Effect of Brand Image on Brand Loyalty and Role of Customer Satisfaction in it

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Abstract: The purpose of this study was to check the effect of brand image on brand loyalty and the moderating role of customer satisfaction in it. Brand attributes and Brand benefits were studied as dimensions of Brand Image. Quantitative study was conducted in wireless Telecommunication sector of Pakistan. Sample of 150 students and teachers, from different colleges and universities of Sahiwal, were selected and surveyed through questionnaires. Pearson Correlation and Regression were run to analyze the data. Finding reveals that positive and significant relation exists between Brand Image and Brand loyalty and Customer Satisfaction also has a positive moderating effect on this relation. The sample size was too short. This study can be replicated with a large sample size in similar sector or context. The impact of marketing communications and consumers' knowledge on brand loyalty can also is studied to enhance the study. Organizations ought to pay special attention to the building of brand image, achieving customer satisfaction. And through this they would also be successful in achieving brand loyalty.

Key words: Brand Image · Brand Loyalty · Customer Satisfaction

INTRODUCTION

Globalization, diffusion of markets and growth of IT have all improved consumer knowledge and produced a state where extensive accomplishment is no longer possible through optimized product and price technologies. As an alternative the companies have to rely on long-standing and healthy buyer associations. Consistent with several researches it is almost 6 times harder to capture new customers then to retain the old ones. Hence we can see that there is more emphasis on winning loyal customers than capturing new ones.

These days' companies are worried that modern customers have a propensity to be less devoted to a certain brand [1]. The consumers are available with so many alternatives to chose from and so they don't care about sticking to one particular brand. The consumers receive wide choices in prices, product quality and features that they become indecisive of what to choose.

Therefore it is very important for the companies to make their products stand out in the market [2].

This is where the brand image comes in. the brand image helps the companies to make a distinct place for their brands in the minds of the consumers. Brand image is believed to have an immense influence on consumer satisfaction and Brand loyalty. This study aims to identify the nature of this impact. This study focuses on telecommunication brands in Pakistan.

Provision of consumer satisfaction also plays a great role in capturing loyal customers. It is frequently used as the marketing yardstick of a company's performance [3]. It is also commonly thought that a satisfied consumer is a loyal customer i.e. he or she would repeat purchases and spread a positive opinion about a brand [2].

Most of the researches conducted prior to this focused on customer loyalty which is entirely different from brand loyalty. Moreover the prior researches focused on different industries other than the wireless

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telecommunication i.e. mobile service industry. And lastly the novelty of this research is that this research in wireless telecommunication industry was not done in Pakistan before, which this research is doing.

Research Objectives:

- Determination of the role of Brand image in providing customers satisfaction.
- Determining the relationship in brand image and brand loyalty.
- Determining the effects of customer satisfaction on brand loyalty.

Literature Review

Brand Image: As said by Hseieh, Pan, Setiono [4] a victorious brand enables the consumer to recognize the requirements it offers to satisfy, then compare it with the other available alternatives and differentiate it from them and consequently increases the likelihood of its purchase by the consumer. A company or a product that has a good image in the market is more likely to get a superior place in the market, a significant competitive edge and greater market share [5]. Moreover, many experimental results have proven that a positive brand image will lead to brand loyalty explained by Koo, D. M [6], brand equity explained by Aaker [7] and Kellar [8] and at last buying behavior [4].

Reynold [9] has elaborated that "an image is the rational construct developed by the customer on account of a few impersonations among the torrent of the total impressions; it originates through an inspired process in which these impressions are elaborated, embellished and ordered." Aaker [7] also proposed a definition of brand image as a set of relations ordered in some significant way. So it can be seen that brand image is actually the connection that a consumer establishes to a brand.

Brand image has been studied from various dimension discovering different features of the phenomenon every time. It has been measured on the basis of attributes explained by Koo, D. M. [6] and brand benefits or value [4]. Furthermore, Kellar [8] also suggested that brand image may be studied from the angles of brand attributes, brand benefits and brand attitudes as these were the basic constituents of "brand associations".

Brand attributes are the vivid characteristics that elaborate what a brand offers and what needs it satisfies according to the consumers [8]. These attributes can then further be separated into two categories i.e. product associated and non-product associated. Product associated attributes include all those things that are vital for carrying out the product function or service needed by the consumers. Whereas the non-product attributes include the characteristics of the product that are relevant to its buying and utilization.

In considering the benefits it is seen that these are the individual value that the customers connect to a product or a brand, i.e. what they believe they would receive from a brand. Kellar [8] also classified these benefits into functional, experiential and symbolic benefits. The functional benefits here are allied to the inherent value of the product or services and usually relate to the product associated attributes. Whereas the experiential benefits refer to how the consumers felt after using the product or the service and how was their experience. And finally the symbolic benefits refer to the contribution made to self-esteem or personal values by the usage of the product. These normally refer to the non-product associated attributes.

The brand attitudes however are usually defined as a consumer's general evaluation of the product [2].

Overall brand image can be summed up as something that lets the consumers to process all the information about different options in their mind and differentiate all the brands, generating reasons for buying and providing extensions [7]. Hence the maintenance of a brand image is very important for the success of any brand and should be the priority of all marketing managers.

Customer Satisfaction: According to Olsen and Johnson [10] customer satisfaction can be categorized into two approaches i.e. transaction-specific satisfaction or a cumulative satisfaction or post consumption satisfaction. After the 1990's, many researchers see satisfaction as post consumption satisfaction. Satisfaction can be defined as the combination of the customer's emotions and cognition after the use of the product also termed as the consumer's realization response. It is a verdict that a product or service attribute or the product or service itself provided a pleasing level of consumption-related realization. Customer satisfaction is viewed as an important feature in generating customer repurchases and generating further revenues for the company. Some researchers also say that satisfied customers may not revisit for repurchase and may not spread an optimistic opinion for a brand [11]. One of the reasons identified in this case are that the firm fails to meet the customer's needs and wants [12]. Customer satisfaction without the accomplishment of customer's perceived value is almost impossible to achieve as the brand then fails to meet the expectations of the customers [13].

Brand Loyalty: Jacoby and Chestnut [14] defined brand loyalty as prejudiced, behavioral reaction articulated in due course by some decision making unit regarding one or more brands out of a group of brands and is a function of psychological processes. Brand loyalty is a dedication of the customer to the brand to purchase it over and over again despite the influence of different marketing efforts of the competitors or other brands that may cause switching behavior. Brand loyalty can be examined under different approaches like attitudinal approach, behavioral approach or the compound approach [14]. Behavioral loyalty can be viewed as purchase frequency or proportion of purchases of a brand by the consumer [15]. The attitudinal loyalty consists of the purchase preferences, dedication or purchase intention of the consumer [1]. On the other hand researchers using the composite approach believe that both behavioral and attitudinal approaches are the best ways to measure brand loyalty.

According to a researcher with loyal customers companies can increase profits because loyal customers are willing to:

- Purchase more often
- Pay out money on trying fresh products
- Recommend products and services to others
- Give companies sincere suggestions

There has also been a lot of work in classifying customer's behavioral loyalty in different categories e.g. according to a study three measures of loyalty could be used to segment according to loyalty. These are:

- Customer's Primary Behavior- regularity and quantity of purchase
- Customer's Secondary Behavior- customer's word of mouth
- Customer's Intent to Repurchase- is the customer eager to buy again in future

The concept of loyalty is not a very simple but rather a very complex and complicated one. Many factors influence the loyalty of a customer to a brand. These include; satisfaction, switching of expenses and investments, apparent quality told by Olsen [10] and apparent value.

Brand Image, Customer Satisfaction and Brand Loyalty: Brand image has been viewed as an important instigator of customer satisfaction and brand loyalty. A study affirmed that if the consumers favor the image of a store

they would definitely form a loyalty for it too and also authenticated the effect of brand image on brand loyalty. A study found an indirect impact of brand image on customer loyalty with respect to customer satisfaction. Customer satisfaction is a significant force in forming customer loyalty and the profitability of a business. Many studies have found a positive relationship between customer satisfaction and brand loyalty that included repurchase, price indifference and cross-buying behavior [16]. Nonetheless, some researchers also say that even satisfied customers are deficient as they claim to be satisfied by a certain brand but still purchase from the other [17]; [13].

Theoretical Framework: This theoretical framework shows the relationship among the three key variables in this study. Brand image is the Independent variable here as we are going to study its impacts on the other two variables. Customer satisfaction is the Moderating variable as it has a contingent effect on the Dependent-Independent relationship. The existence of this variable modifies the originally likely relationship between the independent and dependent variables. And at the end Brand Loyalty is the dependent variable as it is expected to vary along with any changes in the brand image i.e. the independent variable. This is the basic issue of interest in our entire study.

Hypothesis

Brand Image and Brand Loyalty: Tu, Wang and Chang [18] established that brand image significantly effects customer satisfaction and customer satisfaction considerably effects brand loyalty.

H_1: There is a positive relationship between Brand Image and Brand Loyalty
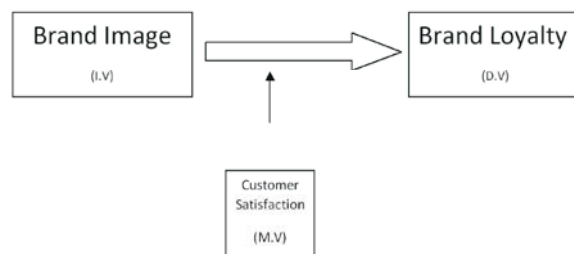
Brand Image and Customer Satisfaction: Although there are not many researches finding the relationship between brand image and customer satisfaction Stephen, Mazinah *et al.* [2] but Reynold and Beatty [9] were successful in finding some linkage between the brand image and

customer satisfaction by seeing people's reactions to different salespersons. They found a positive relationship between brand image and customer satisfaction.

H₂: There is a positive relationship between Brand Image and Customer Satisfaction.

Customer Satisfaction and Brand Loyalty: Numerous studies have confirmed the effects of customer satisfaction on brand loyalty [19]. When consumers are satisfied with a brand, it is highly probable of them to advise it to others and purchase it frequently [3].

H₃: There is a positive relation between Customer Satisfaction and Brand Loyalty

Methodology: In this research Positivist approach has been used. The literature review has helped us to discover that these variables had widely been studied in different countries and contexts but not in Pakistani telecommunication industry as done here. This research aims to analyze these variables quantitatively in the wireless telecommunication industry in Pakistan.

Data Collection Method: Although brand image and brand loyalty is a major concern in every sector but these days telecommunication sector is rapidly getting popular due to which conducting a research in this industry was much easier. The target population for this research was the university students, keeping in view the time and money constraints. The research was conducted from the students of different colleges and universities in Sahiwal.

For this a survey was conducted through questionnaire on a sample of total 150 students and teachers selected by convenience sampling. The response rate was 64% which was sufficient for this research. Three weeks were taken to collect the data from the students of different colleges and universities like CIIT, BZU and Punjab College in Sahiwal. The students were asked to assess their experience of wireless telecommunication brands in Pakistan to indicate their view of the brand image and their inclination to switch their brand.

Operational Definition of Variables
Brand Image: Brand image is widely measured on the basis of two things mainly; brand attributes and brand benefits or value [4], [6].

Brand Attributes: Brand attributes are the descriptive features that elaborate what a brand offers and what needs it satisfies according to the consumers [8]. These are further divided into two categories; product-associated and non-product associated attributes.

Brand Benefits/Value: The Brand benefits are the individual importance that the consumers attach to a product or a brand, i.e. what they believe they would receive from a brand. These are also further classified into functional, experiential and symbolic benefits [8].

Customer Satisfaction: Satisfaction is defined as the mixture of the customer's emotions and cognition after the use of the product.

Brand Loyalty: Brand loyalty is a commitment of the consumer to the brand to repurchase it over and over again despite the influence of different marketing efforts of the competitors or other brands that may cause switching behavior. Brand loyalty can be classified into; attitudinal approach, behavioral approach and the composite approach [14].

Behavioral Loyalty: Behavioral loyalty can be viewed as purchase frequency or proportion of purchases of a brand by the consumer [15].

Attitudinal Loyalty: The attitudinal loyalty consists of the purchase preference, assurance or buying intention of the consumer [1].

Composite Approach: It involves a combination of both behavioral and attitudinal loyalties.

Data Analysis: The data was treated and analyzed in the SPSS software. Reliability of the figures was checked through Cronbach's alpha. Mean, standard deviation, variance, was used to check the sample characteristics. Linear regression and correlation were used to analyze the data because the hypotheses are relational and have one independent variable in the study. Scatter plot and Durbin Watson test were applied to check the linearity and autocorrelation in the data. First effect of brand image on brand loyalty was checked and then moderating effect of customer satisfaction on the relationship of brand loyalty/brand image was checked.

Relationship of Brand Image and Brand Loyalty was checked through this equation:

$$Y = \beta_0 + \beta_1 X_1 + e$$

Moderating effect of Customer Satisfaction on Brand Loyalty was checked by this equation:

$Y=\beta_0+\beta_1 X_1+\beta_2 X_2+e$
Y=Dependent variable
β_0= constant variable
β_1=Value of independent variable
X_1=Independent variable
β_2=Value of moderator
X_2=Moderator

Findings

Descriptive Statistics: Bar chart showed that 61%respondents were male and 39%were female. 59% of the respondents were in the ages of 15-20, 34% were in 21-25 and the remaining 6% in 31-40. In the occupation category 12% respondents were teachers whereas the remaining 88% were students. For Mobile service 84% of the respondents used pre-paid service and the remaining 16% used post-paid service. For the mobile service category, 36% respondents use U-Fone, 27% use Mobilink, 21% use Warid, 9% use Telenor and only 7% use Zong. The Mean values, Standard Deviation and Variance for all these categories are shown below in Table 1.

Inferential Statistics

Reliability: Instrument of this study was reliable with Cronbach's alpha value as. 849 (Table 2).

Correlation: To check linearity assumption scatter plot was drawn that showed positive linear relation among the variables thus Pearson correlation was used in this study.

Pearson correlation shows that positive correlation exists in Brand Image and Brand Loyalty with.586[**] value which was significance at.000. Relationship between Brand Image and Customer Satisfaction was positive with value.581[**]and significant at. 000. And Customer Satisfaction and Brand Loyalty also have a positive relationship with value. 604[**]and significant at. 000. Hence it is seen that all the variables have a positive and significant relatioship as shown in Table 3.

Regression

Value of R: R value of Brand Image was.586with significance level of. 000, which shows it has a positive effect on Brand Loyalty. R value of Brand Image and Customer Satisfaction was. 670with. 000 significance level. This shows that moderating effect of Customer Satisfaction on the relationship of Brand Image and Brand Loyalty was significant with the significance value as. 000, which is less than the p-value (p=0.01) so H_0 is not accepted. Value of Durban Watson test was 1.876 that shows no autocorrelation in the data.

Coefficient of Regression: Model was fit with 48.548 F-value with p<0.05.Beta β value of Brand Image was.660, having t value as 4.306 with significance of. 000 (p<.05) and has a positive relation with Brand Loyalty. It means by changing one unit of Brand Image, 66% change will occur in the Brand Loyalty so H_1 is accepted. Combined effect of Brand Image and Customer Satisfaction on Brand Loyalty was also checked.

Beta value was β=.282 which is also significant (p<.05). R value for Brand Image was. 586with p=.000 significance level, i.e. it has positive effect on Brand Loyalty. R value for Brand Image and Customer Satisfaction was. 670with. 000 significance level,

Table 1: Descriptive Statistics

	Mean	Std. Deviation	Variance
GENDER TYPE	.3814	.48826	.238
AGE	1.4742	.64699	.419
OCCUPATION	1.8557	.35325	.125
MOBILE SERVICE	1.2500	.61559	.379
NETWORK	3.2421	1.66130	2.760

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.862	26

Table 3: Correlations

		Brand Image	Brand loyalty	Customer satisfaction
Brand Image	Pearson Correlation	1	.586[**]	.581[**]
	Sig. (2-tailed)		.000	.000
	N	95	95	95
Brand loyalty	Pearson Correlation	.586[**]	1	.604[**]
	Sig. (2-tailed)	.000		.000
	N	95	95	95
Customer satisfaction	Pearson Correlation	.581[**]	.604[**]	1
	Sig. (2-tailed)	.000	.000	
	N	95	95	96

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

Table 4: Model Summary

| Model | R | R Square | Adjusted R Square | Change Statistics | | | Durbin-Watson |
				R Square Change	F Change	Sig. F Change	
1	.586[a]	.343	.336	.343	48.548	.000	
2	.670[b]	.448	.436	.105	17.560	.000	1.876

a. Predictors: (Constant), Brand Image

b. Predictors: (Constant), Brand Image, Customer satisfaction

c. Dependent Variable: Brand loyalty

Table 5: Coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
		B	Std. Error	Beta		
1	(Constant)	1.308	.304		4.306	.000
	Brand Image	.660	.095	.586	6.968	.000
2	(Constant)	1.103	.284		3.881	.000
	Brand Image	.399	.107	.354	3.721	.000
	Customer satisfaction	.282	.067	.399	4.190	.000

a. Dependent Variable: Brand loyalty

Hypothesis	Sig.	Direction	Hypothesis Supported
H$_1$: There is a positive relationship among Brand Image and Brand Loyalty	.000	Positive	Yes
H$_2$: There is a positive relationship among Brand Image and Customer Satisfaction	.000	Positive	Yes
H$_3$: There is a positive relation among Customer Satisfaction and Brand Loyalty	.000	Positive	Yes

which shows that moderating effect of Customer Satisfaction on relationship of Brand Image and Brand Loyalty is significant because $p > .05$ so H$_1$ is accepted (Table 4). These findings are shown in the table 5.

Summary of Findings: The following table summarizes all the results in terms of the hypothesis that were found to be true.

Limitation and Future Research Direction: There are different limitations in this study. Firstly, a small sample size was taken due to time and money constraints. In future a bigger sample size may be taken for such kind of study. This would improve the accuracy of the results even more. Moreover people other than the students and teachers may be added to the target population. This would increase the scope for comparison in different people.

Secondly, the Telecommunication industry is not the representative of the whole service industry. The telecommunication companies have created high switching costs to reduce their churn rate. This reduces the opportunity for the customers to experience different brands. For the future this study may be conducted in other service sectors like banking or restaurant industry.

Thirdly, it would be interesting to study the impact of marketing communications and consumers' knowledge on brand loyalty [2]. This could be other dimensions to this study.

CONCLUSION

In this study the effect of Brand image on Brand loyalty was seen along with the moderating role of Customer satisfaction in the wireless telecommunication sector of Pakistan. A sample of 150 teachers and students was taken from different universities and colleges of Sahiwal.

Data was gathered through questionnaires and was analyzed using correlation and regression techniques through SPSSv.20.

At the end of this research we found a significant relationship among all the three variables, i.e. Brand image and Brand loyalty and Customer satisfaction.

The identification of advantages of the brand image will assist the marketers to create successful marketing strategies. It is very significant to learn the perception or judgment of the customer about the brand image and whether these perceptions are aligned with their needs and goals. Knowing this would help the practitioners reach the customers in an even more effective way.

With reference to satisfaction and loyalty, it is essential for the companies to determine customers' satisfaction in order to examine their product or service image, performance and whether their satisfied customers are willing to advise their product to others in addition to having the intent to purchase their product/service again in future.

Lastly, in order to make a flourishing brand the marketers must pay special attention to building a good brand image, customer satisfaction and brand loyalty as part of their branding strategies. Therefore all three of these factors, i.e. brand image, brand loyalty and satisfaction would play a vital role in shaping their brand popularity.

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