

# Consumers' Personal Reciprocity and Future Purchase Intentions: A Study on Smartphone users in Co-operative University, Thanlyin

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## Abstract

This study examined the mediating role of consumers' personal reciprocity in the relationship between brand trust, brand loyalty and product familiarity and future purchase intentions. Sample size for this study is 179 and sample was selected through simple random sampling. The survey approach was used for data collection. The data were analyzed by using simple linear regression and multiple regression method. The results show that brand loyalty and product familiarity are positively related to personal reciprocity although brand trust is not significantly impact on personal reciprocity. Furthermore, purchase intention does depend on consumer's personal reciprocity. At the end, this study provides discussion and insights for future research.

**Key words:** Brand Trust, Brand Loyalty, Product Familiarity, Personal Reciprocity and Future Purchase Intentions

## 1. Introduction

In a competitive market, customers are switching their brand to another one when they make decisions to repurchase the brand. Brand-building is important in customer relationship. The success of a company and business enterprise often depends on its marketing ability. Nowadays building a strong brand is used as a marketing tool for businesses to create a competitive advantage in the marketplace. Marketers need to understand what makes future purchase decisions of consumers who have previous experience with the brand. As the advancement of technology led to a shorter brand-model life cycle, brand trust, brand loyalty and product familiarity are considered as important tools to consumers' future purchase intentions in brand-consumer research domain.

The recent research proposes that how customers perceive and value their belongingness with a brand is a significant factor to hinder the switching behavior (Lam, Ahearne, Hu, and Schillewaert, 2010). This will increase the brand loyalty within the customers. According to Durgani and Simanjuntak(2012), repeat purchase is one of the results of behavioral loyalty. The loyalty toward a brand is defined as “ a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver 1999, p. 34). Related to that, a high trust toward a brand makes consumers rely on the ability of the brand to perform its stated function (Chaudhuri and Holbrook, 2001cited by Durgani and Simanjuntak 2012) hence will alleviate the intention to switch. In addition to that, from functional utility perspective, consumers who have an experience with a particular product will purchase it again (Russo, Johnson and Edward, 1984). All these factors are seen as having a direct relationship toward consumers' repurchase decision.

However, brand-consumer research has investigated that consumers' personal reciprocity is becoming important to mediate the relationship between brand trust, brand loyalty and product familiarity and future purchase intentions. In Myanmar research context, it

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is required to study how personal reciprocity might be able to mediate the relationship between those variables. Therefore, this research highlights the mediating role of a consumer's personal reciprocity in the relationships between brand trust, brand loyalty, product familiarity and future purchase intentions.

## **2. Literature Review**

### **2.1 Brand Trust**

Brand trust is one important factor that influences consumer's personal reciprocity. It is also important to brand loyalty. Brand trust is defined as an average consumer's confidence in and reliance on a brand to perform its stated function (Chaudhuri & Holbrook, 2001 cited by Wu et al.2008). In trust in a brand, the trusted is not a person, but a symbol. Consumers who have trust in the brand are ready to engage in a reciprocal relationship with the brand (Wu et al.,2008). According to Wu et al.,2008 cited by Vinynda and Sihombing, 2013, consumers will disclose their personal information because they believe the company will not misuse their personal information.

### **2.2 Brand Loyalty**

Brand loyalty is defined as a repeat purchasing behavior. Brand loyalty is a high favorable attitudes toward a particular brand (O' Guinn, et al., 2012; Pride, et al., 2012). Consumers are likely to repurchase a specific brand because of the advantages of purchasing the brand and the product (Keller, 2008, p.8).According to Wu et al. (2008), customers who have already committed to the brand are willing to cooperate with the brand. The consumer's brand loyalty will not change as long as the brand is available (Rizwan et al., 2013).

### **2.3 Product Familiarity**

Product familiarity is defined as a consumer's familiarity with a specific product category (Wu et al., 2008). Consumers who are already familiar with a particular product have an interesting to purchase again. Thus, if a person is familiar with a particular product, they are willing to learn a new knowledge regarding the product as well as the product line. If consumers recognize a brand and have some knowledge about it, they do not engage in processing information to make a product decision (Keller,2008, p.6).

### **2.4 Personal Reciprocity**

A company or a product's success depends on the ties between the company and the consumer. Every consumer conscious or unconsciously has a 'norm of reciprocity' within them. Personal reciprocity is defined as a consumer's conscious tendency to engage in reciprocal and mutually beneficial relationships with the firms (Wu et al., 2008). In other words people who feel an obligation to repay favors can be simply called reciprocity. Customer and the company is an example of reciprocal relationship. In this customer-company relationship, reciprocity can make consumers feel more beneficial to be a loyal customer to the same brand (Wu et al., 2008 ). Moreover, Wu et al.(2008) pointed out that consumers want to be loyal with the brand since their favors given to the company are rewarded with benefits such as club memberships, new product information, and personalized services and products.

## 2.5 Future Purchase Intention

Future purchase intention is a vital concept in marketing as it leads to the success of the particular product/ brand. If the consumers will not purchase the product in the future, then the product would be unsuccessful. Purchase intention refers to the possibility that a consumer will plan to purchase a product of a brand in the future (Wu et al., 2008). Purchase intention is one of attitude measures that can actually predict the purchase behavior. Intentions can change for a variety of reasons including actions of the firm or word-of-mouth effects across consumers .

## 2.6 Brand Trust and Personal Reciprocity

Brand trust can be defined as the consumer's confidence and willingness to rely on a particular brand as they believed that the brand will perform according to their expectations(Lau, Lee and Han 1999; Rajput,Abubakar and Rashid,2011). When consumers trust toward the brand, the company can build long-term beneficial relationship with consumers and enhance competitiveness and reduce transaction cost. Consumers with brand trust will involve in personal reciprocity relationship with the brand provider. With that, in return consumers will expect the benefits from the brand provider, may it be the quality, the service or other welfares. Thus:

***H1: Brand trust is positively related to a consumer's personal reciprocity.***

## 2.7 Brand Loyalty and Personal Reciprocity

Brand loyalty is defined as a form of relative frequency and repeat purchasing behavior (Jacoby and Kyner ,1973 and Sheth and Jagdish ,1968). Committed customers are more willing to engage in the reciprocal relationship with the company. In return, they expect the firm will provide the various benefits. Loyal customers will expect more from the company than those who are disloyal. The study therefore argues that the loyal customers have greater willingness to engage with the reciprocal relationship with the company/ brand provider. Thus, the hypothesis is:

***H2: Brand loyalty is positively related to a consumer's personal reciprocity.***

## 2.8 Product Familiarity and Personal Reciprocity

The product familiarity is the consumer's familiarity and knowledge about a particular product. During future purchase, the familiarized products are on top of consumers' mind and usually they have greater tendency to be engaged in the reciprocal relationship. According to Wu et. al.,2008, the existing literature suggests two alternatives concerning the relationship between product familiarity and information search. Firstly, customers who are more familiar with a certain product category tend to be more active in searching for new product information to update their knowledge of that product category. Secondly, they limit their information search. Both of the two alternatives suggest a positive relationship between product familiarity and consumers' personal reciprocity. Therefore:

***H3: Product familiarity is positively related to a consumer's personal reciprocity.***

## 2.9 Personal Reciprocity and Future Purchase Intentions

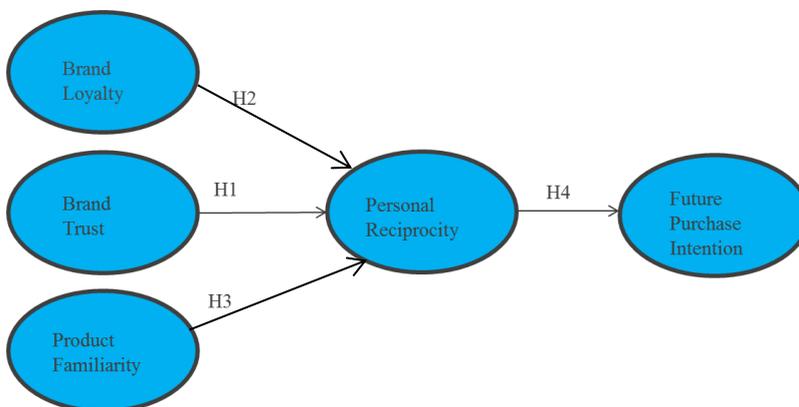
Consumer's personal reciprocity measures the willingness of the consumer to have a mutually beneficial relationship with the company/brand provider. By disclosing their personal information, and also being loyal to the company/brand provider, consumers will of course expect something in return as a result of having the personal reciprocity within them. By having personal reciprocity then they will further purchase the same product/brand in the future. Thus, having a mutually beneficial relationship between consumer -product/brand will then affects the future purchase intention. Thus the hypothesis is:

***H4: Consumer's personal reciprocity is positively related to future purchase Intention.***

## 3. Research Methodology and Model

The study has used survey approach for data collection. As the youth go online "almost constantly," facilitated by the widespread availability of smartphones, the sampling unit of analysis was the young students in Co-operative University, Thanlyin, between 15-24 years that have been using smartphone devices. Furthermore, in Myanmar 66% of mobile owners had a touch-enabled smartphone (LIRNE Asia Baseline Survey, 2015) and consumers are offered the vast selection of brands in smartphones market. Data was collected through simple random sampling. Sample size for this study is 179. The questionnaires have been built of the 5 likertscale and have been analysed using STATA 12. In developing the questionnaire, the available measurement from previous researchers was used. The questionnaire consists of five parts which is brand trust, brand loyalty, product familiarity, personal reciprocity and future purchase intention. In personal reciprocity part, the measurement for the existing situation of personal reciprocity of respondents that is consumer-firm relationship or mutually beneficial relationship in their real life was not included. Reliability of the measurement was checked using Cronbach Alpha value with 0.6 (Malhotra, 2009) as the minimum. Replicating the work of Wu, Chan and Lau (2008), this research uses the following model:

**Figure 1: Research Model (adapted from Wu, Chan and Lau 2008)**



## 4. Scope and limitation of the study

This study examines how brand loyalty, brand trust and product familiarity affect consumer's personal reciprocity which will then have an impact towards the future purchase intention of young students using smartphones. The limitation of the study is that the data collection was restricted to only students in Co-operative University, Thanlyin. This would not

represent the whole population. The bigger sample also would be needed to represent the whole population.

## 5. Findings

The results make contribution toward an understanding of relationship between consumer's personal reciprocity and future purchase intention.

**Table.1 Demography profile of respondents**

<b>Particular</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>		
Male	58	32.4
Female	121	67.6
<b>Age</b>		
17-19	97	54.2
20-22	76	42.5
23 and above	6	3.3
<b>Monthly Household Income</b>	<b>Frequency</b>	<b>Percent</b>
Under 100000ks.	10	5.6
100000-200000	58	32.4
200000-300000	54	30.2
300000-400000	31	17.3
400000ks. and above	26	14.5
<b>Monthly total expense</b>		
Under 100000ks.	91	50.8
100000-200000	83	46.4
200000-300000	5	2.8
300000-400000	-	-
400000ks. and above	-	-
<b>Price of Smart Phone</b>		
Under 100000ks.	21	11.7
100000-200000	105	58.7
200000-300000	41	22.9
300000-400000	5	2.8
400000ks. and above	7	3.9
<b>Usage of smart phone</b>		
Yes	174	97.2
No	5	2.8

Source: Survey Data

## Result on Reliability Test

The calculation on the Cronbach's Alpha showed that all constructs fulfil the requirement of higher than 0.6 as can be seen in table 2, hence it was concluded that the measurement for the constructs have good reliability.

**Table 2. Result on Reliability Test**

Constructs	Number of items	Cronbach's Alpha
Brand Trust	5	0.8040
Brand Loyalty	5	0.7528
Product Familiarity	4	0.7528
Personal Reciprocity	3	0.7366
Future Purchase Intention	5	0.6120

### Regression Results

Multiple regression result of brand trust, brand loyalty and product familiarity toward personal reciprocity showed the R-squared value of 0.1487 showing the model has a fair capability to predict personal reciprocity. To test the hypotheses H1 until H3, partial significant values are checked, as given in table 3.

**Table 3. Regression Result on Personal Reciprocity**

Hypothesis	B	R-square	Partial Sig.	Conclusion
H1	0.0988	0.1487	0.303	Rejected
H2	0.1804	0.1487	0.048	Supported
H3	0.1699	0.1487	0.036	Supported

Source: Survey Data

$$PR = 2.1933 + 0.0988BT + 0.1804BL + 0.1649PF$$

Regression result showed that brand loyalty is positively related to the consumer's personal reciprocity. Data indicates that by having loyalty towards the brand then they are likely to develop a reciprocity relationship towards the brand. With regards to product familiarity, it is found that the more familiar the consumers are about the brand the more likely they are to develop the personal reciprocity with the brand. Brand trust has no significant impact toward personal reciprocity. Although the consumers show trust toward the brand, that does not ensure the development of reciprocity relationship with the brand. Thus, the study supports hypotheses 2 and 3, but have to reject hypothesis 1.

**Table 4. Regression Result on Future Purchase Intention**

Hypothesis	B	R-square	Partial Sig.	Conclusion
H4	0.4797	0.2090	0.000	Supported

Source: Survey Data

$$FP = 0.5670 + 0.4797PR$$

From the regression result, the study found that the consumer's reciprocal relationship will give a positive impact toward their future purchase intention. By having a reciprocal feeling towards a brand, the consumers likely more consider the brand in their next purchase decision. Therefore, the hypothesis 4 is supported.

## 6. Discussion and Conclusion

As shown in the results, the brand loyalty that a consumer has towards smartphone is positively related to the consumer's personal reciprocity. By having loyalty towards the brand then they are likely to develop a reciprocal relationship towards the brand/product. The consistency of the quality as well as after sales service is determinant factor in developing brand loyalty. With this, brands will be sustained in the market and brand switching can be hindered.

Although this research showed that brand trust has no significant impact towards personal reciprocity, marketers should not forsake it. Marketers should therefore maintain the factors influencing the brand trust in order to obtain competitive advantage.

The product familiarity that a consumer has toward smartphone is positively related to the consumer's personal reciprocity. For this hypothesis, the respondent indicates that the more familiar they are about the type of smartphone the more likely they are to develop the personal reciprocity with the brand and hence the more interested they are to purchase the same brand in the future. The product familiarity is increasingly important in developing the reciprocal relationship between consumers and firms. One of the way is through integrated marketing communication which allows more exposure of the brand, customers' trial/dummy product, electronic simulation in the web, etc.

Personal reciprocity that a consumer has towards smartphone is positively related to the future purchase intention. For this hypothesis, the respondent indicates that by having a reciprocal feeling towards a brand/product the more likely they consider the brand in the next purchase decision. Therefore, the future purchase intention does depend on the consumer's personal reciprocity.

The findings have some interesting managerial implications. Marketers should understand the power of consumer's brand trust in order to succeed in the competition of the market. Although it has not impact towards personal reciprocity, marketers should not avoid to attend brand trust. Nowadays, in spite of the price factor, consumers choose brand which they can trust. The consistency and the maintenance of the quality including after sales service are the factors seen by consumers in developing brand trust. With this the product/brand are more likely to succeed in the market. Instead of just making products for one time sales, marketers should focus in having a long run relationship and trust with the consumers.

Consumers brand loyalty is also considered as an important factor in order to remain in the market. When consumers are loyal towards a particular brand, they intend to purchase the same brand in the next purchase decision. Marketers should therefore keep in mind the factors influencing the brand loyalty in order to obtain competitive advantage from the competitors such as satisfaction, services, peer pressures and many more.

Marketers should also make the product familiarity in the mind of the consumers. This can be done through advertising which allows more exposure of the brand. Other promotions such as free sample or dummy product can also increase familiarity of the brand. Marketers should also know the power of personal reciprocity towards the future purchase intention. In order to develop personal reciprocity towards future purchase intention, marketers should also keep in mind the factors affecting the personal reciprocity which includes brand trust, brand loyalty and product familiarity. Consumers' reciprocal relationship towards a brand is important in the future purchase decision.

In conclusion, the findings will help to practicing managers in their formulation and implementation of relationship marketing strategies. However, the research do has its limitations. This current study has examined only three variables- brand trust, brand loyalty

and product familiarity that have an impact on personal reciprocity. Thus, other variables could be identified and studied for future studies. The respondents were students aged between 15 and 24, and the findings of this study predominantly represent this age group. It may not represent the whole population. There is also the difficulty during data collection method as most of the respondents are not fully aware of 'Personal Reciprocity' which is the main context of this research. Therefore, in order to avoid misunderstandings and different interpretations, The future research should mention a detailed meaning about personal reciprocity and study the factor that whether the respondents have the right to provide the company with their personal information or not is important in determining the accuracy of the end results, it was not examined in this research.

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