

# The impact of marketing mix elements on brand loyalty: A case study of mobile phone industry

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## ABSTRACT

**Keywords:**

Brand Loyalty, Marketing Mix, Satisfaction, Trust, Mobile Phone Industry

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In today's highly competitive markets, keeping customers and retaining their loyalty is considered crucial in maintaining business. Companies and retailers also need to look for various marketing strategies in order to improve their customers' loyalty. Having knowledge and skills about marketing is one of the capabilities which is required for success in the competition. In consumable markets, brands are the main points of differentiation between the competitive presentations, thus, they are crucial for the success of the companies. The purpose of this study was to analyze the impact of marketing mix elements on brand loyalty. The present study is applicable in terms of objective and descriptive survey in terms of data collection. To evaluate the model and hypotheses, data collection was carried out through surveying 384 mobile phone users. For data analysis and verification of the model, structural equation modeling approach (SEM) and confirmatory factor analysis (CFA) were used and based on the results of the path analysis, the relationship between the variables in the model is investigated. Results indicated the positive impact of products elements, distribution channels, and promotional activities on brand loyalty. Also, the findings showed that indexes of satisfaction and trust which are considered as mediating variables between marketing mix and brand loyalty had positive and significant impact on brand loyalty in the mobile phone industry.

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According to the challenges of business, organizations attempt to attract new customers and have adopted the strategy of keeping the current customers and inspiring their loyalty. Therefore, the customer satisfaction is not sufficient and marketer must attempt to improve and promote their loyalty more and more. In such a paradigm, the objective is to establish

long-term relationships with beneficiaries and customers, so that more customers will be kept and fewer will be lost. In this case, market share and organization profitability will be guaranteed (Osman, Hemmington, & Bowie, 2009; Yoo, 2008). Since most of the markets are at maturity, the competition and costs of attracting new customers are sharply rising. Moreover, the markets, in this day and age, are full of products which show no significant physical difference. Therefore, creating an appropriate characteristic through brand will draw a great distinction between products and services. Brands reduce safety and social and financial risks of customers in buying products. These risks are considered as effective factors in evaluating the product before buying it (Doaei, Kazemi, & Hosseini Robot, 2011). As a result, the company will succeed in the market and competitive advantage will be gained (Lee & Back, 2010; Low, & Bloisb, 2002).

Brand loyalty has been considered as one of the main structures of marketing quite a while and since the loyal customers do not need promotional attempts, brand loyalty plays an important role in providing long-term benefits for the organization. These loyal customers are willing to pay more for gaining advantages and qualities of their favorite brand (Clottey, Collier, & Stodnick, 2008). Organizations can receive more shares from the market through brand loyalty since loyal customers buy that brand repeatedly and resist situational factors and marketing attempts of competitors (Yoo, 2008). The loyalty of satisfied customers will increase the bargaining power of the company with other beneficiaries and shareholders like suppliers and will enable the company to demand special investments which lead to low risk and cost production, improvement of financial results, and faster market penetration (Torres, & Trib□, 2011). Therefore, having knowledge and skills about marketing in business is one of the capabilities that are required for success in the competition (Karbasi Var, Taheri Kia, & Band Pei, 2011).

Today, companies attempt to live on with the help of customer satisfaction and more sale and profit through market researches and identification of customers' needs in the current world of competition. Therefore, one of the ways of achieving the mentioned objectives is to analyze the concept of marketing mix in any kind of business (Fakhimi Azar, Akbari Vanehabad, & Rasouli, 2011). Any sort of marketing has impact on brand loyalty and marketing mix elements are a set of controllable marketing variables in the hands of managers and decision-makers of the company. If the relationships between these elements and brand loyalty and especially its aspects are determined, the decision-makers of the company will easily decide upon how to employ marketing mix elements to gain the highest

brand value and stable profit. In order to accomplish these purposes, appropriate marketing mix plays a leading role in implementing the strategies of business marketing (Khodadad Hosseini & Rezvani, 2009).

Due to the features of products in the mobile phone industry, the importance of brand loyalty in these products is extremely high and the product or service choice of this industry is made through its brand. Thus, owing to the starring role of branding in the country's industry and the importance of brand loyalty in the mobile phone industry, the necessity for studying the effective factors in brand loyalty in markets especially the mobile phone industry which its products involve more complexity and require special support services is quite obvious. In such industry, due to the high risk of purchase, the buyers prefer famous and strong brands to other brands in the market. However, more attentions must be paid to develop a systematic view on products and brands and it is determined that how pricing decisions, promotion, services, and distribution are combined with the product with the help of brand manager, so that brand loyalty is developed and affects the buyer's decision-making (Karbasi Var et al., 2011). Therefore, in this study, the relationships between marketing mix elements and brand loyalty are investigated and it is tried to realize that how these marketing practices increase or reduce brand loyalty. This study also helps the related companies to strengthen their brands and financial performance through planning appropriate strategies concerning the major effective factors in brand loyalty and devoting more financial resources to these factors.

### **Brand Loyalty**

Nowadays, brand is considered as a strategic requirement of organizations which stabilizes them in placing more value on customers and developing competitive advantages (Gilani Nia & Mousavian, 2010). The concept of brand is defined as a name, term, sign, symbol, or design or a combination of them which is intended to identify the goods and services of one seller or a group of sellers and to differentiate them from those of competitors (Eckert, Louviere, & Islam, 2012, 2012). For consumers, brands are used to determine producers, products, product value, and the image of the company and are converted into a device for purchasing decisions (Sheng, & Teo, 2012; Wang, & Tzeng, 2012).

Brand loyalty is one of the authentic and famous concepts in marketing and it refers to maintaining customer's deep commitment to re-buy and select a product or service from a particular brand and repeats it continually in the future (Chandon, Leo, & Philippe, 1997).

The main objective of brand management is to develop loyalty in the customer (Boo, Busser, & Baloglu, 2009). A loyal customer refers not only to its favorite organization frequently to buy products or use services, but also plays an important role in increasing profit and improving the organization image in the minds of potential customers through advertising products and services of the organization for kinsfolk, friends, and other people (Gharecheh & Dabooeian, 2011). In general, researchers have defined brand loyalty as a deep commitment to re-buy a preferred service or product consistently in the future, despite situational influences and marketing efforts to change behavior (Baldauf, Cravens, Diamantopoulos, & Zeugner-Roth, 2009; Camarero, Garrido, & Vicente, 2010; Chattopadhyay, Dutta, & Sivani, 2010). In fact, brand loyalty refers to the priority and first choice of customers for choosing the company which provides products and services, thus, it makes the customers reuse those products and services and be committed to recommend them to others (Biedenbach, Bengtsson, & Wincent, 2011). Brand loyalty leads to some marketing benefits like reducing cost, profitability, and positive word-of-mouth advertising (Chen, Su, & Lin, 2011), building barriers to competitors, strengthening the company in case of competitive threats, increasing sale and outcome, and reducing customers' sensitivity towards the competitors' marketing attempts (Sahin, Zehir, & Kitapç, 2011). Loyal customers show more desirable reaction to a particular brand than disloyal customers (Chattopadhyay et al., 2010). Loyalty is described through attitudinal indexes of trust, enthusiasm and tendency to re-buy a brand as the first choice (Tasci & Guillet, 2011).

### **Customer Satisfaction**

Customer satisfaction is necessary for long-term success in business and is one of the most important research issues in marketing (Nam, Ekinici, & Whayatt, 2011). The main motivation for increasing emphasis on customer satisfaction is that higher customer satisfaction may lead to stronger competitive position, higher market share and profitability, reduction in price elasticity, lower cost of business, prevention of cost breakdown, increase in customer lifetime value, and reduction in cost of new customer attraction (Bayraktar, Tatoglu, Turkyilmaz, Delen, & Zaim, 2012; Torres & Tribó, 2011). Generally, satisfaction is defined as the general evaluation based on shopping experience and using a particular product or service during the time (Lee, & Back, 2010). Customer satisfaction is the customer's attitude towards products or services which influence their behavior. If customers are satisfied with a particular product or service, they will probably re-buy them (Ryu, Han,

& Kim, 2008). The main focus of marketing is on identifying and meeting the needs of consumers. After discovering the target market, the companies must engage in some activities to meet the needs of their consumers. In this regard, they use 4P's or marketing mix which was first proposed by professor McCarthy (Vazir Zanjani, Motameni, & Mousavi, 2010). Since in many researches it was concluded that customer satisfaction does not have direct impact on customer loyalty to brand, trust is considered as a moderator variable in the relationship between these two factors. Results indicate that customer satisfaction indirectly builds brand loyalty through affecting brand trust (Gilani Nia & Mousavian, 2010).

### **Brand Trust**

Amine (as cited in Sahin et al., 2011) stated that the trust in the purchased brand may be viewed as leverage of its credibility, which in return may reinforce the consumers' repeat buying behavior (p. 1291). Brand trust is determined as the desire and eagerness of the average consumer to count on the capability of the brand to implement its stated function (Sahin, et al., 2011). Brand trust in consumers' view is a psychological variable which is established through a set of hypotheses or assumptions regarding reliability, trust, safety, honesty, and generosity to brand by consumers (Gurviez & Korchia, 2002; Zehir et al., 2011). Brand trust is derived from the experience of using previous products of the brand and is established through various variables such as company advertisement, word-to-mouth advertising, using the products of the brand, and satisfaction (Ashley & Leonard, 2009). Trust has a close relationship with loyalty; the more customers put their trust in a particular brand and its products, due to the risk-aversion nature of people and reducing the risk of shopping, the more they try to buy products of the same brand and the less they show tendency towards other brands (Agustin & Singh, 2005). Brand trust is developed and improved through consumers' positive views on their expectations of organization behavior and the efficiency of the product (Ashley & Leonard, 2009). The importance of trust structure depends on maintaining the relationship between seller and buyer, thus, trust has an increasing impact on consumers' loyalty during the time (Chiou & Shen, 2006).

### **Marketing Mix**

Marketing refers to searching for the most appropriate market and the sections that the organization can be more effective and useful and fulfill the needs of people. In other words,

marketing is the conscious attempt to allocate resources and establish allocation in the market (Rousta et al., 2004). The concept of marketing mix was first proposed by Neil Borden in 1949. However, the most common variables in marketing mix (product, price, distribution and promotion) were introduced by McCarthy and were known as 4Ps. Until now, there has been no considerable change in the concept of marketing mix and in many researches, 4P is still the coordination concept that other aspects of marketing are organized around it. The most common definition of marketing mix in target market is to offer the proper product at a reasonable price in the proper place and time. To put it another way, marketing decision variables in different models of marketing mix provide a framework through which the business develop plans for its marketing activities (Khodadad Hosseini & Rezvani, 2009). Marketing mix indicates the fundamental activities of marketing managers. After selecting a target market, the marketing managers must develop a systematic plan for selling to customers and establishing long-term and loyal relationships. Marketing plan includes decisions on product, price, promotion and distribution. These are the most important parts that marketing managers must allocate company resources to them to achieve the objectives of sale and profitability (Garavand, Nourayi, & Sae Arasi, 2010).

### **Product**

Product refers to what a production or service unit or even an individual offers. In marketing mix, product is defined as what is offered to market for noticing, buying, or using which may meet a need. Product may include a physical object, service, place, organization, or even an idea (Fakhimi Azar et al., 2011). In the current study, the quality of product has been considered as the most important factor in the mobile phone industry. The quality of product plays an important role in brand preferences of shops. The consumers often judge the product or brand by the perceived quality (Sheau-Fen, Sun-May, & Yu-Ghee, 2012). Perceived brand quality can be identified as the consumer's general subjective judgment on the advantage or superiority of a product which is derived from the evaluation process of its different features (Beristain & Zorrilla, 2011). The chance of success for brands of higher perceived quality is more than brands of lower perceived quality (Sheena et al., 2012).

### **Price**

There is a major difference between price and other marketing mix factors; price is an income-making factor while other marketing mix factors are costly. Price as a marketing tool

is a key factor in selling product to customers. Following this, pricing can be effectively used to indicate the position of a product in proportion to other competitors and this can provide reliable information regarding the different sections of the market. Moreover, price is a quality index and products must be analyzed in terms of the advantages they offer (Khazaei Pool & Balooee Jam Khaneh, 2011). In consumable markets, price is an external indication of product quality and high-price brands are considered as high-quality brands (Kim & Hyun, 2011). On the other hand, since the quality of a product is a norm and can be easily proved, higher price may have negative effect on brand loyalty; because it may lack the indication of higher quality and it just highlights the more money that must be paid (Cretu & Brodie, 2007).

### **Promotion**

Advertisement or promotion in marketing mix refers to establishing relationships with customers to inform them or affect their attitude or behavior. Promotion is used to inform people of products and encourage the buyers in target market to buy particular brands. Promotion stimulates attention and sometimes arouses interest. Promotion techniques such as prize draw, price stimuli, free samples, etc. have great impact on promoting the customers to shopping through encouraging the customer to test a brand. Promotion is based on communication and includes all the communicative tools that pass on a particular message (Khazaei Pool & Balooee Jam Khaneh, 2011). Promoting design tools to buy faster is confined to a period of time (Valette-Florence, Guizani, & Merunka, 2011). Promotions lead to developing knowledge of brand for all the promoted products and brands (Huang & Sarigöllü, 2012; Buil et al., 2013). However, promotions of repeated sales like reduction in price in a short time, discount, repay, and coupon may thwart the attempts of brand because it may be a low-quality signal or an outdated kind. Repeated price promotions may confuse the costumers since they may not understand that why high-quality products are promoted and offered at special price. According to self-perception theory, those customers who choose a product based on price promotions (an external reason) rather than positive attitude towards the product (an internal reason) will change their choice and choose other products whenever the external reason is eliminated (Baldauf et al., 2009; Buil, Chernatony, & Martínez, 2013).

### **Distribution**

Distribution refers to activities that are done to deliver a product or service to customers. Distribution and place are the simplest terms in 4P; however, they play a very important role in it. In this study, distribution refers to all the shops and authorized resellers of the studied brand. In consumer marketing, research shows that channel performance contributes to building brand loyalty. Good store-image not only attracts more attention, interests, and contacts from potential consumers, but also it increases consumer satisfaction and positive word-to-mouth. Moreover, distributing through good-image stores signals that a brand has good quality. Moreover, distribution intensity has a positive effect on aspects of brand loyalty as high distribution intensity expands the probability of buying a brand wherever and whenever consumers want. Specifically, since the increase in distribution intensity reduces consumer efforts for finding and acquiring a brand, consumers are likely to perceive it more valuable which in turn increases consumer satisfaction and brand loyalty (Kim & Hyun, 2011). The store-image is reflected in quality and diversity of products, convenience, price, physical environment of shops, and the quality of services. These signals influence the costumers' attitude towards the shop as a whole and its brand as a general assessment (Huang & Sarigöllü, 2012; Kim & Hyun, 2011). The store image can be defiend as a particular type of feedback from those in a given market regarding the credibility of the identity claims that the organization makes (Kim & Hyun, 2011).

### **Background of the Study**

The importance of marketing mix and brand loyalty has led to various researches on these facts. Heidarzadeh and Zarbi (2008) in their paper have investigated the effect of marketing mix elements on brand equity. The results indicated that the mental image of store, advertising price, and the amount of distribution have positive and direct impact on brand equity. In other words, providing products in a good-image store with extensive advertising and distribution of products will raise brand equity (Heidarzadeh & Zarbi, 2008). Doaei et al. (2011) in their research concluded that costumers' perception of marketing mix had positive and significant impact on brand equity. Put differently, products at reasonable price, good store image, extensive advertising, and prompt distribution in stores will lead to clear customer's perception of brand and consequently increase the amount of purchasing and promote the brand (Doaei et al., 2011). In another study, conducted by Allameh and Noktedan (2010), they concluded that there was a positive and significant relationship between service quality and customer's loyalty. Variables, namely trust and satisfaction

mediated between service quality and loyalty and had positive and significant impact on building customers' loyalty. Nam et al. (2011) in their study concluded that consumer satisfaction had positive impact on brand loyalty. Beristain and Zorrilla (2011) in their research found that price and store-image are the most important factors in brand loyalty. In another research conducted by Kim and Hyun (2011), they concluded that distribution channel performance, promotion activities and improving after sales service, brand awareness, perceived quality, and store image are the most important factors in brand loyalty. The results of other studies regarding brand loyalty are summarized in Table 1.

Table 1  
*The Results of Other Related Researches*

Author and Year	Title of the Paper	Effective Factors in Brand Loyalty
Hosseini and Rezaie (2011)	An investigation on effective factors in brand loyalty of dairy products market	Price, taste, advertisement, packing, availability and recommendation advertisements
Atafar and Mansouri (2011)	Model of improving customer loyalty in electronic stores	Services, trust
Hamidzadeh, Haj Karimi, Babaie Zakliki, and abatabai Nasab (2009)	Designing and explaining the process model of customer loyalty: a case study of private banks	Satisfaction, commitment and trust
He, Li, and Harris (2012)	Social identity perspective on brand loyalty	Trust and customer satisfaction
Buil et al. (2013)	Examining the role of advertising and sales promotions in brand equity creation	Perceived quality, brand associations, brand awareness and promotion
Sahin et al. (2011)	The effects of brand experiences, trust and satisfaction on building brand loyalty; An empirical research on global brands	Satisfaction, trust and experience
Shi, Chen, and Ma (2011)	A study of customer loyalty based on switching cost and brand attachment	Satisfaction
Hung and Fu (2010)	Brand management model of vocational high schools in Taiwan	Promotion (external and internal), services, place (distribution) and brand positioning
Lee and Back (2010)	Reexamination of attendee-based brand equity	Trust and satisfaction
Casaló, Flavián, and Guinalú (2010)	Relationship quality, community promotion and brand loyalty in virtual communities: Evidence from free software communities	Promotion, participation and satisfaction

## The Study

In this part, the conceptual model is presented to investigate the impact of marketing mix elements on brand loyalty, considering the impacts of satisfaction and trust variables on brand through studying the relationships of mentioned structures, background of the study, and the literature. The conceptual framework is provided in Figure 1. This framework includes seven

variables of price, product quality, promotion, distribution, customer satisfaction, brand trust, and customer loyalty.

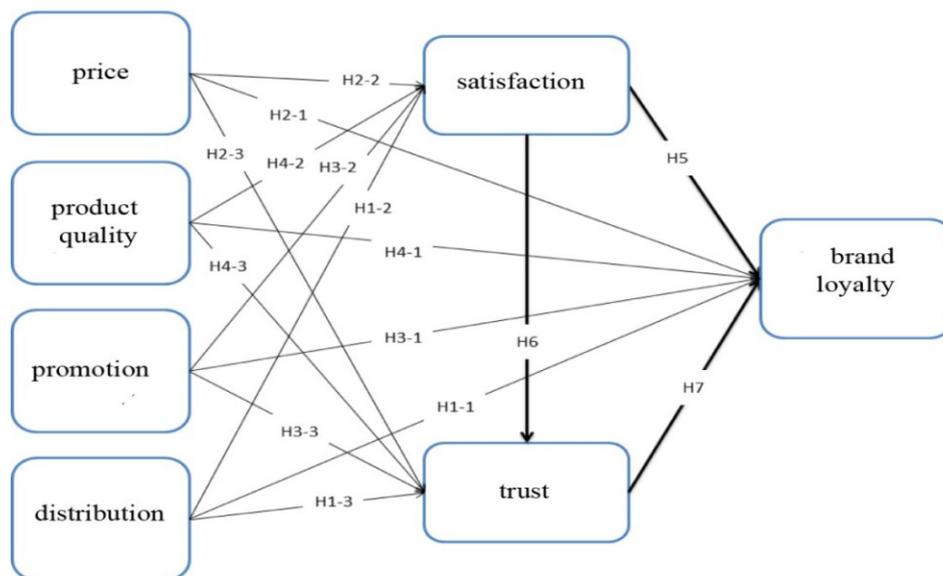


Figure 1. The conceptual model of the research

## Research Hypotheses

According to the model of the research, the following hypotheses guided the study:

H<sub>1a</sub>: Distribution channel performance has positive and significant impact on brand loyalty.

H<sub>1b</sub>: Distribution channel performance has positive and significant impact on customer satisfaction.

H<sub>1c</sub>: Distribution channel performance has positive and significant impact on brand trust.

H<sub>2a</sub>: Price has positive and significant impact on brand loyalty.

H<sub>2b</sub>: Price has positive and significant impact on customer satisfaction.

H<sub>2c</sub>: Price has positive and significant impact on brand trust.

H<sub>3a</sub>: Promotion activities of company and store have positive and significant impact on brand loyalty.

H<sub>3b</sub>: Promotion activities of company and store have positive and significant impact on customer satisfaction.

H<sub>3c</sub>: Promotion activities of company and store have positive and significant impact on brand trust.

H<sub>4a</sub>: Customer's perception of product quality has positive and significant impact on brand loyalty.

H<sub>4b</sub>: Customer's perception of product quality has positive and significant impact on customer satisfaction.

H<sub>4c</sub>: Customer's perception of product quality has positive and significant impact on brand trust.

H<sub>5</sub>: Customer satisfaction has positive and significant impact on brand loyalty.

H<sub>6</sub>: Customer satisfaction has positive and significant impact on brand trust.

H<sub>7</sub>: Brand trust has positive and significant impact on brand loyalty.

## **Method**

The statistical population of this research includes all the customers and users of mobile phone in Bushehr. Since the statistical population was homogeneous and there was no significant difference in it, simple random sampling was conducted. Moreover, as the statistical population was unlimited, the statistical sample size at the 95% level of assurance was equal to 384 through Cochran sampling formula. In the present study, to collect the data, 450 questionnaires were distributed among customers and users. Afterwards, 384 completed questionnaires were selected for data analysis. The questionnaire which was a mixture of questionnaires from other researches in this field has been designed through 7-point Likert scales. However, some modifications and adjustments were made according to our country circumstances. To measure the validity of the questionnaire, logical validity and construct validity were considered and in this regard, content validity, face validity, and factor validity (factor analysis) were analyzed. The factor validity of the questionnaire was tested through confirmatory factor analysis and AMOS software and factor loadings less than 0.5 were deleted. In addition, the content validity of the questionnaire was confirmed and modified by the experts and professors. To calculate the reliability of the questionnaire and assure the internal consistency of research measuring tools, Cronbach's alpha test was conducted. In this regard, all indexes were more than 0.6 and Cronbach's alpha was equal to 0.924 which indicated that the reliability of the research questionnaire. Table 2 shows the amounts of standard factor loadings and Cronbach's alpha.

Table 2  
Amounts of Standard Factor Loadings and Cronbach's Alpha

Variables	Items	Standard Factor Loadings	Cronbach's Alpha	Variables	Items	Standard Factor Loadings	Cronbach's Alpha
Price	Pri1	0.65	0.719	promotion	Pi1 (deleted)	0.13	0.670
	Pri2	0.69			Pi2 (deleted)	0.21	
	Pri3	0.50			Pi3	0.79	
Trust	Tr1	0.76	Pi4		0.81		
	Tr2	0.61	Pi5		0.64		
	Tr3	0.76	Cha1				
Product Quality	Pro1	0.62	0.761	Distribution channel	Cha2	0.61	0.751
	Pro2	0.56			Cha3	0.75	
	Pro3	0.62			Cha4	0.67	
	Pro4 (deleted)	0.34			Cha5	0.71	
	Pro5 (deleted)	0.49			(deleted)	0.49	
	Pro6	0.55			Cha6	0.42	
	Pro7	0.73			(deleted)	0.62	
Satisfaction	Sat1	0.77	0.741	Brand loyalty	Cha		0.845
	Sat2	0.65			Loy1	0.56	
	Sat3	0.74			Loy2	0.73	
					Loy3	0.80	
					Loy4	0.78	
			Loy5	0.80			

In the current study, to analyze the data, the two-phase method has been conducted. In the first phase, confirmatory factor analysis is performed and in the second phase, path analysis is used to analyze the relationships between the structures. Therefore, for data analysis and model confirmation, structural equation model (SEM) and confirmatory factor analysis (CFA) are performed and according to the results of path analysis, the relationships between model variables are investigated. AMOS software has been used to test the hypothesis and fitness of the model. Table 3 presents the researchers' criteria in measuring variables of research.

Table 3  
Researchers' Criteria in Measuring Variables of Research

Variables	Researchers
Price	Beristain and Zorrilla, (2011); Kim and Hyun, (2011)
Product Quality	Biedenbach et al., (2011); Buil et al., (2013); Kim & Hyun, (2011)
Distribution Channel	Baldauf et al., (2009); Kim & Hyun, (2011)
Promotion	Baldauf et al., (2009); Buil et al., (2013)
Trust	Lee & Back, (2010)
Satisfaction	Lee & Back, (2010)
Brand Loyalty	Biedenbach et al., (2011); Buil et al., (2013)

## Results

### Demographic Findings

Demographic characteristics of the studied sample are summarized in Table 4.

Table 4  
*Demographic Characteristics of Respondents*

Descriptive Characteristics		Frequency	Percentage of Distribution
Gender	Male	278	72.4%
	Female	106	27.6%
Educational Degree	Undergraduate Diploma	54	14.06%
	Diploma	70	18.22%
	Associate Degree	40	10.41%
	Bachelor's Degree	171	44.53%
	Master's Degree and Higher	49	12.76%
Age	Under 20 Years Old	141	36.71%
	20 to 25 Years Old	227	59.11%
	Over 25 Years Old	16	4.16%
Marital Status	Single	302	78.64%
	Married	82	21.36%

### The Model and its Analysis

In this paper, the model of measuring the impact of marketing mix elements on customers' loyalty to mobile phone brand is a structural equation model and includes the whole relationships between its variables. In fact, a structural equation model is a combination of path diagram and confirmatory factor analysis and to investigate them, the method of structural equation model is conducted. The final model derived from data collection is illustrated in Figure 2.

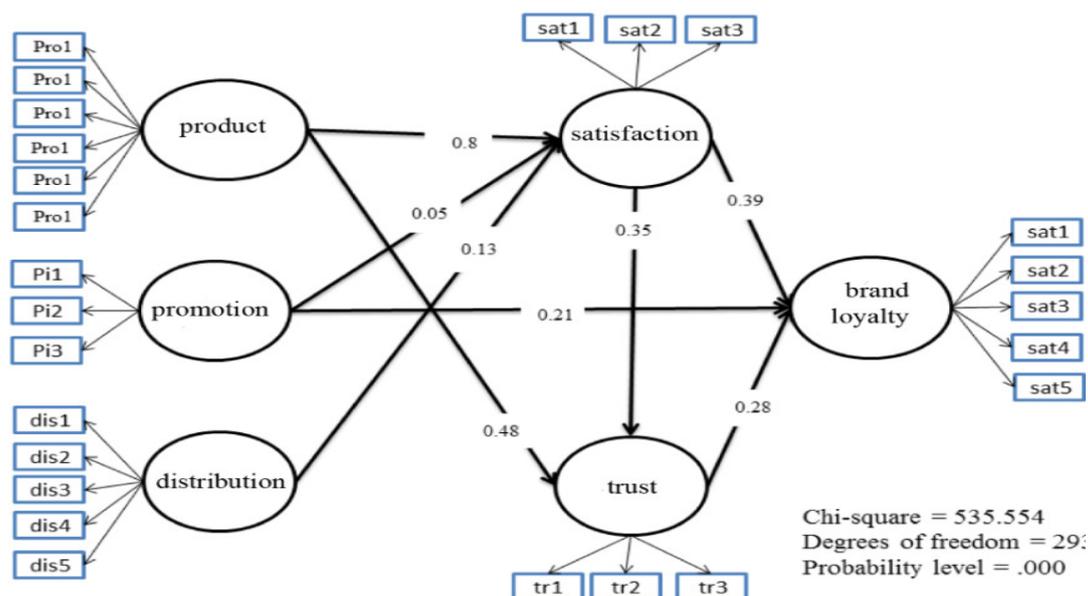


Figure 2. Operating model of the research

In confirmatory factor analysis, there are many criteria for evaluating fitness of the model. In Table 5, accepted fitness and earned values are presented for the research model through AMOS software.

Table 5  
Fitness of Final Model Indexes

Fit Index	Symbol	Earned Values	Fit Index
Goodness of Fit Index	GFI	0.907	Higher than 0.9
Adjusted Goodness of Fit Index	AGFI	0.88	Higher than 0.85
Tucker-Lewis Index	TLI	0.925	Higher than 0.9
Comparative Fit Index	CFI	0.937	Higher than 0.9
Incremental Fit Index	IFI	0.938	Higher than 0.9
Parsimonious Normed Fit Index	PNFI	0.729	Higher than 0.5
Root-Mean-Square Error of Approximation	RMSEA	0.046	Lower than 0.1
Chi-Square Minimum Discrepancy Function	CMIN/df	1.828	1 to 3

These indexes indicated the fitness of designed model. In fact, the theoretical model of the research is confirmed. Since this model was confirmed by fit indexes, we can use it to test the hypotheses. If the model which is drawn as a diagram is confirmed by fitness of model indexes, this path diagram can be used to test hypotheses to know whether there are relationships between variables of path diagram or not. Path diagram includes relationships between the variables of the research which indicates the general model of the study and its hypotheses. In addition to the general fit indexes of the model, the partial fit indexes are investigated in the structural equation model as well. In partial fit indexes, the significance of

all the relationships in the model is tested. If the level of test statistic ( $p$ : column) is smaller than 5% or the absolute value of significance number is more than 1.96, there is a significant relationship and the hypothesis is confirmed. Therefore, in the current research, to test the hypotheses, path analysis is conducted. Path diagram indicates that which variables cause changes to other variables. The results of analyzing the statistical data of hypotheses in the model which were calculated through AMOS software are illustrated in Table 6.

Table 6  
*Research Variables Path*

<i>Number of Hypothesis</i>	<i>Path</i>	<i>Path Coefficient</i>	<i>Test Statistic</i>	<i>Significance</i>	<i>Result</i>
1-1	Distribution Channel → Loyalty	0.127	1.267	0.205	Rejected
1-2	Distribution Channel → Satisfaction	0.134	2.008	0.045	Confirmed
1-3	Distribution Channel → Trust	-0.055	-0.569	0.569	Rejected
2-1	Price → Loyalty	-0.007	-0.092	0.927	Rejected
2-2	Price → Satisfaction	0.029	0.368	0.713	Rejected
2-3	Price → Trust	-0.12	-1.53	0.126	Rejected
3-1	Promotion → Loyalty	0.208	3.953	***	Confirmed
3-2	Promotion → Satisfaction	0.049	2.027	0.019	Confirmed
3-3	Promotion → Trust	0.036	0.595	0.552	Rejected
4-1	Product quality → Loyalty	0.16	0.66	0.509	Rejected
4-2	Product Quality → Satisfaction	0.803	8.893	***	Confirmed
4-3	Product Quality → Trust	0.478	3.456	***	Confirmed
5	Customer Satisfaction → Loyalty	0.394	3.782	***	Confirmed
6	Customer Satisfaction → Trust	0.348	2.537	0.011	Confirmed
7	Trust → Loyalty	0.28	2.73	0.006	Confirmed

In  $H_{1a}$  and  $H_{1c}$ , the results of path analysis indicated that distribution channel performance had no positive and significant impact on trust and loyalty to mobile phone brand because the significant number in these two hypotheses is smaller than absolute value of 1.96. In  $H_{1b}$ , the path coefficient is equal to 0.134 and since the significance probability is 0.045 which is lower than 0.05, it can be concluded that the path coefficient is significant (alpha level of 0.05) and the hypothesis is confirmed. In fact, distribution channel performance has positive and significant impact on customer satisfaction. In  $H_2$ , since the significance probability is more than 0.05 and the absolute value of significance number is lower than 1.96,  $H_{2a}$ ,  $H_{2b}$ , and  $H_{2c}$  are rejected and price has no positive and significant impact on satisfaction, trust, and loyalty of customers. In  $H_3$ ,  $H_{3a}$  and  $H_{3b}$  are confirmed because significance probability is lower than 0.05 and path coefficient is significant (alpha level of 0.05). In fact, promotion activities have positive and significant impact on brand loyalty and brand satisfaction. However, in  $H_{3c}$  since the significance probability is greater than 0.05 and absolute value of significance number is smaller than 1.96, this hypothesis is rejected; hence, promotion activities have no positive and significant impact on brand trust. In  $H_{4a}$ , since the significance

probability is greater than 0.05 and absolute value of significance number is smaller than 1.96, this hypothesis is rejected as well. Therefore, product quality has no positive and significant impact on brand loyalty. However, in H<sub>4b</sub> and H<sub>4c</sub>, since the significance probability is equal to 0.000, it can be concluded that the path coefficient is significant (alpha level of 0.05) and product quality has positive and significant impact on brand trust and brand satisfaction. In hypothesis 5, since the significance probability is smaller than 0.05, the path coefficient is significant (alpha level of 0.05) and the hypothesis is confirmed; hence, customer satisfaction has positive and significant impact on brand loyalty in mobile phone industry. In H<sub>6</sub>, since the significance probability is smaller than 0.05, the path coefficient is significant (alpha level of 0.05) and the hypothesis is confirmed. Therefore, customer satisfaction has positive and significant impact on brand trust. Finally, in H<sub>7</sub>, path coefficient is equal to 0.280 and significance probability is smaller than 0.05. It can be concluded that the path coefficient is significant (alpha level of 0.05) and customer's brand trust has positive and significant impact on brand loyalty. Therefore, the last hypothesis is confirmed as well.

## **Conclusion**

In today's competitive world, organizations need to use marketing techniques and marketing expert researches to continue their existence. According to investigations, organizations' failure is derived from their inability to use marketing techniques. However, the top-performing companies in different industries attempt to keep their customers and build customer loyalty; hence, companies and sellers must follow various management strategies to improve customer loyalty. One of the important and leading factors in keeping customer and increasing sale is marketing mix. Therefore, in this study, by considering the variables of customer satisfaction and brand trust as mediating variables in mobile phone industry, the impact of marketing mix elements on brand loyalty has been investigated. The model of the research includes fifteen hypotheses. All the hypotheses were analyzed through structural equation model and AMOS software, which eight of them were confirmed and the rest were rejected.

According to the results of data analysis, price element (one of the marketing mix elements) does not have significant impact on customer's satisfaction, trust, and loyalty to a particular brand in mobile phone industry. The results of path analysis indicated that distribution channels do not have direct and significant impact on customer trust and loyalty to brand in mobile phone industry but they indirectly impact on these variables through

having impact on satisfaction variable. Therefore, more attention must be paid to this element of marketing mix in mobile phone industry to attract customers. The results of studying the third element of marketing mix indicated that promotion activities increase customer satisfaction and loyalty but there is no significant relationship between promotion activities and customer trust. In fact, promotion activities like extensive advertising and holding competitions and draws may bring customer satisfaction, increase brand loyalty in mobile phone industry, and achieve desirable results. Moreover, the results of studying the fourth element of marketing mix indicated that product quality does not have direct impact on brand loyalty but through impacting on customer satisfaction and brand trust, it increases brand loyalty. In this research, the relationship between customer satisfaction and trust and brand loyalty was investigated and the results of path analysis indicated the significance of relationship between these variables, i.e. brand trust and customer's satisfaction from the brand of mobile phone have positive and significant impact on brand loyalty. Another result of this study showed that there is a positive and significant relationship between the variables of customer satisfaction and trust. The satisfaction variable have direct and indirect (through trust variable) impact on brand loyalty in mobile phone industry.

According to the results, among the marketing mix elements, product and promotion activities have the most positive and significant impact on brand loyalty. Promotion activities have both direct and indirect impact while product quality has merely indirect impact through satisfaction and trust variables which satisfaction plays the greater role. Findings of the current study in mobile phone industry are consistent with those of some previous studies including Allameh and Noktedan (2010), He et al. (2012), Lee and Back (2010), Buil et al. (2013), Hung and Fu (2010), Kim and Hyun (2011), and Casaló et al. (2010).

In general, the reasons of choosing a brand repeatedly and the customers' loyalty to a brand of mobile phone are the customers' satisfaction and trust in a brand and promotion activities and product quality has a great impact on satisfaction and trust. Since promotion activities are of great importance in brand loyalty, adopting strategies to implement promotion activities that will improve the customers' loyalty to a particular brand with the aim of creating a mental image of potential and actual customers of the organization seems essential. As a result, active companies in the market can focus on these factors and improve them in the process of relationship between customers; so that these companies increase customers' loyalty to the organization and guarantee their life. Moreover, it is worth mentioning that sellers and mobile phone manufacturer companies must pay special attention

to promotion activities because this factor stimulates faster and more purchase in short-term period and increases the customers and users' awareness of enhanced products and brands. Stores and managers of companies must pay special attention to brand trust and consider its important role in the management of relationship between customers and design more appropriate strategies and plans to inspire customer loyalty.

In general, it can be concluded that marketing mix is of great importance in determining the position of company in target market and attracting customers. Therefore, every element of marketing mix must be compatible with one another and with the various needs of target markets of business. Managers must directly plan and do marketing activities like distribution, promotion, and personal selling to stimulate purchase behavior. In the first stage, managers must use the entire potential of distribution to inform customers and improve their awareness of brand and market performance especially those brands which are unknown; therefore, increasing distribution is essential. In the second stage, managers must use price promotion to raise awareness of brand and stimulate customers. Particularly, price promotion encourages brand switching and provides customers incentives to test those expensive brands. It is recommended that active companies in this field must apply advertisements to inform people of products because advertisements encourage buyers in target market to buy particular brands. Moreover, the most important factor in selecting a product is the customer's recognition of that product. Distributors must learn about the product they distribute; so that when necessary they can sell their product or defend it against similar products relying on their knowledge. It is worth mentioning that the present study is not free from limitations. Since this research has been merely conducted towards the mobile phone industry in Bushehr, to generalize the model and research, it must be tested in other industries like service industry; because customer loyalty varies according to the industry and culture of the market.

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