



www.arseam.com

Impact Factor: 3.43

DOI

Cite this paper as : Mr. Basavaraj Sulibhavi & Dr. SHIVASHANKAR K (2017), “THE IMPACT OF BRAND IMAGE ON CUSTOMER’S LOYALTY TOWARDS PRIVATE LABEL BRANDS: THE MEDIATING EFFECT OF SATISFACTION. HUBLI-DHARWAD CONGLOMERATE CITY OF KARNATAKA”, International Journal of Marketing & Financial Management, ISSN: 2348 –3954 (online) ISSN: 2349 –2546 (print), Volume 5,(Issue8, Aug-2017), pp 43-50, **DOI URL:**

THE IMPACT OF BRAND IMAGE ON CUSTOMER’S LOYALTY TOWARDS PRIVATE LABEL BRANDS: THE MEDIATING EFFECT OF SATISFACTION. HUBLI-DHARWAD CONGLOMERATE CITY OF KARNATAKA

Mr. Basavaraj Sulibhavi 1 & Dr. SHIVASHANKAR K 2

Research Scholar

Visvesvaraya Technological University, Belagavi

IBMR Business-School HUBBALLI

ABSTRACT

Brand image is the current view of the customers about the brand. Customer’s loyalty is the state of fear or confusion regarding purchase or consumption of a product at a moment and it is further extended to repeat purchase, ingestion of repurchase and word of mouth. This can also be measured by through satisfaction. The focus of this study is to show the relationship between the brand image, satisfaction and customer’s loyalty towards private label brands in Hubli-Dharwad city. This study consists of 186 valid questionnaires. The Baron and Kenny (1986) four step method of mediation was used to test the model which consists of satisfaction as mediating between the brand image and satisfaction. Linear regression method was used in measuring relationship between the dependent and independent variables. The result show that there exist a relationship between direct brand image and customer loyalty, between Brand image and satisfaction, between satisfaction and customers loyalty and satisfaction mediates the relationship between the brand image and customers loyalty.

Key Words: Private Label Brands, Brand Image, Satisfaction and Customers Loyalty.

Introduction:

Brand image is that reflection which is held in the mind of customers and it is basically what comes to the mind when a brand is placed in front of the customers Saleem & Raja (2014). Brand plays an important role in helping customers in perceiving the value associated with the offer (Forozia, Zadeh & Gilani (2013)). Brand image if created will meet the expectation from the brand will be leading to the satisfaction (Li Chien-Hsiung (2011)). Brand loyalty can measured thorough may sources like satisfaction with the brand and can be measured directly through the impact of brand image on customer’s loyalty. Brand image and satisfaction are most important variable in helping the brand to get loyal customers (NIchay Kumar & shiplap (2014)). The loyalty over the brand will help company in holding the customers and this will be barrier to switching behaviour (Reichheld F (2003)).

Brand Image:

Brand image positively influence customers loyalty (Wu P.C, Yen G .Y .Y & Hsiao C .R (2011)).Brand Image has an influence on satisfaction (Johanudin Lahap, Nur safiah & Shelle Mohad Radzi (2016)). Brand image

positively influence customers loyalty (Wu P.C, Yen G .Y .Y & Hsiao C .R (2011)). Brand image supports in creating satisfaction and loyalty for the brand (Satendra & Singh 2012). Certain researches have also showed that satisfaction and loyalty among customers for the brand is by creating brand image (Koo D .M (2003), Kandampully J & Suhartanto D (2000)). Brand image has specified impact on loyalty intentions that is customer repurchase intentions. Social, confident and special brand image has positive impact on loyalty intention.(Vazquez-Carrasco R & G .R Foxall (2006).

Symbolic, affective and trade off benefits work as indicator for purchase value of brand and has positive relationship on loyalty intention. Brand image also drives loyalty (Johnson M .D, Gustafsson .A, Andreassen T .W, Lervik .L & Cha .J(2001)). Many research have showed and conformed that favourable image will lead to loyalty(Koo and also lead to purchase behaviour and performance D .M(2003), Kandampully J & Suhartanto D (2000)).

Satisfaction:

Satisfaction and positive brand image that collectively affect consumer's loyalty to keep sustainable growth (Dilek ceti, Ash Kuscü, DilekOzcam & Yusuf Can Erdem (2016)). Satisfaction is strongly correlated with the loyalty in repurchase, recommending others and it is intrinsic in the behaviour of customers (Ovidiu & Brad Allen(2010)). (Yu-Te, Wang T.C & H C. Chang (2012)) Brand image directly affects satisfaction and customers loyalty and satisfaction has strong impact of customers loyalty. (Stephen L , J Sondel W, O. Maznah A .W, Nabish, I Ishak & H. Aman (2007) the link between brand image and customer satisfaction as a whole. (Kwat, McDaniel & Kim 2012) the satisfaction influences the brand loyalty and can be mediated. (Bowen J .T and Shoemaker S (2003)) positive word of mouth is spread by customers if they are satisfied by the brand. Perception of brand image will give importance of brand image on customer's satisfaction. (Ismail I, Hasnah H, Ibrahim D.N and Isa S. (2006), Da Silva R.V & Syed Alwi S.F (2006). There exists a positive relationship between customer satisfaction and loyalty intention. Customer will repurchase the product if it satisfies the customers (Bennet R & Rundle- Thiele S. (2004)).

Customers Loyalty:

Brand Image and satisfaction contributes to the loyalty intention (NICHAY KUMAR & SHIPLAP (2014)). With loyal customers company will get benefit were loyalty customers willing to purchase more frequently, spend more money on products and services, recommend products and services to others and suggest sincerely to others.

Loyalty is used as barrier to switching brands and these repeat actions can be based on inertia that generates not to switch to other brands (Reichheld F (2003)). (Bondesson (2012)). Attitudinal loyalty tells that how customer's psychology will work in suggesting brand to others and behavioural loyalty indicates actual repeat purchase behaviour. He also suggested that in spite of situational influence and marketing efforts customers will not switch to other brands if deep commitment and loyalty is there to repurchase particular preferred brand in future.

Objectives

1. To examine the relationship between brand image and customer's loyalty in private label brands in Hubballi - Dharwad cities.
2. To examine mediating effect of satisfaction on the relationship between brand image and customer's loyalty.

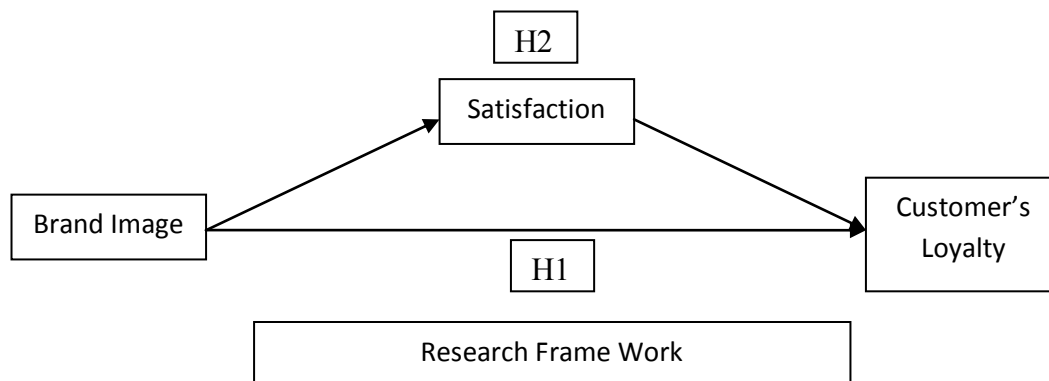
Hypothesis

H1: There is a positive linear relationship between brand image and customer's loyalty

H2: There is a mediating effect of satisfaction on the relationship between brand image and customer's loyalty

H2a: There is a linear relationship between brand image and customer satisfaction.

H2b: There is a linear relationship between customer satisfaction and customer’s loyalty



Research Methodology

Descriptive research design was adopted for the study considering the nature and scope of the study. Emphasis was given on studying The Impact of Brand Image on customer’s loyalty towards Private Label Brands: The Mediating effect of Satisfaction. Hubli-Dharwad Conglomerate City of Karnataka.

In order to elicit the information required for the study. Primary data was collected by taking response on different aspects with respect to the Impact of Brand Image on customer’s loyalty towards Private Label Brands with help of structured questionnaire from 200 out of which 14 were rejected due to incomplete questionnaire. Secondary data was elicited from different websites and journals and Newspaper for the study.

The data collected was analyzed by using the statistical software viz., IBM SPSS 20 was used as statistical software in this Croanbach alpha reliability test conducted to test the reliability and to identify the relationship and mediating effect the liner regression method was used. Baron and Kenny (1986) method of mediation was used to test the model Samaan & Abdullah (2016), Xinshu, John & Qimei (2010).

Measuring Instruments

Variable	Construct	Reference
Brand Image	15 Items 5	Tsai S. P (2005), Sweeney J .C & Soutar G. N (2001), Del Rio A.B, Vazquez .R & Iglesias .V (2001), Park C .W, Jaworski B .J & MacInnis D .J (1986) & Stephen L. Sondoh Jr., Maznah Wan Omar, Nabsiah Abdul Wahid Ishak Ismail and Amran Harun (2007) Self Constructed Keller (1993)
Brand Satisfaction	5 Items	Grace .D & O’cass .A (2005), Taylor S .A & Baker T .L (1994) Oliver R. L (1980),
Customers Loyalty	4 Items	Zeithmal V .A, Berry L .L & Parashuraman .A (1996)

Result and Discussion

Reliability Test: Croanbach alpha reliability test was applied to check the reliability of all the items into the questionnaire. Universally it is considered that the reliability value if it is more then 0.7. the reliability of all the constructs values were found to be more the then standard value for the current study.

Construct Name	Items in construct	Cronbach's Alpha Reliabilty
Brand Image	20	0.916
Satisfaction	5	.930
Customers Loyalty	4	0.865

Analysis & Discussion:

Baron and Kenny (1986) method of mediation is used which suggests that 1. There is direct relationship between brand image and customers loyalty. 2. The relationship between brand image and satisfaction. 3. The relationship between satisfaction and customer's loyalty. 4. The relationship between brand image, satisfaction and customer's loyalty

H1: There is a positive linear relationship between brand image and customer's loyalty

Liner regression method was used to test the effect of relationship between brand image and satisfaction as independent variables on customer's loyalty as dependent variable.

From the model summary the adjusted R square value was found for brand image to be 0.435 indicating that brand image have 43.5% variance on customers loyalty.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.256	1	43.256	143.450	.000 ^a
	Residual	55.484	184	.302		
	Total	98.741	185			

a. Predictors: (Constant), Brand_Image

b. Dependent Variable: Customer_Loyalty

The goodness fit for the model was tested using ANOVA and the F value brand image found to be 143.450 which was significant for 0.000 level of significant and model is fit.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.323	.298		1.085	.280
	Brand_Image	.922	.077	.662	11.977	.000

a. Dependent Variable: Customer_Loyalty

Contribution of individual independent variable was evaluated through computing Beta value. The Beta value for independent variable brand image was found to be 0.662, which was tested through t-value which was found

to be 11.977 which is significant at 0.00% level of significance. This shows that brand image significantly contributes to customer's loyalty

H2: There is a mediating effect of satisfaction on the relationship between brand image and customer's loyalty

From the model summary the adjusted R square value was found for brand image to be 0.452 indicating that brand image have 45.2% variance on Satisfaction.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.225	2	22.612	77.323	.000 ^a
	Residual	53.516	183	.292		
	Total	98.741	185			

a. Predictors: (Constant), Brand_Image, Brand_Satisfaction

b. Dependent Variable: Customer_Loyaly

The goodness fit for the model was tested using ANOVA and the F value for Brand Image and satisfaction found to be 77.323 which was significant for 0.000 level of significant and model is fit.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.408	.295		1.380	.169
	Brand_Satisfaction	.161	.062	.190	2.594	.010
	Brand_Image	.744	.102	.534	7.286	.000

a. Dependent Variable: Customer_Loyaly

Contribution of individual independent variable was evaluated through computing Beta value. The Beta value for independent variable brand image was found to be 0.534, which was tested through t-value which was found to be 7.286 which is significant at 0.00% level of significance and the Beta value for independent satisfaction was found to be 0.190, which was tested through t-value which was found to be 2.594 which is significant at 0.010% level of significance. This shows that both brand image and satisfaction are significantly contributes to customers loyalty but brand image is still significant after introduction of satisfaction then there exist partial mediation.

H2a: There is a linear relationship between brand image and customer satisfaction.

From the model summary the adjusted R square value was found for brand image to be 0.446 indicating that brand image have 44.6% variance on satisfaction.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.799	1	61.799	150.137	.000 ^a
	Residual	75.738	184	.412		
	Total	137.537	185			

a. Predictors: (Constant), Brand_Image

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.799	1	61.799	150.137	.000 ^a
	Residual	75.738	184	.412		
	Total	137.537	185			

b. Dependent Variable: Brand_Satisfaction

The goodness fit for the model was tested using ANOVA and the F value brand image found to be 150.137 which was significant for 0.000 level of significant and model is fit.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.523	.348		-1.503	.135
	Brand_Image	1.102	.090	.670	12.253	.000

a. Dependent Variable: Brand_Satisfaction

Contribution of individual independent variable was evaluated through computing Beta value. The Beta value for independent variable brand image was found to be 0.670, which was tested through t-value which was found to be 12.253 which is significant at 0.00% level of significance. This shows that brand image significantly contributes to satisfaction.

H2b: There is a linear relationship between customer satisfaction and customer's loyalty

From the model summary the adjusted R square value was found for satisfaction to be 0.297 indicating that brand image have 29.7% variance on customer loyalty .

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.699	1	29.699	79.150	.000 ^a
	Residual	69.041	184	.375		
	Total	98.741	185			

a. Predictors: (Constant), Brand_Satisfaction

b. Dependent Variable: Customer_Loyalty

The goodness fit for the model was tested using ANOVA and the F value satisfaction found to be 79.150 which was significant for 0.000 level of significant and model is fit.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.139	.199		10.768	.000
	Brand_Satisfaction	.465	.052	.548	8.897	.000

a. Dependent Variable: Customer_Loyalty

Contribution of individual independent variable was evaluated through computing Beta value. The Beta value for independent variable satisfaction was found to be 0.670, which was tested through t-value which was found to be 12.253 which is significant at 0.00% level of significance. This shows that brand satisfaction significantly contributes to customer's loyalty.

Conclusion

The study results revealed that satisfaction plays vital role in mediating the relationship between brand image and customer's loyalty towards private label brands in Hubli-Dharwad city. The managers need to strive on understanding and creating brand image for private label brands which will help in developing loyalty among customers by giving due consideration to satisfaction towards Private Label Brands.

References

1. Bart y, V. Shankar, F. Sultan and G. L. Urban(2005), "Are the drivers and roles of online trust the same for all web sites and consumers? A large Scale Exploratory empirical study", journal of marketing, vol.69 No.4:133-152
2. Bennet R & Rundle- Thiele S. (2004). Customer satisfaction should not be the only goal. Journal of Service Marketing, 18(7), 514-523
3. Bowen J .T and Shoemaker S (2003). Loyalty: A Strategic Commitment. Cornell Hotel and Restaurant Administration Quarterly, 44(5), 31-46
4. Chaudhuri .A & Holbrook M .B (2001), The Chain effect from brand trust and brand effect to brand performance: the role of Brand Loyalty. Journal of Marketing, 65, 31-93
5. Da Silva R.V & Syed Alwi S.F (2006). Cognitive, Effective and cognitive behavioral responses In retail corporate building. Journal of Product and Brand Management, 15(5), 293-305
6. Dilek ceti, Ash Kuscu, DilekOzcam & Yusuf Can Erdem (2016). Brand Image, satisfaction and brand loyalty- How effective are they in the automotive industry market share. Vol 8, no.7.
7. Forozia, A., Zadeh, M. S., & Gilani, M. H. (2013). Customer satisfaction in hospitality industry: Middle East tourists at 3 star hotels in Malaysia. *Research Journal of Applied Sciences, Engineering and Technology*, 5 (17), 4329-4335.
8. Grace .D & O'cass .A (2005). Examining the effect of service brand communication on brand evaluation, *Journal of Product and Brand Management*, 14(2), 106-116
9. Ismail I, Hasnah H, Ibrahim D.N and Isa S. (2006). Service quality, client satisfaction and loyalty towards audit firms. Perception of Malaysian public listed companies. *Managerial Auditing Journal*, 22(7), 738-756
10. Johanudin Lahap, Nur safiah & Shelle Mohad Radzi (2016). A study of brand image towards customer satisfaction in Malaysian Hotels Industry. *Social and Behavioural science, ScienceDirect , IRSSM-6* (2015)
11. Komunda .M and Osarenkhoe A (2012). Remedy or Cure for service failure? Effect of service recovery on customer satisfaction and loyalty. *Business Process Management Journal* Vol.18 No. 1, 82-103
12. Matzler K, Krauter S. G and Bidmon S (2008). Risk aversion and brand loyalty: the mediating role of brand trust and brand effect. *Journal of Product and Brand Management*, 17(3), 154-162.
13. Nishay Kumar & Shilpa Sanpal (2014). Effect of brand image on customer satisfaction and loyalty intention and role customer. *Research Gate Journal*, 2014
14. Ovidiu I. Moisescu & Brad Allen (2010). The relationship between the dimensions of brand loyalty. An Empirical investigation among Romania Urban Consumers. *Management and Marketing Challenges for Knowledge Society*. Vol 5, No.4, pp 83-98.
15. Reichheld F (2003). The One Number You Need to Grow. *Harvard Business Review*, 81(12), 46-54.
16. Stephen L , J Sondel W, O. Maznah A .W, Nabish, I Ishak & H. Aman (2007). "The effect of brand image on overall loyalty intention in the context of color cosmetics". *Asian Academy of Management Journal*. Pp:83-107

17. Saleem, H., & Raja, N. S. (2014). The impact of service quality on customer satisfaction, customer loyalty. *Middle-East Journal of Scientific Research*, 19(5), 706-711.
18. Satendra Thakue & Dr. A P Singh (2012). Brand Image, customer satisfaction and customers loyalty intention: A Study on the context of cosmetic Product among the peoples of central India. EXCEL International Journal of Multidisciplinary Management Studies. Vol.2, Issue 5.
19. Samaan & Abdullah (2016) Customer satisfaction and loyalty in Hotel industry: the mediating role of relationship marketing, *Quest Journal of Research in Business Management*, Vol.4, Issue 5, P:32-42
20. Sweeney J .C & Soutar G. N (2001). Consumer Perceived Value: The development of multiple item Scale. *Journal of Retailing*, 77, 203-220.
21. Del Rio A.B, Vazquez .R & Iglesias .V (2001): The role of brand name in obtaining differential advantages. *Journal of Product and Brand Management*, 10(7), 452-465
22. Stephen L. Sondoh Jr., Maznah Wan Omar, Nabsiah Abdul Wahid Ishak Ismail and Amran Harun (2007) "The effect of brand image on overall satisfaction and loyalty intention in the context of color cosmetic" *Asian Academy of Management Journal*, Vol. 12, No. 1, 83-107.
23. Xinshu, John & Qimei (2010). Reconsidering Baron and Kenny: Myths and Truths about mediation Analysis. *Journal of Consumer Research*, Vol 37.
24. Yu-Te, Wang T.C & H C. Chang (2012). Corporate brand image and customers satisfaction on Loyalty: An Empirical study of starbucks coffee in Taiwan. *Journal of Social and Development Science*. 24-32