

CHAPTER 1

INTRODUCTION

The progressively diverse global market and the competitive landscape have completely transformed the entire commercial structure (Rua and Santos, 2022). Ever-increasing customer demand due to the rise in purchasing power, choosing products based on their inherent value needs and fascination by collecting memories rather than acquiring things have changed the scenario of market demand. Customers evaluate the same products in different ways depending on how it is branded. Therefore, businesses require specific marketing techniques to stay in this fiercely competitive global market and it is vital for them to comprehend how they might get a competitive edge through recognized and distinctive brands (Popoli, 2015). To set themselves apart from their competitors' offerings in terms of value to business clients, brand managers should effectively leverage their brand (Leone et al., 2006; Gupta et al., 2020). Strong brand name can have positive effects on customer perception and preference. Most importantly of all, brands provide customers the opportunity for self-expression. Brand of products used are powerful indicators of the customer's personality (Fahy and Jobber, 2012).

A brand is a product with additional features that set it apart from products made to fulfil the same purpose (Kotler et al., 2013; Shariq, 2018). Brand can be any word, phrase, symbol, design sign or a mix of these which is used to identify and differentiate one seller's products or services apart from those of competitors (AMA,2010). Much valuable functions are performed by the brands to the business like product tracing, enhancing financial values and offering legal protection for unique features or aspects of the product. The marketers use the brand as a tactical weapon to mitigate the impact of price sensitivity of competitive markets (Helmig et al., 2007; Mrad et al., 2019). Brands have evolved into symbols that stand for values, beliefs, individuality, and creativity. They arouse feelings and recollections that are indicative of excellence (Beig and Nika, 2019). The brand name can be secured through registered trademarks which guarantee the safety of brand investment for a firm and the opportunity to reap the benefit of a valuable asset (Nasirov, 2020; Girma, 2021). As a potent differentiator in a highly competitive market, brands help customers to recognise the source or creator of a product and provide companies the ability to fend off competitive moves (Babu, 2012).

Brand loyalty plays an important role among the group of brand asset (Saxena, 2007). Brand loyalty is the deliberate choice made by a customer to keep buying a product from a brand and to have a good attitude about it in the future (Rehman et al., 2012). Loyalty towards a brand is a strong determination to use or stick with a favoured product or service, in the face of marketing campaigns and other influences that can tempt one to change the mind and opinion (Oliver, 1999; Appiah et al., 2019). Brand loyalty gives the company stability and assurance of demand and build entry barriers for other firms to enter the market (Chaudhary et al., 2022). Competitors can easily replicate manufacturing procedures and product designs, but they are unable to replicate the enduring impressions that marketing and product experience leave on people and businesses (Agerup et al., 2022). Hence businesses ought to focus on fostering loyalty among the customers (McEachern, 2020). By providing light on the several antecedents of brand loyalty, a thorough understanding of brand loyalty will enable marketers to seize customers and strengthen their allegiance to the brand in competitive settings (Mostafa and Kasamani, 2021).

The literature highlights the role of different brand and product-related aspects namely customer satisfaction, brand image, brand trust, brand experience, perceived value, product differentiation, brand positioning and so on which are act as the antecedents of brand loyalty. Among those factors, customer satisfaction is found to be a strong predictor and directly related to brand loyalty(Li and Chaipoopirutana, 2016). Satisfaction occurs as a result of good emotional reaction derived from a prior event (Wang et al., 2001). Considering customer satisfaction from a dynamic approach is beneficial to companies, particularly for high-involvement durable items, where the customers utilize the product and engage with service frequently, each transactional satisfaction of customers leads to cumulative satisfaction and thereby customer loyalty (Haralayya,2021). Brand trust is considered as a major contributor of brand commitment and it give rise to brand loyalty. The trust is built among customers from the integrity and reliability of a brand (Chatterjee and Chaudhuri ,2005), which is directly associated to both attitudinal and purchase loyalty (Kuusik, 2007).The culmination of a customer's perception, ideas, and beliefs about a specific product is a brand image(Cretu and Rodie, 2007); and it has an effect on brand loyalty (Sung et al., 2009). Brand experience acts as a powerful contributor of true brand loyalty among high involvement segment (Mathew and Thomas, 2018). It is the sum of all experiences gathered by a customer from a brand and the outcome of stimuli that make

customers enthusiastic and appreciate the brand (Mostafa and Kasamani, 2021). Perceived values are the important predictors of attitudinal and behavioural loyalty (Nikhashemi et al., 2016; Fazal and Kanwal, 2017) and it will be stronger if the brand operates in a upscale luxury tier (Chung and Kim, 2020). Perceived value is the gratification of customers on what they expect and what they actually get from a product (Moorthy et al., 2018). Differentiation is the key driver of loyalty and can be formed by including product quality, innovation, product features and attributes (Bennett and Rundel-Thiele, 2005; Reddy & Kavitha, 2019). Differentiation is the exceptionality which sets a brand apart from its competitors (Ramaswami and Namakumari, 2013). Brand positioning has a significant influence on brand loyalty (Liu and Hu, 2022). Positioning strategies such as features, functional, experiential and surrogate positioning highly influence customers loyalty towards the brand.

There are different methods exist for measuring brand loyalty. The one is observational which takes into account the real behaviour of customers, while the other focuses on the financial and psychological obstacles of customers to brand switching (Agha et al., 2021). The buyer behaviour approaches are used to observe real buying behaviour, as demonstrated by repeat purchases, which are either one brand as a percentage of recent purchases or the total number of brands that the target customer has purchased in the past. Psychological and economic factors analyse how psychologically brand loyalty is created among the customers through different dimensions (Saxena, 2007; Fernandes and Esteves, 2016). Delgado-Ballester and Munuera-Aleman (2001) also highlight the multifaceted approach to brand loyalty, stating that brand loyalty is focused on customers' internal attitudes and emotional attachment to the brand in addition to their intention to make repeat purchases. Therefore, in order to retain and expand their customer base and to gain a competitive edge in the market, businesses must develop brand loyalty both attitudinally and behaviourally.

Attitudinal brand loyalty is the level of "dispositional commitment" with relation to any particular attribute associated with the brand, whereas behavioural brand loyalty is described as making repeated or frequent purchases of the same brand (Chaudhuri and Holbrook, 2001). There are several potential reasons for patronizing behaviour, and each one has a unique background of loyalty. It's critical to discern between the underlying elements in order to distinguish between the two kinds of behavioural and attitudinal loyalty

more clearly. Promotions are much more likely to influence pure behavioural loyalty. Similarly, it is difficult to see technology advancements, contractual duties, economic considerations like high substitute costs, or legal considerations as examples of attitudinal loyalty(Hoffmann, 2013).Customer loyalty is a multifaceted notion that includes changes in corporate performance indicators as well as behavioural and attitude outcomes of business customer relationship(Palmatier et al., 2006).

Organizations exercise extreme caution in regards to brand loyalty, it could serve as a barometer of brand relationship (Raut, 2015). According to Sterling (2018), Customers claim to be brand loyal even when they have numerous options for the products they want to purchase. If a brand offers an experience that they cannot obtain anywhere else, they will stick with it (Kataria,2021). Companies generally equate loyal customers as profitable customers since they are easier to sell to, willing to pay premium price and make frequent product purchases. As per Hammory and Black (2016) loyal customers account for at least 85 percent of the success of established businesses. Hence from a managerial standpoint customer loyalty is critical for business since it translates into quantifiable business outcomes namely word-of-mouth is one of the main quantifiable attitudinal outcomes and increase in sale is one among the quantifiable behavioural outcomes (Watson et al., 2015).

Developing and sustaining customer is the most favoured strategy used by modern marketers to keep customers devoted to their brands and is a vital component that keeps the business growing and competitive(Kiradoo,2014).Every customer has varying wants and expectations based on his/her unique features. Marketers use segmentation as a strategy to establish connections with customers, divide them into various groups, and offer specialized services. They adopt segmentation factors, including decision-making, purchase behaviour, personality, lifestyle, psychography and demography. Through these, customers are grouped into various bases to offer them products and services and keep them as loyal clients (Das and Nayak, 2022). Demographic segmentation especially income-based grouping is the main strategy adopted by the manufacturers of high-involvement products. The customer segment with higher income invests huge part of their earnings to meet their esteem needs and this provides a wider scope and prosperity for luxurious products including automobiles.

When it comes to the market for luxury cars it is distinctive and stands out from the competition in terms of brand, cost, technology, accessories, specifications, performance, and added options (Loureiro and Kaufmann,2016). The way that people perceive luxury is influenced by a variety of factors, including advertisers, advocates, lifestyle and social situations. A luxury car is defined by its exceptional performance, style, and strong emotional and symbolic connections, which is generally affordable to the high-income group and provide the owner with comfort, dependability, enjoyment, and social prestige(Loureiro and Kaufmann, 2016). Price, style, social standards, performance, safety, fuel economy, spaciousness, and brand all have a big impact on whether or not someone decides to buy a luxury vehicle (Gokhale et al., 2021).

As the luxury car brands rely more on the delivery of technical product knowledge, luxury brands should balance their content offerings to elicit both the sense of brand scarcity and an emotional connection with their customers. Customer intimacy and brand loyalty of luxury cars are favourably correlated with three content values: experiential, unique, and social values (Xie and Lou, 2020). A luxury car brand will be associated with a number of intangible and symbolic characteristics as well as psychological qualities. Customers' favourable perceptions of luxury automobile brands are largely influenced by the car's contemporary design, strong performance, and customer-focused approach. It successfully fosters dedication to and loyalty in the luxury automobile brand (Loureiro, 2016). The brand reputation of luxury cars increase the relationship of customers with the brand and their affective commitment, which in turn enhances their loyalty towards the brand (Loureiro and Kaufmann,2016).

The economic well-being of customers is the key indicator of their purchasing capacity and influences the standard of living of the customers who choose high-end products like luxury cars (Farhangi et al., 2014). As the growing number and desires of middle-class and upper-middle-class customers led to the democratization of luxury (Kapferer and Valette, 2016), car dealers target affluent customers who can purchase luxury cars (Stylidis et al., 2016). To convey the status of their wealth, these well-off groups have paid attention to their brand acquisition, perceived self-image, and consumer happiness (Kumar et al., 2021).The boom in the High Networth individuals (HNIs) and Emerging High Networth individuals(EHNIs) population in India leads to increased hedonic consumption (Jaikumar and Sarin 2015). They are highly brand-conscious and purchase premium and

luxury vehicles for their self-esteem. The increasing percentage of wealthy upper class and their dominated household purchasing patterns create sizable marketplace for leisure, luxury and durable products (Gonzalo,2023). Regarding the masstige luxury goods, particularly cars, the perceived value and affective desires of the customers namely pleasure and guilt develop behavioural, affective, and cognitive intentions towards the brand(Das et al., 2022).It is vital for manufacturers of luxury cars to determine the factors that contribute to attitudinal or behavioural loyalty of EHNIs. Hence, the present study analyses the factors influencing brand loyalty towards luxury segment of cars among a particular segment of customers namely Emerging High Net worth Individuals (EHNIs).

1.1 Statement of the Problem

The high involvement luxury brands prioritize an individual's status and image over functionality (Esmaeilpour, 2015). The expanding luxury market is closely linked to products and brands with a strong tradition and reputation (Hennigs et al., 2012).The success of high end durable goods brand has been significantly influenced by their brand loyalty. The key factors influencing brand loyalty for durable goods are brand recognition, image and perceived quality (Alkhawaldeh and Eneizan, 2018).When the level of product involvement is high, there is a greater likelihood of a positive brand attitude and a higher level of brand commitment. Real brand loyalty is more likely to be connected to high involvement items than low involvement ones (Von Riesen and Herndon, 2011). While purchasing luxury cars, customers tend to select models with a greater luxury positioning in terms of quality, performance, versatility and status; brand loyalty mitigated this positioning effect, so buyers' premium-level purchases were increased if they had previously bought a car from the same manufacturer(Miller and Brannon,2022). The recent expansion of luxury car markets in India encompasses much more dynamics than in other sectors. The boom in country's wealthy class is evolving in terms of lifestyle associated symbolic consumption. Attracting this high-income category of customers and developing loyalty towards a brand is the most essential factor for the automobile manufacturers.

Because of its crucial sequel, brand loyalty has long been a subject of anxiety for marketers and industry executives. Even though a lot of previous research to comprehend the concept of brand loyalty, the research paradigm is still unable to produce a generalized study for the operationalization of developing brand loyalty(Kataria, 2021). Most of the

research studies focus on the cognitive side of consumer behaviour, few scholarly studies take emotive behaviour as a strategic component.

In this context, the following research questions have been developed

- ❖ What will be the criteria considered by the Emerging High Networth Individuals while purchasing luxury segment of cars?
- ❖ How the Emerging High Networth Individuals perceive Marketing Mix of luxury cars?
- ❖ What are the influence of brand image, brand experience, perceived value, product differentiation and brand positioning on customer satisfaction of Emerging High Networth Individuals while purchasing luxury segment of cars?
- ❖ Whether and how the customer satisfaction will influence the brand loyalty?
- ❖ What is the moderating effect of Brand Trust between satisfaction level and brand loyalty of Emerging High Networth Individuals while purchasing luxury segment of cars?
- ❖ What type of loyalty is exhibits among Emerging High Networth Individuals?

Hence the present study is conducted to unveil the perception of emerging HNIs towards the brand loyalty of Luxury Segment of cars and to analyse the factors influencing their brand loyalty towards the vehicle companies.

1.2 Objectives of the study

The primary objective of the study is to examine the determinants of brand loyalty on luxury segment of cars among Emerging High Networth Individuals. In order to achieve the primary objective, the following subsidiary objectives are framed.

- ❖ To identify the brand preferences of Emerging High Networth Individuals while purchasing luxury segment of cars,
- ❖ To examine the perception of Emerging High Networth Individuals towards the Marketing Mix elements of luxury cars,
- ❖ To analyze the influence of brand image, brand experience, perceived value, product differentiation and brand positioning on brand loyalty mediated through Customer satisfaction while purchasing luxury segment of cars by Emerging High Networth Individuals,
- ❖ To analyse the moderating effect of brand trust on the relationship between the satisfaction level of customers and the brand loyalty and

- ❖ To determine the loyalty exhibit among Emerging High Networth Individuals, whether attitudinal or behavioural.

1.3 Research Hypotheses

Based on the objectives of the study, the following hypotheses were framed

- H01: There is no significant mean difference in factors determining the purchase of luxury cars by the select EHNIs
- H02: There is no significant association between the respondents' perception towards the luxury car brands and their Net Promoter Score
- H03: There is no significant difference in the importance assigned to the marketing mix elements of luxury cars by the select EHNIs
- H04: There is no significant mean difference in perception of marketing mix of luxury cars across the demographic profile of the select EHNIs
- H05: There is no significant mean difference in perception of brand-related attributes (Brand Trust, Brand image, Brand Experience, Perceived value, Product differentiation, Brand Positioning) across the socio-economic profile of the respondents
- H06: The level of satisfaction are equally distributed among the respondents regarding the attributes of luxury cars
- H07: There is no significant association between socio economic profile and level of customer satisfaction
- H08: The level of loyalty is equally distributed among the respondents regarding the dimensions of loyalty
- H09: There is no significant association between socio-economic profile of the respondents and the level of brand loyalty

The hypotheses relating to the testing of conceptual model of the study are presented as below

- H1 : Brand Image of luxury car positively influences the Brand Loyalty of select EHNIs

- H2 : Brand Experience of luxury car positively influences the Brand Loyalty of select EHNIs
- H3 : Perceived Value of luxury car positively influences the Brand Loyalty of select EHNIs
- H4 : Product Differentiation of luxury car positively influences the Brand Loyalty of select EHNIs
- H5 : Brand Positioning of luxury car positively influences the Brand Loyalty of select EHNIs
- H6 : Customer Satisfaction on luxury car positively influences the Brand Loyalty of select EHNIs
- H7 : Brand Image of luxury car positively influences the Customer Satisfaction of select EHNIs
- H8 : Brand Experience of luxury car positively influences the Customer Satisfaction of select EHNIs
- H9 : Perceived Value of luxury car positively influences the Customer Satisfaction of select EHNIs
- H10 : Product Differentiation of luxury car positively influences the Customer Satisfaction of select EHNIs
- H11 : Brand Positioning of luxury car positively influences the Customer Satisfaction of select EHNIs
- H12 : Customer Satisfaction of luxury car has a mediating effect between Brand image, Brand Experience, Perceived Value, Product Differentiation, Brand Positioning and Brand Loyalty of Emerging High Networth Individuals
- H13 : When Brand Trust is high, the relationship between Customer Satisfaction and Brand Loyalty is stronger

1.4 Significance of the study

Automobile industry is the most vibrant sector in the current scenario and holds a high level of brand involvement of customers when they make purchase decision. The increasing number of affluent population with high disposable income and cosy lifestyles cause the shifting of the preference of customers to luxury cars. The ultimate objective of luxury car business is to make profits and contribute to the growth of the companies. Building and maintaining brand loyalty is very important for businesses to gain enduring profitability and market dominance. The study will help luxury car manufacturing

companies and marketers to analyze the influence of brand trust, brand image, perceived value on brand loyalty of EHNIs towards luxury cars, and to design the differentiation and positioning strategies, and to take various steps for increasing customer retention and brand loyalty. Further, the study identifies the factors influencing the brand loyalty of Emerging High Networth Individuals and to analyze the degree of relationship between these factors and brand loyalty towards Luxury segment of cars.

The study findings will be useful to the Academia, Industry, Manufacturers and dealers of luxury cars and Customers in the following ways:

Academia: This study aims to contribute added knowledge to the past research findings on brand loyalty and its outcomes. As the study adopted the theory by treating brand loyalty as a multi-dimensional construct and testing the effects of each dimension on the consequences of both attitudinal and behavioural loyalty, provides insight to research and the findings will be able to demonstrate the critical dimension of brand loyalty influencing customers.

Manufacturers and Dealers: The dealers of various luxury car brands gain understanding on the purchase behaviour of EHNIs whose potential so far is not tapped fully by this segment. They can design differentiation and positioning strategies, and take various steps for increasing customer retention and brand loyalty.

Customers: Customers can understand the influential factors which lead to the purchase decision of a luxury car from a particular brand by EHNIs, the extent of their satisfaction with luxury cars and the level of brand trust. This kind of information well proved their willingness to recommend others and understand their loyalty dimensions. As all the respondents are first owners, their opinions and views are beneficial to individuals who intend to buy luxury cars in the near future.

1.5 Limitations of the study

The present study focused only on luxury car owners who belong to the segment of Emerging High Networth Individuals and the luxury car owners of other income brackets are beyond the scope of the study. As the primary data is exposed to personal bias, the same could be possible in this study also. The study primarily focused customers opinions and the opinion of marketers and dealers were excluded.

1.6 Plan of the Thesis

Chapter I Introduction contains introduction of the study, statement of the problem, research questions, objectives of the study, research hypotheses, significance of the study, limitations of the study and the plan of the thesis.

Chapter II Review of Literature deals with the theoretical background of the study and empirical reviews on brand image, brand trust, brand experience, perceived value, product differentiation, brand positioning, customer satisfaction, brand loyalty and the research gap identified from the literature reviews.

Chapter III Research Methodology contains research design, locale of the study, research methods, population and sampling strategy, source of data collection, tools used for data collection, reliability and validity of the research instrument, development of conceptual framework, variables identified, hypotheses development, framework analysis and operational definition of the concepts used in the study.

Chapter IV Results and Discussions of the study contains analysis and inferences of various sections namely the Socio-economic profile of the respondents, Details about the Luxury Car owned by the respondents, Perception on the Marketing mix of luxury cars among select EHNI respondents, exploring the brand-related attributes from luxury car owners' perspective, the satisfaction of EHNIs on the attributes of luxury cars, brand loyalty of EHNIs on luxury segments of cars, the influence of brand-related attributes on customer satisfaction and brand loyalty and the moderating effect of brand trust on the effect of customer satisfaction on attitudinal and behavioural loyalty.

Chapter V Summary and Conclusion includes major findings, implications of the study, conclusion and scope for future research.