the knowledge is a complicated construction characterized by the structure and the content of the information stored in the memory. According to the latter the structure refers to the way the knowledge is represented and organized in the memory, whereas the content refers to the information related to an issue which is retained and stored in memory.

Corresponding Author: Gholam Sajadi Khah, Department of Management, College of Humanities, kerman Branch, Islamic kerman University, kerman, Iran

According to Korchia [12] the knowledge is all the information related to the product and to the market which are stored in the long term memory of the consumer allowing him to act on the market.

We distinguish between the objective knowledge and the subjective knowledge. The subjective or auto-evaluated knowledge represents the perceptions which a man has of what he knows. It corresponds in other words to the level of knowledge that a person thinks he has on a brand or on a product [5]. Park *et al* [17] defined that the subjective knowledge is the combination among knowledge and self-confidence.

The objective knowledge corresponds to all complete information correlated to a product or to a brand stored in the long-term memory of the individual [17]. According to Brucks, the objective knowledge facilitates the treatment and the use of new information while the subjective knowledge increases the dependence of the individual towards the previously-stored information [13]

Classification of consumer knowledge:

Although Brucks [5] and Hastie [10] presented two various typologies of consumer knowledge, generally there are classifications with which they both agree:

- knowledge of general product
- knowledge of particular brand.

There are other methods to classify consumer knowledge. Mitchell and dacin [14] divided it into subjective and objective knowledge. This way of knowledge classification usually relates to how to measure consumer knowledge, particularly the knowledge of product category, in a data collection way (Flynn *et al*, 1999). At present, it is the classification of general product knowledge and particular brand knowledge that is considered to relate more to the article questions and hypotheses.

Brand Knowledge:

brand knowledge of consumer relates to the cognitive representation of the brand [18]. brand knowledge of consumer can be defined in terms of the personal meaning about a brand stored in consumer memory, that is, all descriptive and evaluative brand-related information. scholars have investigated consumer brand knowledge for decades, with various areas receiving more emphasis depending on the dominant research strategy and thrust of the time. For example, reflecting in section a strong methodological interest in information-display boards, scholars studying the organization of consumer memory at one point debated whether brand-knowledge structures were organized by attributes or by brands, as well as the effects of various information-processing variables comprise consumer aims, brand familiarity, and so on [11,4,16,14].

Brand helps to differentiate services or products from the others and embodies every undertaking of the organisations and represents it to the universe as a hologram, plays a section in the formation of relationships, and expresses and contributes group affiliation. For corporations, brands are the markers of their offerings and signs of quality, trust and risk for consumers.

Correlating diverse information, include thoughts, awareness, attributes, images, benefits, , attitudes feelings and experiences, to a brand constitutes brand knowledge. Brand knowledge is based upon a constant communication with consumers that elicits real comprehension of the service or product. Keller defined consumer brand knowledge as all descriptive and evaluative brand-related information, which was individualistic inference about a brand stored in consumer memory.

Kaplan mentions that a brands overall value demonstrates its equity. According to Aaker brand equity is a set of brand liabilities and assets correlated to a brand, its symbol and name, that add to or subtract from the value provided by a product to a corporation, or to a firms customers or to that firms customers. It include brand related notions as brand image and brand awareness, which compose brand knowledge and directly affect consumer responses.

Product knowledge:

Consumer expertise is defined as the consumer's ability to perform product related works successfully [1] Product knowledge is highly relevant to consumer domain expertise. Product knowledge was measured using two 7-item scales in the study conducted by Swaminathan. Zhang *et al*. measured consumer's product knowledge using a single variables — the total number of variables they had watched out of 134 items comprise in their experiment. In this research, consumer's answered three questions related to their prior product knowledge. Answers were also captured on a 7-point Likert scale and asked the consumer's to rate their level of agreement with three items related to their familiarity with movies and movie purchase.

In the online shopping business environment, products and services can be generally cclassified as either experience products or search products. For search products, it is relatively easy to verify and inspect product attributes before making a purchase. For experience products, it is impossible to verify or inspect the attributes without consuming the product. Movies are examples of experience products. Aggarwal and Vaidyanathan presented that collaborative-filtering RA works better than rule-based RA for experience products. Since the evaluation for experience products is more difficult than that for search products, several searches observed that

consumers were more likely to follow RAs' recommendations for experience products than for search products [2].

Customer Loyalty:

Customer loyalty is defined as “a deeply held commitment to repatronize or rebuy a preferred product or service consistently in the future, despite situational influences and marketing endeavors having the potential to cause switching behavior” [15]. Oliver’s perspective proposes that loyal customers go through four process:

- **First** is a cognitive sense or belief. For example, sales promotion or high quality products of a firm for first time purchase consideration attracts a customer. To be loyal, the customer must consistently confirm that his or her expectations about the products or services are met.
- **Second** is the affective sense or favored attitude in which consumers are repeatedly satisfied from purchasing decisions.
- **Third** is the conative stage that consumers have a behavioral intention – committed deeply to buy. The intention leads to the fourth stage of action. Customers have the desire to overcome obstacles, e.g., attraction of rivals or price increase by a corporation, to achieve the actual purchase behavior [15].

Attitudinal loyalty:

The attitudinal dimension could be described as the feelings towards a particular service or product, created by an person. Attitudinally loyal customers are committed to a brand or firm and they make repeat purchases based on a redoubtable internal disposition [8]. In addition to considering attitudinal loyalty as the right construct for our context, we also argue and test for attitudinal loyalty being a mediator between satisfaction and behavioral intentions comprise willingness to pay more and complaining internally to the service provider or externally to other customers. Attitudinal loyalty is also viewed as the extent of the customer’s psychological attachments and attitudinal advocacy towards the corporation [19]. Attitudinal loyalty include positive word-of-mouth intentions, repurchase intentions, willingness to recommend to others and encouraging others to use the services and products of a firm [20,23].

Behavioral loyalty:

The behavioral dimension could be connected to frequent re-purchases from one store or supplier. Many scholars believe that repeat purchasing can capture the loyalty of a consumer towards the brand of good.

Objectives of the Study:

The objectives of this study are in line with the hypotheses formulated which are as follows:

1. To determine the main and interactive effect of consumer knowledge on customer loyalty.
2. To determine the main and interactive effect of brand knowledge on customer loyalty.
3. To determine the main and interactive effect of product knowledge on customer loyalty.

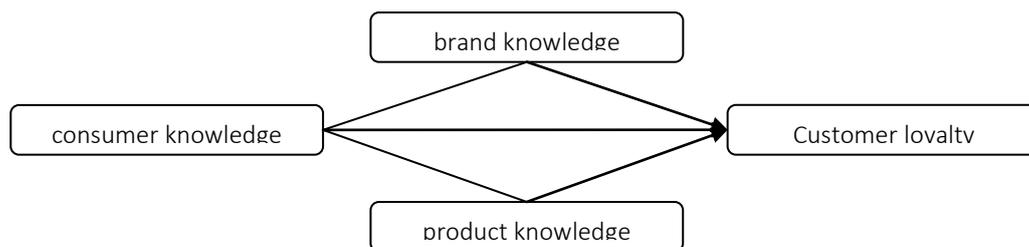


Fig. 1: conceptual model.

Research Hypotheses:

hypotheses 1: there is a significant relation between consumer knowledge and customer loyalty.

Hypotheses 2: there is a significant relation between brand knowledge and customer loyalty.

Hypotheses 3: there is a significant relation between product knowledge and customer loyalty.

Methodology:

Sampling:

In developing this paper we conducted customers of tejarat bank in tehran as users of brands services. Because of the using Structural Equation Modeling in analyzing collected data sample size was determined by Cochran formula.

Thus the proper sample size was calculated 220. Finally from 250 distributed questionnaires, 240 acceptable questionnaires were considered for the final analysis. A data collection instrument has been a researcher-developed questionnaire in 5 degree of Likert scale. In order to evaluate the validity of the data

achieved through instrument (questionnaire) readers, advisors, and experts, and also factor analysis is used. To get reliability coefficient before final implementation, a sample was randomly chosen and the questionnaire was conducted. Cronbach's alpha was assigned to be 0.92 which is an evidence for reliability of the questionnaire.

The current research enjoys a descriptive-correlative design. The subjects are chosen among the employees in university of Isfahan in iran. Data collection is done through random sampling. In this study, questionnaire was used as a data collection tool. The validity of its content was ensured by using the expert viewpoints and consensus. The validity of its structure was measured through using the structural functions. The internal reliability of the items was verified by computing the Cronbach's alpha.

In table1 our research the reliability of the items is checked through Cronbach's alpha that is 0.98 which shows that our research variables are reliable and there exists internal consistency between them.

Table 1: reliability coefficient of research variables related to given hypotheses.

Feature	Cronbach's Alpha Coefficient
consumer knowledge	0.953
brand knowledge	0.909
product knowledge	0.951
Customer loyalty	.713

Descriptive data:

This study attempts to understand the relationships among need for uniqueness and status consumption with brand love and brand love with consumer brand identification. Table 2 Descriptive statistical data shows the relation to the customers participated to the research (n = 240). The social demographic qualification of the participants are as follows: 132 male and 108 female participated to the research. The educational background of the participants are; 127 people diploma, 85 people have bachelor and 28 people have master.

Table 2: Demographic qualifications of participants.

Variable name		frequency
Gender	Female	132
	Male	108
		240
Education	Diploma and under	127
	Bachelor	85
	Master	28
		240

Test of structural model:

In this study, we used Structural Equation Modeling (SEM) for data analysis. The conceptualized model of research ran as a structural model to test research hypotheses. The method of maximum likelihood estimation in Amos Graphics 20 software was used to analyze data and hypotheses testing. To assess the fitness of the proposed model, comparative Fit Index (CFI), AGFI, the Root Mean Square Error of Approximation (RMSEA) and IFI index were used. After refining the initial structure model, all of the goodness of fit indexes was found within acceptable range indicating that the model of the research has a good fitness.

Table 3: Results of the best fitting model.

Index	GFI	AGFI	RMSEA	IFI
Acceptable value	Between 0/5 and one	Between zero and one	Between zero and one	Between zero and one
Amount	0/95	0/93	0/032	0/096

RESULTS AND DISCUSSION

Table 4: Means and standard deviations.

Variable	Variance	Significant	Standard deviation	Result
consumer knowledge and customer loyalty	0/26	7/14	0/51	confirmed
brand knowledge and customer loyalty	0/03	2/88	0/18	confirmed
product knowledge and customer loyalty	0/22	5/67	0/47	confirmed

Hypotheses one: there is a significant relation between consumer knowledge and customer loyalty among customers of tejarat bank in tehran.

According to results of table 4, since observed variance is equal to 0/26, significant is 7/14, so there is a relationship between consumer knowledge and customer loyalty among customers of tejarat bank in tehran with 95% confidence.

Hypotheses two: there is a significant relation between brand knowledge and customer loyalty among customers of tejarat bank in tehran.

According to results of table 4, since observed variance is equal to $0/26$, significant is $7/14$, so there is a relationship between brand knowledge and customer loyalty among customers of tejarat bank in tehran with 95% confidence.

Hypotheses three: there is a significant relation between product knowledge and customer loyalty among customers of tejarat bank in tehran.

According to results of table 4, since observed variance is equal to $0/26$, significant is $7/14$, so there is a relationship between product knowledge and customer loyalty among customers of tejarat bank in tehran with 95% confidence.

Conclusion:

The aim of the study were effect of Consumer's Knowledge and two dimension comprise brand knowledge and product knowledge on customer loyalty in customers of tejarat bank. Present research results indicated that: 1) there is a significant relation between consumer knowledge and customer loyalty, 2) there is a significant relation between brand knowledge and customer loyalty, 3) there is a significant relation between product knowledge and customer loyalty. Consumers' knowledge often serves as an important means of customer satisfaction and loyalty. The identification of advantages of the brand image will assist the marketers to create successful marketing strategies. it is needful for the firms to determine customers' loyalty in order to examine their service or product knowledge. The conclusions from this research may be used to marketers for increase product knowledge and positive brand of customers. These findings help marketers develop strategic plans for each process of customer knowledge. Researchers should measure the type of knowledge appropriate to the study which may include both brand and product knowledge measures.

REFERENCES

- [1] Alba, J.W., J.W. Hutchinson, 1987. Dimensions of consumer expertise. *Journal of Consumer Research*, 13: 411-454.
- [2] Xiao, B., I. Benbasat, E-commerce product recommendation agents: use characteristics, and impact, *MIS Quarterly*, 31(1): 137-209.
- [3] Bettman, J.R., C.W. Park, 1980. Effects of prior knowledge and experience and phase of the choice process on consumer decision processes: A protocol analysis. *Journal of Consumer Research*, 7: 234-248.
- [4] Bettman, R., James, 1979. *An Information Processing Theory of Consumer Choice*, Reading, MA: Addison-Wesley.
- [5] Brucks M., 1986. A Typology of Consumer Knowledge Content, *Advances in Consumer Research*, 13: 58-63.
- [6] Brucks, M., 1986. A typology of consumer knowledge content. In R. J. Lutz (Ed.), *Advances in consumer research*, 13: 58-63. Provo, UT: Association for Consumer Research.
- [7] Celsi, R.L., J.C. Olson, 1988. The role of involvement in attention and comprehension processes. *Journal of Consumer Research*, 15: 210-224.
- [8] Day, G.S. 1969. "A two-dimensional concept of brand loyalty", *Journal of Advertising Research*, 9(3): 29-35.
- [9] Dekimpe, M.G., J.B. Steenkamp, M. Mellens and E.V. Abeele, 1997. Decline and variability in brand loyalty. *International Journal of research and Marketing*, pp: 405-420.
- [10] Hastie, R., 1986. "Consumers Memory for Product Knowledge." *Advances in Consumer Research (ACR)*, 9: 72-73.
- [11] Johnson, Eric and J. Edward Russo, 1984. "Product Familiarity and Learning New Information," *Journal of Consumer Research*, 11: 542-550.
- [12] Korchia, M., 2001. *Connaissance des marques stockées en mémoire par les consommateurs : modèles théorique et tests empiriques*, Thèse pour l'obtention du Doctorat en Sciences de Gestion.
- [13] Mazilescu, V., 2009. A Processing Algorithm for a Production Predictable System, The 11th WSEAS International Conference on Mathematical Methods, Computational Techniques and Intelligent Systems (MAMECTIS '09), the 5th WSEAS International Conference on Dynamical Systems and Control (CONTROL '09), July 01-03, 2009 Univ. La Laguna Tenerife SPAIN, Source MATHEMATICAL METHODS, SYSTEMS THEORY AND CONTROL, 69- 74.
- [14] Mitchell, A., Andrew, 1982. "Models of Memory: Implications for Measuring Knowledge Structures," in *Advances in Consumer Research*, Vol. 8, ed. Kent B. Monroe, Ann Arbor, MI: Association for Consumer Research, 25-30.
- [15] Oliver, R.L., 1997. *Satisfaction: A Behavioral Perspective on the Consumer*. New York: McGraw Hill.

- [16] Olson, C. Jerry, 1978. "Theories of Information Encoding and Storage: Implications for Consumer Research," in *The Effect of Information on Consumer and Market Behavior*, ed. A. A. Mitchell, Chicago: American Marketing Association, 49–60.
- [17] Park C.W., D.L. Mothersbaug, L. Feick, 1994. Consumer Knowledge Assessment, *Journal of Consumer Research*, 21, 1 , 71-82.
- [18] Peter, J., Paul and Jerry C. Olson, 2001. *Consumer Behavior*, Chicago: Irwin.
- [19] Rauyruen, P. and K.E. Miller, 2007. "Relationship quality as a predictor of B2B customer loyalty", *Journal of Business Research*, 60(1): 21-31.
- [20] Rundle-Thiele, S., 2005. "Elaborating customer loyalty: exploring loyalty to wine retailers", *Journal of Retailing and Consumer Services*, 12(5): 333-44.
- [21] Stephen, L., J. Sondel, W.O. Maznah, A.W. Nabish, I. Ishak and H. Amran, 2007. the effect of rand image on overall loyalty intention in the context of color costmetic. *Asian academy of manaeagement jouranl*, pp: 83-107.
- [22] Sujan, M., 1985. Consumer knowledge: Effects on evaluation strategies mediating consumer judgments. *Journal of Consumer Research*, 12: 31-46.
- [23] Zeithaml, V.A., L.B. Leonard and A. Parasuraman, 1996. "The behavioral consequences of service quality", *Journal of Marketing*, 60(2): 31-46.