



# THE IMPACT OF CUSTOMER SATISFACTION AND BRAND PERCEPTION ON BRAND LOYALTY

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677

## ABSTRACT:

This study will look at how customer happiness and brand image affect brand loyalty. The impact is demonstrated by data collected from Gujranwala, Pakistan, customers. A questionnaire survey was used to collect data from randomly selected University of the Punjab, Gift University, Indus Industries, and local community customers. A sample of about 200 respondents was collected over the course of a month, and SPSS software was used to further evaluate the respondents' replies using various statistical techniques. The results demonstrated that both customer happiness and brand image had a strong beneficial influence on brand loyalty. According to a study, brand image had a greater effect on brand loyalty than did consumer satisfaction. This study also makes it clear that a business may increase customer loyalty to its brand by providing superior customer service, communicating clearly, and correctly positioning the brand to provide a favorable image. Information on the limits of the research, its applicability, and potential future research areas are also included in this paper.

**Keywords:** *Customer Satisfaction, Brand Image, Brand Loyalty*

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## 1. INTRODUCTION

The problem of customer loyalty and retention is growing more and more important on a global basis. New brands are introduced daily, igniting an endless competition. It is crucial to build a consumer brand in this cutthroat market. Maintaining loyalty is essential to maintaining profitability and market domination, even though it is becoming harder to do so. The only way to do this is to win over clients and build a positive reputation in their eyes. As we converse, Rich nations are adopting and embracing brands globally, a sign that consumers value intangibles just as much as concrete goods and services and are as interested in the dignity of the brand behind the scenes. Lau shed light on this topic by pointing out that although keeping customers is advantageous for companies, it also calls for better standards, superior offerings, and satisfied clients. Let's talk about Pakistan's present situation immediately. The economy isn't strong enough to sustain each and every brand there. Low purchasing power, however, has little to no effect on

brand sales since their target market is so large. In these circumstances, winning over a customer becomes more challenging as they will now evaluate most products on the basis of pricing, but retaining brand loyalty is still essential. Krishnamurthy asserts that neglecting pricing elasticity raises the risk of client exploitation, a bad reputation for the business, and ultimately, lost sales. The two most significant indicators of brand loyalty have been determined to be customer satisfaction and brand image. Conversely, brand satisfaction won't materialize until it offers more spices, higher quality, and a better value. Before a brand to become deeply ingrained in the minds of consumers, it must be made known to them. Building a reputation for excellence and going above and above are two ways to achieve this. Therefore, the goal of this research is to find out how brand loyalty is influenced by consumer satisfaction and brand image. The next sections, 2 through 5, will include the review of the literature, formulation of hypotheses, methods, results, advantageous



discoveries, constraints, and references.

## 2. LITERATURE REVIEW

**Brand Loyalty:** Building customer trust should be a top priority for marketers, according to Lateral, since it will encourage brand loyalty. Providing excellent value, top-notch services, and complete satisfaction are necessary to earn this confidence. Additionally, Krishnamurthy et al. clarified that devoted consumers are conscious of pricing while making quantity decisions, but they are not overly attentive to it when selecting a brand. Price elasticity affects brand loyalty; if a company exploits its consumers more than they can bear, then that brand will lose their allegiance. Chaudhuri et al. claim that when a product is handled to build brand trust and a positive brand effect, loyalty develops. Purchase loyalty and attitude loyalty are two metrics that may be used to gauge loyalty. While buy loyalty leads to a higher market share, attitude in all loyalty tends to build high pricing. Bloemeretal has talked about how important customer satisfaction is to building brand loyalty since it's a strong incentive for consumers to associate a brand with itself. It's always the brand that follows that has the least amount of loyalty. Diverse behaviors are shown by customers with varying degrees of satisfaction, while also promoting brand loyalty. According to Tucker et al., a consumer's brand loyalty may be determined by how often and reliably they buy a brand's products. Changes in the frequency of visits can have a significant negative impact on brand loyalty by causing a rift between the brand and its devoted followers. Delgado-Ballester et al. claim that trust is essential for building brand loyalty since it encourages customer retention and repeat business. This trust is derived by enjoyment and fully accomplished goals, which are sufficient justifications for brand loyalty on their own... Gommans et al. claim that brand loyalty is expanding outside the conventional workplace and is poised to take over the electronic market. E-loyalty users are becoming a new marketing concern since they are the most crucial and necessary target group of today and they have a great deal of power.

**Customer Satisfaction:** A product that meets or above a customer's expectations increases customer satisfaction, which in turn boosts profitability (Anderson et al. However, achieving this degree of customer satisfaction might not always be possible with only conventional quality control because it consists of several little components. Eugene Wetal

also pointed out that although a product is easy to assess, it often does not live up to expectations. High levels of satisfaction can occasionally work against you since they need constant upkeep and decrease the likelihood that a customer would make another purchase. Churchill Jr. et al. claim that disconfirmation happens anytime there are preconceived notions and expectations regarding the functionality of the product. When it comes to durable items, expectations and actual performance influence whether a person is satisfied or not. Disconfirmation only happens when perceived performance is not met in non-durable items. Henning-Thurau et al. claim that customer satisfaction can occasionally have a big impact on a business's performance and even provide it a competitive edge. Longer client retention and higher lifetime value are the results of superior quality and satisfied consumers. Moreover, Cronin et al. claim that customer purchasing and behavior patterns are significantly impacted by the value, quality, and satisfaction of services. Value and customer satisfaction are two factors that are closely related to each other and have a substantial impact on a consumer's decision not to purchase a certain item. Furthermore, according to Rustetal, it makes sense to invest financial resources in improving customer satisfaction since it is a key factor in driving customer loyalty and retention. Satisfied customers increase our profitability and market share because they recommend us to others, saving us money on acquisition costs. Taylor et al. claim that customer happiness and service quality have a significant impact on consumer behaviors, which in turn shape a customer's propensity to purchase. Since customer happiness is important in creating future opinions about the product, it acts as a mediator between service quality and purchase intention. In this regard, Smithetal also stated that since customers react negatively to service interruptions, the business needs to start its recovery effort just as ferociously to maintain parity. Customers are less likely to be dissatisfied with a service when they receive the solutions they requested in return.

**Brand Image:** Parketal asserts that building a brand image is crucial to marketing as it may occasionally have an impact on sales. Consumers are subtly encouraged to keep doing business with you in addition to being shown how wonderful your company is by its brand image. Furthermore, because modern customers place a high value on this particular quality, Dobnietal's research indicates that



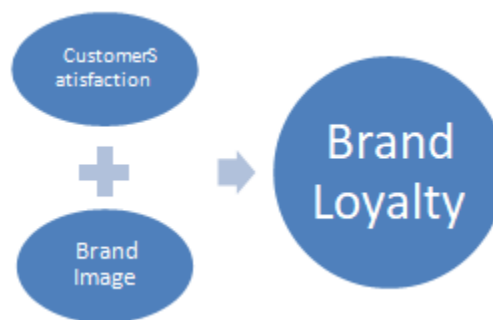
brand image has a significant impact on customer purchasing behavior. Instead of purchasing brands for their tangible goods or external look, consumers purchase them for their intrinsic worth and value. According to Gwinner et al., sponsoring an event may also significantly improve a brand's image because it garners a lot of attention quickly. Organizing an event with a social goal helps it blend in with the surrounding environment and draws in more attendees. Furthermore, since the majority of consumers place a higher value on product performance than on word-of-mouth advertising, Rothetal contends that a product's performance is crucial to building a strong brand image. To become recognized by local consumers, businesses must take into account the social and cultural norms of the region they are targeting when building their global brand. Another researcher, Graeffetal, claims that consumption patterns show how much consumers associate a particular brand with its use, which in turn reflects on the company's image. One may quickly evaluate the quality—or lack thereof—of a brand's image by merely altering the consuming environment and observing typical client reactions. Managers are mostly focused on building a company's brand equity, which is based on its image and attitude, according to Faircloth et al. A well-known brand in the marketplace will inevitably draw in more clients than its rivals and build significant brand equity. Furthermore, because ads have an influence on the audience, research by Padgett et al. shows that they may be utilized efficiently to establish a brand image. Experiences relating to services are also crucial in developing a brand's image since they reinforce the brand's belief, which is now more powerful and vivid than it was. Meenaghan and Tony assert that the advertisement is a highly potent tool for promoting brand image at the corporate, retail, and product levels. The most effective and regulated way to educate people about the salient features of any business is through advertising.

### 3. THEORETICAL MODEL AND HYPOTHESIS

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

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

#### Hypothesis Model



### Methodology

#### Instrument

To determine how consumer satisfaction and brand perception impact brand loyalty, one kind of survey was employed. There were two primary components to the questionnaire instrument. In the first section, all of the respondents' personal information was gathered through the use of the nominal scaling approach to ask questions on gender, age, marital status, and kind of employment. In the second section, questions focused on brand loyalty, brand image, and consumer satisfaction. The 5-point Likert scale was employed in these inquiries.

#### Sample

The industrial region of Gujranwala, where the home appliances company started with Indus Industries and subsequently local clients, is included in our comprehensive sample frame. Two Gujranwala-based universities are recognized by the Higher Education Commission (HEC): Gift University and the University of the Punjab Gujranwala Campus. Additionally, we deliver 200 questionnaires to the chosen respondents who are included in our sampling frame using the convenience sampling approach.

#### Demographics

Of the 200 survey questions, 181 were deemed recordable since the remaining questions had some missing values. Of the 181 responders, 108 were men and 73 were women, or 59.7 and 40.3 percent of the total. The majority of respondents (51.8% of the sample as a whole) are in the 21–30 age range. Twenty-six percent of the sample's respondents are between the ages of thirty and forty, and thirteen percent are between the ages of forty and fifty. The age group under twenty-one made a 12.2 percent contribution. Of the 181 respondents, 60.8% were single and 39.2% were married. Twenty-nine percent were working, sixty-two percent were students, and fourteen nineteen percent were self-employed independent contractors.

#### Results and Discussion



Our investigation on the relationship between brand image, customer happiness, and brand loyalty using multiple regression analysis and Pearson correlation. The purpose of these tests was to evaluate the degree of correlation between the variables under investigation. Lastly, the survey questionnaire's reliability was assessed using Cronbach's Alpha. Descriptive statistics were also used to calculate the mean and standard deviation of the preferences of the research participants.

**TableNo.4-1  
Cronbach's Alpha**

	CustomerSatisfaction	BrandImage	BrandLoyalty
Cronbach'sAlpha	0.817	0.748	0.640

Table 4-1 displays the Cronbach's Alpha values, which represent the research's factors and dependability. Customer happiness, brand loyalty, and brand image have Cronbach's Alpha coefficients of 0.817, 0.748, and 0.640, respectively. Both the research tool and its results demonstrate a high degree of reliability.

**Tablano.4-2Descriptive Statistics**

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

The average values for brand loyalty, brand image, and customer satisfaction are displayed in Table 4-2. The mean brand image value, 3.46, is close to 4, indicating that most respondents prioritized customer happiness. On the other hand, average replies on a 5-point Likert scale may vary by.774. The respondents' agreed-upon response is reflected in the mean values of 3.27 and 3.52 for brand loyalty and brand image, respectively. On a 5-point Likert scale, however, these responses might deviate from the average respondent value by.678 and.576%.

**Tablano.4-3Correlations**

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

Table No. 4-3 demonstrated a substantial positive correlation between customer satisfaction and brand loyalty ( $p = .794$ , highly significant at 1%). Additionally, there is a substantial correlation (significant significance level of.766 at 1%) between brand image and brand loyalty.

**Tablano.4-4ModelSummary**

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

In order to evaluate the impact of customer happiness and brand image on brand loyalty, a Durbin-Watson multiple regression analysis was also carried out to look at the nature of correlation across variables. Table 4-4 provides further details on the results in this area. Rsquare shows how changes in the dependent variables (Brand Image and Customer Satisfaction) affect the overall variance in the dependent variable (Brand Loyalty). According to the findings, independent factors have a 64.6% impact on brand loyalty, which is a respectable but nonetheless high percentage in the field of management sciences. The Durbin-Watson analysis determines if there is a positive, negative, or zero relationship between the variables. There is a substantial positive correlation between the research variables, as indicated by the Durbin-Watson score of 1.756 (less than 2).

**Tablano.4-5ANOVA<sup>b</sup>**

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

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

The degree of relevance between the variables under investigation is shown in Table 4-5. Another is whether or not it is appropriate. The significant level, as indicated by the ANOVA table's result, is.000, which is less than 0.5. This implies that brand loyalty is significantly and favorably impacted by consumer satisfaction and brand perception.

**Tablano.4-6Coefficients<sup>a</sup>**

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

- a. Dependent Variable:BI

The beta values of the variables under investigation are shown in Tables 4-6, illustrating the unique effects of each independent variable on the dependent



variable. The table's value of .549 indicates that brand loyalty is significantly impacted by customer satisfaction. Even while consumer satisfaction isn't as crucial as brand image, brand loyalty is nevertheless greatly impacted by it (274). As a result, H1 and H2, the first and second hypotheses, are confirmed. The investigation of Collinearity revealed that the data are nonlinear, as evidenced by the tolerance value of .195 (less than 5) and the VIF value of 5.116 (less than 10).

#### 4. CONCLUSION

Ultimately, it is determined that the strongest influences on consumer loyalty are brand satisfaction and brand image. Customer happiness was more important than brand image, notwithstanding their respective value. Total brand loyalty is influenced by customer satisfaction since a positive brand image is a prerequisite for it. This study looked at the relationship between brand loyalty and consumer satisfaction and brand image. Students, entrepreneurs, and other customers filled out survey questions by utilizing convenience amplifying. Based on the results, brand loyalty is significantly influenced by consumer satisfaction and brand image. Customer happiness is a significant factor since it results from better prices and higher quality. Additionally, a positive brand image is greatly impacted by customer satisfaction, which in turn fosters brand loyalty—a crucial component of profitability and the growth of market share. These results are corroborated by earlier research.

Funding constraints prevented the sample from being expanded outside the city limits; instead, it was limited to Gujranwala. The similar study has to be carried out in Pakistan's other main cities in order to have a more complete picture.

#### Practical Implications

The results of this study might help local and foreign companies in Pakistan comprehend the value of brand loyalty, which can be achieved by meeting customer wants and building a solid reputation in the sector. By growing their market share and client lifetime value, it will boost their profitability.

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