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Impact Of E-Service Innovation On Brand Equality And Customer Loyalty In Samsung International Corporation

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Abstract

Advances in informational and communication technology due to rapid technological changes made e-service innovations possible. The new technologies compete with other methods to meet the needs of consumers and provide innovation in new services and create new challenges for service providers who offer to their customer's high quality and customized services. In this regard, companies that offer distinguished and useful services to customers have more loyal customers rather than their competitor. Understanding the impact of consumer response to innovations on their loyalty is crucial for service providers in the field of digital products. Therefore, the aim of this study is the investigation of the impact of Innovation in Electronic Service on brand equity and customer loyalty in Samsung International Corporation. In this regard, data from 384 users of Samsung mobile phone who have used the services of this company was collected and tested through structural equation modeling. The findings of the study confirmed the impact of customized services and technology leadership on the brand equity, while direct impact of service innovation on brand equity was not found significant. Positive impact of technology leadership and brand equity on customer loyalty was also approved.

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Keywords: brand equity; e-service innovations; Samsung; services personalization.

1. Introduction

Brand management is an increasingly important area of marketing management especially when organizations are trying to transmit intangible and complex messages (Seyedjavadin et al., 2010). One of the most important

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marketing concepts that are widely discussed by marketing scholars and experts is brand equity that one of the important reasons for this fame is its important strategic role in decision makings in management and creation of a competitive advantage for the organization and its customers (Gilani nia and Moussavian, 2010). Aaker suggested that the brand equity will increase corporate value through loyalty, awareness increase and perceived quality (Aaker, 1991). Given the importance of brand performance assessment for companies, empirical studies on this issue seem to be essential (Johnston & Jones, 2004).

The fact that the perceived quality has become an important competitive factor in the business world causes the current era of business be called "quality time". Thinkers of marketing consider quality of goods and services as a powerful competitive weapon. Also in today's competitive era, we witnessed a sharp increase in the number of brands in the different industry that make survival in the industrial market areas more difficult and that is why the preservation and strengthening customer loyalty for companies that are concerned about the development of their competitive position in the market is considered as a strategic challenge. The issues of brand equity and loyalty in the digital world are different from the factors in real world and this category is a significant issue in providing services. Customer loyalty to e-services are the main problem in the field of international services that in this study sought to examine the impact of the company's innovative e-services on the formation of customer loyalty to find appropriate insight to achieve nonfinancial goals of companies. In this way, this study was designed.

New technologies are competing with each other and also are complementary to meet customers' needs and lead to new challenges for managers to deliver new services (Danaher, Hardie, & Putsis, 2001). The company's offer customized and high quality services and products to their customers. Understanding the impact of customer reactions to service innovation for the company's customer loyalty is vital .Technology acceptance model is the core of customer acceptance and subsequent use of the product (Venkatesh & Morris, 2000). Research conducted in the field of marketing and customer loyalty is very detailed (Oliver, 1980). However, the effect of service innovation on customer loyalty remains largely unknown. (Parasuraman & Grewal, 2000), therefore, understanding the impact of service innovation on customer loyalty is a valuable subject for study. Therefore, in this study we are looking at the Impact of innovation in Electronic Service on brand equity and customer loyalty.

2. Theoretical concepts

2.1. Brand equity

Brand is a set of characteristics that develop over time in the minds of the consumer to differentiate between competing products (Yoo and Donthu, 2001). One of the most famous and most important marketing concepts that are widely discussed by researchers and experts is brand equity because of the strategic and importance role of brand equity in management decisions and creation a competitive advantage for the organization and its customers (Atilgan et al. 2007). Brand equity enables organizations that in addition of maintaining their market share, gain the greater the amount of charge in exchange for their brand (Lee and Back, 2009). Aaker (1991) defines brand equity as the assets that associated with the trade name or symbol of a company and increase the value of the goods or service provided to customers by the company. Simon and Sullivan (1993) defined the brand equity as differences in consumer choice between products of famous brand names and products without name with the same level of quality. Farquhar (1989) has more simple definition of brand equity and introduced it as the added value in which a product is characterized with certain brand of a product and the product will lead to practical benefits. In other words, brand equity is the added value for company, business or consumer that a certain brand gives the product (Martinez, 2006).

2.2. Service innovation

organizational innovation is the creation new, useful and valued products and services in the organization .In fact organizational innovation is the organizations tend to develop new or improved products and services and its success in providing products and services to the market (Gumusluoglu and Ilsev, 2009). Management innovations in

technology is critical for companies in order to gain and maintain competitive advantage (Kim, Jeon, Jung, Lu, & Jones, 2012; Valette-Florence, Guizani, & Merunka, 2011). Some earlier studies were focused on the relationship between technology innovation and firm performance (Lee & Grewal, 2004). In the consuming market, customers are able to view a company's efforts to implement innovations which influence the customer oriented brand equity through a positive attitude towards the brand (Alpert & Kamins, 1995; Buil, de Chernatony, & Martinez, 2013; Carpenter & Nakamoto, 1989; Liao & Cheng, 2013).

Clients customize the type and level of innovation in their required services and pay fixed costs for their package (Bakos & Brynjolfsson, 1999; Wang, Kandampully, & Jia, 2013). While analysis attempts try to explain the optimization of the size and price of the package under different cost structures, service innovation and customer preferences, Samsung as an international company that its imported products are sold in Iran and also has a good position in the market and has established some representations in other countries, provide some services in its website for its cell phone service. The services include after sales service and support software products as well as the repair and improvement of the products. The study also aimed to investigate the effect of innovation on the brand equity in Iran. Accordingly, in this study, service innovation was added to the model and examined.

3. Research background

Safa in 2010 explained the impact of leadership style on employees' commitment to quality of service in banks in Chahar Mahal and Bakhtiari .Brand are considered among the most valuable assets of a firm and concepts such as brand, its management and brand equity will lead to achieve the rightful place in the minds of customers.

Soltani Rad in his study in 2012 titled “the analysis of the influence of the brand product sales through brand equity The case study the viewpoints of retail sellers of cosmetic products in Shiraz” expressed this study aims to examined the relationship between brand personality, brand equity and brand sales in view point of managers and sales people and stores and pharmacies of cosmetic products. For this purpose, a conceptual framework was developed based on previous research and the influence of brand characteristic on brand equity and sales of the product was tested .In addition, this research has provided the usefulness of concepts and proposals for managers and marketing researchers. Sabzali in 2011 in his study titled “Effect of marketing elements on brand equity in Refah stores from the consumer's perspective” suggested that for now Brand equity issue in the customer's perspective has attracted the attention of many researchers in marketing science.

However, by the mid-90s, limited research had examined the relationship mix elements of marketing and brand equity in customer viewpoints. Salma in 2013 in his study titled “the determination of the effect of financial support based on brand equity, customer support and brand equity, structural equation modeling for mahram brand (case Study, mahram basketball team)” stated that one of the most powerful communication tools in the sport is financial support .To develop these tools it is needed to evaluate the effectiveness of sponsorship in sport. In line with this issue, very few studies have been conducted in a external background.

Liao and Cheng in 2013 performed a study titled assessment the impact of customer viewpoint about self-service breakdown and the effect of brand equity and brand characteristics .The results showed that brands with particularly high equity brands encounter fewer failures compared with low equity brands. However, the failure of self-service for brands with high net worth is harmful. Buil et al in 2013 performed a case study about the impact of advertising and sales promotion on creating brand equity.The results suggest that attitudes toward advertising has played a key role in the formation of brand equity. Advertising has greatly affected on brand awareness, but has insufficient impact on brand associations and perceived quality.

4. Research hypotheses

- Customization of e-services has a direct impact on brand equity.
- The innovation of e-services has a direct impact on brand equity.
- The technology leadership has a direct impact on customer loyalty.
- Brand equity has a direct impact on customer loyalty.

5. Research Conceptual model

Fig 1 illustrates research conceptual model.

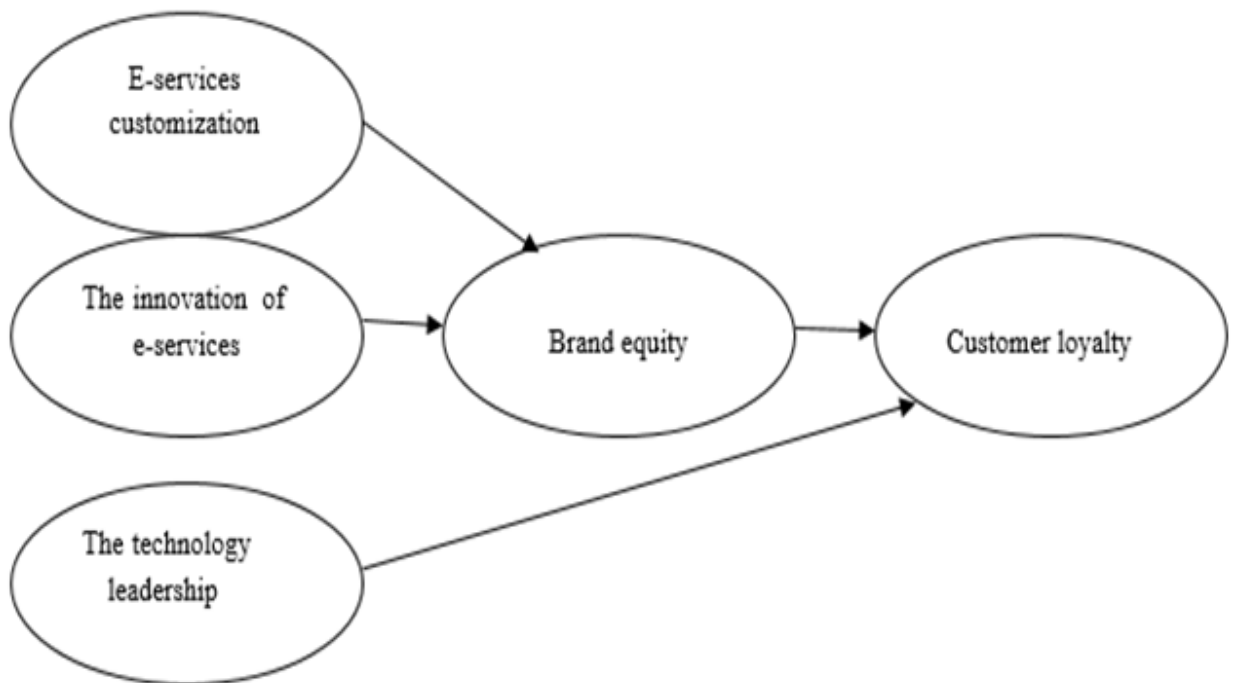


Fig1. Conceptual model

6. Research method

This research is practical and descriptive based on the research method.

7. Sampling and Sample measurement

The study population: Samsung mobile phone customers in Tehran who use e-services of Company. Sampling method was systematic sampling and simple random sampling. Because of the infinite and unknown samples number, sample is calculated using Cochran formula (Mirzai, 2009). Accordingly, taking into account the 5% error, Cochran formula determines 384 persons as the sample number. In this study, the same number of questionnaires was distributed among people who use Samsung Electronics services.

8. Data collection tools (information)

Data collection tools in library method is taking notes and in the theoretical and research literature field is gathering information from library resources, articles, books, magazines and internet. To gather information on the practical field, research and questionnaires was used. The questionnaire consists of two major parts: A) researcher letter: in this area the aim of collecting data by questionnaire and the need for respondents association in providing

the required data is expressed. For this purpose, the value of the data from the questionnaires was stressed for this reason that respondents appropriately provide right answers to questions. B) Operational questions of the questionnaire (includes two parts): a) general questions (demographic): general information and demographics of the respondents. b) Questions related to the operational aspects of the study that included 27 items.

9. Data analysis

Mainly, two processing method performed on data include descriptive and inferential statistics. The descriptive statistics is used to describe the data and usually deals with measures of central tendency and measures of dispersion of collected data. In descriptive statistics to display and demonstrate the results, frequency distribution tables- Based on the relative and absolute number, and percentage – and various charts and histograms, are usually used.

Also in this field, dispersion parameters such as variance and standard deviation are also applied. Inferential statistics is used to test the hypothesis of the study discussed in the research. Accordingly, the study used descriptive statistics to describe the characteristics of the sample and inferential statistics will be used to test hypotheses. In this regard, if the condition is satisfied using parametric statistics, Structural equation modeling will be used to test the hypotheses. In this context, software SPSS and AMOS are applied. Otherwise, the partial least squares method will be applied using SmartPLS

10. Reliability and validity

10.1. Reliability

Cronbach's alpha was used to assess the reliability of the measurement tool. For this purpose, a sample of 53 pre-tested questionnaires was prepared and Cronbach's alpha for the 27-question questionnaire was determined 0.798 . Since this amount is above 70%, the questionnaire has the required reliability.

10.2. Validity

The validity of the measurement instrument measures the extent in which the desired option is measured correctly. Without the knowledge of validity, measured data cannot be accurately trusted. There are several ways to determine the validity that in this study "content validity" and "Construct validity" is used to examine the validity of the method.

10.2.1. Content validity

After compiling an initial framework for the assessment of questionnaire, a survey of research was presented from the perspective of 11 experts. This assessment is based on the content validity of the assessment criteria provided for aspects investigation in the plan. So in the first step of the Content validity of the method is used to measure the reliability and validity of the questionnaire and its modification.

10.2.2. Construct validity (concept)

Validity implies that the results obtained from the use of measures to what extent they are designed based on the theory that test, is consistent (Danaeefard et al., 1387, p. 246.(In order to ensure construct validity, factor analysis using backwards.

11. Research Findings

Demographic characteristics of the study population were studied according to gender, age, education, and income. The results are summarized in the following.

Characteristics of the gender of workers from the total respondents are as follows: about 46.6 percent of the respondents were male and 53.4 percent were women. This indicates that most respondents in this study were women. Age of employees: In 363 persons of respondents, about 29.4% of the population was between 31 to 40 years, 26% were between 26 to 30 years, 20.6 percent were over the 40 years and 16.9 percent were between 21 and 25 years and 7% were between 15 to 20 years. This suggests that in the age factor, employees aged 31 to 40 years have the highest rate in the population. Features of Education employees, among 363 respondents, 18 percent had diploma, 39.6 percent had bachelor degree, 22.1 percent had master degree and only 3.9 percent had a doctorate degree. This indicates that most people in the community had a Bachelor's degree and small percentage of employees had doctorate. Feature related to income, the percentage of employees who had 500 to 1000 thousand dollars revenue were more than other income groups and about 1.8 percent had income more than 5 thousand dollars.

12. METHODS OF DATA ANALYSIS

In this study, two methods of descriptive statistics for demographic data analysis and inferential statistics were used to test the hypotheses. The results of the measurement model and the structural model are reported in Table 1. Items with loadings less than 0.5 are removed and they are not be participated in the structural model. Given the values of factor loadings and internal consistency of items, construct validity of any approved items were confirmed and indicates that each of the variables are measured well.

Table 1: Results of the measurement model and the structural model of research

Variables	Questions	Loading factors	Cronbach alpha
Customization of e-services	Question no.1	0.600	0.71
	Question no.2	0.830	
	Question no.3	0.453	
	Question no.4	0.518	
	Question no.5	0.689	
Technological leadership	Question no.6	0.613	0.83
	Question no.10	0.555	0.76
E-service innovations	Question no.11	0.598	
	Question no.12	0.662	
	Question no.13	0.578	
	Question no.20	0.858	
Brand equity	Question no.21	0.907	0.78
	Question no.22	0.809	
	Question no.23	0.640	
	Question no.24	0.687	
Loyalty	Question no.25	0.817	0.84
	Question no.26	0.744	
	Question no.27	0.737	

13. HYPOTHESIS TEST

Finally, after removal of the questions that had less load factor, structural models for the analysis of research hypotheses were formulated. Research hypotheses were formulated in order to answer the research question as follows:

- Customization of e-services has a direct impact on brand equity.
- The innovation of e-services has a direct impact on brand equity.
- The technology leadership has a direct impact on customer loyalty.
- Brand equity has a direct impact on customer loyalty.

Table 2 shows the results of the structural model for hypotheses test. According to the values presented in this table, when the value was higher than 1.96 or less than -1.96 as well as the amount of error (P-Value) was more than 0.05, then the above hypothesis is confirmed. Thus, according to the results shown in the table, all hypotheses except the hypothesis H2 are approved.

Table 2: Standard coefficient and significance numbers for the research hypotheses

Hypothesis				Standard Coefficient	Significance number	The result of hypothesis
Hypothesis no.1	Customization of e-services	-----<	Brand equity	0.47	2.875	Confirmed
Hypothesis no.2	E-service innovations	-----<	Brand equity	0.054	0.221	Rejected
Hypothesis no.3	Technological leadership	-----<	loyalty	0.47	3.538	Confirmed
Hypothesis no.4	Brand equity	-----<	Loyalty	0.51	6.950	Confirmed

According to the table above, the result shows innovative services have no direct impact on brand equity.

This does not mean that innovative services have no contribution for the promotion of brand equity. It indicates that Innovative services affect brand equity through other factors.

14. RESULT AND CONCLUSION

14.1. Conclusion of the first hypothesis

"Customization of e-services has a direct impact on brand equity".

The first hypothesis is the impact of Customization of e-services on brand equity. According to statistics the effect of Customization of e-services on brand equity is direct and significant. Therefore, the first hypothesis is

confirmed. Customization is a strategy that allows customers to modify their products and services in accordance with their preferences. The customization emphasizes actions emanating from clients on management of the basket of services that differ from ultimate personalization concept that focuses on user active recommendations. Customers can benefit from customization more than personalization because this operation creates more harmony between the needs and services. Customization is considered as a sign of respect to their customers that increases understanding customer value of their services. Therefore, customization can have a positive influence on brand equity.

14.2. Conclusions of the second hypothesis

"Innovative e-services has a direct impact on brand equity".

The second hypothesis is the Innovative e-services variable impact on brand equity. According to statistics result, the impact of Innovative e-services on brand equity is rejected i.e. According to the collected data; the service innovation has not a significant impact on brand equity. People who have the power to be active and creative and could promote the transformation should be supported. Skilled and experienced people with new innovations are considered a hero.

14.3. The third hypothesis

"Technology leadership has a direct impact on customer loyalty".

The third hypothesis is technology leadership impact on customer loyalty. According to statistics, the impact of changing technology leadership is confirmed. Technology leadership directly affects loyalty through leading-edge mechanism. Therefore, technology leadership has a positive impact on loyalty because the technology is marketed by a company ahead of the other competitors. As a result, Samsung should have unique technologies in the mobile phone market before its competitors to retain their loyal customers and also added new loyal customers to its customers.

14.4. Conclusion Of The Fourth Hypothesis

"Brand equity has a direct impact on customer loyalty".

The fourth hypothesis is customer loyalty effect on brand equity. According to statistics, the variable Brand equity impact on customer loyalty is direct and significant. And the fourth hypothesis is confirmed. So every one-unit change in brand equity changes customer loyalty, and it means that loyal customers will welcome the brand equity. The results showed that the higher the brand equity leads customer perceived value of products or services of the brand more and more. In fact, part of the research-marketing on brand equity claimed that brand equity has a positive effect on loyalty. Successful marketing activities such as quality assurance, pricing and advertising can be used to create higher brand equity that in overall these results can be combined to enhance loyalty.

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