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## A study on the effect of social capital on brand selection among consumers of SNOWA home appliances in Chaloos city

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### Abstract

The present paper aims at investigating the effect of social capital on brand selection among consumers of SNOWA trademark in Chaloos city. Wellman's theory of network social capital is the theoretical base of the research. Required data to perform this descriptive research was collected by a standard questionnaire. Research population was composed of all consumers of SNOWA brand in Chaloos city. Because of unlimited population, random sampling and Cochran's formula were used to 228 individuals were selected as the sample. Obtained data was analyzed through SEM method in AMOS22 and one-sample t-test in SPSS21 was used to examine variable means. Findings demonstrated that social capital is effective on brand selection. Hence the SNOWA brand is suggested to use the competitive advantage it gains via communication structure and social capital among customers and to conduct and adopt required strategies to improve and enhance company's scopes of activity and expand the social network through its customers.

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**Keywords:** Social capital; brand selection; structure aspect; relation aspect; performance aspect.

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## 1. Introduction

The issue of selection or making decision on daily or general purchases is a main challenge facing people in different circumstances. In fact, all individuals are a kind of consumer (Amirshahi and Abbasian, 2007). A common aspect among all of us, irrespective of education, policies or commitments, is that we are all consumers (Mohaidin, 2012). In this respect, individuals act in different ways to achieve their goals and obtain information on trademarks and their products and services. A main way people usually use to purchase their considered product or brand is others' recommendations, or in a wider sense, social relations one has with friends, family and relatives in reality or through virtual networks. This is, also, called "social capital" (Lin & Wang, 2012). Indeed, the use of social capital as a contributing factor to trademark (brand) selection and an external factor maybe valuable and debated (Clopton, 2011; Huayo, 2013).

Social capital, which facilitates access of network members to available resources and support and better provides conditions of their communication, may play a critical role in individuals' selection and decision-making (Tavasoli & Amani, 2012; Bastani and Salehi, 2006). Nowadays, social capital plays a more important role than that of physical and human capitals in organizations and communities. Other types of capital will lose their influence if there is no social capital and cultural and economic development. Other types of capital lose their effect if there exists no social capital, development, and cultural and economic evolution (Faghihi and Feyzi, 2006). Social relations form an important part of human life (Kirkbesouglu, 2013). In general, social capital is evaluated considering aspects such as structural, interaction and performance features. Thus, respecting the attractiveness of home appliances market among different classes of the community, the recent paper aims at finding the effect of social capital on individual minds in the process of purchasing and selecting a brand and at figuring out the relationship between the issue of social capital among individuals and their brand selection.

## 2. Background

### 2.1. Brand

Brand includes a name, term, sign, symbol, design or a combination of these meaning to introduce products and services of a seller or a group of sellers and distinguishing them from products and services of rivals (Samiei et al, 2011:52; Morales & Teresa, 2010: 258). Philip Kottler (1991) believes that brand can be considered as a name, term, sign, symbol, design or a combination of these defined to describe and distinguish products and services of a seller from those of others (Chen & Peng, 2015). One of the best definitions was presented by Garender and Loi in 1995. They defined brand as a complicated symbol encompassing a variety of ideas and features. Brand talks to customer not only through its specific melody, but also through every factor combined with it and expressed in the society as a social identity (Zeynali, 2011).

### 2.2. Social capital

There are various definitions on the definition social capital and this multitude has led to a confusion and chaos in its concept. But, in summary, social capital means all norms and communicational networks providing individuals with the opportunity to participate in collective actions to gain mutual profit. Therefore, social capital is a combined concept describing norms and networks in a certain period of time (Amirkhani and Poor Ezzat, 2010). Bourdiou believes social capital bases upon social relations and commitments. He defines it as: "accumulation of potential and practical resources concerning possession of a relatively stable network of more or less institutionalized relations of mutual recognition or, in other words, membership in a group provides members with a kind of competence through supporting a collective capital which makes them worth full (Alvani and Shirvani, 2004). Coleman thinks social capital represents a resource since it ensures networks based on trust and common values (Nejatbakhsh and Nourani, 2012). Accordingly, social capital is the value of that aspect of the social structure which is presented to members as a resource to be used to achieve goals and profit. Patnam (1993) identifies social capital as trust, cooperative norms and networks which facilitate achieving goals. He also suggests that supplying effective democracy and economic development are the main objectives of social capital. Hence, Patnam employs social capital in a level higher than

individual one and investigates its performance in regional and national levels and its effect on democratic institutions (Ansari et al, 2011; Camps & Marques, 2014).

### 2.3. Network social capital

In network point of view, social capital is the relations and bonds. In general, it can be said that there are two views on social capital. The views reflect two individual or group levels. Based on this classification, social capital is proposed in the group level, according to Bourdieu, Coleman, Putnam and Fukuyama. In this way, social capital includes relations, trust, norms and participation or involvement. But, in network analysis view point, social capital is only proposed in the relation – individual level and is considered as the network of relations, supports and accessible resources. This type of social capital, called network social capital, is focused on varied instrumental and supporting resources available in the network obtained by individual investment in social relations and achieving social bonds (Bastani, Salehi, 2006).

In other words, the first approach concentrates on the use of social capital by individuals and how they reach resources embedded in the network and employ it to gain more profit and return in instrumental actions of finding better job and protecting returns. This type of capital is known as network social capital. The focus of analysis in this view involves:

How individuals invest in social relations

How individuals use resources embedded in these relations to gain profit.

Network social capital is focused on varied instrumental and supporting resources available in the network obtained by individual investment in social relations and achieving social bonds. This research, also, examines social capital using network approach. In this approach, social capital is an individual good and may be considered as individual investment in social relations and exploiting available resources to gain expected benefit and return. But, in the group level, social capital is expressed in the form a collective asset (e.g. in neighborhood integration, collective actions, etc.) (Bizzi, 2015).

In this section, we first introduce theoretical discussions and concepts of the research and then review research background.

### 2.4. Aspects of social capital in Wellman's viewpoint

Wellman believes relations is the main issue in network viewpoint and interactive networks are building blocks of a society. As a network, social structure is made up of a set of bonds that connect people, practitioners and groups (Cohen, 2007). Members of the network may be individuals, groups, organizations and institutions. In fact, network view pays attention to the construct of practitioners' relations instead of focusing on practitioners themselves and their personal features (as the analysis unit). As the main issue in network viewpoint, these relations are considered as social capital. Researchers of network approach classify social capital in three aspects.

#### *Structural component*

Indicators of this component include size and composition of relations.

Size: The number of individuals informally interacting with each other;

Composition: different relativities each member has with other individuals in mutual relations and the variable is composed of a number of relatives, friends, neighbors and coworkers.

#### *Interactive component*

In Wellman's viewpoint, indicators of this component include content frequency, contact method, intimacy in the relation between members of the network. Content method: the method individuals employ to establish relations. This involves face-to-face, telephone, letter, internet social networks. Relation intimacy: adjacency and heartiness of individuals in relations with each other. In Wellman's view, the functional component possesses indicators such as a variety of individual support involving financial, practical, consultancy, emotional, information and dialogue support

(Bastani and Salehi, 2006; Tavasoli and Amani, 2012). Since the present paper investigates personal relations, Wellman's indicators are considered as the main criteria to measure independent variables.

### 2.5. Experimental background

Saynaggi and Bagio investigated the effect of social capital on hotels performance. Their results indicated that the interactive component has the highest impact on hotels performance. Lawson examined the History and consequences of social capital on improvement of purchase performance and found that structural aspects of social capital have positive impact on management relations. Besides, they concluded that improvement of relation skills enhances purchaser performance (Lawson, 2008). Jiang and Weiliue studied the relationship between higher performance level and organizational effectiveness, respecting intermediate role of social capital among bank staff. Results confirmed the relationship between high job performance and organizational effectiveness through enhancing social capital among bank staff. Also, they found that social capital plays a significant role in achieving planned organizational goals (Jiang and Weiliue, 2015). Bastani and Salehi (2006) studied interactive, structural and functional features of social network of females and males in Tehran and found that the networks are not structurally different. But, they differ in interactive and functional terms. Raofi (2013) investigated the relationship between social capital and entrepreneurship using communication skills. Results showed that there is a positive significant relationship between social capital, social consequences and communication skills of entrepreneur managers. Besides, they concluded that managers' communication skills significantly influence individuals' entrepreneurship motivation in the organization. Samiei, Alavi and Najafi (2000) examined effective factors on brand selection using factor analysis method and found that oral advertisements, friends' recommendations, purchase experience, brand meaning and perceived quality have the highest impact on brand selection.

### 3. Hypotheses

**Main hypothesis:** There is a significant relationship between social capital and brand selection among consumers of SNOWA home appliances.

#### *Side hypotheses*

There is a significant relationship between structural component of social capital and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between relation component of social capital and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between functional component of social capital and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between size and volume of social capital relations and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between composition of social capital relations and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between individuals' intimacy and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between method of contact between individuals and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between individuals' contact frequency and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between consultancy – emotional support and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between financial – practical support and brand selection among consumers of SNOWA home appliances.

There is a significant relationship between information – speech support and brand selection among consumers of SNOWA home appliances.

#### 4. Methodology

The present applied research is performed through descriptive – survey method. Population is composed of all consumers of SNOWA home appliances investigated through representatives of the brand in Chalooos city (4 stores). Research sample is selected through random simple sampling. Because of unlimited population, sample was selected using Cochran's formula ( $n = 228$ ). Wellman standard questionnaire on interpersonal social relations is used to measure data. The questionnaire contains 45 items designed respecting structural, functional and relation (interactive) components. The structural component is measured through size and composition of relations, the relation component was evaluated through contact method and the functional component is measured through different types of support including consultancy – emotional, information – speech and financial – practical support. Relation intimacy is also examined based on the time individuals know each other. Furthermore, individuals' composition in the network of social capital means friends, neighbors, relatives and coworkers. Questionnaire validity was confirmed through content validity by the opinion of experts and its reliability was calculated using Cronbach's Alpha. The value of alpha was 0.84 for the structural component, 0.88 for the interactive component and 0.77 for the functional component. Reliability of the whole questionnaire was also calculated to be 0.83 which is in the desirable period. SEM method (by AMOS22) and one-sample t-test (SPSS21) were used for data analysis.

#### 5. Finding

##### 5.1. Results of one-sample t-test

First, one-sample t-test of a population was used to identify the status of social capital and brand selection. In fact, this method examines the difference between average of studied sample and an assumed value. In order to prevent interference with research hypotheses the relative item was proposed as a question. In other words, the hypothesis was presented as: whether the average of scores in every aspect of the population equals 3. The null hypothesis in every case is as follows:  $H_0: \mu = 0$  ,  $H_1: \mu \neq 3$ .

Table 1. one-sample t-test

	Test value = 3		Statistics		result
	T value	Mean difference	Lower limit (confidence 95%)	Higher limit (confidence 95%)	
Main hypothesis	6.765	0.337	0.239	0.436	Confirmed
H 1	6.228	0.332	0.167	0.338	Confirmed
H 2	7.122	0.308	0.327	0.542	Confirmed
H 3	6.443	0.335	0.292	0.473	Confirmed
H 4	5.245	0.367	0.221	0.525	Confirmed
H 5	6.334	0.270	0.191	0.299	Confirmed
H 6	7.110	0.318	0.218	0.416	Confirmed
H 7	6.824	0.366	0.176	0.399	Confirmed
H 8	5.556	0.354	0.291	0.425	Confirmed
H 9	6.718	0.424	0.315	0.580	Confirmed
H 10	6.449	0.229	0.301	0.435	Confirmed
H 11	5.978	0.256	0.193	0.396	Confirmed

Model variables are lower than 0.5 and t statistic is higher than 1.96. Hence, factor loads of all variables are significant and the correlation between model relations is accepted. Moreover, in the presented model of AMOS software the following abbreviations are used: Social capital (SC), structural dimension (SD), interactive dimension (ID), functional dimension (FD), frequency of contact (FC), intimacy, contact method (CM), financial and practical support (FS), information support (IS) and emotional support (ES), relation size and composition (SC), and choosing

brand (CB). The final model of structural equations pertaining main hypothesis is presented in figure 1. The model indicates high effect coefficient of social capital and brand selection. Moreover, factor loads of all tested variables are illustrated in figure 1.

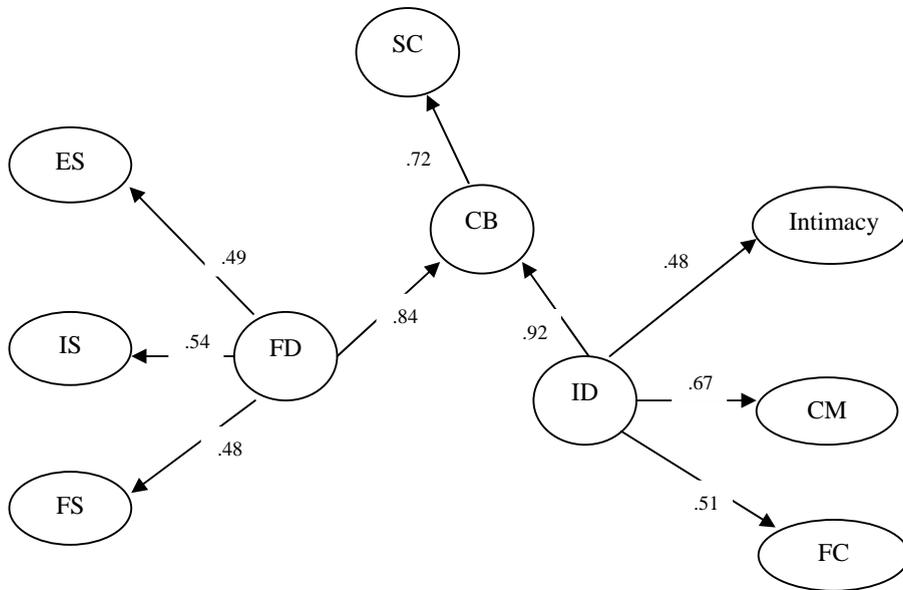


Fig 1. factor analysis model of all research variables

Overall fitness indicators of the measurement pattern are presented in Table 2. The tables show that the measurement pattern is of good fitness. In other words, indicators are accepted and data well support the pattern.

Table 2: fitness indicators for factor analysis of effective factors on SNOWA brand

fitness indicators	X <sup>2</sup> /df	RMSEA	CFI	GFI	AGFI
Acceptable range	1 – 3	< 0.08	> 0.9	> 0.9	> 0.9
Calculated value	1.9	0.077	0.90	0.95	0.7

Since most fitness indicators of Table 4 are in the desirable range, it can be generally said that model fitness is acceptable. Respecting accepted structural equation model of the main hypothesis, hypotheses are examined using standard coefficients, critical values and significance level.

Table 3: coefficients, critical rates and significance of model of effective factors on SNOWA brand

Indicators	Direction	Indicators	Standard coefficient	Standard error	Sig. number	Non-standard coefficient	Result
Performance	<---	SNOWA selection	0.840	0.012	82.436	0.742	Confirmed
Interaction	<---	SNOWA selection	0.920	0.014	67.484	0.962	Confirmed
Structure	<---	SNOWA selection	0.723	0.109	6.635	0.753	Confirmed
Size	<---	Structural dimension	0.723	0.109	6.635	0.753	Confirmed
Information support	<---	Functional dimension	0.543	0.079	6.872	0.602	Confirmed
Emotional support	<---	Functional dimension	0.485	0.069	7.034	0.535	Confirmed

Financial support	<---	Functional dimension	0.480	0.070	6.817	0.530	Confirmed
Contact frequency	<---	Interactive dimension	0.512	0.078	6.609	0.482	Confirmed
Contact method	<---	Interactive dimension	0.571	0.080	7.152	0.541	Confirmed
Intimacy	<---	Interactive dimension	0.479	0.065	7.373	0.525	Confirmed

Results of factor analysis (Table3) indicate that components of interactive, functional and structural dimensions with factor loads of 0.92, 0.84 and 0.72, respectively, influence SNOWA brand.

## 6. Discussion and conclusion

The present paper aimed at examining the status of SNOWA home appliances and to what extent can social capital influence brand selection. Respecting the theoretical pattern of relation networks, the issue was explained in theoretical terms and structural (size and composition), interactive (frequency of contact, contact method and intimacy) and functional dimensions (supports and mutual instrumental resources) were investigated with their effect on brand selection among consumers of SNOWA home appliances in Chaloos city. Results of analyzing side hypotheses demonstrated that there is a positive significant relationship between size and composition of individual relations and brand selection among consumers of SNOWA home appliances. Besides, there is a positive, significant relationship between intimacy, contact method and contact frequency and brand selection. In the same way, the effect of all types of support on brand selection was confirmed. Hence, it can be claimed that there is a positive significant relationship between structural, functional and interactive dimensions of social capital and brand selection in the social network of SNOWA home appliances consumers. Accordingly, since hypotheses are accepted, it can be said that there is a positive, significant relationship between individual social capital and brand selection among consumers of SNOWA home appliances. In addition, results indicated that the interactive dimension of social capital, with a higher average than other two dimensions, has the highest impact on brand selection. Among indicators of interactive dimension, intimacy ( $t$  value = 7.11) has the highest impact on brand selection. Moreover, results of factor analysis showed that components of interactive, functional and structural dimensions with factor loads of 0.92, 0.84 and 0.72, respectively, are effective on SNOWA brand selection. Respecting high values of intimacy and its effect on brand selection, consumers are suggested to consult individuals with whom they feel more intimacy in social networks to gain more comprehensive information. Respecting the effect of relation size on brand selection, consumers are recommended to consider this in order to benefit from advantages of a proper and unique purchase. They should, also, expand and develop their social relations through their favourite social networks. Considering the impact of contact method and frequency, it is suggested to expand their relations in any desirable manner because individuals in different age group prefer various methods of contact. Finally, respecting the fact that various types of support are effective on brand selection, consumers are suggested to consider this, especially while purchasing a product or service.

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