



A RESEARCH ON INFLUENCE OF CONSUMER SATISFACTION – BRAND LOYALTY

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Abstract

Customer satisfaction and brand loyalty have been addressed as marketing goals for many companies. Marketing professionals consider loyalty to be a multidimensional phenomenon. Despite the findings of many researches that satisfaction has a significant favorable impact on brand loyalty and a true re-purchase behavior of same brand leads to long term business profits. Therefore, this study investigated the impact of customer satisfaction on brand loyalty for durable goods. The author used primary data in this study and for this purpose a survey has been conducted through a structured questionnaire. Our study results show that the customer satisfaction has significant factor that affect brand loyalty. Brand loyalty theories suggested that loyalty to brands is the outcome of several factors comprising affective, behavioral and attitudinal dimensions. Customer loyalty as defined by Oliver is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behaviour. Brand Loyalty in marketing has been associated with a positive perception by consumers towards the brand.

Key words: customer satisfaction, brand loyalty, durable goods

Introduction

Customer satisfaction and brand loyalty is an emerging phenomenon that is considered a vital issue for which the business firms are very sensitive. The main objective behind its improvement is to see the consumer purchasing behaviour which is very important in company's performance and maintain sustainable growth in a highly competitive environment. The concept of brand loyalty is very crucial due to its importance in business performance and benefits for an organization.

This study aims at:

- a. To examine the various factors influencing brand loyalty?
- b. To study the impact of customer satisfaction on brand loyalty.
- c. To investigate the role of brand performance in customer satisfaction and loyalty.
- d. To investigate the role of brand efficiency to improves customer satisfaction and brandloyalty.
- e. Empirically investigates the role of customer satisfaction for enhancing brand loyalty.

Customer satisfaction is broadly viewed as "The most crucial route to significant and sustained marketing performance" and as "central into the marketing concept. In the academic literature, the modeling of brand loyalty and customer satisfaction has a long record for frequently buying packaged goods. Similar efforts with consumer durable goods, on the other hand, are generally absent, so the goal of this present study will be to explore the antecedents of customer satisfaction's and brand loyalty in the context of Pakistani home appliances sector. Brand loyalty is not highly significant in because there is no proper alignment of brand performance and customer satisfaction so companies are trying hard to create alignment between satisfaction and loyaltyor focusing more on the purchasing behavior of their customers and offer the products according to the requirement of buyers and develop strategies to retain them in the end.



Empirical research has established that judgments of product performance are related to expectations that can be enhanced the customer satisfaction or brand loyalty.

Brands

Brands comprise the logo, the pictorial representation of the company or organization, the signature of the company. According to the American Marketing Association a 'brand' is a name, term, sign, symbol or design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors (Keller, 1998). Today a brand is also represented by a personality and a signature tune to capture the hearts of consumers and keep them loyal.

Loyalty

Loyalty is a biased response towards a brand or product expressed over a period of time loyalty implies consistent repurchase of a brand resulting from positive affinity of consumers towards the brand or the product.

OBJECTIVES

1. To study the importance of customer satisfaction for brand loyalty
2. To find out the impact of customer satisfaction on brand loyalty
3. To analyze effect of quality on brand loyalty

REVIEW OF LITERATURE

Brand Performance

Brands can play a key role in the company's success by developing competitive advantages with brand performance and through non-brand related means. Perceived differences among products via branding deliver a number of benefits to the business companies which include building consistent quantity and income for a long time, resisting attack, getting higher fair share, plus more importantly much better cash flow and earnings (Berry, 1988; Yovovich, 1988). Powerful proof exists that up to 70 percent of earnings can be attributed to the brand (Perrier, 1997). As such, it is argued that companies overall performance and brand performance are intently entwined (Harris and de Chernatony, 2001). Importantly, the idea of brand performance resides in the marketplace while the strength of companies brand as evidenced by its current market share, sales growth and profitability.

Brand performance can also be found in the brand by achieving the companies established objectives for it inside the marketplace. Brand performance refers to the relative measurement of a brand's success in the marketplace. For instance, it has been argued that, market share is actually a measure of brand overall performance, as brand achievement is created with significant market share(Keller and Lehmann, 2003). Certainly, successful brands like Coca-Cola, IBM, and Sony are witnessed as brand leaders that attain substantial market share within their segments (Doyle,1989). Therefore, market share has been commonly used in the marketing research as are liable sign of brand success (see Smith and Park, 1992; Roth, 1995; Chaudhuri and Holbrook, 2001; Weerawardena et al., 2006). Similarly, sales volume is also a measure of brand performance as it displays the level of direct earnings from prospects (Lassar, 1998).

Customer Satisfaction

Customer satisfaction strategy has built a great deal of consideration during the past decades(Oliver, 1996). Therefore, satisfaction is in reality probably the most unassailable concepts of the modern management field (Oliver, 1996). Not simply does the idea of satisfying customers have a good, common-sense appeal, it can be also believed that customer satisfaction would lead towards loyalty, resulting in to increase higher profit gain (Oliver,1996). For many



firms, customer satisfaction is becoming the guiding principle for establishing marketing tactics as well as developing marketing activities. Customer satisfaction must not be described as a goal in its place, it should be considered as a means for improving the company's performance (Martensen et al., 2000). During the 1990s, there was a popular realization that satisfaction ratings have been in actual fact a means for attaining strategic purposes, such as customer retention which is considered to affect companies' profits directly (Jones and Sasser, 1995; Reichheld, 1996). Now the companies are focusing to increase satisfaction strategy because satisfied customers have higher chances to repurchase the same product (Reichheld, 1996).

Satisfaction-loyalty to a brand alone

Some customers choose a brand regardless of the product. For instance, customers who like the Sony brand in any product Sony may offer televisions, disc players, photo cameras, etc. may demonstrate brand loyalty by making subsequent purchases of Sony products without regard to other brands. Some brands are linked to products in similar lines, such as Sony or General Electric, whereas other brands relate to products in different product lines such as Nestle or the Apple. Still some customers identify themselves with a brand or adopt a brand because it reflects their personality (Aaker, 1997). Most studies have focused on brand alone emphasizing its intangible attributes or associations in various forms such as company advertising, public relations, and word of mouth communications (Biel, 1992; Krishnan, 1996) media reports on consumption (Biel, 1992)

Customer satisfaction as antecedent of loyalty

Satisfaction is often used as a predictor of future consumer purchases (Newman and Werbel, 1973; Kasper, 1988). Satisfied customers have a higher likelihood of repeating purchases in time (Zeithaml et al., 1996), of recommending that others try the source of satisfaction (Reynolds and Arnold, 2000; Reynolds and Beatty, 1999), and of becoming less receptive to the competitor's offerings (Fitzell, 1998).

Brand Loyalty

Brand loyalty is a sort of commitment towards the brand that induces a re-buy behavior into the customer in spite of the potential marketing attempts by competitors to break up the coalition between the brand and the consumer (Oliver, 1999). Brand loyalty is considered to provide greater leverage to trade, condensed marketing costs (Aaker, 1991) and building an augmented market share (Jarvis and Mayo, 1986).

Consumer brand loyalty has a significant position in the marketing

Regarded as an essential feature of brand value

It is admittedly true that shopper allegiance for a brand in truth contributes much to marketing. According to the concept of brand loyalty, it is regarded as the essential feature of brand value. The American Marketing Association gives it the explanation as "the situation in which a consumer generally pays money for the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category" or "the degree to which a consumer consistently purchases the same brand within a product class" can guarantee the level of brand loyalty. It follows that brand fidelity may add the satisfaction of other dimensions of brand value. For example, brand devotion always leads the payers to believe the perceived quality of the brand is better than others.

Cut down costs

This strategy may facilitate vendors expend less but attain utmost money in the marketing. The work of Reichheld (2000, qtd in Banasiewicz) reveals that sellers have to waste as much as four times money to attract new clients than to continue the loyal customer. On account of this, the



author turned to a perfect statistic to prove this contention. He goes on to indicate that for an individual customer, you have to just spend 5 percent of wealth for keeping his loyalty; alternatively, you will receive 75% of profits that he will bring in. It can be predated as acquiring new purchasers expend more money to advertising, giveaway and industry discount.

Less sensitive to price

Typical loyal purchasers are less sensitive to price. Because of this, when a product mark up, they won't lessen the quantity of they buy. It is the view of Reilly (2008) that loyal customers deem the assessment of the product. As a consequence, they strongly believe their choices. In that case, they tend to center less on the price.

Bring in new potential faithful consumers

The potential benefit that the loyal customers are able to add is that they may bring in more new consumers. At the same time, these potential consumers are also possible to become the future loyal customers. A good example of this is that when one repeatedly buys the same brand cosmetic, and considers it convenient to use, he will recommend it to his classmates and girl friend. Hence, there is no wonder that people around always own the same brand of clothes as well as other commodity. In contrast, if people around me complain the poor quality of a brand to me frequently, I won't think of owning it as well.

Benefit in global marketplace

Most of all, in the global economy, client brand dependability stands out as an important competitive weapon. Kust (2008, p.24) correctly argues that the world has switched into a global business in the last 10 decades; developing the brand loyalty globally is essential to enter the market. He goes on to indicate that in order to keep a trust relationship with their consumer, corporations should create a customer brand loyalty program among customers.

Difficulties sometimes stop businessmen from working out the technology.

Purchasers refuse loyalty programs

It is a popular belief, however, that we may find certain difficulties to face with consumer loyalty. First of all, consumers are less willing to participate in a customer loyalty program for several reasons. The excellent consumer loyalty program concludes both rewards and recognition; nevertheless, notwithstanding, the target doesn't make sense in the modern society. Thomas (2009, qtd in Silverstein) draws attention to the fact that with customers facing an array of choices, they will be particular about what they buy; as a consequence, we are paying more attention on the rewards of a product. It means that little rewards won't satisfy us anymore. In other words, it is the modern economy environment that makes it more difficult for the sellers to remunerate people.

Loyal programs is incomplete

Yet another primary reason for non-participation is that customers have more requirements on a loyalty program. According to Silverstein (2009), more than 50% of audiences complain that most loyalty programs look the same, so they lose interest to belong to any program. Worse still, some people who once took part in any loyalty program even drop out because of these two reasons. At the same time, some people contend that companies/entrepreneurs shouldn't rely absolutely on customer fidelity. A good example of this is that current loyalty programs exist with some drawbacks which make their function incomplete (2003, Uncles, p.294). The author examines that most people tend to pay money for the products they require. In simpler terms, customers choose only one category of brands as an ideal condition.

There are several infections of purchasers' loyalty.

While it is true that retaining loyalty meets a lot of trouble, there is something can be done to reduce the risks. It can be clearly be maintained that finding the complication of brand loyalty can aid us solve the problems. To begin with, they should have a deep analysis of the customers’ purchase inclination. For instance, what they would like to pay, how much they prefer to spent on the particular kind of good, and how often they go on shopping.

RESEARCH METHODOLOGY

An empirical investigation is made using primary data. A c survey was conducted through a structured questionnaire. In order to achieve the specified targets, questionnaire will probably be structured as a research tool for data assortment. To evaluate the attitude and opinions of the respondents concerning the variables or indicators of customer satisfaction questionnaire would be chosen because interviews are quiet tricky and time consuming. There are two way to collect questionnaire info: by way of self-administered questionnaires (i.e. Mail or electronically), phone interviews or private interviews .The questionnaire in this examine was circulated by mail and personally administered. This was regarded as the most beneficial suited option a result of the intensive geographical distribution of samples. A sample of 300consumers is selected through simple random sampling in which 275 questionnaires were received so the response rate was 92%. Certain demographic profile questions are also thepart of the questionnaire. All the questions are rated on ordinal or attitudinal scale where 1represents “strongly disagree” & 5 “strongly agree” After information collection, upcoming move is to analyze the data. SPSS software program is used for analysis like correlation analysis, multiple regressions and ANOVA was utilized for model suitability test. Descriptive statistics are also employed for means and frequencies computations.

DATA ANALYSIS

Table 1 Correlation between brand loyalty, brand performance and customer satisfaction

		TotalBP	TotalCS	TotalBL
TotalBP	Pearson Correlation	1	.250**	.236**
	Sig. (2-tailed)		0.000	0.000
	N	275	275	275
TotalCS	Pearson Correlation	.250**	1	.348**
	Sig. (2-tailed)	0.000		0.000
	N	275	275	275
TotalBL	Pearson Correlation	.236**	.348**	1
	Sig. (2-tailed)	0.000	0.000	
	N	275	275	275

Multiple Regressions: three variables are used in this study. Brand Loyalty is dependent variable, Customer Satisfaction is mediating variable and Brand Performance is independent variable.

Regression Model (1): In the first step it was checked that whether total Customer Satisfaction could be predicted by brand performance. The results of standard regression inthis case are as follows.

Table: 2Correlations

		Consumer satisfaction	Brand Performance
Pearson Correlation	Consumer satisfaction	1	0.25

	Brand Performance	0.25	1
Sig. (1-tailed)	Consumer satisfaction		0.000
	Brand Performance	0.000	
N	Consumer satisfaction	275	275
	Brand Performance	275	275

In the correlation table the first assumption about multi-co linearity was observed that the correlation of brand performance independent variables with customer satisfaction dependent variable is above .2 but less than .9 and the correlation among brand performance independent variables is less than .7 which means there is no multi-co linearity in the model

Table: 3 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	225.973	1	225.973	18.168	.000 ^a
	Residual	3395.612	273	12.438		
	Total	3621.585	274			

Regression Model (2): In the second step it was checked that whether Brand loyalty could be predicted by total customer satisfaction The results of standard regression in this case are as follows:

Table: 4 Correlations

		Consumer satisfaction	Brand Performance
Pearson Correlation	Brand Loyalty	1	0.348
	Consumer satisfaction	0.348	1
Sig. (1-tailed)	Brand Loyalty		0.000
	Consumer satisfaction	0.000	
N	Brand Loyalty	275	275
	Consumer satisfaction	275	275

In the correlation table the first assumption about multi-collinearity it was found that the correlation of total customer satisfaction independent variable with total brand loyalty dependent variable is above .3 but less than .9 and the correlation among independent variables customer satisfaction is less than .7 which means there is no multi-collinearity in the model

Table: 5 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	628.898	1	628.898	37.696	.000 ^a
	Residual	4554.607	273	16.684		
	Total	5183.505	274			

a. Predictors: (Constant) Consumer satisfaction

b. Dependent Variable: Brand Loyalty

In the ANOVA section, the relationship was found significant. In the coefficient section B values under standardized coefficients were evaluated and it was found that the value of Brand loyalty was 0.348 and this implies that total Customer Satisfaction) makes the strongest unique contribution to explain brand loyalty when the variance from other variables is controlled. The significant value is also less than .05 so the independent variable is significantly contributing to predict the dependent variable.

Table: 6 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. error	Beta			Lower Bound	Upper Bound
1	constant	23.116	1.593	0.25	14.507	0.000	19.979	26.253
	Total Brand Performance		0.042		4.262	0.000	0.097	0.264

Dependent Variable: Brand Loyalty

In the coefficient table the value of tolerance is more than .10 and value is less than 10 so this also proved non multi-co linearity in the model.

FINDINGS

1. From the analysis, it was found that Brand Performance has significant positive relation with Customer Satisfaction’s in home appliances. So on basis of following results in the table of multiple regressions the R2 value of 0.336 in model summary indicates that 33.6 percent change in dependent variable Customer Satisfaction is explained by independent variable Brand Performance. This result is endorsing the results of previous studies. Brand Performance has taken as very important antecedents of customer’s satisfaction and it shows positive behaviour for the construct Brand Performance.

2. From the analysis, it was found that Customer Satisfaction has significant positive relation with Brand Loyalty in home appliances. So on basis of results in the table of multiple regressions the R2 value of 0.421 in model summary indicates that 42.1 percent change in dependent variable Brand Loyalty is explained by independent variable Customer Satisfaction. It states that the relationship between customer satisfaction is positive and most significant with loyalty because more satisfied a customer tends to be, the higher is the actual loyalty

CONCLUSION

The findings shows that brand loyalty can be generated through improving customer satisfaction and offering high brand value. Brand performance has significant positive relation with customer satisfactions in home appliances. The survey result shows that 33.6 percent customer has satisfied on the basis of brand performance. It shows Brand Performance is fundamental



motivation factor for the customer satisfaction which considered as a positive state of mind in purchasing products which relates to customer satisfaction and brand reputation is important antecedents for intended loyalty. For customer satisfaction companies should understand customer-specific needs, provide good quality products, and have the capacity to address customer complaints or problems in a friendly manner. Perceived good product performance is a key driver of brand loyalty and also significantly influences customer satisfaction.

The results, evoked from this study indicate that companies striving for brand loyalty should focus on customer satisfaction and performance of brand. The analysis from multiple regression shows that 42 percent change in dependent variable brand loyalty is explained by independent variable customer satisfaction so that the customer satisfaction has positive association with brand loyalty in home appliances. Companies are much aware of the significance of customer satisfaction and satisfied customers have a higher possibility of repeating purchases of the appliances and of becoming less interested to the competitor's brands. This study provides many theoretical and managerial implications for marketing professionals and researchers. The strength of the proposed model was examined by means of using the most popular durable products brands. Managerially, our findings about the impact of customer satisfaction on brand loyalty can be used for the retention of acquired customers.

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