Impact of Customer Satisfaction and Brand Image on Brand Loyalty

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Abstract: *The study is going to analyze the impact of customer satisfaction and brand image on brand loyalty. The impact has been seen by the data obtained from the consumers of Gujranwala, Pakistan. Questionnaire survey was conducted to obtain data from randomly selected University of the Punjab, Gift University, Indus Industries and local society consumers. A sample of about 200 respondents was obtained in a period of one month and their responses were further tested on SPSS software by applying different statistical techniques. Results concluded that the customer satisfaction and brand image both have a significant positive impact on the brand loyalty. Study revealed that the impact of brand image on brand loyalty was greater than the impact of customer satisfaction. Furthermore, this research elaborates that the customers can be made loyal to the brand by providing satisfaction through better quality services and communicating and developing a good brand image through accurate positioning. Practical implications, research limitations and the future study directions also have been given in this paper.*

Keywords: *customer satisfaction*

I. INTRODUCTION

Customer retention and loyalty are arising as a big concern in the whole globe. Brands are introducing each and every day leads to an ever ending competition. In this competitive environment, making a customer bran loyal is emerging as a big challenge but it is the need of the hour for getting better market share and profitability and can only be done by making customer satisfy and developing a good image in the mind of customers. Brands are introducing and accepting in every good economy which give indication that customers are now not only give importance to tangible products and services but they also look for the self-esteem behind the scene. Lau put a light on this particular issue by saying that customer retention is profitable for a company but it need quality services, superior values and satisfaction to make customer loyal with brand. Now comes to local scenario of Pakistan, here the economic conditions are not such good to accept each and every brand by full heart. But still low purchasing power is not disturbing a lot the sale of brands as they got their enough target market. In such conditions, satisfying a customer becomes more difficult as now they will take most of the things in context of price but still it is necessary to enhance brand loyalty. Krishnamurthy said that price elasticity cannot be completely ignored as if you go to exploit the customer then there will be chances of dissatisfaction, poor brand image and ultimately customer loss. Customer satisfaction and brand image have found as the most influencing factors for brand loyalty. But customer satisfaction can't be obtained until the brand provided better quality, superior value and the other spices. Brand image is necessary to get place in the customer's mind and can only be gain by communicating the product or brand's philosophy into the minds of customers through good repute and meeting with the expectations. So the objective of this study is to view the impact of customer satisfaction and brand image on brand loyalty. Following sections from 2 to 5 will discuss literature review and hypothesis formation, research methodology, results, practical findings and limitations and references respectively.

II. LITERATURE REVIEW

Brand loyalty: Lau said that the marketers should emphasize to develop trust in the consumer's mind as it will basically leads toward the brand loyalty. This trust can only be gained by providing quality services, superior values and ultimate satisfaction. Price elasticity has its impact on brand loyalty which means that when a brand will go to exploit its

customers more than they can bear then the loyalty will diminish. According to Chaudhuri when the product has been controlled to create brand trust and for positive brand effect then the loyalty emerged. Loyalty can be in two dimensions either the purchase or attitudinal. Purchase loyalty helps to give better market share while attitudinal loyalty tends to set high prices. Moreover Bloemer discussed that the customer satisfaction is vital for the brand loyalty as it is an important reason to attach someone with a particular brand. High brand loyalty is always followed by the least one. Different levels of customer satisfaction behave differently while creating brand loyalty. Tucker said that the brand loyalty can conclude with the frequency and the regularity which customer show while choosing brand product. Distortion in terms of frequent visits can disturb the brand loyalty up to a great extent as it will make differences between the brand and its loyal customers. According to Delgado-Ballester trust is a key player in creating brand loyalty as it leads towards repurchase and consumer retention. This trust itself comes from fully achieved expectations and satisfaction which are also independently responsible for brand loyalty.. According to Gommans brand loyalty is surpassing the boundaries of traditional workplace and going to enter in the electronic market. E loyalty is emerging as a new marketing challenge as lot of web users has great influence so satisfying them is the most precious and needed task at the moment.

Customer Satisfaction: According to Anderson when the product matched with the expectation of the customer then it's enhance its satisfaction which ultimately leads to profitability. But such type of customer satisfaction cannot always achieve by just doing the total quality management as it also associated with many small components. Furthermore Eugene W. said that products normally remain low from expectation when it is easy to evaluate them. High satisfaction also proves harmful sometimes as it becomes essential to ensure that level every time and moreover it also put impact on customer repurchase intention. Since Churchill Jr. discussed that the disconfirmation is come out whenever there are perception and expectation about the product and its performance. In case of durable goods not only the expectation but also the actual performance played important role in satisfaction or disconfirmation. Disconfirmation can be only arises in non-durable goods when it did not meet with perceived performance. But according to Henning-Thurau , customer satisfaction acts as a key factor in the success of company sometimes and also give company a competitive edge in this regard. Customer satisfaction ensures an increased life time value of the customers by retaining them for a long time through superior quality and satisfaction. Value and customer satisfaction which are closely linked elements contribute a lot to freeze the customer's buying intention on the respective product. Furthermore Rust discussed that it is rational to invest financial resources to enhance the customer satisfaction elements as it is an ultimate source of customer loyalty and retention. A satisfied customer will save our cost of attracting a new customer which will further lead to profitability and greater market share due to the words of mouth of a contented customer. Taylor also talked that the service quality and customer satisfaction actually form the purchase intention of a customer as they are very influential on the behaviors of customers. Customer satisfaction itself plays a role of moderator between service quality and the purchase intention as it is a key element to generate future perceptions about the product. In this regard Smith also put a light that in case of any service failure, customer responds very intensively so it is necessary that the company will also launch its recovery program with the same intensity to make equal terms. Satisfaction level will less harm by the service failure when the customers will get the desired remedies in exchange.

Brand image: According to Park, establishing a brand image is a quite important marketing function as it sometimes directly associate with sale. Brand image does not only convey the goodwill of brand to the customers but also implicitly persuade them to buy your product again and again. Furthermore Dobni researched that the brand image plays an important role in consumer buying behavior as the customers of modern era give importance to this particular factor. People just not buy the brand for its physical product or attributes but behind the scene there is self-esteem and worth is bought by them. It also falls in the social context when you organize the event with such social cause so that you can easily get a soft corner in the heart of your potential customers. Moreover Roth alsaid that the product performance plays a key role to generate good brand image as most of the people believe on performance than the words of mouth. While placing your brand on the global scenario, the company should realize the social and cultural values of a particular locality to gain the position in the minds of local customers. Faircloth told that the brand attitude and brand image construct brand equity which is mostly concerned to managers. A brand having good image in the market will logically attract the better sale than the others so contribute a lot in the brand equity. Furthermore Padgett researched that the advertisement can be efficiently used for developing a brand image as it will get a space in the mind
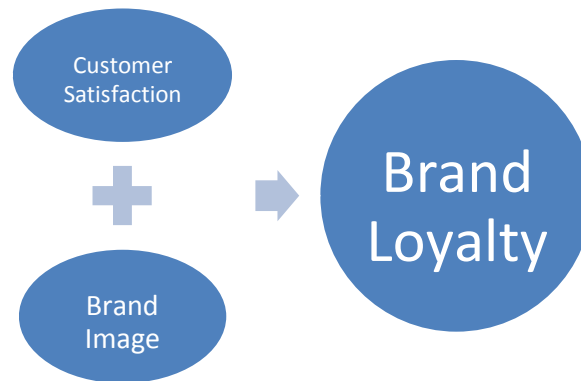
of audience. Experiences regarding services also construct a major portion of brand image as the belief which generated after the experience is more vivid and strong than before. According to Meenaghan and Tony explained that the advertisement is a very useful source to provoke brand image at company, retail and product level. Advertising make people aware about the basic functionalities of any brand in the best possible and controlled way.

Theoretical Model and Hypothesis

H1: Customer Satisfaction has a significant impact on Brand Loyalty.

H2: Brand Image has a significant impact on Brand Loyalty.

Hypothesis Model

III. METHODOLOGY

Instrument

To check out the impact of customer satisfaction and brand image on brand loyalty, questionnaire survey was used. Questionnaire instrument had two main sections. The first section was all about the personal profile of the respondents in which questions are asked about namely gender, age, marital status and employment nature respectively by using nominal scaling technique. Second section contained the questions about the variables namely customer satisfaction, brand image and brand loyalty respectively by using 5-likert scaling technique.

Sample

Two universities of Gujranwala which are recognized by Higher Education Commission (HEC) namely University of the Punjab Gujranwala Campus and Gift University respectively, Industrial sector of Gujranwala in which home appliances industry's big gun Indus Industries and then finally local consumers are the part of our total sampling frame. Furthermore we use convenience sampling technique and distribute 200 questionnaires among the sampled respondents belong from our sampling frame.

Demographics

From 200 survey questionnaires, 181 questionnaires considered as recordable as the remaining have a lot of missing values. Among these 181 respondents, 108 were male and 73 were female with the percentage of 59.7 and 40.3 respectively. Majority of the respondents belong from 21-30 years age group as it constitutes the 50.8 percent of the total sampling frame. Then comes the respondents belong from 31-40 years age group as they constitutes the 23.6 percent of the total sampling frame following by 13.3 percent which comes from the age group of 41-50 years. 12.2 percent was contributed by the age group of 20 or less years. Among these 181 respondents, 39.2 percent people were married and 60.8 percent people were single. 60.2 percent respondents were student, 24.9 percent respondents were doing job and 14.9 percent respondents were self employed having own business.

IV. RESULTS AND DISCUSSION

To check out the impact of customer satisfaction and brand image on brand loyalty, we used Pearson Correlation and multiple regression analysis. These tests had been applied to check out the extent of relation which existed between the under observation variables. Then the Descriptive statistics had also been applied in which we find the mean and standard deviation to check out that the inclination of study respondents and then finally Cronbach's Alpha was known to check out that how much reliable was the survey questionnaire.

	Customer Satisfaction	Brand Image	Brand Loyalty
Cronbach's Alpha	0.817	.0.748	0.640

Table No. 4-1 is showing the values of Cronbach's Alpha which demonstrates the reliability of research and its variables. As customer satisfaction, brand image and brand loyalty possess the values of Cronbach's Alpha of 0.817, 0.748 and 0.640 respectively. It shows that the research instrument and its results are highly reliable.

Table no. 4-2 Descriptive Statistics

	Mean	Std. Deviation	N
BI	3.2652	.67908	181
CS	3.4599	.77483	181
BI	3.5244	.57601	181

Table no. 4-2 told the mean value of customer satisfaction, brand image and brand loyalty. Mean value of brand image is 3.46 which is closer to the 4 and it's told us that most of the respondents are agreed about the customer satisfaction importance but these responses can be deviated by .774 from the average responses of respondents at 5 point Likert scale. The mean values of brand image and brand loyalty are 3.27 and 3.52 respectively which also show an agreed response by the respondents in this regard but these responses can also be deviated by .678 and .576 from the average value of respondents at 5 point Likert scale.

Table no. 4-3 Correlations

		CS	BI	BI
CS	Pearson Correlation	1	.897**	.794**
	Sig. (2-tailed)		.000	.000
	N	181	181	181
BI	Pearson Correlation	.897**	1	.766**
	Sig. (2-tailed)	.000		.000
	N	181	181	181
BI	Pearson Correlation	.794**	.766**	1
	Sig. (2-tailed)	.000	.000	
	N	181	181	181

. Correlation is level (2-tailed).significant at 0.01

Table no. 4-3 depicted that customer satisfaction is positively associated with brand loyalty with a value of .794 which is strongly significant at 1%. Brand image is also positively associated with brand loyalty with a value of .766 which is strongly significant at 1%.

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Table no. 4-4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804a	.646	.642	.34473

a. Predictors: (Constant), BI, CS

Furthermore, to check the impact of customer satisfaction and brand image on brand loyalty a multiple regression analysis was applied with Durbin-Watson for analyzing the nature of correlation among variables. Table no. 4-4 elaborates the results in this regard. R square depicts the total variation in the dependent variable (Brand Loyalty) due to the impact of independent variables (Customer Satisfaction & Brand Image). It shows that the independent variables have 64.6% impact on Brand Loyalty which is a significantly high figure but justifiable in management sciences. Durbin-Watson is calculated to check out the nature of correlation exist among the variables, either correlation is positive, negative or zero. 1.756 is the value of Durbin-Watson which is less than 2 depicts that there is significant positive correlation among the study variables.

Table no. 4-5 ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.569	2	19.284	162.277	.000a
	Residual	21.153	178	.119		
	Total	59.722	180			

a. Predictors: (Constant), BI, CS, b. Dependent Variable: BI

Table no. 4-5 depicts that how much significance exist between the variables under discussion. It is another matter that whether it is acceptable or not. The result of ANOVA table depicts that significance level is .000 which is less than .05. It means that customer satisfaction and brand image has strong and acceptable influence on brand loyalty.

Table no. 4-6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.354	.126		10.707	.000		
	CS	.408	.075	.549	5.438	.000	.195	5.116
	BI	.232	.086	.274	2.716	.007	.195	5.116

a. Dependent Variable: BI

Table no. 4-6 showed the beta values of under study variables which depict the individual influence of independent variable on the dependent variable. Table shows that the customer satisfaction has strong influence on brand loyalty as it carried the value .549. Brand image has also strong impact on brand loyalty but it was less than the customer satisfaction influence as it carried the value .274. Thus both of our hypotheses H1 and H2 respectively supported. Collinearity had also been checked as tolerance value is .195(less than 5) and VIF value is 5.116(less than 10) which depicts that there is no collinearity exist in the data.

V. CONCLUSIONS

At the end of the day, it is concluded that customer satisfaction and brand image play an important role in making a customer brand loyal. The impact of customer satisfaction was greater than brand image but both were highly significant factors. Customer satisfaction itself necessary for a good brand image and that's why on the whole they influence brand loyalty. The objective of this study was to check out the impact of customer satisfaction and brand image on brand loyalty. Survey questionnaires have been filled from students, industrialists and other consumers by using convenience sampling. The results have shown that the customer satisfaction and brand image have significant impact on brand loyalty. The impact of customer satisfaction was greater as it comes from better quality and providing superior values. Moreover customer satisfaction also plays a part in creating good brand image and on the whole they put an influence on brand loyalty which is necessary for profitability and greater market share. Past studies also confirm such results.

Sample was taken just from Gujranwala which should be gone beyond the boundaries of city but the budget constraint was a barrier in this regard. Same study should be conducted in other major cities of Pakistan to get a more comprehensive view.

Practical Implications

This study can prove beneficial for the local and multinational brands of Pakistan in such a way that they will realize the importance of brand loyalty which can be possible by satisfying the customer needs and developing good repute in the market. It will increase their profitability by increasing customer life time value and enable them to capture a greater market share

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