

## An Empirical Study of Relationship Between the Dimensions of Brand Loyalty and Customer Satisfaction

\* Mr. Sachin Hatole, Asst. Prof., MGMs Institute of Management, Aurangabad, Maharashtra (India)

### INTRODUCTION:

One of the key issues of marketing theory and practice during the last decades regards building, maintaining and developing brand loyalty in order to gain sustainable competitive advantages. Considering the dynamic marketing environment and vicious competition, brand loyalty as core dimension of brand equity, is essential for any company that plans to maintain long term competitive advantages and commercial performance. Therefore, we tried to investigate the relationship between the dimensions of brand loyalty and customer satisfaction.

### OBJECTIVE

1. To study the brand effect on brand loyalty.
2. To critical examine the dimensions of brand loyalty effect on customer satisfactions.

### HYPOTHESIS

- H<sub>1</sub>**- Brand effect has positive direct impact on brand loyal of customer.  
**H<sub>2</sub>**- Brand loyalty dimensions has positive direct impact on the customer purchase intension towards satisfactions.

### RESEARCH METHODOLOGY

The main objective of the research was to investigate the relationship between the dimensions of brand loyalty. The research methodology was based on a simplified analytical and qualities of brand loyalty drawn up from various approaches reflected in the literature. Brand loyalty was basically reflected by brand satisfaction, by the probability that those consumers who had bought a specific brand within a given product. Data had to be collected in such a manner so that investigated consumers could describe their behavior and attitude, what they do and what they think about the analyzed product categories and corresponding brands Therefore, we investigated a set of analogical hypotheses such as “Loyalty dimension is positively correlated with loyalty dimension. This research design was adopted to have accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. Research based on exploratory data. The investigator procures the required data through secondary method, different news articles, books which I were enumerated. The study is exploratory and qualitative in nature. Further the secondary data pertaining to the study is originated from various published sources, websites, industry reports and leading referred journals.

### LITERATURE REVIEW

#### 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).

#### POSITIONING BRAND LOYALTY WITHIN BRAND EQUITY

The concepts of both brand loyalty and equity have been viewed from a variety of perspectives during the last decades. Aaker (1991) defines brand equity as a set of brand assets and liabilities

linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm/or to that firm's customers. Although the assets and liabilities on which brand equity is based will differ from context to context, they can be usefully grouped into brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets. Among all, brand loyalty is the most important dimension and the core of a brand's equity, being, in some authors' views, the ultimate objective and meaning of brand equity (Travis, 2000). Keller (2008) considers brand equity from a customer based perspective as being the differential effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge is defined in terms of awareness and image, brand awareness being the consumers' ability to identify the brand under different conditions (recognition and/or recall), while brand image being defined as a set of brand associations held in consumer's memory. Thus, brand loyalty is viewed as the reflection of brand strength, being the essential output of what brand awareness and brand image can generate. Other important authors like Kapferer (1992) or Chernatony (1999) relate brand equity to the concept of brand identity, the latter being seen as a set of complex dimensions. On one hand, Kapferer enumerates the objective characteristics of the brand (its verbal and visual representation), the brand's personality (the human specific characteristics of the brand), the brand relationship (especially with customers, but also with suppliers, employees, investors etc.), the brand culture (from which every product derives), the brand reflection (its external image that links the brand to its target market) and the self-image (the consumers' inner relationship with themselves, in the perspective of their brand attitudes). On the other hand Chernatony emphasizes brand vision, culture, positioning, personality, presentation and, last but not least, brand relationship. As it can be seen, in both conceptualizations, brand relationship, including mainly brand loyalty, is one of the core dimensions of brand identity and, implicitly, of brand equity.

### **DIMENSIONS OF BRAND LOYALTY**

Oliver (1997) developed a popular conceptual framework of brand loyalty, taking into consideration a full spectrum of dimensions, using a hierarchy of effects model with cognitive, affective, cognitive (behavioral intent), and action (repeat purchase behavior) dimensions. Thus, brand loyalty becomes a deeply held commitment to rebuy or repatronage a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999). Traditional marketing literature generally emphasizes two different dimensions of the concept of brand loyalty behavioral and attitudinal. Behavioral intent, as the intention to act in the buying decision process, is considered by some authors (Mittal and Kamakura, 2001) as being intermediary between attitudinal and behavioral loyalty, appearing either as a predisposition to buy a brand for the first time or a commitment to repurchase a current brand. Attitudinal brand loyalty is a prerequisite for behavioral loyalty, some researchers (Baldinger and Rubinson, 1996) showing that, if their attitude towards a brand is positive, highly loyal buyers tend to stay loyal, while switching buyers might be turn into loyal buyers more easily

### **CUSTOMER SATISFACTION**

Customer Satisfaction is a comparison of expectations versus perceptions of experience. Customer satisfaction is a measure of the degree to which a product or service meets the customer's expectations. Customer Satisfaction is a measurement or an indicator of the degree to which customers or users of an organizations product or services are pleased with those products or services. Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these three. Churchill and Surprenant,

(1982), explained that Customer satisfaction is as expectation before purchase and perception about performance after purchase, The expectancy disconfirmation paradigm suggests that consumers are satisfied when the product perform better than expected (positive disconfirmation), dissatisfied when consumers' expectations exceeded from actual product performance (negative disconfirmation), and neutral satisfaction when the product performance matches expectations (zero disconfirmation/confirmation) (Oliver, 1980; Churchill & Surprenant, 1982; Oliver & Sarbo, 1988; Bearden & Teel, 1983). Oliver (1980) identified that satisfaction and dissatisfaction in terms of the disconfirmation of consumer expectation. A positive disconfirmation leads to customer satisfaction and a negative disconfirmation leads to customer dissatisfaction. Kumar, Kee and Manshor (2009) explored that high quality of service can result in high customer satisfaction and increases customer loyalty. Thus customer satisfaction is the outcome of service quality (Parasuraman, Zeithaml & Berry 1988, Naeem & Saif 2009),

### ***H<sub>1</sub>- BRAND EFFECT HAS POSITIVE DIRECT IMPACT ON BRAND LOYAL OF CUSTOMER SATISFICATION.***

#### **BRAND LOYALTY EFFECTS**

The brand includes the ability to apply premium pricing policies, the greater negotiation power in relation to distribution channels, the reduced selling costs, the higher barriers to potential new entries into the product category, and the increased success potential of brand extensions to related product categories (Reichheld and Teal, 1996). Customers can manifest their loyalty to a brand in several ways: they may choose to stay with a provider, and they may increase the number of purchases or the frequency of their purchases or even both, thus generating higher revenues for the brand. Brand loyalty must not be confounded to brand inertia. According to Bloemer and Kasper (1995), brand loyalty implies a deep-seated commitment to brands and there is a sharp distinction between repeat purchases and actual brand loyalty. In their published research, they assert that a repeat purchase behavior is the actual re-buying of a brand whereas loyalty includes antecedents or a reason or fact occurring before the behavior. Brand loyalty into “spurious” and “true” loyalty. Spurious loyalty represents biased behavioral response expressed over time by some decision-making unit, with respect to one or more alternate brands, as a function of inertia. Loyal customers are less price sensitive (Reichheld and Teal, 1996) and the expense of pursuing new customers is reduced (Dowling and Uncles, 1997), while organizational profitability is positively affected by the level of brand loyalty (Aaker, 1991). Brand loyalty can enhance marginal cash flow and profitability, as loyal customers often accept to pay a price premium for their favorite brands, are easily stimulated to new usage situations and tend to increase intensively and extensively their spending on the brand (Davis, 2002). Loyalty also enhances the process of attracting new customers. Satisfied and loyal clients tend to provide brand exposure and reassurance to new customers, through “mouth to mouth” communication. On the other hand, a potential customer has a better evaluation of a brand if that brand is perceived as having a loyal customer base.

#### **CUSTOMER SATISFACTION-LOYALTY TO A BRAND**

Customers choose a brand regardless of the product. For instance, customers who like 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).

## **BUILDING BRAND LOYALTY**

Building attitudinal loyalty mainly implies brand image building through mass media communications, but also short-term marketing activities such as promotional tools in order to shape a brand's image (Knox, 1996). Still, the short-term tools must be accompanied by long-term activities (such as product development). Brand trust plays a very important role in building and maintaining both attitudinal and behavioral brand loyalty (Cowles, 1997; Doney and Cannon, 1997). Building and maintaining brand loyalty also implies frequency programs in order to retain customers. Customer satisfaction is essential in order to build brand loyalty, although satisfaction does not necessarily generate or increase loyalty. Some authors emphasize an asymmetric relationship between loyalty and satisfaction (Waddell, 1995). Schultz (2000) outlines the importance of satisfying a customer in order to create behavioral loyalty. Thus, a satisfied customer tends to be more loyal to a brand over time than a customer whose purchase is caused by other reasons such as time restrictions and information deficits. Davis (2002) asserts that brand loyalty can only be achieved through a strong brand positioning which means creating and managing a unique, credible, sustainable, and valued place in the customer's minds, revolving around a benefit that helps the brand stand apart from its competition. Aaker (1991) suggests some basic rules when it comes to managing and enhancing brand loyalty. Lindstrom's "brand sense" concept lies in three components which combined build both loyalty and what he terms "smash ability". The constructs of his theory reside in that the sensory branding stimulates the relationship with the brand and allows emotional response to dominate the rationale thinking. The goal is a strong and positive bond between the brand and the consumer so that the consumer will turn to the brand repeatedly. An emotional engagement, through matching subjective perception and reality, is established. The essence of Lindstrom's theory lies in what he terms the "six sensory steps". These include sensory audit, brand staging, brand drama, brand signature, implementation, and evaluation. Through this discovery method, an organization can unveil aspects of their current offering or new avenues to exploit. This process, according to the author, will enhance brand loyalty and deepen existing relationships. This approach to brand loyalty derives from the use of our five senses. In order to understand any brand, a sensory audit must be conducted to assess the brand's leveraging of sensory touch points. This is comprised of examining a brand's stimuli, enhancement, and bonding capabilities. Lindstrom points out that the more sensory components, the stronger the foundation of your brand, and suggests that consumers use many senses when evaluating brands: visual (like an unique logo on building, cups, and bags etc.), visual/auditory (like an uniform and the way sales people approach customers), visual/auditory/touch (like the interior aesthetics: sofa, colors, wall paper, music etc.), smell/taste (like the distinct aroma released by the product). Innis and La Londe (1994) proved that distribution and especially customer service are essential elements that influence brand loyalty and thus must be separately analyzed when managing brand loyalty. Innis and La Londe's research showed that customer service performance contributes to the satisfaction of a firm's customers, the attitudes toward the firm as held by the firm's customers (and one's attitude toward a firm or a product affects how a person will respond toward that product or firm in the future - there are both antecedents and consequences to an attitude), and the purchase/repurchase intentions of a firm's customers. Based on their research, they suggest that several specific issues/actions must be considered when managing brand loyalty. Firstly, brand managers must understand the customer service attributes that the customers view as important and should focus on improving service levels on these attributes and work to maintain acceptable service levels on less important attributes while reducing the cost of providing these services. Secondly, they must recognize and emphasize the importance of logistics to the overall goals of the company: the retention of current customers, the recruitment of new customers, and the building of market share. Thirdly, the results of this research must be used to support the elevation

of logistics in the company, during the strategic planning process, or, operationally and tactically. Fourthly, brand managers should encourage inter-functional coordination in order to allow marketing and logistics to work together during planning and implementation in an effort to provide the optimal combination of customer service and marketing service to the customer. Finally, customer service should be used as an element of strategy to help the company gain a differential advantage in the marketplace.

### **CUSTOMER SATISFACTION ON BRAND 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). More specifically, satisfaction is found to be a necessary precursor of customer loyalty (Fitzell, 1998; Fornell, 1992; Reynolds and Beatty, 1999; Sivadas and Baker-Prewitt, 2000; Zeithaml et al., 1996). Whereas satisfaction and loyalty are recognized as strongly related by most studies (Anderson and Sullivan, 1993; Fornell, 1992; Rust and Zahorik, 1993; Taylor and Baker, 1994), some consider the relationship to be interchangeable (Hallowell, 1996; Oliver, 1999), and some to be unidirectional, that is, progressing from satisfaction to loyalty only (Strauss and Neuhaus, 1997). Satisfied customers tend to be loyal customers with (Rowley, 2005) or without the mediation of other variables (Coyne, 1989; Fornell, 1992; Oliva et al., 1992). Glad shoppers are likely to have a increased utilization degree of an item than those who are not satisfied (Bolton & Lemon, 1999; Ram & Jung, 1991). They usually tend to possess a much better repurchase intention and to advocate the brand name for their acquaintances (Zeithaml et al., 1996).

### ***H<sub>2</sub>- BRAND LOYALTY DIMENSIONS HAS POSITIVE DIRECT IMPACT ON THE CUSTOMER PURCHASE INTENSION TOWARDS SATISFACTIONS.***

#### **LOYALTY INTENTION**

Customer loyalty is the key objective of customer relationship management and describes the loyalty which is established between a customer and companies, persons, products or brands. The individual market segments should be targeted in terms of developing customer loyalty. For different reasons for loyalty should be promoted: Psychological, Economic, Technical/functional, and Contractual.

#### **CUSTOMER LOYALTY INTENTION**

Oliver (1997) defined customer loyalty as "a deep held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influence sand marketing efforts that have the potential to cause switching behavior". Brand loyalty can be operationalized either based on behavioral, attitudinal or composite approach (Jacoby & Chestnut, 1978). Behavioral loyalty has been considered as repeat purchase frequency (e.g. Brown, 1952) or proportion of purchase (e.g. Cunningham, 1956), while attitudinal brand loyalty referred to "stated preferences, commitment or purchase intentions of the customers"(Mellens etn al., 1996). Jones & Sasser, (1995), found that Intention to repurchase can be measured by asking consumers about their future intentions to repurchase a given product or service.

## **RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND LOYALTY INTENTION**

Number of authors has revealed in this study that there is positive relationship between customer satisfaction and loyalty intention (e.g. Ismail, Hasnah, Ibrahim, & Isa, 2006; Da Silva & Syed Alwi, 2006; Anderson & Sullivan, 1993; Chiou et al., 2002; Bloemer & Ruyter, 1998; Yang & Peterson, 2004) . If the customers are satisfied with the product then he will like to repurchase intention (Bennett & Rundle-Thiele, 2004).

## **DIMENSIONS OF BRAND LOYALTY ON MARKET SEGMENTING**

A first approach of classifying consumers considering their degree of loyalty is that of Brown (1953), according to whom buyers can be divided into four groups. The first group contains the so-called “hard core loyal” who always buy the same brand. The second category of consumers – the “split loyals” – are loyal to two or three brands, while the third group includes consumers who are loyal to one brand for a period of time, but easily shift from one brand to another, due to certain advantages offered by the new brand, these consumers being categorized as “shifting loyals”. Finally, the last group is represented by “switchers” – consumers who show no loyalty to any brand, switching the brand with almost any buying situation. A second approach comes from Aaker (1991) who sees five levels of brand loyalty and splits customers accordingly into a “loyalty pyramid”, comprising five types of buyers, each type being positioned on a corresponding level of the pyramid: non loyal buyers who are completely indifferent to brands, satisfied or at least not dissatisfied buyers with no dimension of dissatisfaction sufficient enough to stimulate a change, satisfied customers with switching costs, customers who truly like the brand and have an emotional attachment to it, and committed customers, proud to have discovered and used the brand. Considering the level of consumer involvement versus the perceived differences between brands, Assael (1974) identifies four brand loyalty driven types of consumers: “complex loyal”, who firstly do research, then develop beliefs and attitudes about the brand, and finally make a thoughtful choice, “dissonance loyal”, who shop around and buy fairly quickly, as they may consider most brands in a given price range to be the same, even though expensive and self-expressive (in spite of experiencing dissonance noticing certain features or hearing favorable things about other brands, they seek information to support their choice), “habitual loyal”, who make decisions based on brand familiarity and keep buying the same brand out of habit as passive recipients of information conveyed by advertising, and, finally, “variety-seekers”, who switch brands for the sake of variety rather than dissatisfaction, choosing brands with little evaluation, and evaluating them mostly during consumption. Dick and Basu (1994) argue that loyalty is determined by the strength of the relationship between the relative brand attitude and the repeat patronage related to it. A low relative attitude can occur in several situations or causes like when a brand has low awareness (for example, after a recent introduction), when a brand is unable to communicate distinct advantages, when competing brands are seen as similar etc. On the basis of this attitude-behavior relationship, the authors propose four types of brand loyalty. Thus, a low relative attitude combined with a high rate of repeat patronage designates “spurious loyalty”, while the actual absence of loyalty (“no loyalty”) implies both a low rate of repeat patronage and a low relative attitude. When the relative brand attitude is high, the authors identify either “latent loyalty” (low repeat patronage) or actual “loyalty”, when both relative attitude and repeat patronage have high levels.

## **BRAND LOYALTY DIMENSION OF ASSESSMENT**

Brand loyalty efficiently, it is necessary to consider approaches to its measurement, as a practical tool in using the construct and linking it to profitability. The majority of brand loyalty assessment

procedures can be classified as either behavioral – based on the actual purchases observed over a time period or attitudinal based on stated preferences, commitment or purchase intentions (Mellens et al., 1996). Generally, attitudinal and behavioral loyalty assessment procedures are related through positive correlation. Still, the correlation is not perfect so there is a need for a dual approach regarding brand loyalty assessment. Reviewing the specialized literature, some of the most referenced attitudinal loyalty measures are based on attitude toward the loyal/disloyal act (Sharp et al., 1997), brand preference (Guest, 1944), commitment (Hawkes, 1994), or probability of purchase (Jacoby and Chestnut, 1978), while some of the most referenced behavioral measures are based on market share loyalty (Cunningham, 1956), exclusive purchase (Jacoby and Chestnut, 1978), elasticity (Sharp et al., 1997), or price until switching (Pessemier, 1960). One of the most practical loyalty assessment approaches, which therefore deserve special attention, is that of Aaker (1991) who suggests a behavior based and, respectively, a loyalty constructs based assessment. On one hand, behavior based loyalty assessments consider the actual purchase patterns of the customer base using measures like repurchase rates of the brand, percents of purchases which went to each brand purchased considering the last acquisitions, or the number of brands purchased by a customer during a recent given period. The measure of liking can also be reflected by the additional price customers would pay to obtain their brand (price premium) and the price advantage that competitors would have to generate before they could attract a loyal buyer. Aaker also outlines the measurement issues when it comes to customers' commitment. Thus, commitment can be assessed through the amount of interaction and communication involved with the brand and the extent to which the brand is important in terms of customers' activities and personality. It is important to evaluate not only if the customers recommend the brand but also if they sustain this recommendation with strongly sustained arguments.

## CONCLUSION

The findings suggest that brand loyalty can be generated through improving customer satisfaction and offering high brand value. The company's market success depends on being able to attract, satisfy and retain customers. Customer satisfaction and Loyalty intention constraint are considered as very powerful weapons in the field of marketing. Even though, these constraints are used as a marketing benchmark for the company outcome & performance. Loyal customers are those who rebuy a brand and think before buying one brand. Satisfaction and loyalty are two stages in the customer's response to the company offerings. Satisfaction is an initial stage in the customer response to a company offering whereas loyalty is a mature stage in such a response. Cognitive loyalty is addressed to fundamental product's characteristics, emotional loyalty to brand, behavior to want to buy product and action loyalty means that a customer is loyal to the company. Brand loyalty depends on customer satisfactions behavioral and attitudinal. Brand loyalty effects on the behavioural or behavioural intent towards the repeat purchase. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute

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