

Explore Significant Factors To affect Customer Involvement

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ABSTRACT

Although literature review supported the concept that customer loyalty, brand equity and perceived risk are significant factors to affect customer involvement, very limited studies have extensively examined the relationship among those variables. This research applied quantitative study to comprehensively explore the relationship between customer loyalty, brand equity, perceived risk and customer involvement for consumers. The population for this research was identified as consumers having the shopping experience for digital camera. The findings supported the hypothesis that customer loyalty, brand equity and perceived risk have significant and positive relationship to customer involvement. The findings identified the predictors of customer loyalty, brand equity and perceived risk on the customer involvement and generated the recommendations for corporate operations and future scholar studies.

Keywords: Customer Loyalty, Perceived Risk, Brand Equity, Customer Involvement, Electrical Consumer Product

1. INTRODUCTION

Customer loyalty, brand equity, perceived risk and customer involvement have recognized as effective tools for building corporate competency in business world, while customer involvement has been regarded as the key indicator for customer retention. Howcroft *et al.* (2007) argued different level of customer involvement will affect customer purchasing behavior. Tong and Hawley (2009) stated building a successful brand image will enhance companies' profitability and revenue and bring industry's strong competitive benefit. Sudhahar *et al.* (2006) stated perceived risk of customer will influence purchasing behaviors and purchasing policy from customers. Yee and San (2011) claimed customers sense different risks when purchasing goods or services. Customer's purchasing desire will decrease when customers perceive higher purchasing risk. Previous study by Hu (2011) revealed that customer loyalty, brand equity, perceived risk may have significant impacts on customer involvement, while very few studies have examined the relationship among customer loyalty, brand equity, perceived risk and customer

involvement, or how those variables affect customer involvement. The issues for the relationship between customer loyalty, brand equity, perceived risk and customer involvement remain unclear. Therefore, the main purposes for this study are to comprehensively examine the relationship between customer loyalty, brand equity, perceived risk and customer involvement, to generate the recommendations for managerial application for the business of electrical consumer products and to identify areas for future scholarly inquiry.

1.1. Customer Loyalty

Hu (2009) indicated the customer loyalty is a behavioral intention to maintain the relationship between customer and service suppliers.

Santouridis and Trivellas (2010) suggested customer loyalty referred to the customer's attitude which affects to purchase the same brand products. Tsai *et al.* (2010) claimed the customer loyalty will drive customers to buy the same brand products under the changes for competitors' benefit offers. Therefore, the customer loyalty may refer to the attitude that customer's behaviors for purchasing the products or services

repeatedly. Santouridis and Trivellas (2010) stated customer loyalty may be enhanced by customer satisfaction. Aydin and Ozer (2005) suggested the dimensions to measure the customer loyalty are including recommendations to others, the considerations for repurchase and the attentions to transfer to competitors' products.

1.2. Brand Equity

Brand usually is defined as the individualized characters or symbols to distinguish the products or companies from others. Lo (2012) claimed brand may strengthen intangible assets and create overall success for companies. Loosley *et al.* (2004) even claimed the brand itself possesses the concept of the copyright for legal perspective. Ailawadi and Keller (2004) defined Brand Equity is the profitability effect for leveraging asset and liability which related to product name, symbol and brand. The measures for brand equity are existing lots of debates. Ponnampalnam (2011) indicated the most common brand equity model which encompasses five dimensions, such as brand awareness, perceived quality, brand royalty, brand association and other proprietary asset. This model has been empirically applied in previous researches (Atilgan *et al.*, 2005; Kim and Kim, 2004; Yoo *et al.*, 2000). In service industry, Simose and Dibb (2001) also stated powerful brands will raise consumers' faith for unseen value, give customers better product image or appreciate the intangible assets and decrease consumers' perceived financial, social, or safety risk.

1.3. Perceived Risk

Yee and San (2011) claimed the perceived risk is the phenomenon when purchasing commercial goods in early stages by consumer's subjective evaluation. In the other words, customer tends to avoid the risky decision or the product or service they are not familiar with. Cases (2002) also argued the intangible property for service goods will bring more risk awareness for customers. Hu (2011) stated that consumer will pay more time to investigate when faced the risky decision to buy the goods or services. Therefore, companies need to build up some effective strategies to reduce the perceived risk of customers to drive the sales. Cunningham *et al.* (2005) suggested perceived risk should encompass six factors, such as finance, performance, physical, psychological, social and time and argued perceived risk has stronger effect on service industry as services are invisible and intangible natural. Ahmed *et al.* (2002) indicated personal characteristic, such as experience or stereotype, will result in different degree for perceived risk.

1.4. Customer Involvement

The concept of involvement has recognized as significant factor to influence loyalty relationship (Olsen, 2007). Knox and Walker (2003) indicated customer involvement will affect the decision procedure in purchasing and higher-involved customer will behave higher loyalty. Lin and Chen (2006) suggested the involvement can be classified as advertising involvement, product involvement and purchasing involvement. The involvement also divided into situational involvement, enduring involvement and response involvement. The measurements of customer involvement have been discussed for past years. The most well-know theory, probably stated by Kapferer and Laurent (1993) and called the Consumer Involvement Profile model (CIP) and this model divided involvement into five dimensions: interest, pleasure, sign value, perceived risk important and perceived risk probability.

1.5. The Relationship among Customer Loyalty, Brand Equity, Perceived Risk and Customer Involvement

Hu (2011) conducted a research and supported the concept that customer involvement, brand equity and perceived risk, have significant and positive relationship with customer loyalty. Based on the research by Olsen (2007), the customer involvement has acted a complete mediator role between customer satisfaction and repurchase loyalty. Knox and Walker (2003) claimed customer involvement played an important role when maintain loyalty relationship with customer. Previous studies have suggested there is a significant relationship between customer loyalty, brand equity, perceived risk and customer involvement. Therefore, the basic theory concept for building the research hypothesis for this research is: Customer loyalty, brand equity and perceived risk have significant and positive relationship to customer involvement.

2. MATERIALS AND METHODS

2.1. Instrumentation

Four instruments have adopted in this study: The Customer Loyalty Questionnaires (6 items) were developed by the theory from Aydin and Ozer (2005) and encompasses four dimensions: repeated purchase (1 item), price toleration (2 items), recommendations (2 items) and cross purchase (1 item). The Brand Equity Questionnaires (7 items) are based on the definition by Kayaman and Arasli (2007) concept model, while this

research adopted four dimensions: brand awareness (1 item), brand association (2 items), perceived quality (2 items) and brand loyalty (2 items) for examining the perception of brand equity by customers. The Perceived Risk Questionnaires (4 item) were modified from the concept by Cunningham *et al.* (2005), which encompasses three dimensions: finance risk (1 item), function risk (1 item) and social risk (2 items). The Consumer Involvement *Questionnaires* (10 items) are based on the definition by Kapferer and Laurent (1993) Consumer Involvement Profile model (CIP), which encompasses five dimensions: interest (3 items), pleasure (2 items), sign value (2 items), perceived risk important (1 item) and perceived risk probability (2 items).

2.2. Population and Data Collection

Consumers having the shopping experience for digital camera have selected as acceptable population in this study. This research applied convenience sampling method with anonymous survey to ensure the response rate. After contacting with available person agreeing to attend this research, the researcher distributed the hard copy of questionnaires to participants directly. A total of 220 people have had participated this study. After deducting 30 invalid response, the total number of valid responses was 190, providing the adjusted response rate of 86%.

Table 1. Factorial validity and scale reliability

		Factor 1	Factor2
CL	KMO = 0.812	Recommendation	loyalty
	Item 1-3		0.533-0.902
	Item 1-3	0.765-0.873	
	Eigen value	3.452	0.926
	Cumulative%	57.533	72.970
	Conbach'α (0.812)	0.756	0.844
BE	KMO = 0.905	Brand acceptance	Brand value
	Item 1-6	0.6490-0.853	
	Item 1		0.931
	Eigen value	4.827	0.742
	Cumulative%	61.168	71.774
	Conbach'α (0.898)		
PR	KMO = 0.734	Social risk	Value risk
	Item 1-2		0.786-0.914
	Item 1-2	0.836-0.900	
	Eigen value	2.564	0.729
	Cumulative%	64.106	82.338
	Conbach'α (0.734)	0.760	0.790
CI	KMO = 0.875	Personal interest	Mistake probability
	Item 1-8	0.508-0.801	
	Item 1-2		0.852-0.857
	Eigen value	4.827	1.424
	Cumulative%	48.273	62.510
	Conbach'α (0.868)	0.893	0.708

Sample size = 190, Bartlett (<0.05), CL: Customer Loyalty, BE: Brand Equity, PR: Perceived Risk, CI: Customer Involvement.

2.3. Validity and Reliability

The researcher examined the content validity and construct validity to discuss the validity issues in this research. The design of questionnaires was based on the academy theory or existed questionnaire developing by scholars or specialists to improve the content validity. The researcher applied Factor Analysis following Varimax Rotation method to examine the construct validity and to reduce the dimensions for variables. The research also examined the internal consistency as an estimate of reliability for questionnaires. The result of factor analysis of four instruments was summarized in **Table 1** and resulted in two dimensions for each instrument, such as Customer Loyalty (Recommendation and Loyalty), Brand Equity (Brand Acceptance and Brand Value), Perceived Risk (Social Risk and Value Risk) and Customer Involvement (Personal Interest and Mistake Probability). The testing values for four instruments of KMO values (>0.7), Bartlett values (<0.05) and factor loading values (>0.5) demonstrated the construct validity of the questionnaires are reasonable. The overall internal consistency as an estimate of reliability for four questionnaires ranged from 0.734 to 0.898.

2.4. Research Hypotheses and Question

Based on theory concept and research purposes of this study, the research proposed three hypotheses and one research question:

- Hypothesis 1: Customer loyalty has significant and positive relationship to customer involvement: (a) Personal interest; (b) Mistake probability
- Hypothesis 2: Brand equity has significant and positive relationship to customer involvement: (a) Personal interest; (b) Mistake probability
- Hypothesis 3: Perceived risk has significant and positive relationship to customer involvement: (a) Personal interest; (b) Mistake probability
- Research question: How the variables of customer loyalty, brand equity and perceived risk predict the variable of customer involvement?

3. RESULTS

3.1. Hypothesis One

Regress analysis results (**Table 2**) supported the hypothesis H1a ($p < 0.05$), but not support hypothesis H1b ($p > 0.05$). The findings indicated customer loyalty ($\beta = 0.579$) has significant and positive relationship on the

dimension of personal interest, while customer loyalty has no significant relationship with the dimension of mistake probability. Customer loyalty also presented weak explanation ($R^2 = 0.335$, $p < 0.05$, $F = 94.844$) on the dimension of personal interest.

3.2. Hypothesis Two

Regress analysis results (Table 2) supported the hypothesis H2a ($p < 0.05$), but not support hypothesis H2b ($p > 0.05$). The findings indicated brand equity ($\beta = 0.557$) has significant and positive relationship on the dimension of personal interest, while brand equity has no significant relationship with the dimension of mistake probability. Brand equity also presented weak explanation ($R^2 = 0.311$, $p < 0.05$, $F \text{ value} = 84.750$) of variance for the dimension of personal interest.

3.3. Hypothesis Three

Regress analysis results (Table 2) supports the hypothesis H3a and H3b ($p < 0.05$). The findings indicated perceived risk has significant and positive relationship on both dimensions of customer involvement, while perceived risk has stronger effect on the dimension of personal interest ($\beta = 0.344$) than on the dimension of mistake probability ($\beta = 0.287$). Perceived risk also presented weak explanation of variance to both dimensions of personal interest ($R^2 = 0.118$, $p < 0.05$, $F = 25.237$) and mistake probability ($R^2 = 0.083$, $p < 0.05$, $F = 16.939$). The findings of all three hypotheses revealed all customer loyalty, brand equity and perceived risk factors have stronger effects on the dimension of personal interest than on the dimension of mistake probability.

Table 2. Regression analysis capabilities such as customer loyalty, brand equity and perceived risk to personal interest and mistake probability

	Personal interest			Mistake probability		
	β	R^2	F	β	R^2	F
H1a and b	0.898**	0.335	94.844	0.139	0.008	1.518
H2a and b	0.828**	0.311	84.750	0.162	0.012	2.255
H3a and b	0.437**	0.118	25.237	0.365**	0.083	16.939

** : $p < 0.01$ (2-tailed), * : $p < 0.05$ level (2-tailed)

Table 3. Regression analysis capabilities such as customer loyalty, brand equity and perceived risk to customer involvement

	Customer involvement			
	β	R^2	R^2	F
Customer loyalty	0.289**	0.419	0.409	44.646
Brand equity	0.243**			
Perceived risk	0.222**			

** : $p < 0.01$ (2-tailed), * : $p < 0.05$ level (2-tailed)

3.4. Research Question

Regression analysis (Table 3) shown customer loyalty, brand equity and perceived risk presented weak explanation ($R^2 = 0.419$, $p < 0.05$, $F = 44.646$) of variance for customer involvement, while brand loyalty ($\beta = 0.289$) has stronger effect on customer involvement than brand equity ($\beta = 0.254$) and perceived risk ($\beta = 0.271$).

4. DISCUSSION

The results suggested customer loyalty, brand equity and perceived risk have significant and positive relationship to customer involvement. Corporations may apply this result to improve corporate marketing strategy, especially the strategy of customer loyalty. After building up strong customer loyalty for customers, corporate may effectively influence customer behaviors. In addition, all the factors, such as customer loyalty, brand equity and perceived risk have stronger effects on the dimension of personal interest than the dimension of mistake probability for customers. Therefore, the corporate may need to develop other effective strategies to improve the mistake probability for customer involvement. In addition, the findings indicated customer loyalty, brand equity and perceived risk did not provide much explanation for the variance for customer involvement, especially for explanation for the variance for the dimension of mistake probability.

5. CONCLUSION

Although results in this research indicated customer loyalty, brand equity and perceived risk have significant and positive relationship to customer involvement, we found customer loyalty has stronger impact on customer involvement than brand equity. This fact may reveal the customer's special tendency in aspect of customer involvement when purchasing higher price electrical consumer products. In addition, customer loyalty, brand equity and perceived risk presented only weak explanation of variance for customer involvement. This fact reveals the necessities for future studies to identify more effective factors to influence the customer involvement, to predict the customer behaviors and also to generate future management suggestions.

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