Brand Credibility, Perceived Quality and Perceived Value: A Study of Customer Satisfaction

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ABSTRACT

This research examines the relationship of brand credibility, perceived quality and perceived value towards customer satisfaction and to what extent customer satisfaction influences brand loyalty. A questionnaire survey method was used to collect data for this study and 100 footwear consumers from shopping malls located in the Klang Valley, Malaysia participated in this study. This study to determine the influence of these factors on customer satisfaction and brand loyalty. The research findings show that there is positive influence of brand credibility, perceived quality and perceived value on customer satisfaction.

Keywords: Customer Satisfaction, Brand Credibility, Perceived Quality, Perceived value.

JEL Classification: M3, M13
INTRODUCTION

Customer satisfaction is perceived as one of the critical precursors to loyalty (Bowen & Chen, 2001). It is believed that customer satisfaction can influence customer repeated purchase behaviour because high customer satisfaction levels will lead to customer retention (La Barbera & Mazursky, 1983; Reichheld & Sasser, 1990; Fornell, 1992; Day, 1994). It shows the degree to which customers are content with the utilization of items that are given to them by the organization. In order to ensure that the customers’ level of satisfaction is achieved companies must understand the requirements and needs of customers and supply them with products and services that satisfy the customers. Any business can reach the ideal position at the highest level by being fully dedicated in fulfilling buyers’ requirements in the business sector. Customer satisfaction demonstrates potential for current customer to become a loyal customer in the future (Hanif, Hafeez & Riaz, 2010).

The purpose of this research is to study the factors influencing customer satisfaction and loyalty in the footwear industry in Malaysia. This research aims to study the factors affecting customer satisfaction with regard to the purchase of imported apparel, and to analyse the relationship between customer satisfaction and customer loyalty. Information provided in advertisements influences customer satisfaction and it makes an impact on customers’ state of mind towards the brand (Holbrook and Batra, 1987; Mandan, MHassein, Furuzandeh, 2013). Customer satisfaction occurs in the case when the products or services exceed customer expectations (Berman and Evans, 2010). Customer satisfaction has significant and positive effect towards trust in the brand. If customer satisfaction rises, then customer trust in the brand will also increase and vice versa. Thus, there is beneficial outcome of customer satisfaction on customer loyalty and customer satisfaction leads to customer loyalty. In the long term, only the most satisfied customers would stay as loyal customers (Barry, 2010).

Customers have high expectations on the credibility of the brand will emphasize their satisfaction of the product. Maathuis et al. (2004) and Erdem & Swait (2007) have demonstrated the importance of brand credibility in consumer's decision making and choice perceptions. Brand credibility prompts a danger minimization approach for customers as they endow the brand subtle elements and have convincing mental motivation with respect to the item's worth (Erdem & Swait, 2007). A credible brand is exceedingly seen by its customer image, where they scan for privileged quality and more significant item (including cost and situating) when contrasted with other competitor brands (Maathuis et al., 2004).

Perceived quality of customer needs to be measured. High relationship quality demonstrates that customers trust and have confidence in the services provider’s future performance because of the consistent satisfactory outcomes of past services performance (Sun & Lin, 2010). In other words, Sun & Lin (2010) refers to consumer’s perception of the overall quality of superiority of the brand with respect to its intended purpose but does not refer to the real quality of the product. Previous research by Droko (2013) has only studied the factors influence customer satisfaction and loyalty to internationally branded clothes, found that producer should understand what customers’ needs and wants are in order for them to meet the satisfaction and develop loyalty toward the producer’s brand. The brand producer, with a specific end goal to equate quality and customer demands may need to continually search for item advancements and enhancements (Keller, 1993).
In a competitive business environment, businesses have to develop different strategies in order to survive in the long run. One of the best strategies is about satisfying the customers to ensure their loyalty towards the brand (Chaudhuri and Holbrook, 2001). Ensuring customers are satisfied is the core concern of any organization therefore they pay close attention to the factors that influence a customer’s decision towards brand. In view of the importance of this subject, the purpose of this research is to investigate the factors that influence customer satisfaction and the relationship between customer satisfaction and brand loyalty.

**REVIEW OF LITERATURE**

**Customer Satisfaction**

Customer satisfaction also plays an important role in shaping the attitude / intention / desire of customers to behave (Natalia, Valonia & Handrimurtjahjo, 2016). Customer satisfaction has been defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption (Hidayat, Saifullah & Ishak, 2016). The research conducted by Dimyati (2011) inferred that customer satisfaction has a significant and positive impact on customer trust. Customer satisfaction also significantly affects customer loyalty (retention) (Peltier, Schibrowsky, & Schultz, 2002). Satisfaction is a degree of meeting the needs at the end of a purchase (Oliver, 1999).

The measure on fulfillment of customer satisfaction is an assessment about how much the retailer could meet or surpass client desires (Grewal, Levy & Kumar, 2009). Customer satisfaction is a function of pre-sale expectations and post-purchase perceived performance (Fornell, 1992). Customers perform some evaluations in post-purchase stage to analyse how much the retailer can meet their expectations (Saarijärvi, Kuusela, Rintamäki, 2013). The comparison of expectation and performance in post-purchase stage determines the satisfaction level of customers. Customer satisfaction is recognized as one of the important antecedents to loyalty. It is additionally shown that customer satisfaction can impact the rehash buy conduct of purchasers since high consumer satisfaction levels will prompt client maintenance (LaBarbera & Mazursky, 1983; Reichheld & Sasser, 1990; Fornell, 1992; Day, 1994).

Research conducted by Yang and Peterson (2004) indicates a positive relationship between satisfaction and loyalty. The research finding is supported by other researchers like Cronin and Taylor (1992), Homburg and Giering (2001), and Mittal et al. (1998). Customer satisfaction is the most important factor that affects customer loyalty (Hoq & Muslim, 2010). If customer is satisfied he/she buys the product again and again. It is one of the very important elements that affect customers. Satisfaction is an element which fulfills the need of the customer associated with that product. Consumer satisfaction which is given by client administration is influenced by clients' desires, involvement, and evaluation (Barry, 2007). Thus, other than the item, the exhibitions of the client administrations are essential in consumer loyalty and steadfastness.
Brand Credibility

Brand believability is a multi-trademark term that mimics the respectability of the brand according to the customer. The characteristics of the term include the reliability of the brand in terms of case justification, honesty, trust-spreading and conveying what is advertised by the manufacturer. Stating plainly, brand credibility is a three-fold term which includes trustworthiness, expertise and attractiveness (Sternthal & Craig, 1982; Erdem & Swait, 2004). Brand credibility is viewed as a critical element affecting the brand’s customer base and its market share (Chaudhuri and Holbrook, 2001). Brand manufactures are persistently in search of motivators that can yield significantly, towards the growth of brand credibility. Having the trust that the brand warrants its publicized traits can build up a strengthened and long-lasting reliance between the manufacturer and its customers.

Perceived Quality

Maathuis et al. (2004) and Erdem & Swait and (2007) have shown the significance of brand credibility in consumer’s decision discernments and choice perceptions. Brand credibility leads to a risk-minimization approach for customers as they trust the brand specifications and have convincing psychological motivation regarding the product’s worth. This not only diminishes the innate risk perceived by the customer but also decreases the information outlay while reaching a decision to use the product (Shugan, 1980).

Brand credibility plays a key role in a customer’s perceptions of the retailing environment, particularly in the context of pricing tactics, advertising, salesperson interactions and online catalogues (O’Shaughnessy, 1971; Bobinski, Cox & Cox, 1996). Brand credibility is known to consist of two elements known as dependability and ability (Yang et al., 2003). Trustworthiness refers to the belief that a firm is willing to deliver on its promises, whereas expertise relates to the belief that the firm is capable of delivering on its promises. Thus, brands are credible (believable and trustworthy) signals and they motivate firms to be truthful about their products/services and to deliver on claims made about them (Hennig-Thurau, Gwinner, & Gremler, 2002; Harris & Goode, 2004).

Perceived Value

The nature of an item assumes a critical part in consumers' inclinations, their fulfilment and buy/repurchase decision (Raju et al., 1990; Parasuraman et al., 2000). As indicated by Moon, Park and Choi (2010), they saw quality as the buyer's impression of the general level of fabulousness of a particular brand. In other words, it does not refer to the real quality of the product, but to the consumer’s perception of the overall quality or superiority of the brand with respect to its intended purpose. Satisfaction and perceived quality are believed to be highly correlated (Olsen, 2002). Sivadass and Baker-Prewitt (2000) found a positive relationship between service quality and satisfaction. This is also consistent with some previous researches which view quality of service as an antecedent to customer satisfaction (Anderson et al., 1994; Bitner et al., 1994). A greater amount of customer satisfaction comes about because of a higher quality (Cronin et al., 2000; Brady & Robertson, 2001).
In other words, the perceived quality of service will influence customer satisfaction, which will in turn lead to brand loyalty. In general, it is about the customer’s feeling of product quality and the features provided to them such as performance and reliability of the product and the promises made by the product brand to meet the expectations of the customers (Zeithaml, 2000). If the component of perceived quality and satisfaction become regular then it is perfect for brand loyalty. Thus, perceived quality has positive effect on brand satisfaction. Seen quality has likewise an impact on the brand trust as suggested by many researchers (Corritore et al., 2003).

Perceived value is defined as the value of product according to its price in the mind of customers. Customers do not know the cost incurred on the products. After using the product, the customer will analyse through feelings whether the price of the product is more than it’s worth or not. This is the point that makes a customer willing to pay for the product or not. In such situations manufacturers or producers will apply marketing strategies to create higher value of the product and services in the eyes of customer. The customer evaluates whether the product quality and services meet expectations (Olsen, 2002). It is a relative concept that can change based on the people’s experiences and expectations of the product brand. Some researchers and practitioners considered the relationship of perceived quality and satisfaction, Olsen (2002), Darsono and Junaedi (2006).

The research findings by McDougall and Levesque (2000) and Fornell et al. (1996) prove that perceived value contributes specifically to customer satisfaction, which thus convince future expectations. When consumers have a positive perception, it may drive them to trust the brand. Trust is the fundamental driver of loyalty because it creates an exchange that is extremely valued (Tong & Hawley, 2009). Thus, perceived value seems to affect customer satisfaction. Zeithaml (2000) suggested that customers who perceived that they had received ‘value for money’ were more satisfied than those who did not. Besides that, a customer’s perception of value received will result in customer satisfaction (Hallowell, 1996).

**RESEARCH METHODOLOGY**

**Sample and Data Collection**

This study uses a quantitative survey method in the form of relationship study. Quantitative research entails analyzing data and interpreting results based on numerical data obtained. Survey questionnaires were distributed randomly to footwear consumers in the Klang Valley area. The questionnaires were distributed to them since they would be able to identify factors influencing customer satisfaction and loyalty of consumer footwear in Malaysia. Researcher went to IOI City Mall, Mid valley Mega Mall, The Curve, 1Utama, and Sunway Pyramid at different times. The researcher went to IOI City Mall, and Mid Valley Mega Mall on weekends and The Curve, 1Utama, and Sunway Pyramid during weekdays. Questionnaires were distributed at the shopping complexes on different dates and time.

Before the questionnaires were distributed the researcher approached potential respondents to ask for their consent to be the respondent. If the person agrees the researcher give to the person a questionnaire to be answered. The researcher waits for them to answer the questionnaires to
assist them wherever necessary. One hundred (100) completed questionnaires were collected and this sample size is considered sufficient in order to get reasonable statistical result (Hair, Anderson, Tatham, & Black, 1998). Data were collected in December 2016 to March 2017. This study uses non-probability and convenience sampling method.

Data Analysis

Data analysis tool explains the research instrument used to analyze the received data. Statistical Package for Social Science (SPSS) Version 22.0 Software was used to analyse the data in this study. The data were analysed to verify the hypotheses proposed in this study. The first hypothesis is to investigate whether there is a relationship between brand credibility and customer satisfaction; the second hypothesis is to study if there is a relationship between perceived quality and customer satisfaction and the third hypothesis is to investigate if there is a relationship between perceived value and customer satisfaction. The fourth hypothesis is to find out whether there is a relationship between customer satisfaction and brand loyalty. A two-pronged correlation analysis (Pearson Correlation) was conducted in order to analyze the relationship in each of the hypotheses.

Research Framework

The framework for this study is shown below:

![Research Framework Diagram]

Research Hypothesis

There are four main hypotheses in this research. The first hypothesis states that there is a relationship between brand credibility and customer satisfaction and the second hypothesis states that there is relationship between perceived quality and customer satisfaction. The third hypothesis states that there is a relationship between perceived value and customer satisfaction. The fourth hypothesis states that there is a relationship between customer satisfaction and brand loyalty. The list of the hypotheses is shown below:

H1: There is a significant relationship between brand credibility and customer satisfaction.
H2: There is a significant relationship between perceived quality and customer satisfaction.
H3: There is a significant relationship between perceived value and customer satisfaction.
H4: There is a significant relationship between customer satisfaction and brand loyalty.
RESULTS AND DISCUSSIONS

Respondents’ Demographic variables

The demographic variables involved in this study for the 100 respondents are: (i) gender; (ii) ethnicity; (iii) age group; (iv) education level, and (v) income. Table 1 illustrates a summary of the respondents’ demography.

<table>
<thead>
<tr>
<th>Demographic variables</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
</tr>
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<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Male</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>2. Female</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Ethnic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Malay</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2. Chinese</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>3. Indian</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>4. Others</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. 20 – 25 years</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>2. 26 – 30 years</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>3. 31 – 40 years</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>4. Above 40 years</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Diploma</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>2. Bachelor</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>3. Master</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>4. PhD</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>5. Others</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
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<tr>
<td>1. Below RM2000</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>2. RM2001 – RM4000</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>3. RM4001 – RM6000</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>4. RM6001 – RM8000</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>5. RM8001 or above</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Reliability Analysis

The statement for each attribute has been tested using the reliability test. As shown in Table 2, all of the constructs have values more the 0.5, and this indicates that the constructs have an acceptable range of reliability. Specifically, Table 2 shows the alpha value for Brand Credibility (0.828), alpha value for Perceived Quality is 0.773, alpha value for Perceived Value (0.781), alpha value for Customer Satisfaction (0.820) and alpha value for Brand Loyalty (0.828).
**Multiple Linear Regression**

Regression analysis was used to analyse the effect of brand credibility, perceived quality and perceived values (independent variables) on customer satisfaction (dependent variables). The R-square results is 0.699 (refer to Table 3), which means that 70 percent of the variance in the dependent variable (customer satisfaction) can be predicted from the combinations of all independent variables.

**Hypothesis Analysis**

Correlation coefficients measure the strength of association between two variables. The most common correlation coefficient, called the Pearson product-moment correlation coefficient, measures the strength of the linear association between variables. Table 4 shows the correlation coefficients between brand credibility, perceived quality and perceived value with customer satisfaction. The correlation is significant at the 0.01 level (2 tailed). The relationship must be at least significant at \( **p \leq 0.01 \). There is significant correlation between brand credibility and customer satisfaction, \((r = 0.505**, p = 0.000 < 0.01)\), perceived quality and customer satisfaction, \((r = 0.596**, p = 0.000 < 0.01)\), perceived value and customer satisfaction, \((r = 0.596**, p = 0.000 < 0.01)\) and customer satisfaction and brand loyalty, \((r = 0.684***, p = 0.000 < 0.01)\). Therefore, the correlation between independent variables and dependent variable is more than 0.5 which shows that there is significantly high association between these variables.
Customer satisfaction is very important as it creates a sense of belonging, emotional binding and brand loyalty among customers. Satisfaction is operationalized as “if needs or demands of customers are fulfilled through particular product or service” or if customer feels that he gets the desired benefits from the goods or services for which they have paid to a particular firm. The main motive of this study is to examine how brand credibility and customer perceived quality and values of the product add value toward creating satisfied customers or otherwise. Results show that all the factors selected affect customer satisfaction to a great extent. Customer service is the most powerful stimulant of brand loyalty.

There are few studies that have been conducted on the relationship between brand credibility and customer satisfaction. The results from the analysis suggest that brand credibility is positively and significantly correlated to customer satisfaction (Tohid & Mahboub, 2016). Maathuis et al. (2004) and Swait and Erdem (2007) have claimed the importance of brand credibility in making the decision and other choices. Thus, there is a positive relationship between brand credibility and customer satisfaction.

There are several past studies on the relationship between perceived quality and customer satisfaction. Results from the analysis suggest that perceived quality is positively and significantly correlated with customer satisfaction. A study by Rizwan, Javed, Aslam, Khan & Bibi (2014) stated that there is positive correlation between perceived quality and customer satisfaction. According to Kotler et al., (2000), quality is defined as the sum of features and characteristics of a product or services that stand on its ability to fulfill stated or implied expectation. Consumers can develop love for a brand based on perceived quality and value thus finally developing brand loyalty. This shows that there is a positive relationship between these two factors.

There are several studies that have been done about the relationship between perceived value and customer satisfaction. Results from the analysis suggest that perceived value has positive and significant correlation with customer satisfaction (Zhu & Zhang, 2010). A study by Shoki, Hiew and Khalid (2012) stated that there is positive correlation between perceived quality and customer satisfaction. Evans and Berman (2001) claim that customer satisfaction is achieved if the services or products being offered meet the basic requirements of the customer. Thus, there is positive relationship between these two factors at moderate range.

The findings of this study are consistent with the findings of a study conducted by Kaunas (2013) and Al-msallam (2015) which states that customer satisfaction have a positive relationship with brand loyalty. Awan & Rehman (2004) also stated that there is a positive and moderate relationship between these two factors. Thus, there is a positive relationship between customer satisfaction with brand loyalty. We argued that customer satisfaction is important in creating brand loyalty. These factors also influence each other in one regard or the other. Customer satisfaction and brand loyalty has a strong relationship; if the satisfaction exists then it would add to brand loyalty. These independent variables do not only influence the dependent variable but they also have strong relationship with each other. Customer Satisfaction and Brand Loyalty also complement each other since if customers are satisfied then customers are willing to pay more for the product or service.
CONCLUSION, RECOMMENDATION AND LIMITATION

Recommendations are important because they provide suggestions on how to improve research process and findings in the future. In line with this there are few recommendations from this study that could help other researchers in future. It is recommended that future research should cover respondents of other ethnic groups and coverage expanded to cover a larger area such as respondents from other states in peninsular Malaysia. In addition, future research should be undertaken during a specific period to make sure the results are more reliable.

There are few limitations of this research. The first limitation is caused by sample size. Because of the time, the researcher manages to distribute questionnaires to be answered to only 100 respondents. The second limitation is on data collection time. The data was not collected at the same date, day and time for every shopping mall. Data collection time affects the result of this study. The data collected at the end of the month, during weekends and during leisure time might have given different results compared to data collected in the middle of the month, during weekdays and during working time. Timing of data collection should be at the same time for every place. Lastly, some of the respondents did not answer all the questions that are stated in the questionnaire.

For future studies, a larger sample size that involves more customers from different business areas should be considered. This study is limited to the certain area only and, as a result, there are limitations to generalizing the findings to other business areas especially outside Klang Valley in the shopping mall context. Furthermore, future research should take into consideration factors like customers services (Hanif et.al., 2010). Lastly, future research should explore how customer perception would influence the customer satisfaction and effect to the brand loyalty. To sum up, this paper provides empirical evidence on how to improve customer satisfaction that will increase the brand loyalty. All hypotheses were supported.

REFERENCES


