UNIVERSITY OF LJUBLJANA

FACULTY OF ECONOMICS

MASTER'S THESIS

HARIS BEŠIREVIĆ

UNIVERSITY OF LJUBLJANA

FACULTY OF ECONOMICS

MASTER'S THESIS

BRAND LOYALTY TO SMARTPHONES IN SLOVENIA

LJUBLJANA, JANUARY 2017 HARIS BEŠIREVIĆ

TABLE OF CONTENT

INTRODUCTION 1

1 IMPACT OF SMARTPHONES ON OUR SOCIETY 2

1.1.1 Business Impacts 3

1.1.2 Educational Impacts 4

1.1.3 Health Impacts 4

1.1.4 Psychological Impacts 5

1.1.5 Social Impacts 6

1.2 CURRENT TRENDS OF SMARTPHONES IN SLOVENIA 6

1.2.1 SMARTPHONES IN GENERAL 6

1.2.2 SMARTPHONE INDUSTRY AND USERS IN SLOVENIA 7

1.2.3 OVERVIEW OF MOBILE PHONE BRANDS IN THE WORLD AND IN SLOVENIA 9

2 "THE GREAT SMARTPHONE WAR" – APPLE VS. SAMSUNG 10

2.1 Apple Inc. 10

2.2 Samsung Electronics Co., Ltd. 11

2.3 "The war" 11

3 LITERATURE REVIEW ON BRAND LOYALTY 13

3.1 SOCIAL IDENTITY PERSPECTIVE ON BRAND LOYALTY – PREDICTING BRAND LOYALTY 13

3.2 BRAND LOYALTY 16

3.3 INDEPENDENT VARIABLES THAT IMPACT BRAND LOYALTY 19

3.3.1 BRAND IDENTITY 19

3.3.2 BRAND IDENTIFICATION 20

3.3.3 BRAND/CUSTOMER SATISFACTION 22

3.3.4 BRAND VALUE – VALUE PERCEPTION OF SMARTPHONES 23

3.3.5 BRAND TRUST – THE ROLE OF BRAND TRUST IN THE FORMATION OF BRAND LOYALTY 25

3.3.6 BRAND EXPERIENCE – THE EFFECT OF BRAND EXPERIENCE ON BRAND LOYALTY 26

3.3.7 BRAND IMAGE – THE EFFECT OF BRAND IMAGE ON BRAND LOYALTY 27

3.3.8 SWITCHING COSTS – THE ROLE OF SWITCHING COSTS IN SMARTPHONE MARKET 28

3.3.9 PRICE – THE ROLE OF PRICE IN SMARTPHONE MARKET 29

4 RESEARCH ON BRAND LOYALTY TO SMARTPHONES IN SLOVENIA 30

4.1 METHODOLOGY 30

4.2 MODEL DESIGN 30

4.3 DATA COLLECTION 34

4.4 DATA ANALYSIS 35

4.4.1 Demographical characteristics of the respondents 35

4.4.2 Analysis of the results of dependent and independent variables 36

4.4.3 Analysis of current satisfaction and willingness to change the brand 44

5 EMPIRICAL RESULTS ON BRAND LOYALTY TO SMARTPHONES IN SLOVENIA 46

5.1 RELATIONSHIP BETWEEN VARIABLES IN THE MODEL 46

5.2 HYPOTHESIS TESTING 49

6 DISCUSSION 54

6.1 DISCUSSION OF RESULTS 54

6.2 PRACTICAL IMPLICATIONS 57

6.3 LIMITATIONS AND FUTURE RESEARCH 58

CONCLUSION 58

REFERENCE LIST 61

APPENDIXES 65

Table of appendixes i

Appendixes A: Survey 1

Appendixes B – Descriptive Statistics and Cronbach Alfa values 6

Appendixes C: Correlation matrixes (Pearson and Spearman) 11

Appendixes D: SPSS outputs for Hypothesis testing 19

Appendixes E: SPSS outputs for additional tests 27

LIST OF TABLES

Table 1: Market shares of mobile phone brands for Q1 for period 2012-2016 9

Table 2: Variables, items and value of Cronbach α 34

Table 3: Descriptive statistics 46

Table 4: Pearson-Correlation coefficients 47

Table 5: Levene's test 49

Table 6: Test of between-subject effects 49

Table 7: Post-hoc analysis - Multiple comparisons 50

Table 8: Crosstabs test for differences in current satisfaction 50

Table 9: Chi-square test 51

Table 10: Crosstabs test for difference in willingness to change the brand 51

Table 11: Chi-square test 51

Table 12: Independent Samples T-test 51

Table 13: Independent Samples T-test 52

Table 14: Independent Samples T-test 53

Table 15: Regression statistics for predicting Brand trust based on Brand identification, Brand satisfaction and Brand value 53

Table 16: Summary of the hypothesis table 55

LIST OF FIGURES

Figure 1: Use of Smartphones in Health sector 5

Figure 2: Market share of mobile phone operators in Slovenia 8

Figure 3: Relationship between Brand loyalty, Brand trust, Brand satisfaction and Perceived value 13

Figure 4: Brand identity and Brand loyalty 14

Figure 5: Brand identification and Brand loyalty 15

Figure 6: Brand identity components 20

Figure 7: Model of Brand identification 21

Figure 8: Antecedents of consumer identification 21

Figure 9: Brand Asset Valuator Model 24

Figure 10: Model design 31

Figure 11: Percentage of the Smartphone brands from the respondents 36

Figure 12: Factors that influence Brand loyalty 37

Figure 13: Factors that influence Brand identity and Brand identification 38

Figure 14: Factors that influence Brand/customer satisfaction 39

Figure 15: Factors that influence Brand value 40

Figure 16: Factors that influence Brand trust 41

Figure 17: Factors that influence Brand experience 42

Figure 18: Factors that influence Brand image 43

Figure 19: Factors that influence Price and switching costs 44

Figure 20: Why respondents would not change Smartphone brands 44

Figure 21: Why the respondents would change the Smartphone brand 45

Figure 22: Factors that influence brand-switching the most 46

INTRODUCTION

Smartphones have changed the way we live our lives – from making a phone call, organizing our notes or travelling. It has become a gadget without which we feel "lost". A Smartphone nowadays allows us to make video calls, be active on social media, read news and books, take pictures and videos of the highest quality, share our most important life moments with the world, do business etc. Smartphones are even killing the PC market, that's how important they have become (Arthur, 2011).

The two biggest Smartphone companies are Apple and Samsung and most of the consumers that buy Smartphones, buy one of these two. Of course, this does not mean that they do not buy any other Smartphones, such as HTC, LG, Sony or Nokia Smartphones, but in general, people buy these. Based on the reports from International Data Corporation (IDC, 2015), Apple and Samsung had around 50% share of Smartphone market in the first quarter of 2015. The Smartphone market grew for 13% in the second quarter of 2015, with 341.5 million shipments, according to the data from IDC, with Android dominating the market. The European Smartphone market is quite similar to the worldwide market, where Apple and Samsung have the biggest shares (RIS.com, 2013). Meanwhile in Slovenia, we have the two big phone operators in Telekom Slovenia with its subsidiary Mobitel and Si.mobil. The two companies, together with few smaller ones, operate the phone and mobile phone market in Slovenia and are the biggest Smartphone sellers in the country.

Both companies operate in a highly competitive market, so there is no wonder that big rivalry exists between the two, which dates back to 2007. Apple and Samsung are involved in many lawsuits for patent infringement, where they are accusing each other of copying innovations and patents. The war between the two is still in progress and even though some lawsuits were declared in favor of Apple and others in favor of Samsung, it is still hard to say when it will end and who will come on top at the end. One of the last patents' lawsuits happened in August 2015, where Apple could not sufficiently describe their patent, which dates back to 2008. This means that they will get less money for patent infringement, because they lost the protection date on that patent in 2007 and not in 2008 (O'Kane, 2015).

Brand loyalty in Smartphones is therefore one of the most important measures of success for these two companies, because if they want to achieve a greater market share than their rivals, they need to have loyal consumers. Measuring brand loyalty in Smartphones is not an easy task. There are many variables that influence brand loyalty; such as the consumers' trust towards the brand, brand's image, consumers' experiences with the brand, brand's pricing policy etc. All of these and many more influence on consumers and whether they will stay loyal to a specific brand.

The **purpose** of this research is to develop and present a model that tests brand loyalty in Smartphones in Slovenia. The dependent variable in the model is **brand loyalty**, while the independent variables are **brand identity, brand identification, brand**

value, brand/customer satisfaction, brand trust, brand experience, brand image, brand price and **brand switching costs.** The model was developed and based on He, Li and Harris's article Social identity perspective on brand loyalty (2011), where they measured the influence of brand identity and brand identification on brand loyalty through brand satisfaction, brand value and brand trust.

I want to expand the model, since I believe that there are more variables which influence brand loyalty in Smartphones, test them and see their relevance to the model. Additionally, I want to research the consumers' loyalty by finding out if they are satisfied with their choice of Smartphone and whether they are willing to change it for the rival's Smartphone brand. I also want to discover the reasons behind their decisions.

The **goal** is to analyze individuals that use Smartphones on an everyday basis and have a developed relationship with that Smartphone brand. In order to test brand loyalty, I need to find out what these individuals value the most about that brand, if there are any differences between Apple and Samsung owners and what those differences are. Additionally, I want to find out what convinces one group to change the brand in comparison to the other group.

The **research question** is: which variables determine brand loyalty and are there any differences between the Smartphone brands? The answer to this question gives us an insight on what are the differences between the Smartphone brands and their users, when it comes to valuing brand loyalty through the developed model.

The research is divided in two major parts: the first part is the literature review and the second part is the empirical research. The first part consists of four chapters, which describes the impact of the Smartphones, presents the analysis of the Smartphone market in Slovenia together with the trends and the comparison of Apple and Samsung companies. This part describes the literature on dependent and independent variables from the model as well. The second part consists of two chapters. Firstly, it presents the model, the tested hypotheses, the gathered data and the survey's results. The other part presents the methodology, relationships between the variables and the results from the hypothesis testing. The last chapter presents the discussion of the results, practical implications and limitations and future research suggestions.

1 IMPACT OF SMARTPHONES ON OUR SOCIETY

In the process of communication and computing convergence of mobile consumer devices, the Smartphone is the leading device, which is taking the front end and is playing the role of universal mobile terminal. Sarwar & Soomro (2013, p. 216) define the Smartphone as a term that refers to "a new class of mobile phones that provides integrated services from communication, computing and mobile sectors including

voice communication, messaging, personal information management (PIM) applications and wireless communication capability."

People are very fond of Smartphones, due to many advantages they offer. These are an increased connectivity, immediate access to data and information; playing games and also doing office work with these devices. They are becoming an essential commodity for young people and are playing a role of a personal assistant, which can help in almost every situation (Abayneh, 2013).

Smartphones impact and change several areas, such as business, education, health and social life. It changes the cultural norms and individuals' behaviors both on a positive and negative side.

1.1.1 BUSINESS IMPACTS

Smartphones create new dimensions for business. It creates new domains for mobile application developing companies, Internet service providers and other sectors that use Smartphones to gain a competitive advantage.

Ever increasing Smartphone usage and growth in the last couple of years is a reason that there was a drastic growth in broadband and Internet service providers business. The number of Smartphones sold around the world has been increasing tremendously, which allows investments in mobile application developments and the introduction of new business dimensions in the market space. Smartphone vendors, such as Apple, Samsung and BlackBerry have their own mobile application technology that enables the users to download useful mobile applications. This is a new business sector – **Mobile Application Market** – that has developed because of the Smartphones. These market places offer applications free of costs and some applications for a reasonable cost. Smartphones also impact **advertising** business, making it more effective by allowing ads being a part of mobile applications. Mobile applications' publishers, service providers and distributors are getting large revenues by providing this (Sarwar & Soomro, 2013).

Since Smartphones enable users to browse through the Internet, send and receive mail and run applications, they negatively impact on the **PC market**. In 2011, Smartphone shipments beat those of PCs, with 73 million more units sold and in the same year, Smartphone sales increased for 15% in the period from January to March, compared to the previous year. Tomi Ahonen, a former Nokia executive said "Smartphones will keep growing in sales and approaching the billion-plus levels of handset sales before decade is done" (Arthur, 2011). Smartphones can also compromise the interactions between individuals and corporate executives (senior partner to junior partner communication). The concept of traditional meetings between employees and company's departments is lost and most of the communication, such as direct orders, helpful advises, "small-talk", any kind of new information that benefits someone etc., goes through emails or company's social sites, which poses a danger of a miss-communication (Liew, 2015).

1.1.2 EDUCATIONAL IMPACTS

The times when students had to go to the library to research and find answers for their schoolwork and projects are over. Traditional libraries are registering diminishing levels of visits (Liew, 2015). The use of the Internet has become a part of every student's life and a mean to search for information. Smartphones offer an alternative channel to deliver education services, since it offers the users to utilize their Smartphones, in order to get the educational benefits within their available time, irrespective of their location (Sarwar & Soomro, 2013).

Distance learning did not exist before Smartphones. It is a learning mechanism that offers flexible opportunities for education. It enables students to utilize their time, continuing their education without impacting on their work and family life. With the capability of always staying connected, it makes it much easier for students to benefit from this type of education and makes the Smartphone a perfect device fit for distance learning (Sarwar & Soomro, 2013).

One of the most prevalent beneficiaries of the mobile technologies may be the **education system of developing countries.** Smartphones can play an integral part in their education systems by providing access to a massive amount of educational and learning resources for the modern society. It can easily compensate the limited access of Internet and data access, which can help their infrastructure and education development in turn (Sarwar & Soomro, 2013).

There are also disadvantages, when it comes to Smartphones and education. It is becoming a source of **distraction**, since it enables students to text, visit social networking sites, check emails, play games etc. It also enables them to **cheat** during exams, by accessing information on the Internet and sending text messages. Kent State did a research on 500 university students, where they tracked the phone's use, measured happiness and retrieved official grade point averages. The results show that as phone usage increases, GPA decreases and anxiety increases as well. The overall conclusion is that students who use Smartphones more often have a lower GPA, greater anxiety and less life satisfaction. When students use their phones, they are not paying attention to the lesson and this tends to impact the GPA. When the GPA is low, anxiety increases and satisfaction decreases. Using and checking Facebook, seeing photos and life events of other people, can also lead to dissatisfaction (LaBossiere, 2013).

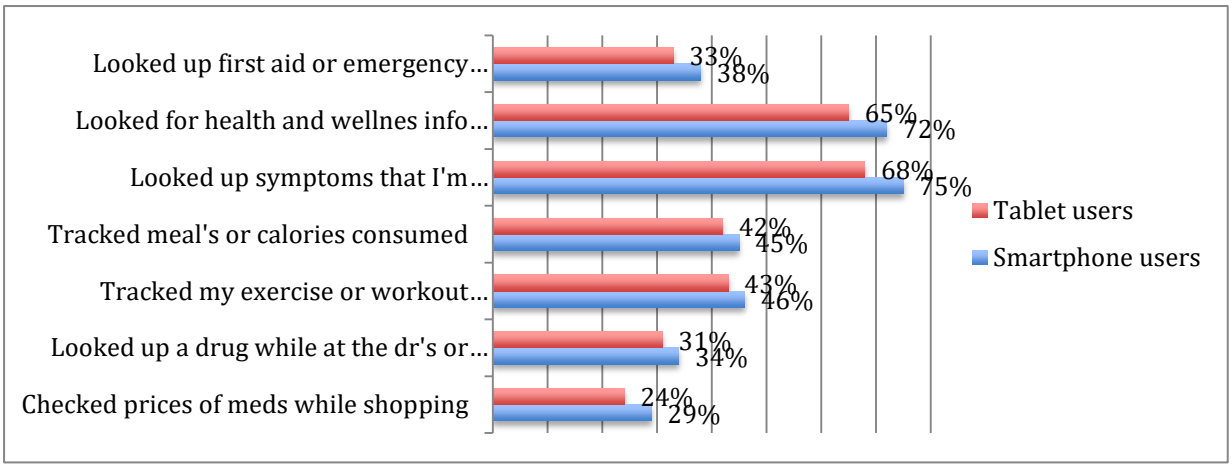
1.1.3 HEALTH IMPACTS

According to the survey, almost half of Smartphone users use their phone to access health related services. Figure 1 shows what do the users look up on either their Smartphones or tablets the most.

Smartphones are the most commonly used communication devices and almost 27% of the consumers use Smartphones for an online activity. Accordingly, a lot of users **search for health information** and **facilities** online, with a huge number of

applications to facilitate the users to manage prescriptions, promote alternative treatment options, provide price comparisons and validate prescriptions (Sarwar & Soomro, 2013).

Figure 1: Use of Smartphones in Health sector



Source: (Sarwar & Soomro, 2013)

There are more than 40,000 mobile health apps available for tablets and Smartphones, including drug references, medical calculators, reference guides and personal health and lifestyle applications that emphasize the Smartphone's use in health sector. Healthcare students, administrators and nurses use Smartphones for writing notes and memos, checking drug references, accessing clinical decision support tools, viewing medical images and similar (Laird, 2012).

On the other hand, there is a big issue regarding health and Smartphones. Patients are starting to **avoid** going to the doctor, which leads to the **loss of personal interactions** with the doctor. Users can find all the information online, so they do not feel the need to go to the doctor until it is really necessary. Another aspect noticed is that a lot of young kids are carrying and using Smartphones. There are several negative impacts on young kids if they use Smartphones, such as (Sarwar & Soomro, 2013):

- It **disconnects** kids from the true essence of social interaction;
- Excessive exposure at an early age can cause **poor eyesight**;
- Online and video games are **addicting** and kids can easily get addicted and spend hours playing games.

1.1.4 PSYCHOLOGICAL IMPACTS

One of the positive psychological impacts of Smartphones is that it provides a mean to **reduce stress** in a busy work life. It enables the users to interact with friends and family and to promote their social life. It also enables them to stay up-to-date with the latest news and developments in the political and social circles. Smartphone's usage can **increase** brain functions by accessing useful information, such as news headlines, latest technology updates and real time featured stories. (Chun, Yu, Yuan, Zhiming, & Lim, 2011).

On the other hand, an **addiction** to Smartphone is a serious problem. It describes as being in constant interaction with people, even though there is no real need for it. Researchers recognize habitual and compulsive communicating as a serious psychic problem and they also establish that obsession with Smartphones is responsible for significantly altering brain's perception for the device. Anxiety and withdrawal symptoms in Smartphone users increases when they do not receive any messages or updates (Chun, Yu, Yuan, Zhiming, & Lim, 2011).

1.1.5 SOCIAL IMPACTS

The number of elderly and people with some sort of disabilities is increasing daily. By 2020, more than 1,000 million people over 60 years of age will be living on this planet. Taking this into consideration and the Smartphone's functions and capabilities, it is apparent that Smartphones will play an **important** role in the integration process of people with special needs and elderly, by giving them the opportunity to live more **independently** (Sarwar & Soomro, 2013). Nowadays, Smartphones also make it possible for users to remain in contact with friends and family all the time. There are several communication apps (Viber, Facebook messenger, Whatsapp…) that enable that.

There are also some negative impacts on social life, such as an **interference with night's sleep**. People become addicted to their Smartphones in such a way that they cannot go to sleep before they check their phone for emails, messages etc. Some people also go to sleep by tucking their phone under their pillow (Idugboe, 2011). Another impact is that Smartphones enable image and video editing, which allows individuals to **manipulate** the actual content and provide their own version of it. Because of that there are issues with authenticity of information received and it requires additional research to ensure validity (Derks, Brummelhuis, Zecic, & Bakker, 2012).

It also increases **work related stress**, since a lot of companies expect from their employees to respond to emails immediately, even after working hours. There are evidences that Smartphone usage blurs the distinction between work and family life, meaning that more and more people bring their work home (Derks, Brummelhuis, Zecic, & Bakker, 2012).

The society is heading towards a Smartphone world and individuals will be investing more time engaging in "chat rooms" than meeting with friends and colleagues in person. This poses a danger in **altering the relationships** between individuals, since it is not the same if you are chatting with a person over an app or face-to-face (Liew, 2015).

1.2 CURRENT TRENDS OF SMARTPHONES IN SLOVENIA

1.2.1 SMARTPHONES IN GENERAL

Nowadays, people do not use their phones just for calling and texting, but for checking their email, searching for information online, taking pictures and videos,

chatting with family and friends, etc. This makes the Smartphone one of the most important and used devices on an everyday basis. In 2014, the market surpassed **1 billion** Smartphones sold and according to BI Intelligence and eMarketer reports, a milestone of **2 billion** is likely to be reached at some point within 2016 (Triggs, 2015).

Emerging markets are leading the charge in growth. An example is the booming Indian Smartphone market, which attracts many manufacturers, who are looking to expand out from the equally competitive Chinese market. According to eMarketer projections, the largest growth in the next few years will come from the Chinese and Indian markets, while other more established regions will continue to grow at slower rates (Triggs, 2015).

Smartphone usage is also increasing due to some other popular trends, such as (Boxall, 2014):

- More and more things will **connect** to Smartphones
    - Wearable devices (a smart watch, Google glasses) are becoming bigger and more popular. Apple has already introduced their product (Apple Watch) as well as Sony and Google. People have to connect these wearable devices to phones in order to transform into an always-connected hub.
- Smartphones will know how **healthy** users are
    - Health is becoming increasingly important and therefore, more and more apps are developed for people to live a better and healthier life. We are seeing biometric scanners built in Smartphones and Smart watches, mobile phone companies developing their own health apps and platforms, which are already built in and ready to use (Apple Health, Google Fit…) etc.
- Smartphones are becoming a **way of paying** for things
    - Instead of using money or credit cards, people are able to pay for things with their Smartphones. Mobile phone companies have already developed apps supporting this (Apple Pay, Google Wallet…) with devices equipped with Near Field Communication (NFC) to facilitate payments, along with fingerprint scanners to authenticate them.

Due to all these trends, the demand for Smartphones is growing rapidly and Slovenia is not an exception. With new phone models emerging on the market one year and out the other one, developing new apps, popularity of social media growing etc., there is no wonder that almost everybody wants to own a Smartphone. Samsung and iPhone mostly dominate the Slovenian Smartphone market with the two being the most sold phones (Završnik, 2013).

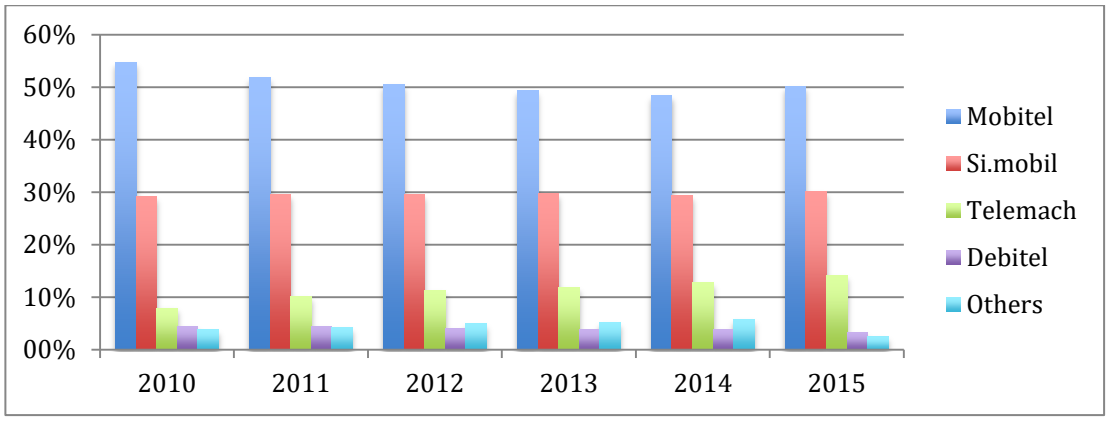
1.2.2 SMARTPHONE INDUSTRY AND USERS IN SLOVENIA

The company **Telekom Slovenia** dominates the fixed-line sector, despite the full market's liberalization in early 2003. In majority, the Slovenian state owns it (52%) and targets as one of the first companies being sold in the upcoming privatization push. Slovenia is the **largest** per capita consumer of mobile phones in Central Europe, with mobile penetration exceeding in **109.7%** as of late 2013. On 31 December 2015, the mobile penetration was up to **114%** (Mobilna telefonija, 2015). The company Mobitel, a subsidiary of Telekom Slovenia, dominates the market (IHC Global Inc., 2015). The mobile penetration does not mean that each and every Slovenian has a mobile phone, but it represents the number of people that are subscribed to a mobile tariff or service via a SIM card. This is due to a phenomenon called "device sharing", where people do not need to own a mobile phone in order to become a mobile subscriber. Further on, it does not relate solely to mobile phones, but it takes all device types in account (phones, tablets, routers etc.). It is important to be aware of the significant difference in the number of phones and the number of SIM cards per person (Gillet, 2014).

There were 2,353,926 users on 31 December 2015, where 75.4% were subscriptions, while 24.6% were self-paid. 79.3% were private, while 20.7% were business users (Mobilna telefonija, 2015).

The leading mobile operator in Slovenia is Telekom Slovenia, with its subsidiary Mobitel. Their market share is **50.1%** with Si.mobil and Telemach (previously Tušmobil) following by **30.1%** and **14.1%** in the year 2015. Figure 2 shows the market shares of leading mobile phone operators in Slovenia from 2010 to 2015. This suggests that the share of Mobitel decreased a little over the years, while Si.mobil and Telemach increased their share. Other operators did not change that much.

Figure 2: Market share of mobile phone operators in Slovenia



Source: (Statistical office of Republic of Slovenia, 2015)

Slovenian telecommunications' market is highly competitive and saturated. The fact that the users' expectations are getting higher each year, which requires high quality at low prices, makes it even more competitive and difficult for business. Acquiring

new customers is becoming harder, so operators direct their attention to the containment of the existing customers (Telekom Slovenije, 2015).

According to the Agency of electronic communication networks and services of Republic of Slovenia (Agencija za komunikacijska omrežja in storitve Republike Slovenije – AKOS), the mobile telephone penetration reached up to 112.6% in Q3 in 2014. A high penetration percentage indicates a slow growth in telecommunications' market in the future (Si.mobil, 2015).

17.5 million hours of total outgoing traffic from mobile networks were recorded in the first quarter of 2015, which increased by **3%** when compared to the year before. There was a record of 656 million SMS messages sent in the same period, an increase by **11%** compared to 2014 and 13 million MMS messages sent, an increase by **16%** compared to the same period in the year before. At the end of the first quarter of 2015, Slovenia had more than 2,326,000 mobile network users, which is **1%** more than in 2014. Among those users, subscribers' shares were the biggest (74%), which increased by **3%** compared to the first quarter of 2014 (Statistical office of Republic of Slovenia, 2015).

According to the data from Statistical office of Republic of Slovenia, there are **1,561,751** people with the access to Internet, out of which **903,095** people access it every day or almost every day. There are **580,392** people who use their phones to access the Internet and **383,845** people who use their tablets or laptops. Out of all people using their phones to access the Internet, there are **307,594** men and **272,798** women (Statistical office of Republic of Slovenia, 2015).

1.2.3 OVERVIEW OF MOBILE PHONE BRANDS IN THE WORLD AND IN SLOVENIA

According to the data from International Data Corporation (IDC), vendors shipped **334.4 million** Smartphones worldwide in the first quarter of 2015, which is **16%** more than in the first quarter of 2014. Android dominated the market with **78%** share in that period and Samsung reasserting their global lead with a renewed focus on lower-cost Smartphones (IDC, 2016).

Table 1 shows the first quarter shares of the biggest mobile phone brands for a period from 2012 to 2016. We can see from the table that Samsung had the biggest share throughout the years, with Apple being the closest rival. Others (Lenovo, Huawei and LG Electronics) had significantly smaller shares.

Table 1: Market shares of mobile phone brands for Q1 for period 2012-2016

Period	Samsung	Apple	Lenovo	Huawei	LG Electronics	Others
Q1 2016	23,7%	15,4%	/	8,4%	/	42,2%
Q1 2015	24,6%	18,3%	5,6%	5,2%	4,6%	41,7%
Q1 2014	30,7%	15,2%	6,6%	4,7%	4,3%	38,6%
Q1 2013	31,5%	16,9%	4,7%	4,2%	4,7%	38,1%
Q1 2012	28,9%	22,9%	5,0%	3,4%	3,2%	36,6%

Source: (IDC, 2016)

In Q1 of 2016, Samsung had **23.7%** of market share, which is still significantly higher than Apple's **15.4%.** Both also decreased compared to 2015, due to the appearance of new mobile phone operators, such as OPPO and vivo – both mainly dominating in the Chinese market (IDC, 2016). This is also the reason why there are no information for 2016 for Lenovo and LG, as these two overpassed them.

Samsung's share is due to the stable demand for their Galaxy S series flagship Smartphones and also for the shipments of lower-end models to regions like Southeast Asia, the Middle East and Africa. Further on, Samsung introduced a new premium inspired A-series, which proved to be successful in many markets, typically dominated by local brands.

On the other hand, Apple continued to be successful with their iPhones, which produced its strongest second quarter ever with **61.2 million** units shipped. This was due to the rapid 4G adoption in Greater China, Apple retail expansion and an increased appetite for premium devices. Globally, iPhones grew by 39.9% year over year and a remarkable 66.,4% in emerging markets (IDC, 2016). Q1 of 2015 recorded the biggest quarter in the history of Apple, recording $18.,04 billion in profit (Kumparak, 2015). Apple's new iPhone SE did well in the last year and their series 6 as well, with new series 7 coming out in the late 2016 and the results are showing that it is successful. Q3 of 2015, Apple shipped by 5.3% less than the year before in the same period (IDC, 2016).

These two brands are also the most popular and sold brands in Slovenia. Especially popular are the Android phones (Samsung, HTC…), which are closely followed by iPhones with their iOS operating system. According to the data from mobile phone operators, the most sold Smartphones in 2014 were Samsung Galaxy S5, iPhone 5s and HTC One. Mobitel, as the biggest operator, mostly sold Samsung Smartphones, while Si.mobil mostly sold iPhones (Završnik, 2013).

2 "THE GREAT SMARTPHONE WAR" – APPLE VS. SAMSUNG

The market in which Apple and Samsung operate is highly competitive and both companies are confronted with an aggressive competition in all areas of their business. A frequent product introduction and rapid technological advances that increase the capabilities and use of mobile communications, characterize the Smartphone market. A lot of companies are cutting down their prices, in order to gain or maintain a market share, which is a big issue especially for Apple, since their products are of a higher price class. It is a big issue for Samsung as well, since its differentiation from Apple are more affordable prices.

2.1 APPLE INC.

Apple Inc. is an American multinational technology company with headquarters in Cupertino, California. The company designs, manufactures and markets mobile communication and media devices, portable digital music players, personal computers and above all, it sells a variety of related software, services, networking solutions, accessories, third-party digital content and applications. Their best-known hardware products are the **Mac** line of computers, the **iPhone** Smartphone, the **iPod** media player, the **iPad** tablet computer and the **Apple Watch**. Their online services include **iCloud**, **iTunes** store and the **App store**, while their consumer software includes the **OS X** and **iOS** operating systems, the **iTunes** media browser and **Safari** web browser. They sell their products worldwide through its retail stores, online stores, direct sales force and through third-party cellular network carriers as well (Apple Inc., 2014).

2.2 SAMSUNG ELECTRONICS CO., LTD.

Samsung Electronics Co., Ltd. is a South Korean multinational electronics company with headquarters in Suwon, South Korea. It is the world's largest information technology company by revenue since 2009 and it is the flagship subsidiary of the Samsung Group, bringing in **70%** of the groups' revenue. It is the largest manufacturer of mobile phones and Smartphones (Samsung Galaxy line of Smartphones), major vendor of tablet computers (Samsung Galaxy Tab collection) and is regarded as pioneering the phablet (phone and tablet in one) market with its Samsung Galaxy note devices (Samsung Electronics Co., Ltd., 2014).

2.3 "THE WAR"

"The war" between them dates all the way back to 2007, when iPhone was first introduced to the market. Nobody expected a phone device from Apple, because they manufactured computers until then, so all the competitors thought that Apple does not present a danger. But it turned out that Apple's iPhone 3G was a huge success and by the end of the fourth quarter of 2009, the total number of iPhones surpassed 30 million units. This did not sit well with the leading people of Samsung. In 2010, they decided to produce a similar phone in order to compete with Apple, but the problem was that Samsung did not have the necessary experience and knowledge to produce Smartphones as good as Apple did. They analyzed and compared the iPhone to their products and slowly their new model began to look and function just like iPhone – icons on the home screen had similar shapes, the size of the phone, the home button etc. (Eichenwald, 2014).

Picture 1: iPhone 3G and Samsung i9000 Galaxy

Source: (Cusumano, 2013)

People from Apple were furious when they saw what Samsung did. Steve Jobs, then the CEO of Apple, wanted to take them to court immediately. Apple and Samsung organized several meetings in order to try and resolve issues privately, but it was not possible.

In the spring of 2011, Apple decided to sue Samsung for patent infringement. By the summer of 2011, Apple and Samsung were litigating 19 ongoing cases in 9 countries. By 2012, there were more than 50 lawsuits around the globe, with billions of dollars of damages claimed between them.

Patent infringement lawsuit is not uncommon for Samsung, since Samsung had the reputation for churning out inferior products and cheap knockoffs. One of the first products known to be the focus of Samsung's major price-fixing scandals were cathode-ray tubes (C.R.T), which were technological standards for television and computer monitors, at the time. The co-conspirators would get together in different hotels, resorts or even golf courses in order to agree raising the prices and cutting production to receive higher profits. The scheme was exposed in 2011 and Samsung was fined with $32 million in the U.S., $21.5 million in South Korea and $197 million by the European Commission (Eichenwald, 2014).

Samsung was not involved just in price-fixing scandals, but there were also accusations of senior executives engaging in bribery, money laundering, evidence tampering, stealing $9 billion and other crimes (Eichenwald, 2014).

In regards to patent infringements, Samsung had their own strategy. If and when another company sued them, they would launch a counter-suit. They did that when facing the accusations of copying intellectual property related to L.C.D. flat panel technology owned by Sharp, when they used technology from Pioneer related to plasma televisions. Another case was when Samsung stole Kodak's patented digital imaging technology to use it in mobile phones. In all of these cases, Samsung was found guilty and had to pay up. But that was not the problem, since by the time the issues over patent infringements were settled, Samsung had already gained the leading market share, which was their intention all along. The same thing happened with Apple (Eichenwald, 2014).

The case's facts seemed straightforward, so the jury awarded Apple with $1.05 billion in damages in the U.S. market. The U.S. court found that Samsung validated six out of seven Apple's patents, mostly related to phone's design and appearance. Samsung faired a bit better overseas, with the Japanese court ruling in favor of Samsung, saying it did not violate the Apple patent technology that synchronized music and videos between devices and servers (Cusumano, 2013). South Korean court actually ruled in favor of Samsung, saying that Apple infringed two Samsung patents, while Samsung violated one of Apple's. The court in Germany banned direct sales on the Galaxy Tab

10.1, ruling that it resembled closely to Apple's iPad 2. There are many more cases with mixed rulings (Eichenwald, 2014).

Based on the above mentioned cases, it is hard to say who is actually winning the war. The only certain thing is that while the litigations were going on, Samsung continued to develop new and better phones and gained the leading market share on the Smartphone market. A strategy that proved to be successful before and it is again in this case.

3 LITERATURE REVIEW ON BRAND LOYALTY

3.1 SOCIAL IDENTITY PERSPECTIVE ON BRAND LOYALTY – PREDICTING BRAND LOYALTY

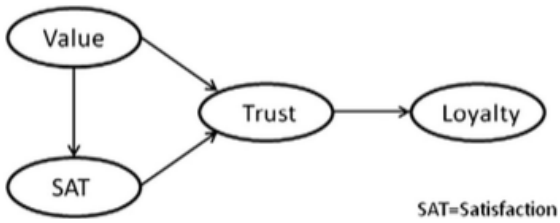
Brand loyalty is a term that it is hard to predict. There are several things that influence brand loyalty and it usually takes a lot of time to achieve it; on the other hand, it can be lost in a matter of seconds.

In the article "Social identity perspective on brand loyalty," He, Li & Harris (2011) describe the relationships between brand loyalty and many other concepts. There are several hypotheses that test brand loyalty in order to see what influences it and the results offer several theoretical implications.

The models developed in this article are also used in my research. I want to test if the same relationships can be found in the Smartphone market.

According to the article, brand loyalty is initially influenced by **brand trust**, **customer satisfaction** and **perceived value**. Figure 3 shows the relationship between these three and brand loyalty.

Figure 3: Relationship between Brand loyalty, Brand trust, Brand satisfaction and Perceived value



Source: (He, Li, & Harris, 2011)

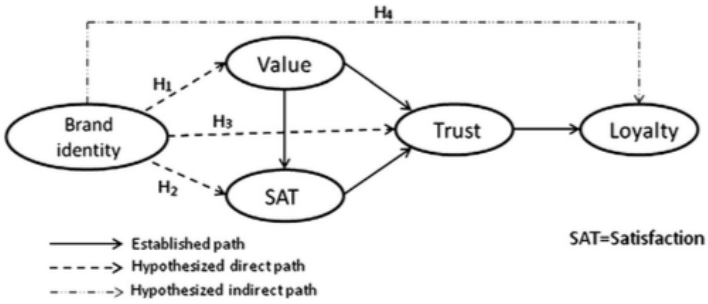
We can see that brand loyalty is placed as a **central indicator** of customer relational strength, while the other three are connected to each other in order to influence brand loyalty. Even though these three are important, we have to bear in mind that there are many other concepts which influence brand loyalty. The research on brand loyalty is increasingly adopting integrative approaches to model the antecedents to brand

loyalty. The research is neglecting the brand's role itself – the **brand identity** and consumers' identification with the brand – **brand identification.**

A social identity perspective implies that consumers engage in a buying behavior due to **identifying** with the local brand or company and this arises due to the brand **identity**. This means that the brand identity is the **key antecedent** to brand identification and because of this, I devote a subchapter to the concept of brand identity.

In order to prove that brand identity influences brand loyalty, the authors of the research performed two studies. In the first one, they tested people's buying behavior of cosmetic products. What they found out was that if the brand is more distinctive and more prestigious, it tends to have a strong and attractive identity. It helps people to fulfill their self-definitional need for uniqueness. Another finding was that a prestigious brand enhances and protects self-esteem and represents not only the quality of the product, but also the status – meaning that buying products from a specific brand represents a special social status. The same can also be said for the Smartphone market, since people identify themselves with the brand of their phones – e.g. iPhone owners are prepared to pay price premiums for the brand, because the brand is cool, innovative, prestigious and by buying an Apple product, you are cool as well (Wilcox, 2011). Figure 4 shows how the brand identity influences brand loyalty through value, satisfaction and trust.

Figure 4: Brand identity and Brand loyalty



Source: (He, Li, & Harris, 2011)

The model suggests that brand identity influences brand loyalty **through** perceived value, brand trust and customer satisfaction. Brand identity positively influences both, perceived value and customer satisfaction. A brand with a stronger identity **enhances** value perception and it positively relates to the customers' satisfaction, since it represents a certain prestige and distinctiveness, which accommodates customers' needs for uniqueness and self-enhancement.

Brand identity also positively correlates with brand trust. People usually relate brand trust with the calculation of **cost/reward** of the brand and brand's capability to **fulfill its promise**. If the reward is bigger than costs and the brand is capable of fulfilling its

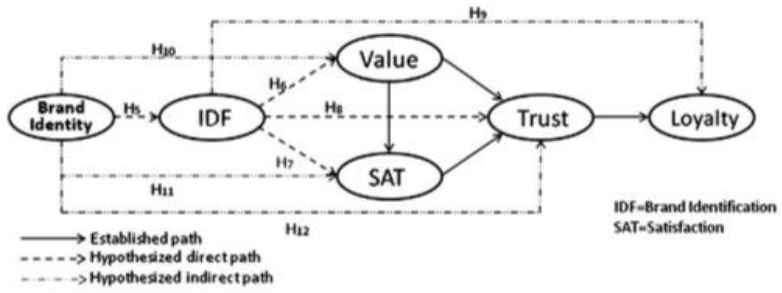
promises, then these brands can enjoy higher customer trust and this is identified with the brand.

The second study was done on a mobile phone market in order to test how brand identification influences the whole model. According to He, Li & Harris (2011, p. 651), brand identification is "a distinctive construct that mediates the effects of brand identity on value, brand trust, customer satisfaction, and brand loyalty." People usually go beyond their personal identities in order to develop social identities in expressing and constructing their sense of selves – they establish their social identities and self-concepts by making themselves the members of certain social categories.

The key construct in customer-company relationship is **consumer-company identification** and it represents a committed and meaningful relationship. The same company can have a different brand and these brands can have different identities – brands act as **salient social categories** in order for consumers to affiliate and develop a relationship with these brands. Figure 5 shows the model, which includes brand identification.

If the brand has a strong identity in terms of being prestigious and distinctive, consumers have a **greater tendency** to identify with that brand.

Figure 5: Brand identification and Brand loyalty



Source: (He, Li, & Harris, 2011)

We can see from the model that brand identification influences brand trust, perceived value and customer satisfaction. Regarding the perceived value, the previous research shows that **image congruity** enhances brand value perception, **intangible assets** (reputation) boost customer's perceived value and **relationship quality** positively relates to the perceived value. **Corporate reputation** is highly associated with brand identification and brand identification per se represents a profound and meaningful relationship. We can say that brand identification positively relates to enhancing the perceived value.

Customers' satisfaction happens when the brands' performance **confirms or exceeds** customers' expectations, which they have prior to the purchase. Brand identification can help here in two ways: by enhancing the perceived performance and by a more favorable overall appraisal due to the affective attachment to the brand.

Brand identification can also directly or indirectly influence brand trust, meaning that brand identification will **mediate** the effect of brand identity on brand trust. Brand identification usually represents affective attachment to the brand and thus provides positive platform for brand trust development.

We can see that brand identification affects the perceived value, customers' satisfaction and brand trust and through those has an indirect effect on brand loyalty. It also mediates the effect of brand identity on brand value, customers' satisfaction and brand trust.

3.2 BRAND LOYALTY

Kotler and Keller (2006) define brand loyalty as "the extent of consumer faithfulness towards a specific brand and it is expressed through repeat purchases and other positive behaviors, such as, word of mouth advocacy, irrespective of the marketing pressures created by the other competing brands."

A company's success largely depends on its capabilities to attract customers to its brands and even more important, to retain its current customers and make them loyal to the brand. Brand loyal customers reduce company's marketing costs, since the costs of attracting new customers are approximately six times higher than the costs of retaining the old ones. Even more important is the fact that brand loyal customers are less price sensitive and are willing to pay higher prices for the brand (Mellens, Dekimpe, & Steenkamp, 1996).

Brand loyalty is a concept that has been studied in the marketing for a long time and many definitions and measurements were developed meanwhile. Mellens, Dekimpe & Steenkamp (1996) state that it is convenient to distinguish **conceptual definitions** and **operational definitions** and they classify measurements in four groups, based on two dimensions: **attitudinal** versus **behavioral** and **brand-oriented** versus **individual-oriented** measures.

BEHAVIORAL VERSUS ATTITUDINAL

Operational measures can be categorized as either attitudinal or behavioral and this depends on the **purchasing** or **cognitive** component. Behavioral measures are based on **actual purchases**, which are related to the performance and existence of the company. Since they are based on a **certain behavior** over a period of time, they are not likely to be **incidental** and **easier to collect** than attitudinal data. One of the limitations of behavioral measures is that they make **no distinction** between brand loyalty and repeated buying. On the other hand, attitudinal measures are able to **distinguish** between the two and they emphasize the **cognitive element** of brand loyalty, since they are based on **stated preferences** and **commitment** or **purchase intentions** of the customer (Mellens, Dekimpe, & Steenkamp, 1996).

INDIVIDUAL-ORIENTED VERSUS BRAND-ORIENTED MEASURES

Brand loyalty can be seen as a **property of the brand** (or brand's features) or it may be considered more as a **characteristic of the respective consumer** who processes that information. Based on this, we can classify brand-loyalty measures as either individual-oriented or brand-oriented. This means that if the individual-oriented measure is used, the loyalty of specific customer is estimated, while if the brand-oriented measure is used, a value of brand loyalty is derived for each brand (Mellens, Dekimpe, & Steenkamp, 1996).

Meanwhile Y. Odin, N. Odin & Vallete-Florence's article Conceptual and operational aspects of brand loyalty (1999) introduces two approaches: **stochastic** and **determinist** approach. For the defenders of stochastic approach, loyalty is a **behavior**, meaning that if the individual buys the same brand systematically, then he or she is loyal to this brand. On the other hand, the main hypothesis of the determinist approach is that there exist a **limited number of explanatory factors** that generate loyalty, so brand loyalty is treated more as an **attitude** in this framework. On the basis of this reflection, Jacoby and Kyner (1973) define brand loyalty as "(1) biased (i.e. non-random) (2) behavioral response (i.e. purchase) (3) expressed over time (4) by some decision-making units (5) with respect to one or more alternative brands out of a set of such brands and is (6) a function of psychological (decision-making, evaluative) process."

This definition identifies loyalty as a behavior, but the author tends to consider loyalty on a **two-dimensional** basis by adding an **attitudinal** component. The behavioral aspect identifies brand loyalty as the repeated purchasing of the same brand, the attitudinal component can for some be resumed as the **attitude towards brands** and for others **preference towards brands**. Attitudinal component represents the **antecedent** to the repeated purchasing behavior. Repurchasing the same brand can be measured as:

- a **reflective loyalty**, which is a result of brand commitment or a favorable attitude towards brand,
- an **inertia of purchase**, which is a repeated purchasing of the same brand without any real motive.

The inertia concept is quite different from the loyalty concept, with the former appearing in a situation of **weak involvement** and **weak perceived differences** between brands (Odin, Odin, & Valette-Florence, 2001).

Petzer, Mostert, Kruger & Kuhn in their article The dimension of Brand Romance as predictors of Brand loyalty among cell phone users (2014) argue that consumers' emotions play a big part in brand loyalty, i.e., **emotional attachment** to brands, which foster a **long-term relationship** with these brands. According to the article, when customers engage with the brand in an emotional way, it becomes **less expensive and more profitable** for marketers to maintain customer-brand

relationship. When investigating a brand romance, three dimensions should be considered: **pleasure**, **arousal** and **dominance**.

Consumer-brand relationship is **rooted in pleasure** and for this reason brand romance also starts with pleasure. To determine satisfaction, we use a particular level of pleasure as opposed to displeasure and the pleasure dimension of brand romance includes an attraction to the brand. An attraction is also an important dimension of brand loyalty and for this reason the impact of pleasure dimension of brand romance on brand loyalty is evident (Petzer, Mosteret, Kruger, & Kuhn, 2014).

Arousal also directly affects consumers' actual purchase behavior, since the motivation for consumption can be **emotional arousal;** that is when consumers become involved with the brand. Emotions, such as pleasure and arousal affect the consumer's activity, intention and reaction in regards to consumption behavior as well as brand loyalty (Petzer, Mosteret, Kruger, & Kuhn, 2014).

The last dimension of brand romance is **dominance** and it captures the brand's propensity to engage the **consumer's cognition** – they are so connected with the brand, that the brand actually becomes a part of their lives, psyche and lifestyle. The cognitive nature of consumer-brand identification is shown in brand loyalty when **congruence** between consumers' **self-image** and the **brand** happens and the brand becomes **embedded** in consumer's lives. This is seen in the phone market, since phones are regarded as an extension of one's identity (Petzer, Mosteret, Kruger, & Kuhn, 2014).

Sharp, Rundle-Thiele & Dawes have also developed their own theory in their article, Three conceptualizations of loyalty (1997), where they break down brand loyalty in three concepts: **Attitudinal loyalty**, **Repeat Purchase loyalty** and **Differentiation loyalty**. Attitudinal loyalty can be divided in two approaches; a **behavioral** or **attitudinal** approach and they emphasize the role of **mental process** in building brand loyalty. Consumers engage in problem-solving behavior, which includes brand and attribute comparison, leading to **strong attitudinal preference** and **repeat purchase behavior**. Repeat purchase loyalty's main idea is that the consumers' tendency to repurchase a brand is shown through a **behavior,** which can be **measured** and which **impacts directly on brand sales**. The authors suggest that we first need to understand **how people buy** in order to understand why they do it. The concept of differentiation loyalty is related to the **economic** and **strategy concept** of differentiation. Sharp et al. **define** differentiation conceptualization of brand loyalty as "a brand's differentiation loyalty increases when its customers become more insensitive (immune) to the offers of competing brands. The immunity might come about because of preference, memory, awareness, perceived switching costs, or reduced ability to become aware of competing offers or products (e.g. because of distribution differences)." If the differentiation loyalty increases, than the brand can undertake activities, such as increasing prices, reducing services or reducing

advertising in order to allow the company to build/retain the value (Sharp, Rundle-Thiele, & Dawes, 1997).

3.3 INDEPENDENT VARIABLES THAT IMPACT BRAND LOYALTY

In this chapter, I explain independent variables that impact the dependent variable – brand loyalty. Further on, I present the model that I developed with all of these variables in it, so it is important to understand what each of them means and why each of them is included. Some independent variables are explained more in general, while others, such as brand value, price and switching costs are also related to the Smartphone market. This mainly depends on what kind of literature I was able to find and use for this chapter.

3.3.1 BRAND IDENTITY

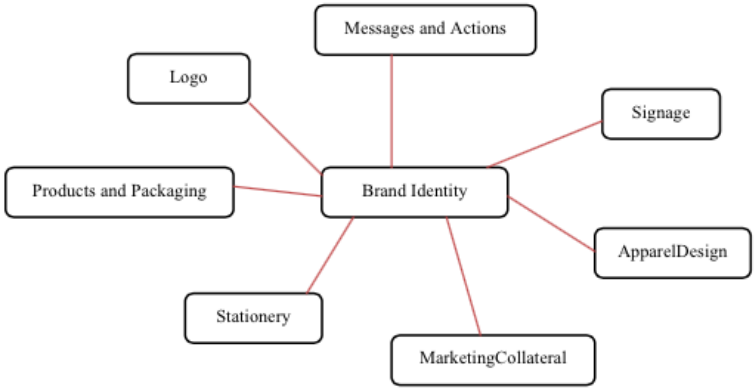
A brand identity is a unique set of **associations** that a company seeks to **create** and **maintain**. The associations, which are the brand's essential **characteristics** and **attributes**, lead to a perceived brand personality (Phillips, McQuarrie, & Griffin, 2014).

Nowadays, having a great product is just not enough. In order for a potential customer to relate to the previous experience with the brand, the brand needs to have a **strong identification**. This means that the brand develops an **image** and it is more likely that the customer **prefers** that specific brand (Mindrut, Manolica, & Roman, 2015).

American Marketing Association (AMA) defines the brand's concept as a **name**, **term**, **sign**, **symbol**, **design** or a combination of all, in order to **identify** the goods and services of one seller or group of sellers and to **differentiate** them from the competition. In literature, we can also find an agreement between Kotler P., Keller K.L., (2006), Keller K.L., (2003), Shiva N., (2004) and Duncan T., (2005), which state that the brand is a product or service **differentiated** by its **positioning** relative to competitors.

In general, we can say that brand identity is **how a company is being identified** and features, such as **vision**, **culture**, **positioning**, **personality**, **relationship** and **presentation** help to form it. The companies use strategies of branding in order to communicate their **identity** and **value** with their potential customers and stakeholders. A brand needs to follow a complex process in order to differentiate itself. It has to consider the **components of a specific importance** and each of these components is relevant for forming brand identity and creating a brand image. The components that form a brand identity are: logo, stationery, marketing collaterals, product and packaging, signage, apparel design and messages and actions. This process is a **complex marketing strategy** that requires the implication of all the levels that have an interest in the success of a specific product or service. The results of this process create **loyalty** and **emotional connections** with the targeted public (Mindrut, Manolica, & Roman, 2015).

Figure 6: Brand identity components



Source: (Mindrut, Manolica, & Roman, 2015)

The importance of having a **strong consumer-brand relationship** and **strong brand identity** is more pronounced in today's marketplace, since the companies and their brands do not behave according to the consumers' expectations at all times. The idea of consumers having a relationship with the brands is evidenced by the concept of **brand personality** (brand identity), which means that the brand can become associated with a set of personality traits, which can differ a particular brand from its competitor (Lin & Sung, 2014).

3.3.2 BRAND IDENTIFICATION

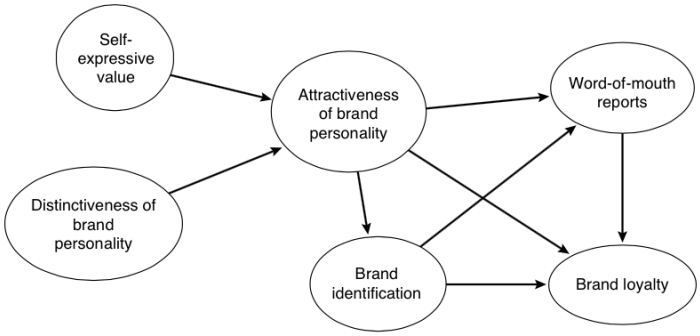
While brand identity refers to a set of associations that brand strategies seek to create or maintain, brand identification refers to a **social construct** that involves the **integration** of **perceived brand identity** into **self-identity**. Brand identification leads to **heightened self-esteem** and an **increased tendency** to purchase brand related merchandise. Brand identification can also help generating **favorable marketing outcomes** (e.g. repurchase, positive word of mouth…) and it contributes to the **identity of a brand** that consumers want to obtain or maintain (Lin & Sung, 2014).

When there is a fit between consumer's self-identity and brand identity, the consumer may consider a brand as a **person** and this kind of relationship is seen in the real world.

An individual, through the concept of **social identification**, relates himself or herself to a certain group or a company, in order to **differentiate** the brand from its competitors. Social identification, in social psychology, means that people **identify** themselves as **members of society** and an expression of identifying with a company is treated as a **special type** of social identification (Kim, Han, & Park, 2001).

Kim, Han & Park (2001) in their article The effect of brand personality and brand identification on brand loyalty: Applying the theory of social identification developed a model that shows what influences brand identification and how brand identification influences brand loyalty (Figure 7).

Figure 7: Model of Brand identification



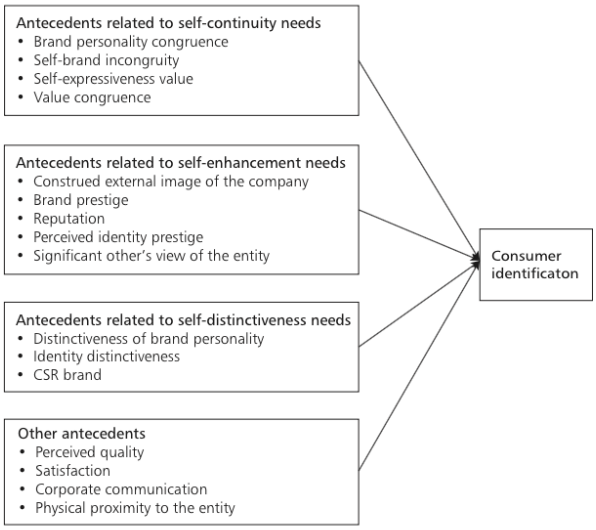
Source: (Kim, Han, & Park, 2001)

The model shows a relationship between six constructs, which are categorized in two groups. The first comprises of **self-expressive value** and **distinctiveness of brand personality** and the second comprises of **attractiveness of brand personality**, **brand identification**, **positive word-of-mouth reports** and **brand loyalty**.

In order for a person to identify with the brand, the brand needs to help a person **express** himself or herself, which makes a brand **attractive**. This means that self-concept, self-consistency and self-continuity are **interrelated**. The more the consumers identify with the brand, the more they are willing to spread positive word-of-mouth and their brand loyalty is higher, which consequently leads to a person behaving **positively** towards that brand (Kim, Han, & Park, 2001).

At this point, it is also important to explain and understand the term **consumer identification**, which shows how consumers identify with the brand. There are three antecedents of **consumer identification** that attribute to consumers' key self-definitional needs: variables related to **self-continuity needs**, variables related to **self-enhancement needs** and variables related to **self-distinctiveness** needs (Figure 8).

Figure 8: Antecedents of consumer identification



Source: (Elbedweihy & Jayawardhena, 2014)

People are motivated to maintain self-consistency over time and across situation in order to **express themselves** to others and **process information easily** and by that, to **fulfill** their self-continuity needs. The need for self-continuity is a **key factor** that concerns peoples' perceptions of the attractiveness of a company's identity (Elbedweihy & Jayawardhena, 2014).

Consumers' motivation to fulfill their self-enhancement needs is one of the most **critical** determinants of **identification**. Individuals actually strive to enhance their **self-esteem**, based on the degree that some social groups are valued favorably in comparison to the others. Consumers identify with prestigious companies in order to maintain a positive social identity and enhance their self-esteem, by **viewing** themselves in the company's reflected glory (Elbedweihy & Jayawardhena, 2014).

People seek to differentiate themselves from others and are more likely to associate with groups that are perceived to be **positively distinctive**. Consumers who believe that their company is **distinctive** in comparison to others, are more likely to be **attracted** to that company and consequently **strengthen** consumers' identification. By doing this, consumers fulfill their self-distinctiveness needs (Elbedweihy & Jayawardhena, 2014).

3.3.3 BRAND/CUSTOMER SATISFACTION

Westbrook and Riley (1983, p. 256) refer to satisfaction as "an emotional response," while Howard and Sheth (1969, p. 145) refer to it as "buyer cognitive state." Giese & Cote in their article Defining Consumer Satisfaction (2014) did a research on how the term "**satisfaction**" is best explained. There are several authors that explain satisfaction in their own way, but Giese & Cote found three common components that best explain what satisfaction is: 1.) satisfaction is a response, either emotional or cognitive; 2.) response pertains to a particular focus (products, expectations, experience…); 3.) response occurs at a particular time (after usage, choice, accumulated experience…) (Giese & Cote, 2002).

Satisfaction leads to a **long-term combination** of relationships and is based on a **positive affective reaction** to an outcome of a prior experience. The quality of brand relationship can be defined as the degree to which the user views the brand as a **satisfactory partner** in an ongoing relationship. Satisfaction alone is not a sufficient component of loyalty, but it is more of an **antecedent** of it, which increases in satisfaction leading to an increase in brand loyalty (Sahin, Zehir, & Kitapci, 2011).

One of the most important factors for developing brand loyalty is **meeting** the customers' **needs** and keeping them **satisfied**. Oliver (2003) in his studies investigated the relationship between customer's satisfaction and brand loyalty and came to the conclusion that there was a **positive relationship** between the two variables. Satisfaction does not only mean that the customers repurchase, but they also **tell** their positive experiences about the brand and services to others (**positive**

word-of-mouth). On the other hand, if the customers are unsatisfied, we can expect that they will either **change** the brand or make **complaints** (Ercis, Unal, Candan, & Yildirim, 2012).

It is hard to satisfy customers before gaining their **trust**, which means that trust affects customer's satisfaction as well. According to Berry (2000), trust is extremely important for satisfaction, because when a consumer **trusts the brand**, then he or she is **satisfied** and more willing to **commit** to it (Ercis, Unal, Candan, & Yildirim, 2012).

Companies know that it costs less to **keep** a customer than to **attract** a new one. This is why having a satisfied customer is of utmost importance. Many researchers state that directly or indirectly, the ultimate factor influencing the customer's retention behavior is the customer's **level of satisfaction** (Baig, ZIa-Ur-Rehman, Saud, Javed, Aslam, & Shafique, 2015).

Schiffman and Kanuk (2007) in their book Consumer Behavior describe **five types** of customer segmentation regarding satisfaction:

- **Loyalist**: customers who are extremely happy and satisfied and their level of trust towards a particular brand is at climax.
- **Defectors**: customers are hardly satisfied and their level of trust is just enough to buy the products of a specific brand, but they are close to alter the brand.
- **Terrorist**: customers, whose satisfaction is far below expectations and the level of trust is at zero.
- **Hostages**: customers who are bound to one brand, because of its monopolistic approach – hence, neither concern of satisfaction or trust.
- **Mercenaries**: brand does not bother these types of customers, so there is also no concern of satisfaction and trust in this segment.

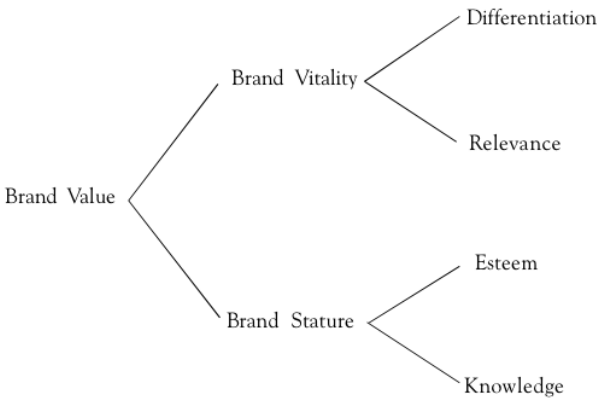
3.3.4 BRAND VALUE – VALUE PERCEPTION OF SMARTPHONES

There are two types of brand value (equity) definitions: it can be viewed from a **financial perspective** as a part of the company's financial value or it can be seen from a **customer perspective** where brand equity presents a value to the customer (Cleff, Lin, & Walter, 2014). Keller (1993) defines **brand equity** as "the differential effect of brand knowledge on consumer response to the marketing of the brand… it is the perception of the brand as reflected by brand associations held in consumer memory."

James C. Crimmins (1992) in his article Better measurement and management of brand value describes **brand** as "a name, symbol, design, or mark that enhances the value of a product beyond its functional purpose." Nowadays, the importance of **intangibles**, like **brand name**, **patents**, **technology** and **employees** is becoming increasingly important in the market and leads to shifts in some companies' market value, relative to their book value. Tangible assets, like **land**, **building** and **financial assets** are also regarded as an important source of business value (Attri, 2013).

Company Young and Rubicam developed a **Brand Asset Valuator Model** in 1980 in order to track the brand's health of various companies. Figure 9 shows this model, which depends on four parameters: **brand differentiation**, **brand relevance**, **brand knowledge** and **brand esteem**.

Figure 9: Brand Asset Valuator Model



Source: (Attri, 2013)

Differentiation, which is also known as the brand's **distinctiveness**, is the critical aspect of the brand's success. It shows how the brand **distinguishes** itself from other brands and it is a very important element of brand development.

A brand must be **relevant** or it does not attract and retain customers. Without relevance, the brand does not have a **connection** to one's own life and a consumer does **not engage** in repeated purchasing. In order for brands being successful and targeting the customers, they need to be able to **differentiate** themselves in the marketplace and be **relevant** at the same time.

The third key measure in the model is the **extent** to which the consumers like the brand and hold it in high regards. Esteem relates to **how** a brand fulfills its **direct** and **indirect promises** and is driven by two factors: the **perception of quality** and the **perception of popularity**. The first one is classified as a representation of one's own experience with the brand and the second one shows how you think others experience the brand.

The last factor is **knowledge** and it shows that consumers **understand** and **realize** what the brand stands for. The brand's knowledge can still keep it alive in the consumers' minds, even though it is no more relevant to the consumer (Attri, 2013).

In order to understand the Smartphones' value perception, we first need to understand what perception is. Kotler (2011) describes **perception** as "a process by which an individual selects, organizes, and interprets information inputs to create meaningful picture of the world." It is not only dependent on physical stimuli, but also on stimuli's relation to the surrounding field and on conditions within an individual. Individuals have different perceptions of the same items, due to three perceptual

processes: **selective attention**, **selective distortion** and **selective retention** (Kotler, 2011):

- **Selective attention**: people are exposed to a lot of stimuli (brand ads) and most of those stimuli are screened out, because there is all just too much to comprehend. Marketers learned that people are more likely to notice stimuli that relate to a current need and to the stimuli that they anticipate.
- **Selective distortion**: it is a tendency to twist information to personal meanings and interpret information in a way that fits our perception.
- **Selective retention**: we are likely to remember good points mentioned about the product that we like, due to selective retention. People forget a lot of what they learned, but they tend to retain information that supports their attitudes and beliefs.

3.3.5 BRAND TRUST – THE ROLE OF BRAND TRUST IN THE FORMATION OF BRAND LOYALTY

Chaudhri & Holbrook (2001, p.84) define brand trust as "the willingness of the average customer to rely on the ability of the brand to perform its stated functions." This means that trust plays a **key role** in reducing uncertainty and lack of information in situations of uncertainty and information asymmetry, thus making the customer more **comfortable** with the brand (Mosavi & Kenarehfard, 2013). Brand trust positively affects the important outcome variables, such as **brand loyalty**, **brand commitment** and **purchase intentions** (Koschate-Fischer & Gartner, 2015). Brand trust also positively correlates with **brand satisfaction** (see Table 2), which means that a positive purchase experience leads to a **positive emotional response** and enhances perception of the brand's reliability in the customer's view . When customers are happy with the brand, they tend to develop **emotional** ties with it and this brand affect leads to a **greater commitment** in the form of an **attitudinal loyalty** (Song, Hur, & Kim, 2012).

In order to develop trust, Holms (1991) points out two mechanisms:

- **Repeated interactions** and **long-term relationships** are of utmost importance in developing trust.
- **Information sharing** and **dissemination** between different elements of the brand, which in turn reduces information asymmetry and uncertainty and increases **brand predictability**.

Doney and Cannon (1997) stated that trust also involves a **calculative** process, which relates to the value that people **receive** from the relationships (Mosavi & Kenarehfard, 2013). Trust should also involve a process that is well thought out and carefully considered (Song, Hur, & Kim, 2012).

The problem with trust is that there is no consistent conceptualization and operationalization of it. The authors define brand trust differently and the main difference lies in the **number of brand trust dimensions** that have been identified.

Some authors, such as Chaudhuri and Holbrook conceptualize brand trust as **one-dimensional**, while others, such as Delgado-Ballester et al. and Li et al. define brand trust as **two- or three-dimensional**. The definition of Chaudhuri and Holbrook focuses solely on the performance dimension, which is one-dimensional, but other studies conceptualize brand trust as multidimensional (Koschate-Fischer & Gartner, 2015).

Brand trust also plays the role of an **antecedent** to brand loyalty in two broad categories: **customer**- and **company-/product-related** antecedent. In order to develop brand loyalty, companies first need to make the customers trust their brand and they can achieve that through **customer satisfaction** (which is an antecedent to brand trust). As mentioned above, brand trust positively affects brand loyalty and brand commitment and on top of that, it also reveals that brand trust influences customer's willingness to **pay a price premium** for the brand that they trust (Koschate-Fischer & Gartner, 2015).

Trust is essential in building **strong consumer-brand relationships** and it is **positively** related to brand loyalty. The customers develop brand trust based on **positive beliefs** in regards to their expectations for the behavior and the products' performance that a certain brand represents (Sahin, Zehir, & Kitapci, 2011).

3.3.6 BRAND EXPERIENCE – THE EFFECT OF BRAND EXPERIENCE ON BRAND LOYALTY

Brakus et al. (2009) define brand experience as "subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli that are a part of a brand's design and identity, packaging, communications and environments." Alloza (2008) defines brand experience as "the perception of the consumers, at every moment of contact they have with the brand, whether it is in brand images projected in advertising, during the first personal contact, or the level of quality concerning the personal treatment they receive."

In today's marketplace, customers are looking through consumption for fantasies, feelings and fun and companies are forced to **entertain**, **stimulate** and **emotionally affect** consumers through experience (Cleff, Lin, & Walter, 2014). When customers search for shops and consume brands, they are exposed to **utilitarian** product attributes, but also to various **brand-related stimuli** (brand identifying colors, shapes, background design elements, slogans, mascots etc.). These stimuli appear as a part of **brand's design** and **identity**, **packaging** and **marketing communications** and in **environments** in which the brand is marketed or sold (Sahin, Zehir, & Kitapci, 2011).

Even though experiences are sensations, feelings, cognitions and behavioral responses evoked by brand related stimuli, brand experience is **not an emotional** relationship concept. Emotions are only **one internal** outcome of stimulation that evokes experience. Brand experience is also **conceptually** and **empirically** distinct from

personality, because brand experience **differs** from brand evaluations, involvement, attachment and consumer's delight (Sahin, Zehir, & Kitapci, 2011).

In order to measure brand experience, there has been a lot of research made by various authors. Firstly, Hirschman and Holbrook (1986) suggest the use of **Thought-Emotion-Activity-Value** (TEAV) model with four dimensions: a **thought**, which includes cognitive processing; an **emotion**, which involves feelings, expressive behaviors and physiological responses; an **activity**, which includes physical and mental events; and **value**, which includes evaluative judgments. Secondly, Pine and Gilmore (1998) categorize an experience into four "e"-categories: **educational**, **entertainment**, **escapist** and **esthetic**, according to where they belong along the dimensions "active/passive participation" and "immersion versus absorption." Thirdly, Schmitt (1999) identifies five types of experiences: **sensory experiences** (SENSE), **affective experiences** (FEEL), **physical experiences, behaviors** and **lifestyles** (ACT), **creative cognitive experiences** (THINK) and **social experiences** that result from relating to a **reference group** or **culture** (RELATE) (Cleff, Lin, & Walter, 2014).

Brand's experience **conceptualization** and **scale development** are of utmost importance for managing and understanding brand trust and brand loyalty. It can be positive or negative, short- or long-lasting; the important thing is that brand experience can **positively affect consumer satisfaction and brand loyalty**, as well as **brand trust** (Sahin, Zehir, & Kitapci, 2011).

3.3.7 BRAND IMAGE – THE EFFECT OF BRAND IMAGE ON BRAND LOYALTY

Kotler (2011) defines **image** as "a set of beliefs, ideas, and impressions that a person holds regarding an object." He also states that "people's attitudes and actions towards an object such as product or service are highly conditioned by that object's image." Consumers respond to the company and brand image in different ways. On one hand, **identity** comprises the ways that the company aims to identify and position itself or their product and on the other hand, **image** is the way the public perceives the company or its products. The product's character and value preposition is established by an **affective image**; the character of the image is conveyed in a **distinctive** way and it delivers **emotional** power beyond mental image. For an image to work and be successful, it must be conveyed through every possible **communication channels** and **brand contact**, such as logos, media and special events (Kotler, 2011).

Identities create a corporate and brand image, but there are also many marketing activities, besides identity, that contribute to the image. These include **sponsorships**, **public relations**, **advocacy advertising** and **crisis management**. These activities affect the brand's **public image** and enhance its **reputation** and **value to investors** (Schmitt & Simonson, 1997).

Brand image and brand loyalty are considered as the determinants of **customers' choices** in regards to any product and they determine the **competitive environment** for a specific company to compete in the market. Shopping can be very time and energy consuming and customers do not always possess enough product knowledge, in order to ensure the best buy. That is why they usually go for **well-known** brands, which may result in higher purchasing costs, but require **less research effort**. Aaker (1991) said that brand management and establishment should be viewed as a **source of competitiveness** and not only as one of the operating focuses for major industries (Gul, Jan, Baloch, Jan, & Jan, 2005).

Keller (1993) defines brand image as "an association or perception consumers make based on their memory towards a product." Rao and Monroe (1988) state "that a brand with a more positive image has the effect of lowering consumers' product perception risks and increasing positive feedback from consumers." Thakoe et al. (1997) state that consumers are able to "recognize a product, evaluate the quality, lower purchase risks, and obtain certain experience and satisfaction out of product differentiation" through brand image.

The image can be affected by many factors, which are beyond company's control. The consumers develop their **own** set of brand beliefs and where it stands on each attribute and these set of beliefs **make up** the brand image. The consumer's brand image varies with his or her **experiences** as filtered by the effects of **selective perception**, **selective distortion** and **selective retention** (Gul, Jan, Baloch, Jan, & Jan, 2005).

3.3.8 SWITCHING COSTS – THE ROLE OF SWITCHING COSTS IN SMARTPHONE MARKET

The Smartphone market is probably one of the most dynamic among others in the world. The degree to which it changes in the technology, market adoption and product innovation is staggering. Mobile phones used to be a luxury, but now they changed and became a product intended for a mass consumer's market. The changes are due to rapidly changing marketing strategies, since mobile phone operators compete for a position and competitive advantage. Because of this, the role of switching costs in the relationship between satisfaction, trust and commitment in the Smartphone market has been **gaining on importance** (Kitapci, Sahin, & Zehir, 2013).

Switching usually occurs, when a customer begins to think that there is something better on the market and is **motivated** to review the available **alternatives** in the marketplace. Bendapudi and Berry (1997) describe switching costs as "the inconvenience, out-of-pocket costs and psychological upsets," which a customer can expect and so they change their suppliers. When customers are deciding on switching brands, they are risking the fact of **not being satisfied**, so it may not be worth doing it. Switching costs does not just relate to **monetary costs**, but also to the **time** and **effort** involved in facing the uncertainty of dealing with a new brand. The perception of switching costs is a significant factor that affects the **brand satisfaction-trust**

relationship and **brand trust-commitment** relationship. In order to retain customers, the companies use **high switching costs**, which mean that an **increase** in switching costs will lead to an **increase** in commitment for a brand. In many cases, even if customers are unsatisfied, they stay with the brand, because the time and effort needed to choose a new brand are perceived **high** (Kitapci, Sahin, & Zehir, 2013).

An example of switching costs in the Smartphone market would be a consumer who switches from Apple's iOS to Google's Android operating system. He or she would occur costs of re-learning a new interface and migrating – if not re-buying – a set of applications, as well as contacts, calendars, e-mails and messages.

3.3.9 PRICE – THE ROLE OF PRICE IN SMARTPHONE MARKET

Price is one of the most important factors in marketing-mix and it is the **amount** that consumers pay for a product. The companies set a price for the **first** time a new product is developed or when a regular product is introduced into a new **distribution** or **geographical** area. The price is the **key element** used to support product's quality positioning and companies. When developing their strategy, they must decide where to position its product on price and quality. When setting a price, marketers follow a **six-step procedure**: (1) selecting the pricing objective, (2) determining demand, (3) estimating costs, (4) analyzing competitor's costs, prices and offers, (5) selecting a pricing method and (6) selecting the final price (Kotler, 2011).

Companies usually do not set only **one** price, but rather a **pricing structure** that reflects variations in geographical demand and costs, purchase timing, market-segment requirements, order levels etc. There are several price-adaptation strategies available: (1) **geographical** pricing, (2) **price discounts** and **allowances**, (3) **promotional** pricing, (4) **discriminatory** pricing, where companies sell products at different prices to different market segments and (5) **product-mix** pricing that includes setting a price for product line, optional features, captive products etc. Companies may also face a situation when they need to **change** prices and they can do that by initiating **price cuts** or **price increases**. In these situations, they need to consider how stakeholders react to price changes and how the competition sets/changes its prices (Kotler, 2011).

Nowadays, we have Smartphones with prices ranging from 100€ to 800€. The price plays an important role, when people are deciding which phone to buy. If they want a phone just for calling and texting, then they are not willing to pay much for it, but if they want a phone that has it all, then they are prepared to pay more for it. Let's take an iPhone as an example – iPhones are more expensive in general, but they come well equipped. They have the best cameras possible, thousands of applications available, the name and prestige of the Apple brand, features like 3D touch, ID lock, iCloud storage… If these are the features that people are looking for in their phones, then they are willing to pay more. On the other hand, there are Smartphones available on the market that do not offer all this, but just the basic things (SMS, MMS, camera, Wi-Fi…) and people are not prepared to pay as much for them. The price is not the

only factor that influences a buying behavior for Smartphones, but it certainly plays a **very important role.** It is also important to know what people actually want and desire in a Smartphone and thus, it is easier to figure out how much they are willing to pay.

4 RESEARCH ON BRAND LOYALTY TO SMARTPHONES IN SLOVENIA

4.1 METHODOLOGY

In my research, I used both qualitative and quantitative methods. In order to get information for the first four chapters, I used the secondary data, such as Statistical office of Slovenia, Eurostat and the literature I was able to find on dependent and independent variables. For chapters 5 and 6, I gathered the primary data through an online survey.

To conduct the quantitative analysis, I used the statistical software package SPSS, where I tested my hypotheses with the help of univariate and multivariate methods. The graphical representation of the results and the figures were done in Microsoft Excel.

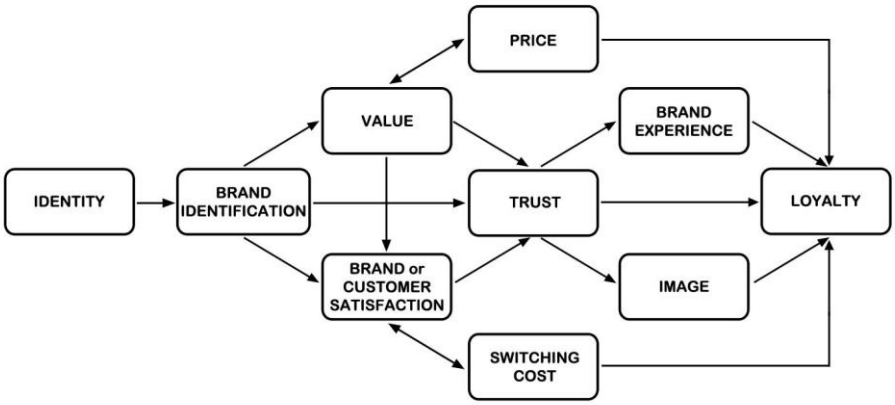
For a more detailed analysis, I used the following SPSS methods:

- **"Descriptive statistics"** to observe the arithmetic mean, median, standard deviation, measures of shape and measures of reliability.
- **"Bivariate correlations"** to observe the correlation coefficients between the dependent and independent variables, the direction and the strength of those.
- **"Independent Samples T-test"** to compare means of one variable for two groups.
- **"Two-way ANOVA"** to compare means of more variables for two groups.
- **"Linear regression"** to build a regression model with one criterion variable and three predictors to see, how much variability on criterion variable can be accounted for by these three predictors.

4.2 MODEL DESIGN

The previous section describes the dependent and independent variables in great details in order to understand the model, which was developed to test brand loyalty in the Smartphones in Slovenia. As mentioned before, the dependent variable is **brand loyalty**, while the independent variables are **brand identity, brand identification, brand value, brand/customer satisfaction, brand trust, brand experience, brand image, price and switching costs**. The model was developed based on He, Li & Harris (2011). Most of the independent variables were taken from their research, with brand experience, brand image, price and switching costs added to the model in order to understand and explain brand loyalty better. Figure 10 shows the model design for my research.

Figure 10: Model design



The model above shows how and what influences brand loyalty. The model's components were already explained in the text above, so I am not going into details here. Since identity is the first independent variable, we can take Apple as an example to explain it. Apple is a very prestigious brand, with its high-quality products and their high price policy. In the literature above, I mentioned that identity refers to the distinctive and relatively enduring brand's characteristics and when a brand is more **distinctive** and more **prestigious**, it tends to have a **strong** and **affective identity**, since it helps consumers to fulfill their **self-definitional needs for uniqueness**. People who use Apple Smartphones are willing to pay more for it, since it represents a social status and it fulfills their needs for uniqueness.

Brand value, brand/customer satisfaction and brand trust **mediate** the effect of brand identity on brand loyalty. If we go back to Apple – when people identify with the brand, they already have the value, satisfaction and trust developed about this brand. This means that when people are willing to pay more for the Apple product, it is because they identify with it, but also believe that value for the money is good, they are satisfied with the brand and they trust it. This is due to the fact that brand identity **enhances** brand value and the brand with a strong identity tends to satisfy consumer's **symbolic** needs (He, Li, & Harris, 2011).

In order to expand the model and try to explain brand loyalty better, I decided to add additional independent variables: brand experience, brand image, price (of the brand's products) and switching costs. Brand experience can have a great effect on brand loyalty, since consumers **experience** different **brand-related stimuli** when they encounter a specific brand. For companies, it is very important that these stimuli are the **positive** ones. If a consumer has a bad experience with the brand, he or she will relate all of its products to that experience and he or she will be hard to convince to start using that brand again.

Brand image is the way that people **perceive** the company or its products and it is important that this image is a **positive** one if they want to have loyal customers. The

company has to **contribute** to its **identity** or **image** through different channels, in order for consumers to feel good about it. We can see from the model that brand experience and brand image are **affected** by brand trust. This is due to the fact that when people trust the brand, they usually have a positive experience with the brand and they hold that brand in high regard.

The price and switching costs on the other hand influence the value and satisfaction part of the model. Today's Smartphones are quite expensive and even though you can purchase the cheaper models, you have to pay a high price if you want a Smartphone with all of the best features. This is why the price influences brand value and brand loyalty. If the consumers feel that the price is **fair** based on the brand value or the money invested in the brand, they are **prepared to pay** more and be loyal to that brand. On the other hand, if they feel that the price of that brand's products is too high, they are **not** going to pay for it and they **cannot** be considered as loyal consumers, since the price is more important than the brand.

On the other hand, switching costs influence brand/customer satisfaction, because if the consumers are not satisfied with the brand, they will **change** it. This is when they start thinking about the switching costs – how much will the change cost them, how much time and effort will they have to put in, in order to choose a new brand and how long will it take them to learn how to use the new product. Switching costs also influence brand loyalty – when the switching costs are **high**, the consumers will usually **stay** with the brand, even though they might not be completely satisfied with it, but if the switching costs are **low**, then the customers will **change** the brand as soon as the first signs of dissatisfaction show. Switching costs affect brand loyalty in a reverse way – if costs are high, people will be loyal, and if costs are low, people will change the brand.

The following subchapters (4.2 and 4.3) present how the data was collected and analyzed. Chapter 5 explains the relationships between the variable and the results of hypothesis testing. The hypotheses tested are:

1. **Hypothesis 1**: Brand name influences brand loyalty.

The hypothesis tries to prove that there are differences between different brand owners when it comes to valuing brand loyalty. It also compares Apple, Samsung and other Smartphone owners between each other, in order to test which ones value loyalty more.

2. **Hypothesis 2**: Gender influences brand loyalty.

The hypothesis tries to prove that there are differences between genders, when it comes to being loyal to a specific brand. It compares male and female loyalty value.

3. **Hypothesis 3**: Male and female participants are differently satisfied with their current Smartphone and they are differently willing to change the Smartphone.

The hypothesis compares male and female participants, in order to test if there are any differences between their satisfaction with the current Smartphone and also their willingness to change it, based on the answers from the survey.

4. **Hypothesis 4**: Apple owners trust the brand more than Samsung and other Smartphone owners do.

The hypothesis tests if Apple owners trust the brand more compared to Samsung and other Smartphone owners. In order to test this, I have to create a dummy variable for Smartphones, where I put Apple owners on one side and Samsung and other Smartphone owners on the other side. Since most of the responses about the other Smartphones were Android phones (LG, HTC, Sony), I can also say that I am comparing iOS users against Android users.

5. **Hypothesis 5:** When buying a new Smartphone, price influences more on Samsung and other Smartphone owners than on Apple owners.

The hypothesis tests the purchasing habits of Apple owners compared to Samsung and other Smartphone owners. The same dummy is used again for Smartphones as it is in hypothesis 3. The hypothesis tries to prove that non-Apple owners are more price sensitive, when it comes to buying a new Smartphone. This is due to the fact that Apple Smartphones are usually more expensive and not everybody is willing to pay such high prices. On the other hand, Samsung is well known for their lower-cost Smartphones.

6. **Hypothesis 6**: Samsung and other Smartphone owners would be more willing to change the brand due to the price than Apple owners.

The hypothesis tests what would convince the respondents to change the brand. As in hypothesis 3 and 4, the dummy variable for Smartphones is used. The hypothesis compares Samsung and other Smartphone owners' willingness to change the brand due to the price, against the Apple owners. The assumption is that the Samsung and other Smartphone owners are more price sensitive, so they would be more willing to change the brand due to the price than Apple owners.

7. **Hypothesis 7**: Variables Brand value, Brand identification and Brand satisfaction are good predictors for Brand trust.

This hypothesis is tested with linear regression and it tries to show that with three variables (value, identification and satisfaction), we can predict how much people trust the brand. These were selected due to the He, Li & Harris article (2011), where they also tried to predict in their model how these three influence brand trust. Unfortunately, they did not publish their results or maybe did not even do a similar test, but it was still decided to give it a try and test, how much of brand trust can be predicted with these three variables. Their action was a more advanced testing called structural modeling, which is an upgrade to linear regression.

4.3 DATA COLLECTION

In order to collect the data, I posted a survey on **1ka** – a website for posting surveys and shared it on **Facebook** and directly through **e-mails**. My assumption is that this is the fastest way to share the survey and get as much people to respond as possible.

The survey is divided in **four** parts:

- **First part**: I asked the respondents about their current Smartphones. With these sets of questions, I was able to differentiate how many people use Apple, how many Samsung and how many other Smartphones.
- **Second part**: I asked the respondents about the dependent and independent variables from the model and gave statements for each one of the variables with the Likert scale answers (1 – strongly disagree; 5 – strongly agree), where they had to check their level of agreement or disagreement with the statement. These questions helped me identify what is and what is not important to the respondents in regards variables from the model.
- **Third part**: I asked the respondents about their purchasing decisions of Smartphones and their willingness to change the brand. Here, I was able to get an insight on what influences people the most, when buying a Smartphone and what would convince them to potentially change the Smartphone brand.
- **Fourth part**: I asked the respondents about their age, gender, education, income and region in which they live.

As already mentioned before, the statements for the survey's second and third part were developed with the five point Likert scale (1 – strongly disagree or it does not influence at all; 5 – strongly agree or a very strong influence), because the respondents specify their level of either agreement or disagreement on a symmetric agree-disagree scale for a series of statements. Some questions had only one available answer – these were the questions in the first, fourth and partially the third part of the survey. The questions were developed with the help of He, Li & Harris article (2011) and with the cooperation with my mentor, prof. Vesna Žabkar.

Table 2 shows the calculation of the results on each and every variable. All the items (number of questions for each variable) were summed up and new variables were formed, which are seen in the table (first column). The dimensions were calculated as an **unweighted sum of items**. The table shows that as an example, in order to get variable brand loyalty, for which the questionnaire had 5 questions, the results of it had to be summed up, in order to have one variable with all the results. The same goes for all the rest of the variables.

Table 2: Variables, items and value of Cronbach α

Variable	Nr. of items	Cronbach α
Brand loyalty	5	0,87
Brand identity	4	0,84
Brand identification	3	0,69
Brand satisfaction	7	0,87

Brand value	3	0,76
Brand trust	6	0,88
Brand experience	5	0,68
Brand image	4	0,78
Brand price	3	0,43
Brand switching costs	3	0,66

The table also shows the values of Cronbach Alfa, which measures the variables' reliability. Cronbach Alfa can calculate two things: variance within the item and the covariance between a specific item and any additional item on the scale. We can basically build a variance-covariance matrix of all items. It is suggested that the value of Cronbach Alfa should be above 0,7, but some authors, like Kline (1999), also suggest that when dealing with psychological constructs, the values bellow 0,7 can be expected, because of the measured diversity's constructs(Field, 2009).

In the table 2, most of the variables have Cronbach Alfa value higher than 0,7, with brand identification being very close and brand experience and brand switching costs having values between 0,66 and 0,68. The only variable that stands out is the brand price with value of 0,433, which means that the price has a low reliability.

The low value of this variable is due to reverse phrasing of the questions, which means that an item has a negative relationship with other items and the covariance between these items is negative; hence, the value of Cronbach Alfa is reduced (Field, 2009).

In the next chapter, I present the respondents' demographical profile, the statements for dependent and independent variables, together with figures, which show mean scores for these statements. I also present the information from the survey's third part, which shows how satisfied are the respondents with their current Smartphones, if they are willing to change the brand and the reasons behind their decisions.

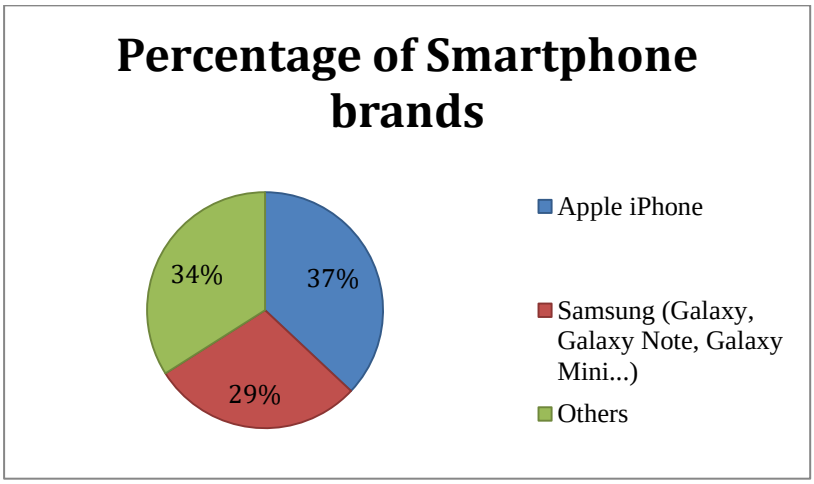
4.4 DATA ANALYSIS

4.4.1 DEMOGRAPHICAL CHARACTERISTICS OF THE RESPONDENTS

As already mentioned before, the survey was distributed on Facebook and through e-mails and there were **121** respondents, out of which **47%** were male and **53%** were female. More than half, **51%**, of the respondents were between the ages of 18-25, while **39%** were between the ages of 26-35. This was expected, since the main channel of survey's distribution was Facebook and also the younger generations use and follow trends about Smartphones more. Most of the respondents, **77%**, are from the Central Slovenian region, while the other regions distributed the remaining 23% between themselves. **38%** of the respondents had a monthly income of up to 800€, while **36%** had between 801€ and 1,200€. **36%** of the respondents own at least a Bachelor's degree, **29%** own a high school degree and **21%** own a Master's degree (the second level of Bachelor's).

Figure 11 shows the percentage of the Smartphone brands from the respondents. As we can see, the Apple's iPhone has the largest share (**37%**) with Samsung's Smartphones obtaining **29%** and the rest are the other Smartphone brands. Most of the others were HTC, Sony, LG and Nokia Smartphones.

Figure 11: Percentage of the Smartphone brands from the respondents



Source: Own survey

85% of the respondents use their current Smartphone brand for more than 12 months, which means that they do not change their Smartphones often, while **41%** of the respondents use their current Smartphone model for about 1-2 years, which means that they usually buy Smartphones on a two-year deal with the mobile operators, which is the most common way in Slovenia.

4.4.2 ANALYSIS OF THE RESULTS OF DEPENDENT AND INDEPENDENT VARIABLES

In order to measure **brand loyalty**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statement (1 – completely disagree; 5 – completely agree). These statements were (He, Li, & Harris, 2011):

- It is logical to buy/use current Smartphone brand instead of any other.
- I prefer buying this brand, no matter what the competitors have to offer.
- Even though the competitor's offer is a better choice, I will still decide to buy this brand.
- I recommend this brand to my friends and family.
- This brand is my first choice, when buying a Smartphone.

With these statements, I wanted to capture the core essence of brand loyalty among Smartphone users and gain an insight on how loyal are the respondents to their current Smartphone brand.

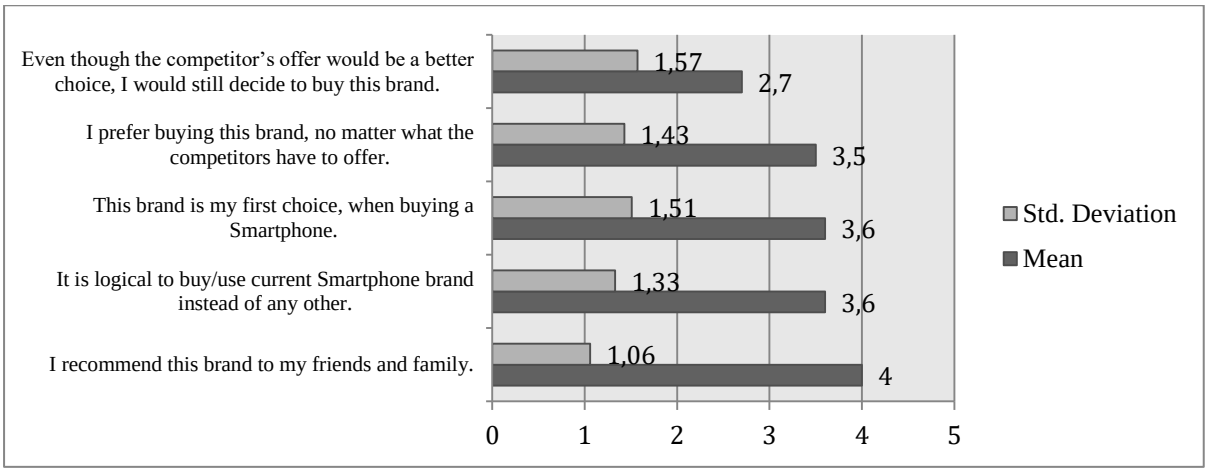
The figure 12 shows the results on how the respondents answered the statements regarding **brand loyalty.** The statement with the highest mean score is a **positive word-of-mouth**, meaning that the respondents recommend this brand to the people close to them. This is expected, due to the fact that when people are loyal to a brand, i.e. a Smartphone brand or a sports brand, they will recommend it to others.

I expected a higher mean score in the third statement (This brand is my first choice, when buying a Smartphone). The mean score is 3,6, which means that the respondents partly agree with the statement, but are still not convinced that this is the brand to buy.

On the other hand, if the competitor's offer is better, the respondents will decide to go to the competitor and change the brand. This means that the price affects their brand loyalty and they are willing to switch brands if they save money.

Standard deviation by default shows the variation or dispersion of a set of data values. If it is close to 0, it indicates that the data is close to the mean, while a higher deviation shows that the data points are spread out (Investopedia, 2016). In the Figure 12, we can observe that the lowest value of standard deviation is where the score of mean is the highest, which means that the dispersion here was the lowest and most of the respondents answered to this question with the highest value. On the other hand, the lowest mean score has the highest standard deviation, meaning that the dispersion here was high and people answered very differently here. On average, people would recommend this brand to their friends and family and they would not stay loyal to the brand if the other brand offered them a better deal.

Figure 12: Factors that influence Brand loyalty



Source: Own survey

For measuring **brand identity** and brand identification, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statement (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

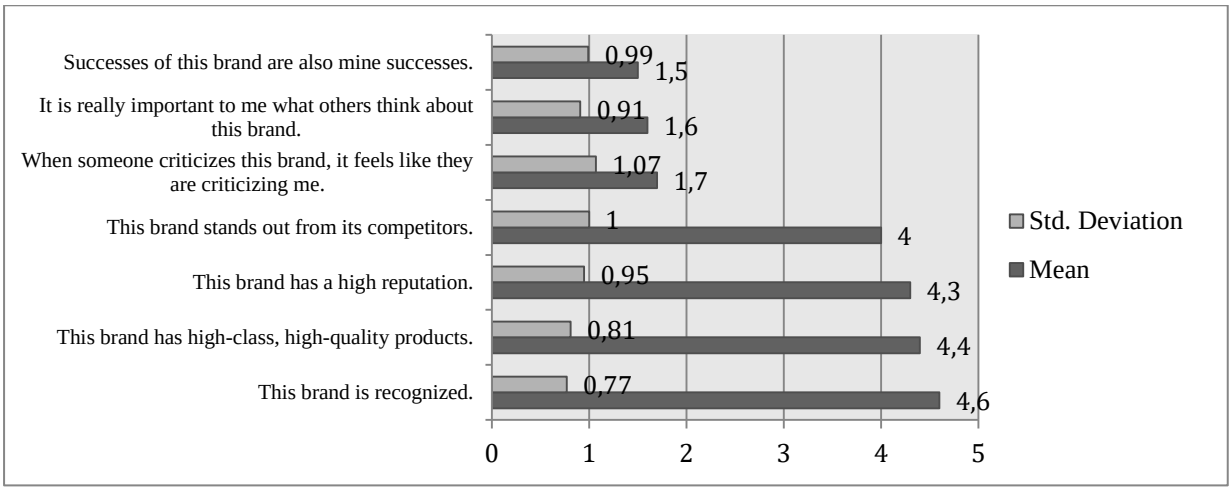
- This brand is recognized.
- This brand stands out from its competitors.
- This brand has high-class, high-quality products.
- This brand has a high reputation.
- When someone criticizes this brand, it feels like they are criticizing me.
- It is really important to me what others think about this brand.
- Successes of this brand are also my successes.

With these statements, I wanted to check the respondents' **opinion** about the brand and the **level** of brand identification. The first four statements were testing brand identity, i.e. the opinion of the respondents about the brand, while the rest tested brand identification. Brand identification statements were developed in a more personal way, to test if the respondents identify themselves as parts of a specific group of the brand and what kind of a **relationship** do they have with the brand.

Figure 13 shows how the respondents answered the statements about **brand identity** and **brand identification.** The highest mean value regarding the brand identity is in the statement that the brand is **recognized** (4,6), which is closely followed by the statement that they have **high quality products** (4,4) and **high reputation** (4,3). This means that the respondents recognize their Smartphone brand as a high-quality brand.

On the other hand, an interesting trend regarding the brand identification is seen, since the statements regarding identification have a very low mean scores (1,5 to 1,7). Based on the scores, the respondents do not identify themselves with the brand on a personal level and do not think of themselves as part of specific groups.

Figure 13: Factors that influence Brand identity and Brand identification



Source: Own survey

If we have a look at the values of standard deviation in Figure 13, we can observe a similar trend as in Figure 12. The lowest value of deviation is in the same statement, where the mean is the highest, which again means that respondents answered to this

question very similarly – high value of agreement with the statement "brand is recognized."

In order to measure **brand/customer satisfaction**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statements (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

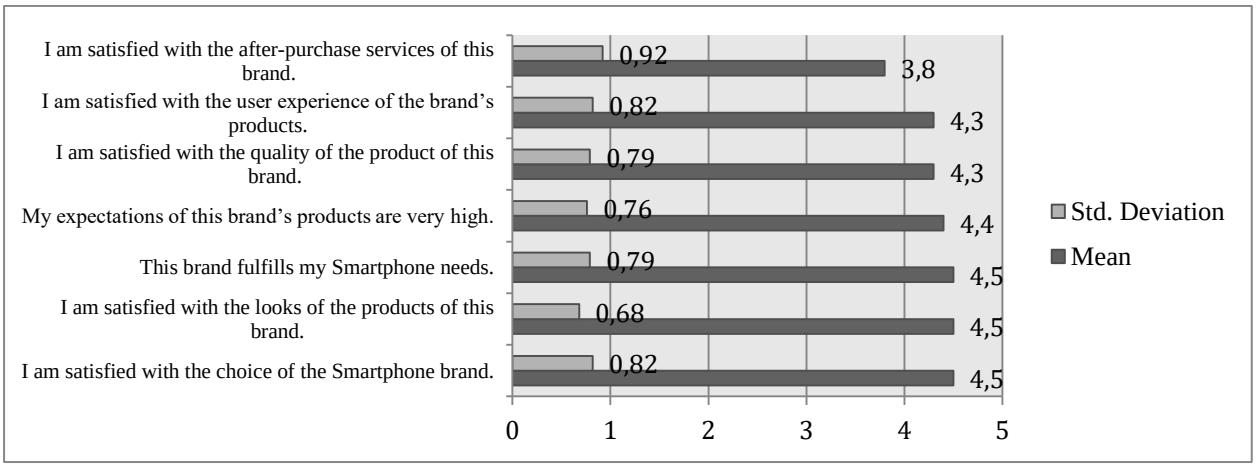
- I am satisfied with the choice of the Smartphone brand.
- I am satisfied with the looks of the products of this brand.
- I am satisfied with the quality of the products of this brand.
- My expectations of this brand's products are very high.
- I am satisfied with the after-purchase services of this brand.
- I am satisfied with the user experience of the brand's products.
- This brand fulfills my Smartphone needs.

These statements test the level of respondents' satisfaction with their current Smartphone brand.

Figure 14 shows the highest rated statements of the respondents regarding their **brand/customer satisfaction** with their current Smartphone brand. Based on the results, the respondents are more or less satisfied with everything, from the phones' looks to the user's experience. The respondents especially agree with the statements regarding their choice of the Smartphone and the fact that it fulfills all their needs.

In this case, we can observe that the values of standard deviations are quite close to each other, which is due to the fact that means are almost the same when measuring factors that influence brand/customer satisfaction. The lowest value of the mean is 0.68, while the highest is 0.92, which is not a big difference. This means that the dispersion of the respondents' answers here was not so different in regards to different statements, they were all close to the means.

Figure 14: Factors that influence Brand/customer satisfaction



Source: Own survey

For measuring **brand value**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statements (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

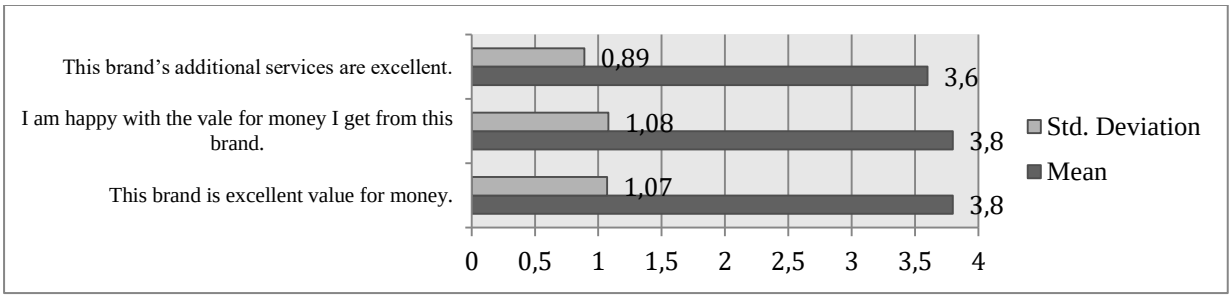
- This brand is excellent value for money.
- I am happy with the value for money I get from this brand.
- This brand's additional services are excellent.

With these statements, I tested the brand's financial perspective as well as the respondents' perception of the brand.

Figure 15 shows how the respondents rated the statements regarding **brand value**. Based on the rates, the respondents are quite satisfied with the **value for money** of the brand and are happy with **what they get** from the brand. This shows that they are happy with the financial perspective of brand value.

In Figure 15, we can see that the lowest dispersion of the answers was in the statements with the lowest mean score, which means that the respondents answered on a similar level for this statement.

Figure 15: Factors that influence Brand value



Source: Own survey

In order to measure **brand trust**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statements (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

- I completely trust this brand.
- I am relying on the name of the brand.
- This brand is a safe choice.
- This brand offers products of the highest quality.
- This brand offers very reliable products.
- This brand offers products with excellent features.

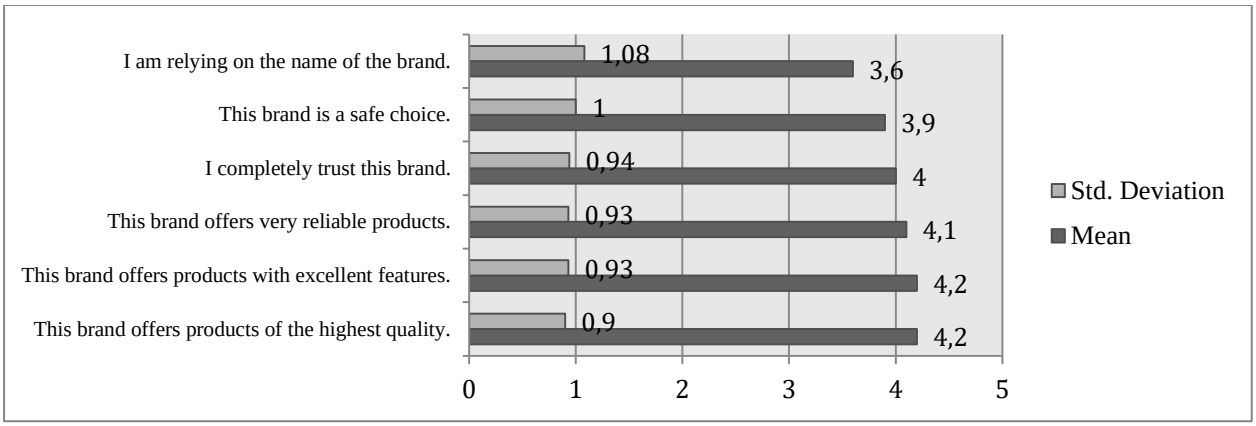
The statements tested the level of trust the respondents have towards the brand, how comfortable they are with the brand, if it fulfills their needs and what are their thoughts of the brand's products.

Figure 16 shows mean scores of statements for **brand trust**. Based on the rates seen in the figure, it is fair to say that the respondents trust their current Smartphone brand, they believe that the brand is of **high quality** with **excellent features** and that the brand is a **safe choice**.

The only statement with a lower mean score is the one that people rely on the name of the brand, which is very interesting, since they seem to trust the brand completely. There is a chance that the respondents interpreted this statement differently that it was intended, so the mean score is lower.

Looking at the values of standard deviation, we can see that they are all close to each other, which is the same as in Figure 14. The dispersion of the respondent's answers here is not big, in general they answered on a similar level for all the statements.

Figure 16: Factors that influence Brand trust



Source: Own survey

For measuring **brand experience**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statements (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

- User experience of the brand's products is very user-friendly.
- Use of this brand creates positive feelings and sentiments.
- Use of this brand increases desire to learn new things and solve problems.
- I feel that the brand's products go with my way of living.
- Because of this brand, I feel I am a part of specific community.

With these statements, I tested the level of brand-related stimuli when the respondents were faced with them. It shows what kind of experience they have with the Smartphone brand and how they feel about the brand.

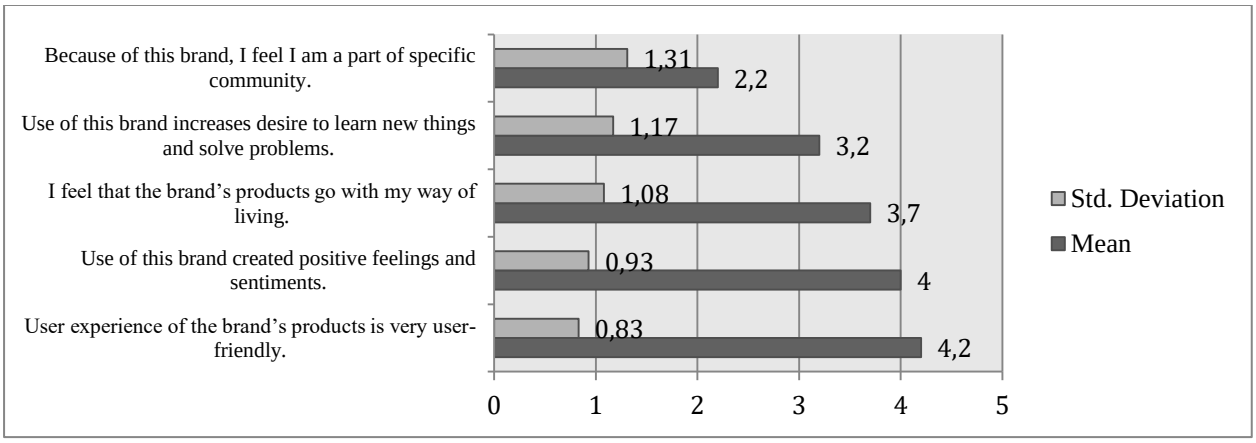
Figure 17 shows the mean scores of statements describing **brand experience**. The statement with the highest mean score was that the brand's products are **user-friendly** and that it creates **positive feelings and sentiments** while using the brand's products.

This means that when the respondents use the brand's products, they feel good and happy.

On the other hand, they were indifferent in regards to learning new things and they do not feel as a part of a specific community, just because they use a specific Smartphone brand.

Figure 17 also shows values of standard deviation and we can see that the highest dispersion was in the first statement, which also has the lowest mean score. This means that respondents do not feel as a part of the community because of a certain brand. On the other hand, the lowest dispersion of answers is in the statement with highest mean, which means that people like the user experience of their respective Smartphone brands.

Figure 17: Factors that influence Brand experience



Source: Own survey

In order to measure **brand image**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statements (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

- Brand image is very important to me.
- I think that this brand has a reputation due to their high-quality products.
- I think that this brand is fashionable and elegant.
- I think that this brand is the number one among Smartphone brands.

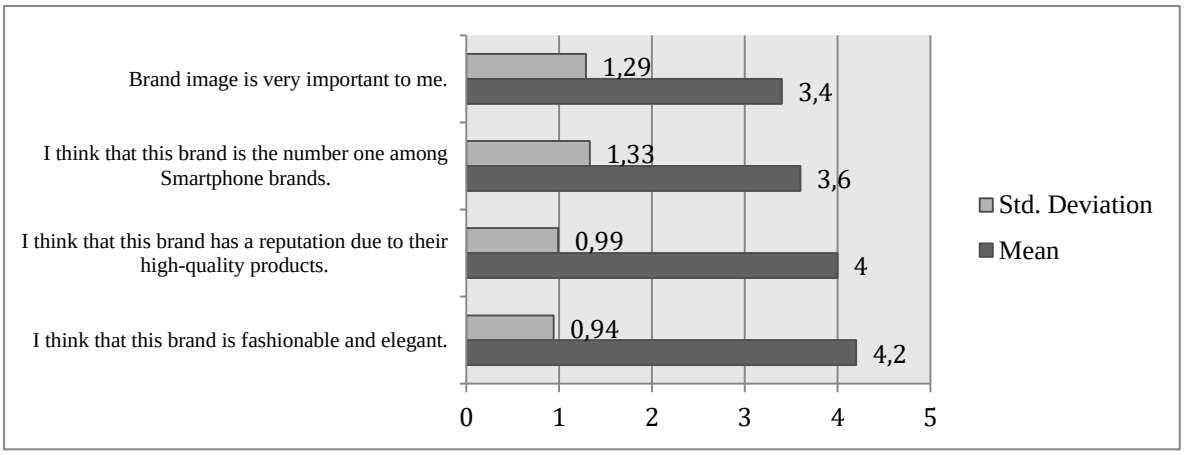
With these statements, I tested how the respondents perceive the brand image and their products and what are their current thoughts about the brand.

Figure 18 shows the mean scores of statements describing **brand image**. Based on the results from the figure, the respondents are in general happy with the brand's looks and its high-quality products.

As seen before, they are not so sure if this is the number one brand among the Smartphones, which is similar to the statements describing brand loyalty, where it showed that the respondents would switch the brand if the competitor offered them a better option. This shows that they are not convinced that this is the best brand for them. Interestingly, it seems that brand image is neither important nor non-important to the respondents, with the lowest mean score of 3,4.

Looking at values of standard deviation, we can see that the dispersion of the answers was the lowest in the fourth statement, which also has the highest mean score, which means that the respondents in general agreed that their Smartphone brand is fashionable and elegant.

Figure 18: Factors that influence Brand image



Source: Own survey

For measuring the influence of **price and switching costs**, the five-point Likert scale statements were used, where respondents could express their level of agreement/disagreement with the statements (1 – strongly disagree; 5 – strongly agree). These statements were (He, Li, & Harris, 2011):

- The price of the brand's products is very important.
- I think that the price of the brand's products is too high.
- I think that with the money paid for the brand's products, I get all I need.
- I am afraid that if I change Smartphone brand that I will lose important files, pictures, contacts etc.
- I am afraid that it needs effort and time to learn new features and settings of a new brand and it will take me a long time to learn it.
- The choice of the Smartphone brand could influence on my relationship with friends and family.

With these statements, I wanted to test how much the price influences the purchasing decisions of the respondents and how they feel about the switching costs, if they decide to change the Smartphone brand.

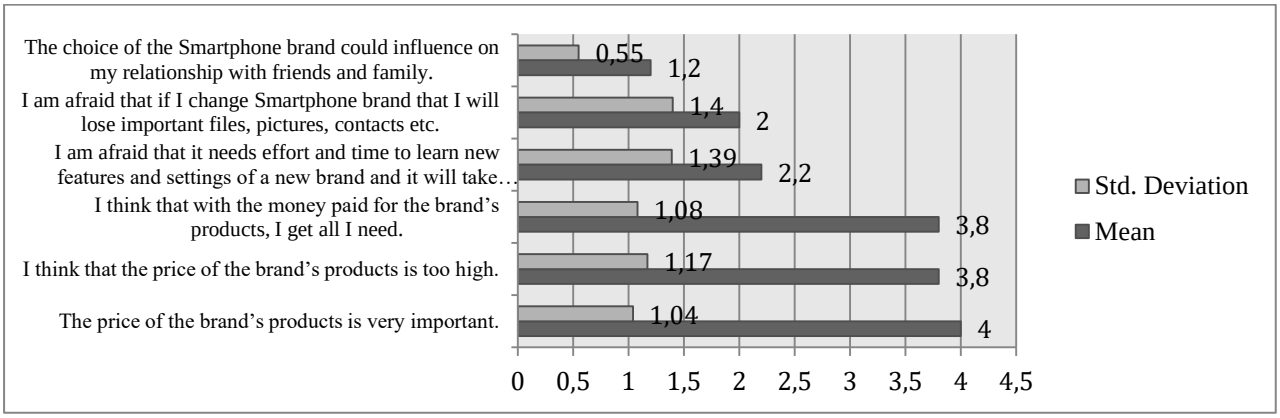
Figure 19 shows the mean scores of statements for **price** and **switching costs**. As expected, the **price** has the highest mean score and it is very important when deciding which Smartphone brand to choose. It shows that the respondents are price sensitive.

There are two statements regarding the price that have the reverse meaning. One is that the prices for the products are too high and the other one is that people are happy with what they get for the money paid. Interestingly, both statements have the same mean score, which means that the respondents feel that the prices are too high, but they are also happy with what they get for the money paid.

Based on these results and with regards to the switching costs, the respondents are not afraid of losing important files or that it would take them too long to get used to the new Smartphone brand. The respondents strongly disagreed that the choice of the Smartphone brand could have any kind of influence on the relationships with their friends and family.

We can see in this case that the value of standard deviation is the lowest in the first statement, which confirms the fact that the choice of the Smartphone brand could not influence the relationship with friends and family – respondents answered to this question with the lowest score.

Figure 19: Factors that influence Price and switching costs

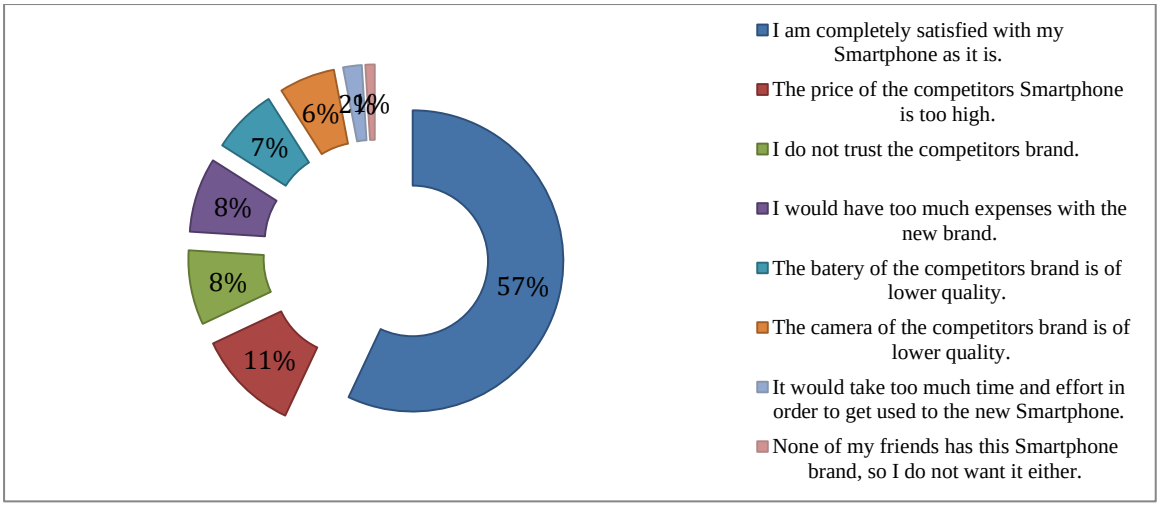


Source: Own survey

4.4.3 ANALYSIS OF CURRENT SATISFACTION AND WILLINGNESS TO CHANGE THE BRAND

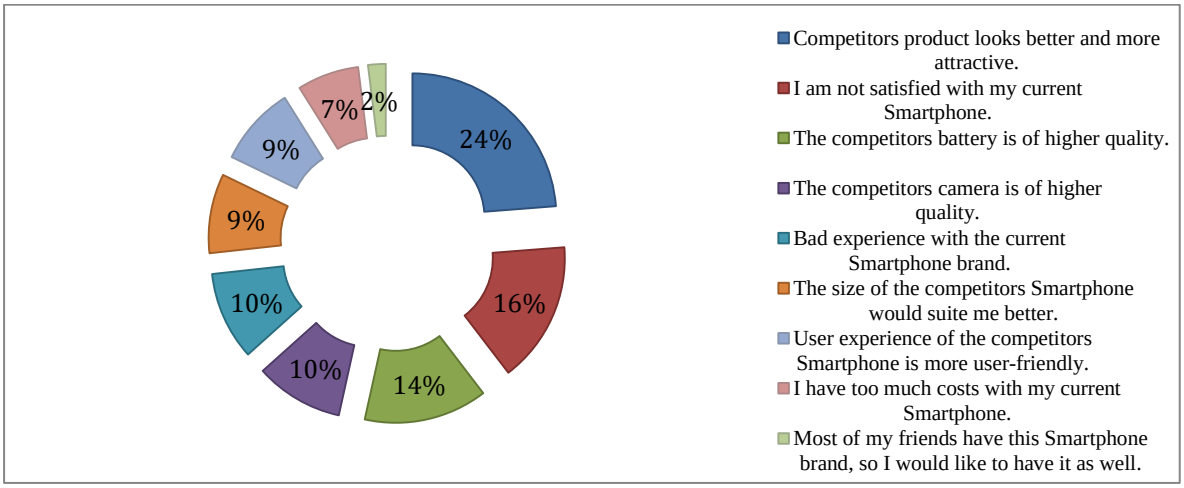
In the third part of the survey, the respondents answered questions about how satisfied they are with their current Smartphone brand and whether they would consider changing it for a competitor's brand. **94%** of the respondents are satisfied with their choice of the Smartphone brand and only **33%** would consider changing it. Figure 20 shows the results on why respondents do not want to change their Smartphone brand.

Figure 20: Why respondents would not change Smartphone brands



As it is seen from Figure 20, people are in general completely satisfied with their current Smartphone brand (**57%**). Other reasons why they would not change the brand are: the price of the competitor is too high (**11%**), they do not trust the competitor's brand (**8%**), they would have too many expenses with the new brand (**8%**) and others, which are more of a technical features of Smartphones, such as the quality of the camera, battery life etc.

Figure 21: Why the respondents would change the Smartphone brand



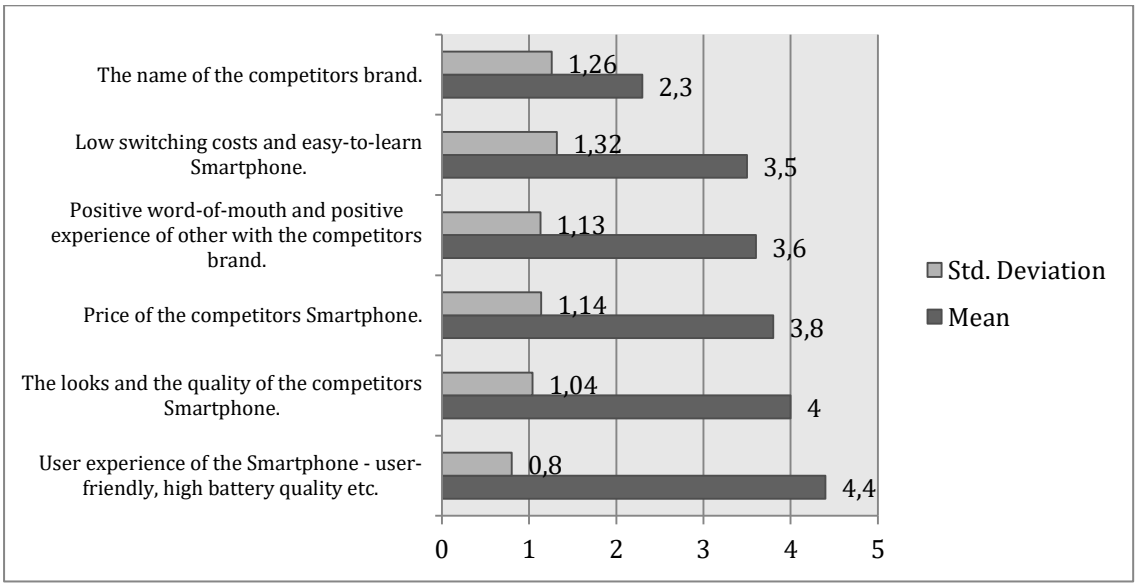
On the other hand, Figure 21 shows the reasons that the respondents would consider changing the Smartphone brand. The respondents would mostly change their Smartphone brand, because the competitors' Smartphones look better (**24%**) or they are not satisfied with their current Smartphone (**16%**). Also, **9%** of the respondents had a bad experience with the current brand and **7%** of the respondents have too much cost with their current Smartphone, which are the two interesting facts on why they would be willing to change their Smartphone brand.

Out of the 121 respondents, there were **64%** that had an experience with the change of the Smartphone brand and out of these, **76%** were very satisfied with the change

and only **3%**, which were not satisfied and wanted to switch back to the previous brand.

Figure 22 shows how the respondents rated the statements regarding the things that would convince them into **changing** the Smartphone brand the most (1 – does not influence; 5 – strongly influences). The results show that the most important factor would be **how the Smartphone works** – user experience, user-friendly, quality of the battery etc. It is also important how the Smartphone **looks** and its **quality**. Surprisingly, the price of the Smartphone comes in the third place, while a positive word-of-mouth and low switching costs follow. The least important factor is the name of the brand, which suggests that the respondents are not influenced by the name as much as they are by the product - the Smartphone itself.

Figure 22: Factors that influence brand-switching the most



5 EMPIRICAL RESULTS ON BRAND LOYALTY TO SMARTPHONES IN SLOVENIA

5.1 RELATIONSHIP BETWEEN VARIABLES IN THE MODEL

In order to better explain the relationship between the variables in the model, the two tables are presented: **descriptive statistics table** and **correlations table**.

The table shows the results for **measures of central tendency** (M = mean, ME = median), **measures of variability** (SD = standard deviation) and **measures of shape** (Kurt = Kurtosis and Skew = Skewness).

Table 3: Descriptive statistics

	M	ME	SD	Skew	SE_{skew}	Kurt	SE_{kurt}
Brand loyalty	17,38	17,65	5,54	-0,36	0,23	-0,84	0,45
Brand identity	17,23	17,80	2,90	-1,19	0,23	1,22	0,45
Brand identification	4,93	4,11	2,38	1,25	0,23	0,57	0,45
Brand satisfaction	30,32	31,01	4,08	-1,01	0,23	0,81	0,45
Brand value	11,23	11,50	2,49	-0,76	0,22	0,73	0,44
Brand trust	23,89	24,17	4,51	-0,89	0,23	0,97	0,45
Brand experience	17,43	17,38	3,51	-0,10	0,23	-0,47	0,45
Brand image	15,17	15,64	3,53	-0,93	0,23	0,88	0,45
Brand price	11,58	11,72	1,73	-0,76	0,23	0,97	0,45
Brand switching costs	5,45	4,56	2,75	1,07	0,23	0,49	0,45

Looking at the results of the two tests in the table 3, it is seen that some of the variables from the model are piled-up on the right (brand loyalty, brand identity, brand satisfaction, brand value, brand trust, brand experience, brand image and brand price), while some are piled-up on the left (brand identification and brand switching costs). This means that for the variables that are piled-up on the right, the respondents mostly agree with the statements, while for the variables piled-up on the left, the respondents mostly do not agree with the statements.

Also, most of the variables have positive Kurtosis value, which means that the distribution is pointy and heavy-tailed, with brand loyalty and brand experience being the exception, since their value of Kurtosis is negative.

While the descriptive statistics shows the directions of the distributions, measures of central tendency and measures of reliability, I also want to check the correlations between the variables, in order to establish which ones are associated with each other. The table 4 shows the Pearson correlation coefficients, which shows the degree and the type of relationship between the two or more variables in which they vary together over time (Field, 2009).

Table 4: Pearson-Correlation coefficients

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1. Brand loyalty	1									
2. Brand identity	0,56**	1								

3. Brand identification	0,38**	0,17	1							
4. Brand satisfaction	0,56**	0,55**	0,16	1						
5. Brand value	0,34**	0,33**	0,24*	0,56**	1					
6. Brand trust	0,62**	0,53**	0,30**	0,63**	0,60**	1				
7. Brand experience	0,45**	0,37**	0,45**	0,38**	0,42**	0,55**	1			
8. Brand image	0,60**	0,68**	0,25**	0,45**	0,34**	0,58*	0,53**	1		
9. Brand price	0,31**	0,36**	0,20*	0,29**	0,04	0,21*	0,26**	0,38**	1	
10. Brand switching costs	0,16	0,06	0,16	-0,02	-0,01	0,02	0,23*	0,12	0,05	1

* - Correlation is significant at 0,05 level

** - Correlation is significant at 0,01 level

Table 4 shows that on average, the correlations between the variables are positive, when excluding brand switching costs and most of them are the strong ones. The highest and the strongest correlation is between brand image and brand identity, where **r = 0,68** at significance level **p < 0,01**. This shows that brand image correlates positively with brand identity, meaning that people who identify with the brand also have a high opinion of the brand image. This confirms the suggestions from the research done by He, Li and Harris (2011), where they suggest that if consumers identify with the brand, they will be more loyal to it. Brand image in general has high correlations with other variables; meaning that for the respondents of the survey, it is really important that a brand has a high reputation, high-quality and nice looking products.

Another interesting finding is that brand trust correlates positively with almost all of the variables, except brand identification, brand price and brand switching costs. This means that when people trust the brand, they stay loyal to it, they are satisfied with it, they have a good experience with the brand and share their experience with others etc. This is expected as it was mentioned in chapters 4.3.3. and 4.3.5. that brand trust is of utmost importance in the model. Also, brand satisfaction has high correlations with some of the variables, which is also expected – if a person is satisfied with their Smartphone, he or she will be loyal, he or she will trust the brand and have a high opinion about it etc.

Surprisingly, brand experience does not have high correlation coefficients with other variables, except with brand trust. I expected that if the experience with the brand were positive or negative, that this would be seen more on the results. Taking a look at the correlations between brand experience and brand satisfaction, we can see that **r = 0,38** at significance level **p < 0,01**, which means that experience correlates positively, but only on a medium level. The assumption would be that the correlation between the two variables would be higher, but the results show that even though it is positive and quite high, it is still not as high as it might be expected.

Brand identification also shows non-expected results, with most of the correlation coefficients being of a low level. The statements for this variable were drawn up in a more personal way to test if the respondents of the survey identify themselves with the brand on a personal level (e.g. It is really important to me, what others think about the brand). Taking a look at the Table 2, we can see that brand identification has a positive Skewness level, which means that the distribution is more to the left and the low scores are the consequence of a severe asymmetry.

Brand price has medium and low level of correlation coefficients with other variables, which is to be expected, since internal reliability is low and this is an unstable construct. Brand switching costs do not correlate statistically and significantly with other variables, except with brand experience (Field, 2009).

5.2 HYPOTHESIS TESTING

Hypothesis testing was done, in order to get important and statistically significant results that are included in my research. I developed my survey in order to check what influences the model the most, if people are willing to change Smartphone brands and what are the reasons behind their decisions. In this chapter, I present the hypotheses, together with the results' tables and the results' interpretation.

HYPOTHESIS 1 & 2

Hypothesis 1: Brand name influences brand loyalty.

Hypothesis 2: Gender influences brand loyalty.

H0	$\eta a = \eta s = \eta o$
H1	$\eta a \neq \eta s \neq \eta o$

Table 5: Levene's test

F	df1	df2	Sig.
1,762	5	108	**0,0135**

For the first two hypotheses, Levene's test was performed. Levene's test tells if the variances between the groups are the same size. The assumption of ANOVA is that the variances between the groups are the same size and the significance has to be higher than 0,05, in order for this assumption to be true. The level of significance in this case is 0,0135, which is lower than 0,05, so the variances between the groups are the same size.

Table 6: Test of between-subject effects

Source	SS	df	MS	F	Sig.
Brand	766,481	2	383,24	15,494	**0,000**
Gender	1,014	1	1,014	0,041	**0,840**
Brand*gender	8,219	2	4,11	0,166	**0,847**
Error	2671,421	108	24,735		

In this hypothesis, I tested if brand name (Apple vs. Samsung vs. Others) and gender (male vs. female) influences brand loyalty. The null hypothesis is that there is no difference between brand name and gender in regards to brand loyalty. The alternative hypothesis is that there is a significant difference between the groups. Taking a look at table 6, there is no effect on brand loyalty by gender, since significance level is 0,840, which is higher than 0,05, so we cannot reject the null hypothesis. Gender does not influence brand loyalty. On the other hand, brand name is statistically significant ($p < 0,05$), which means that people who own Apple are differently loyal than people who own Samsung and other Smartphones. In this case, we reject the null hypothesis and accept the alternative one.

Table 7: Post-hoc analysis - Multiple comparisons

Smartphone brand	Smartphone brand	Mean difference	Std. error	Sig.	Lower bound	Upper bound
Apple	**Samsung**	3,1	1,6	**0,024**	0,3	5,9
	Others	6,2	1,1	**0,000**	3,5	8,9
Samsung	**Apple**	-3,1	1,6	**0,024**	-5,9	-0,3
	Others	3,1	1,2	**0,035**	0,2	6
Others	**Apple**	-6,2	1,1	**0,000**	-8,9	-3,5
	Samsung	-3,1	1,2	**0,035**	-6	-0,2

To confirm that brand name influences brand loyalty, I did a post-hoc test and the results are seen in the Table 7. The results show which brand has the most loyal consumers.

Looking at the results, Apple owners are more loyal than Samsung owners (mean difference = 3,1 at p = 0,024) and more loyal than other Smartphone owners (mean difference = 6,2 at p = 0,000). Also, Samsung owners are more loyal than other Smartphone owners (mean difference = 3,1 at p = 0,035).

For the results' graphical explanation of both tests see Appendix D, which shows the difference between genders and brand name in regards to brand loyalty.

HYPOTHESIS 3

Hypothesis: Male and female participants are differently satisfied with their current Smartphone and they are differently willing to change the Smartphone.

H0	$\eta m = \eta f$
H1	$\eta m \neq \eta f$

Table 8: Crosstabs test for differences in current satisfaction

	Gender	
Satisfaction	**Male**	**Female**
Yes	94,6%	93,4%
No	5,4%	6,6%

Table 9: Chi-square test

	Value	df	Sig.
Pearson Chi-Square	0,075	1	**0,785**
Continuity Correlation	0,000	1	1,000

Table 10: Crosstabs test for difference in willingness to change the brand

	Gender	
Willingness	**Male**	**Female**
Yes	29,8%	35,9%
No	70,2%	64,1%

Table 11: Chi-square test

	Value	df	Sig.
Pearson Chi-Square	0,509	1	**0,476**
Continuity Correlation	0,270	1	0,603

Taking a look at the results from tables 8 and 10, which show the values of two Chi-square tests, the values are in both cases higher than 0,05. Therefore, we are not able to reject the null hypothesis, which means that there are no statistically significant differences between genders in regards to satisfaction with their current Smartphone and their willingness to change the brand.

HYPOTHESIS 4

Hypothesis: Apple owners trust the brand more than Samsung and other Smartphone owners do.

H0	$\eta a = \eta so$
H1	$\eta a \neq \eta so$

In order to test this, I first had to create a dummy variable. On one side, I gathered all the respondents that use Apple and on the other side, all the respondents that use either Samsung or some other Smartphone. Basically, I am comparing people who use iOS operating system, versus Android operating system, since most of the other Smartphone brands are the ones that use Android.

Table 12: Independent Samples T-test

	F	Sig.	t	df	Sig. (2-tailed)	Mean df	Std. Error df	Lower bound	Upper bound
Equal variances assumed	2,524	0,115	3,41	113	**0,001**	2,8	0,8	1,2	4,8

Based on the results from the table 12, we are able to conclude that Apple owners trust the brand more than Samsung and other Smartphone owners do. Therefore, we can reject the null hypothesis and accept the alternative one at significance level of t (113) = 3,41, p < 0,05.

I also carried out the comparison of Apple owners versus Samsung and others for all the other variables from the model and the results can be seen in Appendix D. Statistically significant differences are seen in brand loyalty, brand identity, brand satisfaction, brand experience and brand image.

HYPOTHESIS 5

Hypothesis: When buying a new Smartphone, price influences more Samsung and other Smartphone owners than on Apple owners.

H0	$\eta so = \eta a$
H1	$\eta so \neq \eta a$

As in the previous hypothesis, I also used the dummy variable to compare different brand owners (iOS versus Android). As mentioned before, the assumption here is that Samsung and other Smartphone owners are more price sensitive and that is why the price influences them more than on Apple owners.

Table 13: Independent Samples T-test

	F	**Sig.**	**t**	**df**	**Sig.**	**Mean df**	**Std. Error df**	**Lower bound**	**Upper bound**
Price - equal variances assumed	4,366	0,039	-4,23	117	**0,000**	-0,65	0,154	-0,955	-0,346

The results from table 13 show that Samsung and other Smartphone owners are more influenced by price than Apple owners, when buying a new Smartphone. Therefore, we can reject the null hypothesis and accept the alternative one at significance level of t (117) = -4,23, p < 0,05. It confirms the assumption that Samsung and other Smartphone owners are more price sensitive.

I carried out the comparison of Apple owners versus Samsung and other Smartphone owners for all other influencing factors when buying a new Smartphone and the results can be seen in Appendix D. The statistically significant differences are seen in brand trust and brand experience.

HYPOTHESIS 6

Hypothesis: Samsung and other Smartphone owners would be willing to change the brand due to price more than Apple owners.

H0	ηso = ηa
H1	ηso ≠ ηa

As in the previous two hypotheses, the same dummy variable was used. Since I was able to prove in the previous hypothesis that Samsung and other Smartphone owners are influenced by price more than Apple owners, when buying a new Smartphone, the assumption here is that the price would also convince them into changing their Smartphone brand.

Table 14: Independent Samples T-test

	F	**Sig.**	**t**	**df**	**Sig. (2-tailed)**	**Mean df**	**Std. Error df**	**Lower bound**	**Upper bound**
Price - equal variances not assumed	10,002	0,002	-3,715	68	**0,000**	-0,831	0,224	-1,3	-0,385

The results from table 14 show that Samsung and other Smartphone owners would be more willing to change brands due to price than Apple owners, which means that price sensitivity is more apparent with Samsung and other Smartphone owners. Therefore, we can reject the null hypothesis and accept the alternative one at significance level of t (68) = -3,715, p < 0,05.

The comparisons between the brand name and the factors that would influence the change were done and the results of it can be seen in Appendix D. Only other statistically significant difference was observed with low switching costs as a factor that would convince the respondents to switch brands.

HYPOTHESIS 7

Hypothesis: Variables Brand value, Brand identification and Brand satisfaction are good predictors for Brand trust.

Table 15: Regression statistics for predicting Brand trust based on Brand identification, Brand satisfaction and Brand value

						95 % CI	
	b	*SE*	b	*t*	*p*	lower bound	upper bound
intercept	1,40	2,365		0,59	0,554	-3,28	6,09
Brand_identification	0,30	0,130	0,16	2,31	0,023	0,04	0,56
Brand_satisfaction	0,49	0,092	0,43	5,29	< 0,001	0,30	0,67
Brand_value	0,56	0,149	0,31	3,74	< 0,001	0,26	0,85

Based on the brand identification, brand satisfaction and brand value, I predicted brand trust. Regression model is statistically significant ($F=35.85$, $p < 0.001$), which means that with these predictors, Brand trust can be predicted with statistical significance. With these predictors, we can explain 49% of variability (see appendix D).

Table 15 shows inclinations and test statistics for individual predictors. It can be seen that the predictors are statistically significant. The largest standardized slope can be seen in Brand satisfaction, while the lowest in Brand identification. It can also be seen that the predictors vary considerably in their explanatory power. All predictors have a positive slope, which means that with increasing predictor's values, we are also increasing value on dependent variable – Brand trust. This shows the positive relationship between the predictors and dependent variable. Standardized slope tells us for how many standard deviations is Brand trust increased if we increase one of the predictors for 1 (while controlling for other predictors). For example, if we increase Brand satisfactions for 1 standard deviation, then Brand trust will increase for 0.43 standard deviations, while controlling for other predictors.

6 DISCUSSION

This chapter presents the discussion of the results, then practical implications and in the end, the limitations and future research propositions.

6.1 DISCUSSION OF RESULTS

The primary objective of this thesis was to develop a model that would test brand loyalty among Smartphone users in Slovenia, with comparison of Apple owners versus Samsung and other Smartphone owners. I additionally wanted to find out if people are willing to change the Smartphone brand and what are the reasons behind their decisions.

Firstly, I want to have a look at chapter 5.3 again, where I present the survey's results and recap some of the most interesting findings.

I start with the findings regarding the dependent and independent variables. We are able to observe that the respondents like to **recommend** their brand to others, while they would be **willing to switch** to other brand in case they were offered a better deal. We can also observe **high level of** brands' **identity** from the respondents with high mean scores in all the statements (Figure 13). On the other hand, people **do not identify** themselves with the brand on a **personal** level. The respondents are in general **satisfied** with the brand, what it offers to them and the way the brand's products look. They also value the brand quite **highly**, especially from the **financial** perspective, as they are satisfied with what they get for the money paid. We can also see that the respondents **trust** their brands and believe that their brand of Smartphone is a **safe choice**, while they also believe that user-experience of the Smartphones is **easy-to-use** and that using the brand creates **positive feelings**. The respondents also

have a **high opinion** of their brand – high quality products and fashionable and elegant products. Looking at Figure 19, we can observe that the price is an important factor, while the respondents are not afraid of potential switching costs that may occur when switching Smartphone brands.

As mentioned before, 94% of the respondents were satisfied with their current Smartphone choice and only 33% would consider changing the brand. The respondents would mostly change the brand, due to the fact that the competitors' products **look** better, they are **not satisfied** with their current choice or they had a **bad experience** with the current Smartphone. One interesting observation is that 14% of people would consider changing Smartphone, due to the fact that the competitors' products have batteries that last longer. On the other hand, people would not consider changing Smartphone brand mostly because they are **completely satisfied** with the current one and the fact that the price of the competitors' Smartphone is **too high**.

The last part of the survey presented some statements for the respondents about brand switching. Taking a look at Figure 22, we can see that for the respondents, it is important that the phones are **easy-to-use or user-friendly**, have **high quality**, **nice looks** and the **price** of the competitors' products also play its role.

Secondly, I discuss the results from the hypothesis testing as well. Table 16 shows the summary of the hypothesis testing.

Table 16: Summary of the hypothesis table

Number	Hypothesis	Status
Hypothesis 1	Brand name influences brand loyalty.	**Accepted**
Hypothesis 2	Gender influences brand loyalty.	**Rejected**
Hypothesis 3	Male and female participants are differently satisfied with their current Smartphone and are differently willing to change the Smartphone.	**Rejected**
Hypothesis 4	Apple owners trust the brand more than Samsung and other Smartphone owners do.	**Accepted**
Hypothesis 5	When buying a new Smartphone, price influences more Samsung and other Smartphone owners than on Apple owners.	**Accepted**
Hypothesis 6	Samsung and other Smartphone owners would be willing to change the brand due to price more than Apple owners.	**Accepted**
Hypothesis 7	Variables Brand identifications, Brand satisfaction and Brand value are good predictors for Brand trust	**Accepted**

Hypotheses 1 and 2 were trying to prove that gender and brand name influence brand loyalty. The assumption was that male and female participants of the survey differently value loyalty to their brand and that Apple owners differ from Samsung owners and also other Smartphone owners. In order to test this, I needed to do a two-way ANOVA test, which showed the value of Levene's test and the Test of between-subject effects. The test showed that gender did not influence brand loyalty, since the

significant value was higher than 0,05. On the other hand, it showed that Smartphone brand owners differently value brand loyalty, with statistical significance at $p = 0,000$. In order to check which brand owners value loyalty the most, I needed to do a Post-hoc analysis, which showed comparisons between the brands. It showed that Apple owners are the most loyal, followed by Samsung owners and then by other Smartphone owners (see Appendix D).

Hypothesis 3 was testing if there are differences between genders in regards to their satisfaction and willingness to switch brands. The assumption was that there might be some differences between the genders in regards to current satisfaction and their will to switch brands. In order to test this hypothesis, I used the Crosstabs function in SPSS, which allowed me to compare value of significance for two different variables. The results for both showed that there were no differences between genders, since the value of Pearson Chi-Square for both was above 0,05.

Hypothesis 4 stated that there are differences between Apple and non-Apple users in regards to trusting the brand. The assumption was that Apple owners trust the brand more than Samsung and other Smartphone owners do. In order to test this, I used the Independent Samples T-test, which allowed me to compare means of one variable for two groups. The results of the test showed that Apple owners trust the brand more at significance level $t (113) = 3,41$, $p < 0,05$. Additionally, I also did the same test for all the other variables from the model, in order to check if there are any other statistically significant differences between the two groups. It showed that Apple owners value loyalty more than Samsung and other Smartphone owners do, they identify with the brand on a higher level, Apple owners are more satisfied with the brand and have a better image about the brand, while their experience with the Smartphone use is better as well, than it is for Samsung and other Smartphone users (see Appendix E).

Hypothesis 5 tested if Samsung and other Smartphone owners are more price sensitive than Apple owners. The assumption is that since the Apple Smartphones are more expensive that the non-Apple owners would value price higher when purchasing a new Smartphone. In order to test this, I used the Independent Samples T-test, which allowed me to compare means of one variable for two groups. The results of the test confirmed the assumption and it showed that Samsung and other Smartphone owners are more price sensitive at significance level $t (117) = -4,23$ at $p < 0,05$. As in the previous hypothesis, I did the same test for other possible answers, which were given to the respondents, in order to test their purchasing habits. It showed that Apple owners value trust and user experience more, when it comes to purchasing a new Smartphone, while for the Samsung and other Smartphone owners, only price plays an important role (see Appendix E).

Hypothesis 6 predicted that Samsung and other Smartphone owners would be willing to change Smartphone brand more due to price, than Apple owners. The assumption is similar as in the hypothesis 4, where I was able to confirm that non-Apple owners are more price sensitive, so I wanted to test if the price would also play a higher role in

switching brands. In order to test this, I used the Independent Samples T-test, which allowed me to compare means of one variable for two groups. The results confirmed the hypothesis at significance level of $t(68) = -3{,}715$ at $p < 0{,}05$. This means that non-Apple owners would be willing to switch brand due to price more than Apple owners. Similarly as in the previous two hypotheses, I tested the other possible answers given to respondents, in regards to what would convince them to switch brands. The only other statistically significant difference was in low switching costs and it was in favor of Samsung and other Smartphone owners, which again shows their price sensitivity (see Appendix E).

Hypothesis 7 tested how good of predictors are Brand identification, Brand satisfaction and Brand value for Brand trust. The idea comes from the He, Li & Harris article (2011) and looking at their model, it seems they also wanted to test how these three predict brand trust, which in turn influences brand loyalty. It shows that with Brand identification, Brand satisfaction and Brand value, we can predict 49% of variability of Brand trust with statistical significance, which means that over half variability on Brand trust can be accounted for by predictor variables. In order to test this, the Multiple linear regression was done and the results showed that vale of $F = 35.85$, $p < 0.01$, which means we can confirm that these three predictors are good at predicting Brand trust. Since all the predictors have a positive slope, it also confirms positive relationship between them and Brand trust (see Appendix D).

6.2 PRACTICAL IMPLICATIONS

Measuring brand loyalty is a tough task; let that be measuring brand loyalty for Smartphones or measuring it for cars. This thesis presents a model, where brand loyalty could be measured for Smartphones. It presents several independent variables that all have a specific and its own impact on the dependent variable, which is brand loyalty. The model shows which variables are connected to each other and it presents a path on how to achieve brand loyalty of Smartphones.

The findings of the thesis suggest that the model is a good fit, since the survey results together with hypothesis testing showed that some variables are more important than others, when it comes to measuring brand loyalty. The hypothesis testing showed that even though there are no real differences between the genders in brand loyalty, satisfaction or willingness to change the brand, there are several differences between the brands of Smartphones. As we see in the previous chapter, Apple owners value different variables from the model in comparison to Samsung and other Smartphone owners.

Apple Smartphones are of higher price and only people who really value them, are prepared to pay that price. Therefore, it is expected that Apple owners value variables such as trust, brand experience, brand image etc. more than Samsung and other Smartphone owners do. Based on the results from the hypothesis testing, Samsung and other Smartphone owners are more price sensitive, which is expected, since the prices for these Smartphones are quite lower in comparison to Apple Smartphones.

Since the thesis was comparing Apple owners versus Samsung owners, it is fair to say that the model developed showed that there are real and significant differences between the brands and how one-group values brand loyalty compared to the other group.

The findings of this research can be helpful to Slovenian mobile phone operators and even Smartphone companies. They can get an insight on what is important to consumers when buying Smartphones, what are the variables they value the most and how can they convince the consumers to change brands. In order to do that, they need to get a higher number of respondents and maybe develop additional questions that would help them analyze the market in great detail, so they can get useful information out of it.

6.3 LIMITATIONS AND FUTURE RESEARCH

This study has also some limitations that need to be taken in consideration when analyzing the results.

Firstly, the data was gathered through self-reported measures from the survey, which means that no causal relationships could be established.

Secondly, the survey got 121 responses, which means that the sample size is not big enough for the results to be completely relevant. The following research should get a bigger size sample; do focus groups and interviews in order to get more and better information, when it comes to measuring brand loyalty in Smartphones.

Another limitation is that the survey was distributed through Facebook and e-mails and most of the respondents were younger than 35 years. The following research should also gather information from people who are older and by doing so, get information on how do they value brand loyalty and what convinces them to change brands.

The further limitation of the study is the developed model. The results already show that some variables are more important than the others, so it could be interesting to further research, what would happen if new variables were introduced to the model or if some variables were taken out. Variables such as trust, identity, satisfaction and image are more important to Apple owners, while for non-Apple owners, it shows that price plays the most important role. Additional research could be done in order to find out the reason and whether this can be changed.

Additional limitation is the fact that I gathered Apple owners on one side and non-Apple (Samsung and other) on the other side, to test the hypotheses. The following research could break that in more groups (e.g. every brand for itself) and get better results when comparing the brands among each other.

CONCLUSION

In recent years, Smartphones became one of the most important accessories of an everyday life. It is important to have a good Smartphone, which fulfills all the people's needs. Therefore, it is significant to choose a good Smartphone brand, which satisfies these needs and makes a person loyal to it. There is no need to search for something new and better if people are satisfied with what they have.

From companies' point of view, loyal customers are the best customers. It is hard to keep customers loyal, but it is still less expensive than gaining new ones. For companies, such as Apple and Samsung, which operate in a highly competitive market, that changes almost all the time, with new innovations coming every year, it is even more important to have customers that trust their brand, who are satisfied with their products and want to buy new ones.

This thesis mostly concentrates on presenting a model, which helps testing brand consumers' loyalty of the two brands (additionally, also other Smartphone brands) and showing which variables from the model are more important to owners of different brands. Also, as a research question, it tries to answer whether the consumers are willing to change the brands and what are the reasons behind their decisions.

The results of the research show that there are statistically significant differences between the owners of different brands. Apple owners value variables, such as brand loyalty, brand trust, brand image, brand satisfaction etc., while on the other hand, Samsung and other Smartphone owners are more price sensitive. This is expected, since Samsung is producing lower-cost Smartphones. Apple produces phones that are of higher quality, their brand image is very different than Samsung's image, the clientele of the two brands is different – people who own Apple Smartphones are willing to pay more for them, because they represent something more than just a phone and it fulfills their self-enhancement needs. On the other hand, Samsung concentrates more on producing a Smartphone that would be available to everyone and that is why they are the leading Smartphones' producer. The results of the thesis confirm this, as the hypotheses tested show that there are differences between the brands. There are also differences in what convinces the consumers to change the brand. Again, it shows that Samsung and other Smartphone owners are willing to change brands only due to price or low switching costs, which confirms the assumption that they are more price sensitive than Apple owners.

Since the model was created with the help of the previous research done by He, Li and Harris in the article Social identity perspective on brand loyalty (2011), it confirms their initial thoughts on how to test brand loyalty. The model developed in this thesis added some independent variables that helped to test it and it proved that it can test brand loyalty in Smartphones. The research can also be further expanded and it could prove that some variables are more relevant to the model than others, while it could also test if some are even necessary for the model.

REFERENCE LIST

Abayneh, G. R. (2013). *Impacts of Smartphones on Young People.* Academia EU.

Apple Inc. (2014). *Annual report 2014.*

Arthur, C. (2011, June 5). *The Guardian*. Retrieved July 10, 2015, from http://www.theguardian.com/technology/2011/jun/05/smartphones-killing-pc

Attri, R. (2013). The Brand Value of FM Channels in Indore: A comparitive analysis. *IUP Journal of Brand Management*, 37-48.

Baig, D. A., Zla-Ur-Rehman, M., Saud, Javed, E., Aslam, T., & Shafique, A. (2015). Mediating roles of customer satisfaction and customer trust in building brand loyalty. *Business Management Dynamics*, 1-29.

Boxall, A. (2014, December 28). Retrieved July 21, 2015, from Digital Trends: http://www.digitaltrends.com/mobile/5-awesome-mobile-trends-coming-in-2015/

Cusumano, M. A. (2013, January). The Apple-Samsung Lawsuits. *Communication of the ACM*, 28-31.

Chun, K. T., Yu, L. S., Yuan, L., Zhiming, L., & Lim, J. (2011). *An Investigation into the Positive and Negative Health Effects of Usage of Smartphones on Raffles Institution Year 1 Students.* Raffles Institution.

Cleff, T., Lin, I. C., & Walter, N. (2014). Can you feel it? - The effect of Brand experience on Brand equity. *IUP Journal of Brand Management*, 7-27.

Derks, D., Brummelhuis, L. L., Zecic, D., & Bakker, A. B. (2012). Switching on and off...: Does smartphone use obstruct the possibility to engage in recovery activities? *Europen Journal of Work and Organizational Psychology*, 80-90.

Eichenwald, K. (2014, June). Retrieved April 10, 2015, from Vanity Fair: http://www.vanityfair.com/news/business/2014/06/apple-samsung-smartphone-patent-war

Elbedweihy, A. M., & Jayawardhena, C. (2014). Consumer-brand identification: A social identity based review and research directions. *The Marketing Review*, 205-228.

Ercis, A., Unal, S., Candan, F., & Yildirim, H. (2012). The effect of brand satisfaciton, trust and brand commitment on loyalty and repurchase intentions. *Procedia - Social and Behavioral Sciences*, 1395-1404.

Field, A. (2009). *Discovering Statistics Using SPSS - Third edition.* British Library Cataloguing in Publication data.

Gul, M. S., Jan, D. A., Baloch, D. B., Jan, M. F., & Jan, M. F. (2005). Brand image and Brand loyalty. *Abasyn Journal of Social Sciences*, 55-74.

Giese, J. L., & Cote, J. A. (2002). Defining Consumer Satisfaction. *Academy of Marketing Science Review*, 1-27.

Gillet, J. (2014, 5 22). *GSMA Intelligence*. Retrieved October 10, 2015, from https://gsmaintelligence.com/research/2014/05/measuring-mobile-penetration/430/

Idugboe, D. (2011, April 12). *Smedio*. Retrieved September 10, 2015, from http://www.smedio.com/1-in-3-are-addicted-to-smartphones/

IDC. (2016). *Worldwide Quarterly Mobile Phone Tracker.* International Data Corporation.

IHC Global Inc. (2015). *Country Reports: Slovenia.* IHS Global Inc.

He, H., Li, Y., & Harris, L. (2011). Social identity perspective on brand loyalty. *Journal of Business Research*, 648-657.

Kumparak, G. (2015, January 27). Retrieved April 10, 2015, from Tech Crunch website: http://techcrunch.com/2015/01/27/apple-just-had-the-biggest-quarterly-earnings-of-any-company-ever/

Kim, C. K., Han, D., & Park, S. B. (2001). The effect of brand personality and brand identification on brand loyalty: Applying the theory of social identification. *Japanese Psychological Research*, 195-206.

Kitapci, H., Sahin, A., & Zehir, C. (2013). Creating Commitment, Trust and Satisfaction for a Brand: What is the Role of Switching Costs in Mobile Phone Market? *Procedia - Social and Behavioral Sciences*, 496-502.

Koschate-Fischer, N., & Gartner, S. (2015). Brand trust: Scaled development and validation. *Schmalenbach Business Review*, 171-195.

Kotler, P. (2011). *Marketing Management, Millenium Edition.* Boston: Pearson Custom Publishing.

LaBossiere, M. (2013, December 16). *The Creativity Post*. Retrieved July 10, 2015, from http://www.creativitypost.com/education/smart_phones_sad_students

Laird, S. (2012, September 26). *Mashable*. Retrieved September 10, 2015, from http://mashable.com/2012/09/26/smartphones-health-care-infographic/#riA_rZ1KY5kL

Liew, J. (2015). *The effect of smart phones on social interaction.* academia.edu.

Lin, J. S., & Sung, Y. (2014). Nothing can tear us apart: The effect of Brand identity fusion in Consumer-brand relationship. *Psychology & Marketing*, 54-69.

Mellens, M., Dekimpe, M. G., & Steenkamp, J. B. (1996). A Review of Brand-Loyalt Measures in Marketing. *Tijdschrift voor Economie en Management*, 507-533.

Mindrut, S., Manolica, A., & Roman, C. T. (2015). Building brands identity. *Procedia Economics and Finance*, 393-403.

Mosavi, S. A., & Kenarehfard, M. (2013). The impact of value creation practices on brand trust and loyalty in a Samsung Galaxy online brand community in Iran. *International Journal of Mobile Marketing*, 75-84.

Odin, Y., Odin, N., & Valette-Florence, P. (2001). Conceptual and operational aspects of brand loyalty. *Journal of Business Research*, 75-84.

O'Kane, S. (2015, 8 18). *www.theverge.com*. Retrieved October 10, 2015, from http://www.theverge.com/2015/8/18/9171661/apple-samsung-patent-trial-damages

Petzer, D., Mosteret, P., Kruger, L.-M., & Kuhn, S. (2014). The Dimension of Brand Romance as Predictors of Brand Loyalty among Cell Phone Users. *South African Journal of Economic and Management Sciences*, 457-470.

Phillips, B. J., McQuarrie, E. F., & Griffin, W. (2014). The Face of the Brand: How Art Directors Understand Visual Brand Identity. *Journal of Advertising*, 318-332.

Sahin, A., Zehir, C., & Kitapci, H. (2011). The Effects of Brand Experiences, Trust and Satisfaction on Building Brand Loyalty. *Procedia Social and Behavioral Sciences*, 1288-1301.

Samsung Electronics Co., Ltd. (2014). *Annual report 2014.*

Sarwar, M., & Soomro, T. R. (2013). Impact of Smartphone's on Society. *European Journal of Scientific Research*, 216-226.

Schmitt, B., & Simonson, A. (1997). *Marketing Aesthetics: The Strategic Management of Brands, Identity and Image.* New York: The Free Press.

Si.mobil. (2015). *Annual report 2014.* Ljubljana.

Sharp, B., Rundle-Thiele, S., & Dawes, J. (1997). Three conceptualizations of loyalty. *Australia New Zeland Marketing Educators Conference* (pp. 1283-1293). Melbourne: Monash University, Melbourne.

Song, Y., Hur, W.-M., & Kim, M. (2012). Brand trust and affect in the luxury brand-customer relationship. *Social Behavior and Personality*, 331-338.

Statistical office of Republic of Slovenia. (2015, July 21). Retrieved July 21, 2015, from Statistical office of Republic of Slovenia: http://www.stat.si/StatWeb/

RIS.com. (2013, 4 22). Retrieved October 10, 2015, from www.ris.org:http://www.ris.org/db/27/12565/Raziskave/V_EU5_je_94_vec_pametnih_telefonov_kot_pred_letom/?&p1=276&p2=285&p3=1318&p4=1319

Telekom Slovenije. (2015). Retrieved July 21, 2015, from Telekom Slovenije: http://porocilo2014.telekom.si/analiza-poslovanja/poslovno-okolje-in-trendi-v-panogi/trendi-v-ikt-panogi-in-razvitost-ikt-trgov

Telekom Slovenije. (2015). *Annual report 2014.* Ljubljana.

Triggs, R. (2015, June 24). Retrieved July 21, 2015, from Android Authority:http://www.androidauthority.com/next-billion-smartphones-trends-619307/

Trochim, W. M. (2006, 10 20). *Research Methods Knowledge Base*. Retrieved October 15, 2015, from http://www.socialresearchmethods.net/kb/statdesc.php

Završnik, G. (2013, December 9). Retrieved April 10, 2015, from Žurnal 24: http://www.zurnal24.si/telefoni-najbolje-se-prodajajo-najdrazji-clanek-214792

Wilcox, J. (2011, 5 9). *Betanews*. Retrieved October 10, 2015, from http://betanews.com/2011/05/09/the-price-you-pay-apple-to-be-cool/

(2015, 12 31). Retrieved July 1, 2017, from Mobilna telefonija: http://www.mobilna-telefonija.com/mobilni-informator/trzni-delez.html

(2016). Retrieved January 10, 2016, from Investopedia: http://www.investopedia.com/terms/s/standarddeviation.asp

APPENDIXES

TABLE OF APPENDIXES

Appendixes A: Survey 1

Appendixes B – Descriptive Statistics and Cronbach Alfa values 6

Appendixes C: Correlation matrixes (Pearson and Spearman) 11

Appendixes D: SPSS outputs for Hypothesis testing 19

Appendixes E: SPSS outputs for additional tests 28

APPENDIXES A: SURVEY

1. Katero blagovno znamko pametnega telefona največ uporabljate?

   a) Apple iPhone
   b) Samsung (Galaxy, Galaxy Edge, Galaxy Mini…)
   c) Drugo (navedite blagovno znamko)

2. Kako dolgo že uporabljate to blagovno znamko?

   a) Do 12 mesecev
   b) Več kot 12 mesecev

3. Kako dolgo imate v lasti vaš trenutni model pametnega telefona?

   a) Do 6 mesecev
   b) Več kot 6 mesecev, manj kot 1 leto
   c) 1 – 2 leti
   d) Več kot 2 leti

4. Pri naslednjih trditvah vas prosim, da ocenite, kako zvesti ste blagovni znamki vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

   a) Logično se mi zdi da kupim/uporabljam trenutno blagovno znamko, namesto katerekoli druge.
   b) Ne glede na konkurenco in njihove ponudbe, preferiram nakup trenutne blagovne znamke.
   c) Čeprav bi bila ponudba oz. pametni telefon konkurenčne blagovne znamke boljša izbira, bi se še vedno odločil/a za nakup trenutne blagovne znamke.
   d) To blagovno znamko priporočam prijateljem in družini.
   e) Ta blagovna znamka je moja prva izbira pri nakupu pametnega telefona.

5. Pri naslednjih trditvah vas prosim, da ocenite, identiteto in identifikacijo blagovne znamke vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

   a) Blagovna znamka je prepoznavna.
   b) Blagovna znamka odstopa od konkurence.
   c) Izdelki te blagovne znamke so visoke kakovosti.
   d) Blagovna znamka ima visok ugled.
   e) Ko nekdo kritizira to blagovno znamko imam občutek, da kritizira mene.
   f) Zelo mi je pomembno, kaj si drugi mislijo o blagovni znamki.
   g) Uspehi te blagovne znamke, so tudi moji uspehi.

6. Pri naslednjih trditvah vas prosim, da ocenite, kako zadovoljni ste z blagovno znamko vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

a) Zadovoljen/na sem z izbiro blagovne znamke.
b) Zadovoljen/na sem z izgledom izdelkov te blagovne znamke.
c) Zadovoljen/na sem s kvaliteto izdelkov te blagovne znamke.
d) Moja pričakovanja glede izdelkov te blagovne znamke so visoka.
e) Zadovoljen/na sem z zagotavljanjem poprodajnih storitev blagovne znamke.
f) Zadovoljen/na sem z uporabniško izkušnjo izdelkov te blagovne znamke.
g) Blagovna znamka pametnega telefona izpolnjuje moje potrebe.

7. Pri naslednjih trditvah vas prosim, da ocenite, vrednost blagovne znamke vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

a) Ta blagovna znamka je vredna svojega denarja.
b) Zadovoljen/na sem s tem, kar dobim za vloženi denar v to blagovno znamko.
c) Dodatne storitve te blagovne znamke so odlične.

8. Pri naslednjih trditvah vas prosim, da ocenite, koliko zaupate blagovni znamki vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

a) Popolnoma zaupam tej blagovni znamki.
b) Zanašam se na ime blagovne znamke.
c) Blagovna znamka je varna izbira.
d) Blagovna znamka ponuja izdelke visoke kakovosti.
e) Blagovna znamka ponuja zanesljive izdelke.
f) Blagovna znamka ponuja izdelke z odličnimi lastnostmi.

9. Pri naslednjih trditvah vas prosim, da ocenite, uporabniško izkušnjo blagovne znamke vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

a) Uporabniška izkušnja izdelkov te blagovne znamke je prijazna do uporabnika.
b) Uporaba te blagovne znamke ustvarja pozitivne občutke.
c) Uporaba te blagovne znamke povečuje potrebo po učenju novih stvari in reševanju problemov.
d) Izdelki te blagovne znamke so v skladu z mojim načinom življenja.
e) Z uporabo te blagovne znamke, imam občutek, da spadam v določeno družbo.

10. Pri naslednjih trditvah vas prosim, da ocenite, zunanjo podobo (imidž) blagovne znamke vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

a) Zunanja podoba blagovne znamke mi je zelo pomembna.

b) Ta blagovna znamka ima ugled zaradi visoko kakovostnih izdelkov.
c) Ta blagovna znamka je modna in elegantna.
d) Menim, da je ta blagovna znamka številka 1 med pametnimi telefoni.

11. Pri naslednjih trditvah vas prosim, da ocenite, ceno in stroške menjave blagovne znamke vašega trenutnega pametnega telefona, na lestvici od 1 do 5 (1 – sploh se ne strinjam; 5 – popolnoma se strinjam):

a) Cena blagovne znamke mi je zelo pomembna.
b) Menim, da je cena te blagovne znamke previsoka.
c) Menim, da za ceno, ki jo plačam za pametni telefon, dobim vse kar potrebujem.
d) Bojim se, da če zamenjam blagovno znamko pametnega telefona, da bom izgubil/a vse dokumente, številke, slike itd.
e) Bojim se, da mi bo zamenjava blagovne znamke pametnega telefona vzela preveč časa in vloženega truda.
f) Izbira blagovne znamke pametnega telefona, bi lahko vplivala na moj odnos s prijatelji in družino.

12. Prosim da ocenite naslednje dejavnike, ko se odločate za nakup pametnega telefona, na lestvici od 1 do 5 (1 – sploh ne vpliva; 5 – zelo močno vpliva):

a) Cena
b) Zaupanje blagovni znamki (pozitivne izkušnje z blagovno znamko)
c) Uporabniška izkušnja (enostavnost uporabe pametnega telefona)
d) Velikost/izgled/barva – zunanja podoba pametnega telefona
e) Baterija (čas delovanja)
f) Kvaliteta kamere
g) Združljivost z drugimi napravami (računalniki, tablični računalniki, iPod…)
h) Pozitivne izkušnje oziroma komentarji prijateljev in družine, o tej blagovni znamki pametnega telefona
i) Oglaševanje blagovne znamke
j) Popusti oziroma promocije

13. Ste zadovoljni z izbiro vašega pametnega telefona v tem trenutku?

a) Da
b) Ne

14. Ste že kdaj razmišljali o zamenjavi s konkurenčno blagovno znamko pametnega telefona?

a) Da
b) Ne

14a. Prosim, opredelite kaj so razlogi za vaš odgovor (v primeru če ste odgovorili Da) – več možnih odgovorov:

a) Nisem zadovoljen/na s trenutnim pametnim telefonom.
b) Izgled konkurenčnega pametnega telefona mi je bolj všeč.
c) Trenutno imam preveč stroškov s svojim pametnim telefonom.
d) Konkurenčni pametni telefon ima boljšo kamero.
e) Konkurenčni pametni telefon ima boljšo baterijo.
f) Slaba izkušnja s trenutnim telefonom, zato bi rad/a menjal/a.
g) Velikost konkurenčnega pametnega telefona mi bolj ustreza.
h) Uporabniška izkušnja trenutnega pametnega telefona mi ni všeč, zato bi rad/a menjal/a.
i) Večina mojih prijateljev ima konkurenčni pametni telefon, zato bi rad/a menjal/a.

14b. Prosim, opredelite kaj so razlogi za vaš odgovor (v primeru če ste odgovorili Ne) – več možnih odgovorov:

a) Sem popolnoma zadovoljen/na s svojim pametnim telefonom.
b) Cena konkurenčnega pametnega telefona mi je previsoka.
c) Ne zaupam konkurenčni blagovni znamki.
d) Kamera konkurenčnega pametnega telefona je slabša.
e) Baterija konkurenčnega pametnega telefona je slabša.
f) Nihče od mojih prijateljev nima tega telefona, tako da ga tudi jaz nočem.
g) Preveč časa bi mi vzelo, da bi se naučil/a uporabljati konkurenčni pametni telefon.
h) Preveč stroškov bi imel/a z menjavo.

15. Imate že kakšne izkušnje z menjavo blagovne znamke pametnih telefonov?

a) Da
b) Ne

15a. Kakšna je bila vaša izkušnja?

a) Zelo zadovoljen/na z menjavo.
b) V redu, vendar imam občutek, da mi je prejšnji pametni telefon bolj ustrezal.
c) Nisem ravno najbolj zadovoljen/na, vendar se mi ne ljubi ponovno menjati blagovne znamke.
d) Nezadovoljen/na in komaj čakam da se vrnem nazaj na prejšnjo blagovno znamko.

16. Prosim, da ocenite, kaj bi vas prepričalo k nakupu konkurenčne blagovne znamke pametnega telefona, na lestvici od 1 do 5 (1 – sploh ne vpliva; 5 – zelo močno vpliva):

a) Cena konkurenčnega pametnega telefona.
b) Ljudje in njihove pozitivne izkušnje s to blagovno znamko pametnega telefona.
c) Delovanje telefona (uporabniška izkušnja, baterija…)

d) Izgled in kvaliteta konkurenčnega pametnega telefona.
e) Nizki stroški menjave in enostavnost uporabe (ne vzame veliko časa da se navadim na nov telefon).
f) Ime konkurenčne blagovne znamke.

17. Vaš spol?

a) Moški
b) Ženski

18. Vaša starost?

a) Pod 18 let
b) 18 – 25 let
c) 26 – 35 let
d) 36 – 50 let
e) Nad 50 let

19. Regija kjer živite?

a) Osrednjeslovenska
b) Gorenjska
c) Štajerska
d) Prekmurje
e) Koroška
f) Primorska
g) Dolenjska

20. Dokončana izobrazba?

a) Osnovna šola
b) Srednja šola/ gimnazija
c) Višja šola
d) Univerzitetni program (1. bolonjska stopnja)
e) Magister stroke (2. bolonjska stopnja)
f) Magister znanosti
g) Doktor znanosti

21. Vaš osebni neto mesečni dohodek?

a) Do 800€
b) 801€ - 1200€
c) 1201€ - 1600€
d) 1601€ - 2000€
e) Nad 2000€

APPENDIXES B – DESCRIPTIVE STATISTICS AND CRONBACH ALFA VALUES

Statistics

		Brand_loyalty	Brand_identity	Brand_identification	Brand_satisfaction	Brand_value	Brand_trust
N	Valid	114	115	115	113	117	115
	Missing	7	6	6	8	4	6
Mean		17.3772	17.2261	4.9304	30.3186	11.2308	23.8783
Median		17.6471[a]	17.8000[a]	4.1111[a]	31.0455[a]	11.5000[a]	24.1724[a]
Std. Deviation		5.53571	2.89604	2.37945	4.07796	2.48577	4.51148
Skewness		-.363	-1.186	1.245	-1.014	-.755	-.889
Std. Error of Skewness		.226	.226	.226	.227	.224	.226
Kurtosis		-.835	1.221	.567	.805	.730	.966
Std. Error of Kurtosis		.449	.447	.447	.451	.444	.447

Statistics

		Brand_experience	Brand_image	Brand_price	Brand_switching_costs
N	Valid	112	115	116	112
	Missing	9	6	5	9
Mean		17.4286	15.1739	11.5776	5.4643
Median		17.3810[a]	15.6429[a]	11.7222[a]	4.5556[a]
Std. Deviation		3.50987	3.53494	1.72526	2.75396
Skewness		-.104	-.934	-.759	1.066
Std. Error of Skewness		.228	.226	.225	.228
Kurtosis		-.476	.881	.970	.493
Std. Error of Kurtosis		.453	.447	.446	.453

CRONBACH ALFA VALUE FOR BRAND LOYALTY

Case Processing Summary

		N	%
Cases	Valid	114	94.2
	Excluded[a]	7	5.8
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.873	5

CRONBACH ALFA VALUE FOR BRAND IDENTITY

Case Processing Summary

		N	%
Cases	Valid	115	95.0
	Excluded[a]	6	5.0
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.835	4

CRONBACH ALFA VALUE FOR BRAND IDENTIFICATION

Case Processing Summary

		N	%
Cases	Valid	115	95.0
	Excluded[a]	6	5.0
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.693	3

CRONBACH ALFA VALUE FOR BRAND SATISFACTION

Case Processing Summary

		N	%
Cases	Valid	113	93.4
	Excluded[a]	8	6.6
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.866	7

CRONBACH ALFA VALUE FOR BRAND VALUE

Case Processing Summary

		N	%
Cases	Valid	117	96.7
	Excluded[a]	4	3.3
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.763	3

CRONBACH ALFA VALUE FOR BRAND TRUST

Case Processing Summary

		N	%
Cases	Valid	115	95.0
	Excluded[a]	6	5.0
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.878	6

CRONBACH ALFA VALUE FOR BRAND EXPERIENCE

Case Processing Summary

		N	%
Cases	Valid	112	92.6
	Excluded[a]	9	7.4
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.676	5

CRONBACH ALFA VALUE FOR BRAND IMAGE

Case Processing Summary

		N	%
Cases	Valid	115	95.0
	Excluded[a]	6	5.0
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.775	4

CRONBACH ALFA VALUE FOR BRAND PRICE

Case Processing Summary

		N	%
Cases	Valid	116	95.9
	Excluded[a]	5	4.1
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.433	3

CRONBACH ALFA VALUE FOR BRAND SWITCHING COSTS

Case Processing Summary

		N	%
Cases	Valid	112	92.6
	Excluded[a]	9	7.4
	Total	121	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.657	3

APPENDIXES C: CORRELATION MATRIXES (PEARSON AND SPEARMAN)

PEARSON-CORRELATION COEFFICIENTS

Correlations

		Brand_loyalty	Brand_identity	Brand_identification	Brand_satisfaction	Brand_value
Brand_loyalty	Pearson Correlation	1	.563**	.376**	.563**	.339**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	114	113	113	111	114
Brand_identity	Pearson Correlation	.563**	1	.167	.545**	.325**
	Sig. (2-tailed)	.000		.075	.000	.000
	N	113	115	115	112	115
Brand_identification	Pearson Correlation	.376**	.167	1	.164	.237*
	Sig. (2-tailed)	.000	.075		.085	.011
	N	113	115	115	112	115
Brand_satisfaction	Pearson Correlation	.563**	.545**	.164	1	.562**
	Sig. (2-tailed)	.000	.000	.085		.000
	N	111	112	112	113	113
Brand_value	Pearson Correlation	.339**	.325**	.237*	.562**	1
	Sig. (2-tailed)	.000	.000	.011	.000	
	N	114	115	115	113	117
Brand_trust	Pearson Correlation	.617**	.530**	.301**	.630**	.601**
	Sig. (2-tailed)	.000	.000	.001	.000	.000
	N	112	113	113	111	115
Brand_experience	Pearson Correlation	.454**	.366**	.452**	.383**	.423**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	110	111	111	109	112
Brand_image	Pearson Correlation	.600**	.678**	.245**	.453**	.338**
	Sig. (2-tailed)	.000	.000	.009	.000	.000
	N	112	113	113	111	115

Brand_price	Pearson Correlation	.314**	.362**	.197*	.291**	.044
	Sig. (2-tailed)	.001	.000	.037	.002	.640
	N	112	113	113	111	115
Brand_switching_costs	Pearson Correlation	.161	.062	.163	-.021	-.014
	Sig. (2-tailed)	.096	.520	.091	.825	.881
	N	108	109	109	109	111

Correlations

		Brand_trust	Brand_experience	Brand_image	Brand_price	Brand_switching_costs
Brand_loyalty	Pearson Correlation	.617**	.454**	.600**	.314**	.161
	Sig. (2-tailed)	.000	.000	.000	.001	.096
	N	112	110	112	112	108
Brand_identity	Pearson Correlation	.530**	.366**	.678**	.362**	.062
	Sig. (2-tailed)	.000	.000	.000	.000	.520
	N	113	111	113	113	109
Brand_identification	Pearson Correlation	.301**	.452**	.245**	.197*	.163
	Sig. (2-tailed)	.001	.000	.009	.037	.091
	N	113	111	113	113	109
Brand_satisfaction	Pearson Correlation	.630**	.383**	.453**	.291**	-.021
	Sig. (2-tailed)	.000	.000	.000	.002	.825
	N	111	109	111	111	109
Brand_value	Pearson Correlation	.601**	.423**	.338**	.044	-.014
	Sig. (2-tailed)	.000	.000	.000	.640	.881
	N	115	112	115	115	111
Brand_trust	Pearson Correlation	1	.548**	.575**	.209*	.015

	Sig. (2-tailed)		.000	.000	.026	.877
	N	115	111	113	113	109
Brand_experience	Pearson Correlation	.548**	1	.528**	.256**	.229*
	Sig. (2-tailed)	.000		.000	.007	.018
	N	111	112	111	111	107
Brand_image	Pearson Correlation	.575**	.528**	1	.375**	.124
	Sig. (2-tailed)	.000	.000		.000	.195
	N	113	111	115	114	110
Brand_price	Pearson Correlation	.209*	.256**	.375**	1	.054
	Sig. (2-tailed)	.026	.007	.000		.572
	N	113	111	114	116	111
Brand_switching_costs	Pearson Correlation	.015	.229*	.124	.054	1
	Sig. (2-tailed)	.877	.018	.195	.572	
	N	109	107	110	111	112

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

*. Correlation is significant at the 0.05 level (2-tailed).

SPEARMAN' RHO CORRELATION COEFFICIENTS

Correlations

	Brand_loyalty	Brand_identity	Brand_identification	Brand_satisfaction

Spearman's rho	Brand_loyalty	Correlation Coefficient	1.000	.532**	.386**	.575**
		Sig. (2-tailed)	.	.000	.000	.000
		N	114	113	113	111
	Brand_identity	Correlation Coefficient	.532**	1.000	.174	.530**
		Sig. (2-tailed)	.000	.	.064	.000
		N	113	115	115	112
	Brand_identification	Correlation Coefficient	.386**	.174	1.000	.119
		Sig. (2-tailed)	.000	.064	.	.211
		N	113	115	115	112
	Brand_satisfaction	Correlation Coefficient	.575**	.530**	.119	1.000
		Sig. (2-tailed)	.000	.000	.211	.
		N	111	112	112	113
	Brand_value	Correlation Coefficient	.275**	.319**	.229*	.523**
		Sig. (2-tailed)	.003	.001	.014	.000
		N	114	115	115	113
	Brand_trust	Correlation Coefficient	.615**	.545**	.298**	.644**
		Sig. (2-tailed)	.000	.000	.001	.000
		N	112	113	113	111
	Brand_experience	Correlation Coefficient	.427**	.345**	.379**	.334**
		Sig. (2-tailed)	.000	.000	.000	.000
		N	110	111	111	109
	Brand_image	Correlation Coefficient	.571**	.680**	.218*	.483**
		Sig. (2-tailed)	.000	.000	.021	.000
		N	112	113	113	111

	Brand_price	Correlation Coefficient	.266**	.261**	.122	.249**
		Sig. (2-tailed)	.005	.005	.199	.008
		N	112	113	113	111
	Brand_switching_costs	Correlation Coefficient	.163	.017	.189*	-.069
		Sig. (2-tailed)	.091	.862	.050	.479
		N	108	109	109	109

Correlations

			Brand_value	Brand_trust	Brand_experience	Brand_image
Spearman's rho	Brand_loyalty	Correlation Coefficient	.275**	.615**	.427**	.571**
		Sig. (2-tailed)	.003	.000	.000	.000
		N	114	112	110	112
	Brand_identity	Correlation Coefficient	.319**	.545**	.345**	.680**
		Sig. (2-tailed)	.001	.000	.000	.000
		N	115	113	111	113
	Brand_identification	Correlation Coefficient	.229*	.298**	.379**	.218*
		Sig. (2-tailed)	.014	.001	.000	.021
		N	115	113	111	113
	Brand_satisfaction	Correlation Coefficient	.523**	.644**	.334**	.483**
		Sig. (2-tailed)	.000	.000	.000	.000
		N	113	111	109	111
	Brand_value	Correlation Coefficient	1.000	.498**	.349**	.259**
		Sig. (2-tailed)	.	.000	.000	.005
		N	117	115	112	115

Brand_trust	Correlation Coefficient	.498**	1.000	.490**	.526**
	Sig. (2-tailed)	.000	.	.000	.000
	N	115	115	111	113
Brand_experience	Correlation Coefficient	.349**	.490**	1.000	.471**
	Sig. (2-tailed)	.000	.000	.	.000
	N	112	111	112	111
Brand_image	Correlation Coefficient	.259**	.526**	.471**	1.000
	Sig. (2-tailed)	.005	.000	.000	.
	N	115	113	111	115
Brand_price	Correlation Coefficient	.007	.193*	.241*	.299**
	Sig. (2-tailed)	.943	.041	.011	.001
	N	115	113	111	114
Brand_switching_costs	Correlation Coefficient	-.062	.071	.225*	.083
	Sig. (2-tailed)	.515	.465	.020	.390
	N	111	109	107	110

Correlations

			Brand_price	Brand_switching_costs
Spearman's rho	Brand_loyalty	Correlation Coefficient	.266**	.163
		Sig. (2-tailed)	.005	.091
		N	112	108
	Brand_identity	Correlation Coefficient	.261**	.017
		Sig. (2-tailed)	.005	.862
		N	113	109

Brand_identification	Correlation Coefficient	.122	.189*
	Sig. (2-tailed)	.199	.050
	N	113	109
Brand_satisfaction	Correlation Coefficient	.249**	-.069
	Sig. (2-tailed)	.008	.479
	N	111	109
Brand_value	Correlation Coefficient	.007	-.062
	Sig. (2-tailed)	.943	.515
	N	115	111
Brand_trust	Correlation Coefficient	.193*	.071
	Sig. (2-tailed)	.041	.465
	N	113	109
Brand_experience	Correlation Coefficient	.241*	.225*
	Sig. (2-tailed)	.011	.020
	N	111	107
Brand_image	Correlation Coefficient	.299**	.083
	Sig. (2-tailed)	.001	.390
	N	114	110
Brand_price	Correlation Coefficient	1.000	.077
	Sig. (2-tailed)	.	.424
	N	116	111
Brand_switching_costs	Correlation Coefficient	.077	1.000
	Sig. (2-tailed)	.424	.
	N	111	112

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

*. Correlation is significant at the 0.05 level (2-tailed).

APPENDIXES D: SPSS OUTPUTS FOR HYPOTHESIS TESTING

HYPOTHESIS 1 AND 2: BRAND NAME AND GENDER INFLUENCE BRAND LOYALTY.

Between-Subjects Factors

		Value Label	N
Which Smartphone brand do you use the most?	1	Apple iPhone	44
	2	Samsung (Galaxy, Galaxy Edge, Galaxy Mini...)	32
	3	Others	38
Gender?	1	Male	55
	2	Female	59

Descriptive Statistics

Dependent Variable: Brand_loyalty

Which Smartphone brand do you use the most?	Gender?	Mean	Std. Deviation	N
Apple iPhone	Male	19.9474	4.08892	19
	Female	20.6000	4.57347	25
	Total	20.3182	4.33360	44
Samsung (Galaxy, Galaxy Edge, Galaxy Mini...)	Male	16.9333	6.16982	15
	Female	17.4118	4.12400	17
	Total	17.1875	5.10179	32
Others	Male	14.3810	5.19111	21

	Female	13.8235	5.72533	17
	Total	14.1316	5.36843	38
Total	Male	17.0000	5.58105	55
	Female	17.7288	5.51747	59
	Total	17.3772	5.53571	114

Levene's Test of Equality of Error Variances[a]

Dependent Variable: Brand_loyalty

F	df1	df2	Sig.
1.726	5	108	.135

Tests of Between-Subjects Effects

Dependent Variable: Brand_loyalty

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	791.359[a]	5	158.272	6.399	.000
Intercept	32748.454	1	32748.454	1323.952	.000
Brand	766.481	2	383.240	15.494	.000
Gender	1.014	1	1.014	.041	.840
Brand * Gender	8.219	2	4.110	.166	.847
Error	2671.421	108	24.735		
Total	37887.000	114			
Corrected Total	3462.781	113			

a. R Squared = .229 (Adjusted R Squared = .193)

Multiple Comparisons

Dependent Variable: Brand_loyalty

Bonferroni

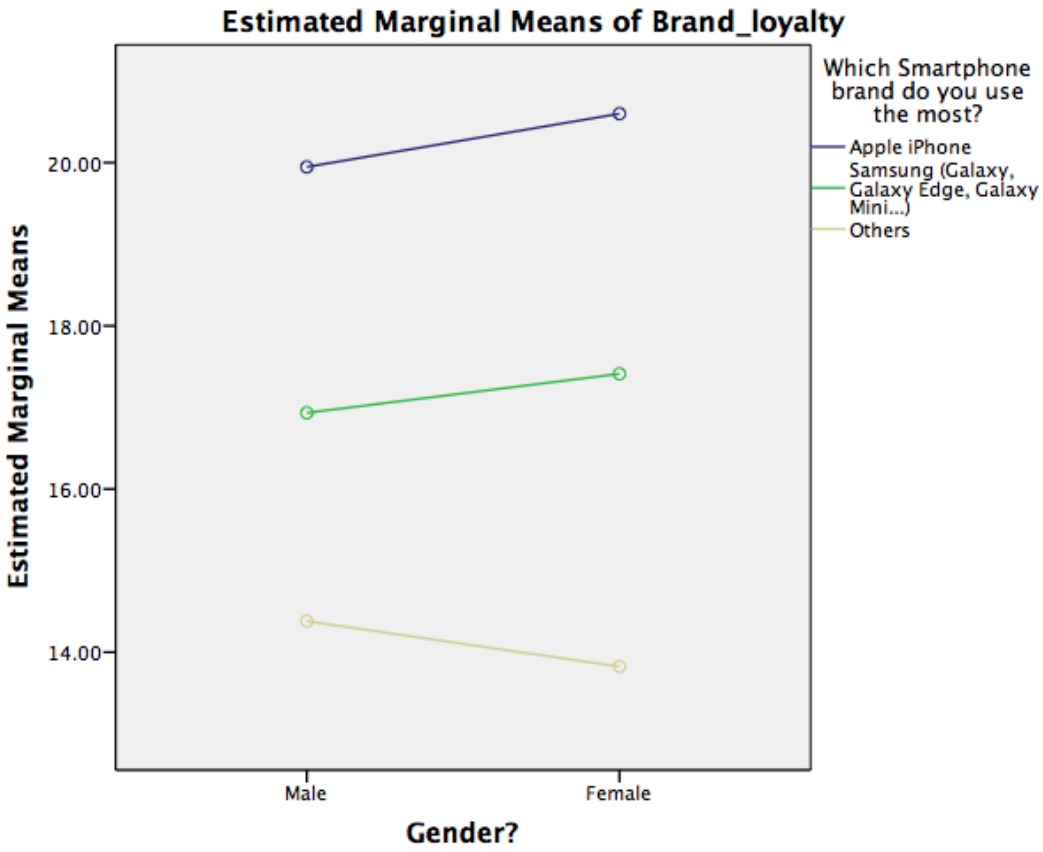
(I) Which Smartphone brand do you use the most?	(J) Which Smartphone brand do you use the most?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Apple iPhone	Samsung (Galaxy, Galaxy Edge, Galaxy Mini...)	3.1307*	1.15549	.024	.3207	5.9406
	Others	6.1866*	1.10141	.000	3.5082	8.8651
Samsung (Galaxy, Galaxy Edge, Galaxy Mini...)	Apple iPhone	-3.1307*	1.15549	.024	-5.9406	-.3207
	Others	3.0559*	1.19328	.035	.1541	5.9578
Others	Apple iPhone	-6.1866*	1.10141	.000	-8.8651	-3.5082
	Samsung (Galaxy, Galaxy Edge, Galaxy Mini...)	-3.0559*	1.19328	.035	-5.9578	-.1541

Based on observed means.

The error term is Mean Square(Error) = 24.735.

*. The mean difference is significant at the 0,05

Profile Plots



As it was mentioned in the text of the thesis, this graph shows the differences in valuing brand loyalty between genders and brands. Horizontal axis measures the differences between genders, while the vertical one measures differences between the brands. As it is seen from the graph, there are no significant differences between genders, since the lines are almost straight. On the other hand, there are significant differences between the brands, since the line for Apple is the highest, followed by the line that represents Samsung and the line that represents other Smartphone owners, which is the lowest.

HYPOTHESIS 3: MALE AND FEMALE PARTICIPANTS ARE DIFFERENTLY SATISFIED WITH THEIR CURRENT SMARTPHONE AND THEY ARE DIFFERENTLY WILLING TO CHANGE THE SMARTPHONE.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent

Are you currently satisfied with your choice of Smartphone? * Gender?	117	96.7%	4	3.3%	121	100.0%

Are you currently satisfied with your choice of Smartphone? * Gender? Crosstabulation

			Gender?		
			Male	Female	Total
Are you currently satisfied with your choice of Smartphone?	Yes	Count	53	57	110
		% within Gender?	94.6%	93.4%	94.0%
	No	Count	3	4	7
		% within Gender?	5.4%	6.6%	6.0%
Total		Count	56	61	117
		% within Gender?	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.075[a]	1	.785		
Continuity Correction[b]	.000	1	1.000		
Likelihood Ratio	.075	1	.784		
Fisher's Exact Test				1.000	.548
N of Valid Cases	117				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 3.35.

b. Computed only for a 2x2 table

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Would you be willing to change the brand of the Smartphone. * Gender?	121	100.0%	0	0.0%	121	100.0%

Would you be willing to change the brand of the Smartphone. * Gender? Crosstabulation

			Gender?		Total
			Male	Female	
Would you be willing to change the brand of the Smartphone.	Yes	Count	17	23	40
		% within Gender?	29.8%	35.9%	33.1%
	No	Count	40	41	81
		% within Gender?	70.2%	64.1%	66.9%
Total		Count	57	64	121
		% within Gender?	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.509[a]	1	.476		
Continuity Correction[b]	.270	1	.603		
Likelihood Ratio	.511	1	.475		
Fisher's Exact Test				.563	.302

N of Valid Cases	121				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18.84.

b. Computed only for a 2x2 table

HYPOTHESIS 4: APPLE OWNERS TRUST THE BRAND MORE THAN SAMSUNG AND OTHER SMARTPHONE OWNERS DO.

Group Statistics

	iPhone owners	N	Mean	Std. Deviation	Std. Error Mean
Brand_trust	Apple Smartphones	43	25.6512	3.30860	.50456
	Samsung and other Smartphones	72	22.8194	4.81291	.56721

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Brand_trust	Equal variances assumed	2.524	.115	3.405	113	.001	2.83172
	Equal variances not assumed			3.730	110.674	.000	2.83172

Independent Samples Test

		t-test for Equality of Means		
			95% Confidence Interval of the Difference	
		Std. Error Difference	Lower	Upper
Brand_trust	Equal variances assumed	.83172	1.18394	4.47950
	Equal variances not assumed	.75915	1.32737	4.33606

HYPOTHESIS 5: WHEN BUYING A NEW SMARTPHONE, PRICE INFLUENCES MORE SAMSUNG AND OTHER SMARTPHONE OWNERS THAN ON APPLE OWNERS.

Group Statistics

	iPhone owners	N	Mean	Std. Deviation	Std. Error Mean
Price	Apple Smartphones	46	3.76	1.015	.150
	Samsung and other Smartphones	73	4.41	.663	.078

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Price	Equal variances assumed	4.366	.039	-4.228	117	.000	-.650
	Equal variances not assumed			-3.856	69.330	.000	-.650

Independent Samples Test

		t-test for Equality of Means		
			95% Confidence Interval of the Difference	
		Std. Error Difference	Lower	Upper
Price	Equal variances assumed	.154	-.955	-.346
	Equal variances not assumed	.169	-.986	-.314

Hypothesis 6: Samsung and other Smartphone owners would be willing to change brand due to price more than Apple owners.

Group Statistics

	iPhone owners	N	Mean	Std. Deviation	Std. Error Mean
Price	Apple Smartphones	45	3.33	1.331	.198
	Samsung and other Smartphones	73	4.16	.882	.103

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Price	Equal variances assumed	10.002	.002	-4.079	116	.000	-.831
	Equal variances not assumed			-3.715	67.991	.000	-.831

Independent Samples Test

		t-test for Equality of Means		
			95% Confidence Interval of the Difference	
		Std. Error Difference	Lower	Upper
Price	Equal variances assumed	.204	-1.235	-.428
	Equal variances not assumed	.224	-1.277	-.385

Hypothesis 7: Brand identification, Brand satisfaction and Brand value are good predictors for Brand trust

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710[a]	.504	.490	3.17076

a. Predictors: (Constant), Brand_value, Brand_identification, Brand_satisfaction

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1081.398	3	360.466	35.854	.000[b]
	Residual	1065.693	106	10.054		
	Total	2147.091	109			

a. Dependent Variable: Brand_trust

b. Predictors: (Constant), Brand_value, Brand_identification, Brand_satisfaction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.404	2.365		.594	.554	-3.284	6.092		
	Brand_identification	.299	.130	.162	2.311	.023	.043	.556	.947	1.056
	Brand_satisfaction	.485	.092	.433	5.286	.000	.303	.667	.697	1.434
	Brand_value	.556	.149	.311	3.744	.000	.262	.851	.678	1.475

a. Dependent Variable: Brand_trust

APPENDIXES E: SPSS OUTPUTS FOR ADDITIONAL TESTS

INDEPENDENT SAMPLES T-TEST THAT COMPARES APPLE OWNERS TOWARDS SAMSUNG AND OTHER SMARTPHONE OWNERS IN TESTING VARIABLES FROM THE MODEL.

Group Statistics

	iPhone owners	N	Mean	Std. Deviation	Std. Error Mean
Brand_loyalty	Samsung and other Smartphones	70	15.5286	5.43131	.64917

	Apple Smartphones	44	20.3182	4.33360	.65332
Brand_identity	Samsung and other Smartphones	72	16.1667	3.05812	.36040
	Apple Smartphones	43	19.0000	1.34519	.20514
Brand_identification	Samsung and other Smartphones	72	5.0139	2.55361	.30095
	Apple Smartphones	43	4.7907	2.07661	.31668
Brand_satisfaction	Samsung and other Smartphones	69	29.1014	4.44954	.53566
	Apple Smartphones	44	32.2273	2.42912	.36620
Brand_value	Samsung and other Smartphones	73	11.0685	2.75544	.32250
	Apple Smartphones	44	11.5000	1.95888	.29531
Brand_trust	Samsung and other Smartphones	72	22.8194	4.81291	.56721
	Apple Smartphones	43	25.6512	3.30860	.50456
Brand_experience	Samsung and other Smartphones	69	16.8406	3.61217	.43485
	Apple Smartphones	43	18.3721	3.15491	.48112
Brand_image	Samsung and other Smartphones	71	13.8732	3.66033	.43440
	Apple Smartphones	44	17.2727	2.00422	.30215
Brand_price	Samsung and other Smartphones	73	11.4521	1.80309	.21104
	Apple Smartphones	43	11.7907	1.58201	.24125
Brand_switching_costs	Samsung and other Smartphones	68	5.3088	2.65002	.32136
	Apple Smartphones	44	5.7045	2.92209	.44052

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Brand_loyalty	Equal variances assumed	4.063	.046	-4.941	112	.000
	Equal variances not assumed			-5.200	105.647	.000
Brand_identity	Equal variances assumed	20.158	.000	-5.745	113	.000
	Equal variances not assumed			-6.832	105.702	.000
Brand_identification	Equal variances assumed	1.587	.210	.485	113	.629
	Equal variances not assumed			.511	102.610	.611
Brand_satisfaction	Equal variances assumed	11.400	.001	-4.268	111	.000
	Equal variances not assumed			-4.817	108.825	.000
Brand_value	Equal variances assumed	3.123	.080	-.909	115	.365
	Equal variances not assumed			-.987	111.777	.326
Brand_trust	Equal variances assumed	2.524	.115	-3.405	113	.001
	Equal variances not assumed			-3.730	110.674	.000
Brand_experience	Equal variances assumed	.499	.481	-2.288	110	.024

	Equal variances not assumed			-2.362	98.181	.020
Brand_image	Equal variances assumed	11.011	.001	-5.652	113	.000
	Equal variances not assumed			-6.424	111.595	.000
Brand_price	Equal variances assumed	1.062	.305	-1.021	114	.309
	Equal variances not assumed			-1.057	97.549	.293
Brand_switching_costs	Equal variances assumed	.213	.645	-.741	110	.460
	Equal variances not assumed			-.726	85.419	.470

Independent Samples Test

		t-test for Equality of Means			
		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
				Lower	Upper
Brand_loyalty	Equal variances assumed	-4.78961	.96929	-6.71014	-2.86908
	Equal variances not assumed	-4.78961	.92100	-6.61565	-2.96357
Brand_identity	Equal variances assumed	-2.83333	.49320	-3.81046	-1.85621
	Equal variances not assumed	-2.83333	.41470	-3.65553	-2.01113
Brand_identification	Equal variances assumed	.22319	.46014	-.68842	1.13480

	Equal variances not assumed	.22319	.43687	-.64327	1.08966
Brand_satisfaction	Equal variances assumed	-3.12582	.73247	-4.57726	-1.67439
	Equal variances not assumed	-3.12582	.64887	-4.41190	-1.83975
Brand_value	Equal variances assumed	-.43151	.47478	-1.37195	.50894
	Equal variances not assumed	-.43151	.43728	-1.29794	.43493
Brand_trust	Equal variances assumed	-2.83172	.83172	-4.47950	-1.18394
	Equal variances not assumed	-2.83172	.75915	-4.33606	-1.32737
Brand_experience	Equal variances assumed	-1.53151	.66928	-2.85787	-.20516
	Equal variances not assumed	-1.53151	.64852	-2.81844	-.24458
Brand_image	Equal variances assumed	-3.39949	.60149	-4.59115	-2.20782
	Equal variances not assumed	-3.39949	.52915	-4.44797	-2.35101
Brand_price	Equal variances assumed	-.33864	.33159	-.99553	.31824
	Equal variances not assumed	-.33864	.32053	-.97476	.29748
Brand_switching_costs	Equal variances assumed	-.39572	.53391	-1.45381	.66237
	Equal variances not assumed	-.39572	.54528	-1.47981	.68837

Based on the results from the table, it is seen that Apple owners value brand loyalty more than Samsung and other Smartphone owners (t (105,6) = -5,2 at p = 0,000), they also identify with the brand on a higher scale (t (105,7) = -6,8 at p = 0,000), Apple owners are also more satisfied with the brand (t (108,8) = -4,8 at p = 0,000), experience with the brand is also higher with Apple owners (t (110) = -2,3 at p = 0,024) and also brand image is highly valued with Apple owners (t (111,6) = -6,4 at p = 0,000).

INDEPENDENT SAMPLES T-TEST FOR PURCHASING HABITS OF APPLE OWNERS COMPARED TO SAMSUNG AND OTHER SMARTPHONE OWNERS.

Group Statistics

	iPhone owners	N	Mean	Std. Deviation	Std. Error Mean
Price	Apple Smartphones	46	3.76	1.015	.150
	Samsung and other Smartphones	73	4.41	.663	.078
Trust	Apple Smartphones	44	4.64	.574	.087
	Samsung and other Smartphones	71	4.23	.831	.099
User experience	Apple Smartphones	44	4.59	.542	.082
	Samsung and other Smartphones	70	4.23	.837	.100
Looks of the Smartphone	Apple Smartphones	44	4.32	.740	.112
	Samsung and other Smartphones	70	4.33	.756	.090
Quality of the battery	Apple Smartphones	44	4.16	.914	.138
	Samsung and other Smartphones	70	4.30	.729	.087
Quality of the camera	Apple Smartphones	44	4.11	.920	.139
	Samsung and other Smartphones	70	4.26	.896	.107
Compatibility with other	Apple Smartphones	44	4.30	.765	.115

devices	Samsung and other Smartphones	70	3.99	1.042	.125
Positive word-of-mouth	Apple Smartphones	44	3.48	1.422	.214
	Samsung and other Smartphones	69	3.52	.994	.120
Advertising	Apple Smartphones	44	2.64	1.203	.181
	Samsung and other Smartphones	70	2.60	1.082	.129
Discounts	Apple Smartphones	43	3.35	1.251	.191
	Samsung and other Smartphones	70	3.60	1.095	.131

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Price	Equal variances assumed	4.366	.039	-4.228	117	.000
	Equal variances not assumed			-3.856	69.330	.000
Trust	Equal variances assumed	3.627	.059	2.879	113	.005
	Equal variances not assumed			3.131	111.597	.002
User experience	Equal variances assumed	3.975	.049	2.552	112	.012
	Equal variances not assumed			2.805	111.874	.006

Looks of the Smartphone	Equal variances assumed	.089	.766	-.072	112	.943
	Equal variances not assumed			-.072	92.994	.942
Quality of the battery	Equal variances assumed	2.575	.111	-.910	112	.365
	Equal variances not assumed			-.865	76.683	.390
Quality of the camera	Equal variances assumed	.312	.577	-.824	112	.412
	Equal variances not assumed			-.819	89.641	.415
Compatibility with other devices	Equal variances assumed	1.826	.179	1.703	112	.091
	Equal variances not assumed			1.824	109.231	.071
Positive word-of-mouth	Equal variances assumed	10.605	.001	-.196	111	.845
	Equal variances not assumed			-.181	69.696	.857
Advertising	Equal variances assumed	.482	.489	.167	112	.867
	Equal variances not assumed			.163	84.304	.871
Discounts	Equal variances assumed	.422	.517	-1.120	111	.265
	Equal variances not assumed			-1.085	80.052	.281

Independent Samples Test

	t-test for Equality of Means

		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
				Lower	Upper
Price	Equal variances assumed	-.650	.154	-.955	-.346
	Equal variances not assumed	-.650	.169	-.986	-.314
Trust	Equal variances assumed	.411	.143	.128	.694
	Equal variances not assumed	.411	.131	.151	.671
User experience	Equal variances assumed	.362	.142	.081	.644
	Equal variances not assumed	.362	.129	.106	.618
Looks of the Smartphone	Equal variances assumed	-.010	.144	-.296	.275
	Equal variances not assumed	-.010	.144	-.295	.275
Quality of the battery	Equal variances assumed	-.141	.155	-.448	.166
	Equal variances not assumed	-.141	.163	-.465	.184
Quality of the camera	Equal variances assumed	-.144	.174	-.489	.202
	Equal variances not assumed	-.144	.175	-.492	.205
Compatibility with other devices	Equal variances assumed	.310	.182	-.051	.670
	Equal variances not assumed	.310	.170	-.027	.646

Positive word-of-mouth	Equal variances assumed	-.044	.227	-.495	.406
	Equal variances not assumed	-.044	.246	-.534	.445
Advertising	Equal variances assumed	.036	.217	-.394	.467
	Equal variances not assumed	.036	.223	-.406	.479
Discounts	Equal variances assumed	-.251	.224	-.695	.193
	Equal variances not assumed	-.251	.231	-.712	.209

Observing the results from the table, the only two additional statistically significant differences are seen in trusting the brand and user experience of the brand. In both cases, the results show that these two variables are more important for Apple owners (t (113) = 2,88 at p = 0,005; t (112) = 2,6 at p = 0,012) in comparison to Samsung and other Smartphone owners, when deciding to purchase a new Smartphone.

INDEPENDENT SAMPLES T-TEST COMPARING WHAT WOULD INFLUENCE APPLE OWNERS IN COMPARISON TO SAMSUNG AND OTHER SMARTPHONE OWNERS WHEN DECIDING TO SWITCH THE BRAND.

Group Statistics

	iPhone owners	N	Mean	Std. Deviation	Std. Error Mean
Price	Samsung and other Smartphones	73	4.16	.882	.103
	Apple Smartphones	45	3.33	1.331	.198
Positive word-of-mouth	Samsung and other Smartphones	71	3.79	.925	.110
	Apple Smartphones	45	3.40	1.372	.204
User-friendly user experience	Samsung and other Smartphones	72	4.50	.650	.077

	Apple Smartphones	44	4.27	.997	.150
Looks of the Smartphone	Samsung and other Smartphones	71	4.14	.867	.103
	Apple Smartphones	44	3.89	1.262	.190
Low switching costs	Samsung and other Smartphones	72	3.75	1.184	.140
	Apple Smartphones	44	3.20	1.472	.222
Name of the brand	Samsung and other Smartphones	72	2.28	1.153	.136
	Apple Smartphones	44	2.41	1.436	.216

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Price	Equal variances assumed	10.002	.002	4.079	116	.000
	Equal variances not assumed			3.715	67.991	.000
Positive word-of-mouth	Equal variances assumed	14.721	.000	1.824	114	.071
	Equal variances not assumed			1.675	69.366	.098
User-friendly user experience	Equal variances assumed	2.971	.088	1.487	114	.140
	Equal variances not assumed			1.347	65.570	.182

Looks of the Smartphone	Equal variances assumed	6.280	.014	1.282	113	.203
	Equal variances not assumed			1.177	68.252	.243
Low switching costs	Equal variances assumed	3.465	.065	2.193	114	.030
	Equal variances not assumed			2.081	76.478	.041
Name of the brand	Equal variances assumed	7.106	.009	-.542	114	.589
	Equal variances not assumed			-.514	76.406	.609

Independent Samples Test

		t-test for Equality of Means			
		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
				Lower	Upper
Price	Equal variances assumed	.831	.204	.428	1.235
	Equal variances not assumed	.831	.224	.385	1.277
Positive word-of-mouth	Equal variances assumed	.389	.213	-.033	.811
	Equal variances not assumed	.389	.232	-.074	.852
User-friendly user experience	Equal variances assumed	.227	.153	-.075	.530
	Equal variances not assumed	.227	.169	-.110	.564

Looks of the Smartphone	Equal variances assumed	.254	.199	-.139	.648
	Equal variances not assumed	.254	.216	-.177	.686
Low switching costs	Equal variances assumed	.545	.249	.053	1.038
	Equal variances not assumed	.545	.262	.023	1.067
Name of the brand	Equal variances assumed	-.131	.242	-.612	.349
	Equal variances not assumed	-.131	.256	-.640	.378

Based on the results from the table, the only statistical difference between the brands is in low switching costs. The result shows that Samsung and other Smartphone owners would be convinced to switch brands if the switching costs would be low enough (t (114) = 2,2 at p = 0,030).