

An Empirical Investigation on the Effect of Brand Loyalty

Tariq Jalees * Nimra Shahid[†] Huma Tariq[‡]

Abstract: This paper examines how satisfaction, brand image, price, packaging and perceived quality influence brand loyalty. A self-administered questionnaire through mall intercept method was used for survey purpose. Valid sample size was 300 comprising all adults and both genders. The constructs used in this study had established reliabilities. After ascertaining the normality of data a typical multiple step procedure was adopted which is inclusive of identifying outliers, ascertaining normality of the data, reliability analysis, validity analyses, CFA for all the constructs through structural equation modeling (SEM), and testing the overall model through SEM. Derived hypotheses results were assessed on SEM's output that is standardized regression estimates (SRE) and critical ratios. Price was the strongest predictor of brand loyalty followed by packaging and satisfaction. Company image and perceived quality had no relationships with brand loyalty. Some of the findings of this study are consistent with the earlier studies, while others are in-consistent to earlier research. Implications for managers were drawn from the results.

Keywords: Brand loyalty, satisfaction, quality, price, company image and packaging.

Introduction

Ever increasing competition and consumers empowerment have forced marketers to find innovate modes and methods for gaining competitive advantage, and getting customer's attention (Rajumesh, 2014). Most of the competitors are employing all the available marketing tools and techniques due to which it has become extremely difficult to create product and brand differentiation (Bianchi, Drennan, & Proud, 2012; Rajumesh, 2014)

Developing and maintaining a strong loyal customer base is generally preferred by the marketers as it is cost effective and requires comparatively lesser efforts. Some of the commonly used techniques for creating loyal customers are branding, promotion, prices and product differentiation. Techniques such as creating brand trust, brand attitude and brand experience are also being used for developing long term relation and brand loyalty with the customers (Brakus, Schmitt, & Zarantonello, 2009; Carroll & Ahuvia, 2006; Jalees & DeRun, 2004). Thus the brand loyalty concept is considered

*Dr Tariq Jalees is an Associate Professor and Head of Marketing, College of Management Sciences, Karachi Institute of Economic and Technology, Creek, Karachi, Pakistan, E-mail: tariquej2004@yahoo.com

[†]Ms. Nimra Shahid is a graduate of Iqra University, Gulshan. Campus

[‡]Ms. Huma Tariq is a Design Engineer, at Techno-Consult International, Karachi, Pakistan, E-mail: engr.huma@gmail.com

as a very strong tool for product differentiation, attracting new customers and retaining the old ones (Rajumesh, 2014).

Studies have also explored the effects of brand image, sales promotion, brand differentiation, and customer satisfaction on brand loyalty (Brakus et al., 2009; Zarantonello & Schmitt, 2010). Most of the studies have not adequately addressed the effect of marketing mix along with company image and perceived satisfaction on brand loyalty, especially in the context of Pakistan (Hanif, Hafeez, & Riaz, 2010; Nemati, Khan, & Iftikhar, 2010; Osman & Subhani, 2010). Thus the aim of this study is to measure the effects of price, quality, satisfaction, packaging and company image on brand loyalty.

Overview of the Literature

Most of the studies have explored the effect of marketing mix on brand loyalty. Some are based on six variables, while others are on two variables. For example a study on Malaysian Hyper Market found that price promotion was the strongest predictor of brand loyalty followed by store-image, distribution intensity, and price; while advertising spending had no significant relationship with brand loyalty (Heng, 2011). Others in this context claims that awareness, packaging, and pricing have significant positive effect on brand loyalty (Dhurup, Mafini, & Dumasi, 2014). In the context of wine category it was found that wine knowledge and wine experience indirectly affects brand loyalty mainly through wine brand trust and wine brand satisfaction. Moreover, the study also maintained that consumer satisfaction is the strongest predictor of brand loyalty (Bianchi et al., 2012).

While measuring the effect of satisfaction and commitment on brand loyalty, it was observed that customer satisfaction has a significantly positive impact on loyalty which also influences repurchase, significantly. Additionally, it was also pointed out that the effect of satisfaction and association with a brand do not vary with gender and location (Dimitriadis, 2006). Research in the domain of chocolate industry has also validated that customer satisfaction results in increased repurchase intensity, which leads to brand loyalty (Kuikka & Laukkanen, 2012).

Price and quality, effects on brand loyalty have also been explored in dairy products category. The study found that if price and quality are adequately balanced it will have positive effect on long term loyalty (Boniface, Gyau, & Stringer, 2012). The relationship of customer satisfaction and price with brand loyalty was again revalidated in the domain of internet book store. It was indicated that lower price attracts heavy shoppers, who are more loyal as compared to light shoppers (Chiou & Pan, 2009).

Effects of brand on brand loyalty have also been explored in literature. In this context it has been found that brand name and reputation strongly affects brand loyalty. Thus the study suggested that while selecting the company or brand name extensive research is necessary as the meaning of brand name may vary from one country to other country (Balmer et al., 2006). Frequent travellers generally have a higher awareness of the brand names and the services associated with them due to which they prefer to stay in the branded hotels; and thus develop a long term relation and loyalty with the branded hotels (Kam Fung So & King, 2010). Consumers might develop brand loyalty with private brands as long there is a balance between price and quality (Glynn & Chen, 2009). Additionally it has been observed that brand availability plays a significant role for attracting customers which is important for selling and retaining them (Srinivasan, Park, & Chang, 2005).

While exploring the effect of personality on brandy loyalty it was observed that

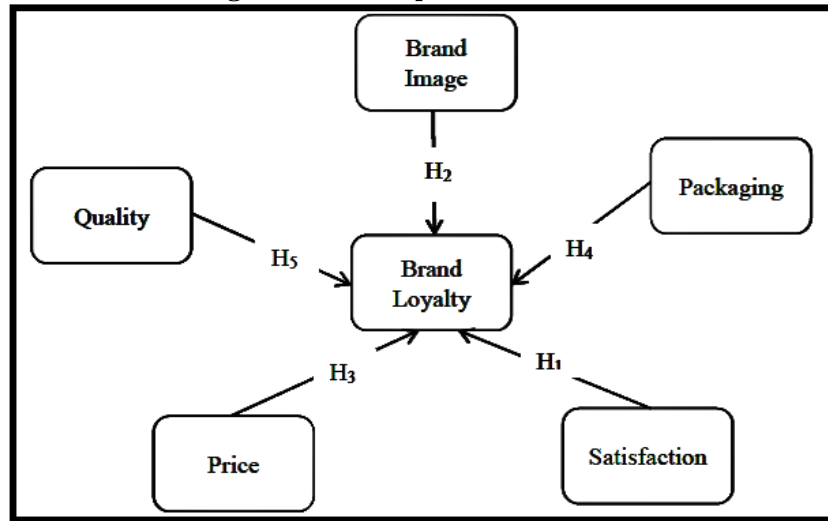
close association of brand personality and consumer personality results in positive attitude towards the brand and brand loyalty (Hayes, Alford, Silver, & York, 2006). Customers with hedonic values give significant importance to the brand personality and are strongly attracted to the brands with strong personification (Mooradian, Renzl, & Matzler, 2006).

Brand promotional activities have no effect on brand loyalty. as these activities are generally more attractive to non-brand loyal (Tsao, Lin, Pitt, & Campbell, 2009; Van den Brink, Odekerken-Schröder, & Pauwels, 2006). However, Consumer perception on CRM is positive which also affect their brand loyalty positively (Van den Brink et al., 2006). Generally late buyers are more loyal to a brand because they take time to assess the brand attributes and once satisfied they stay for a longer period with the brand (Shang, Chen, & Liao, 2006).

Conceptual Framework

Based on the above literature review and the objectives of the study a conceptual framework has been developed which is depicted in Figure 1. Subsequently, the dependent variable (brand loyalty) is discussed followed by discussions on the relationships of independent variables with brand loyalty (dependent variable).

Figure 1: Conceptual Framework



Brand Loyalty

Repeated purchasing behavior was originally associated with brand loyalty (Shang et al., 2006). Since repeat purchase connotes temporary acceptance, therefore this concept was further broadened by including attitudinal and behavioral loyalty (Jacoby & Kyner, 1973). Behavioral loyalty refers to consumer repeated purchase behavior for the same brand. Whereas, attitudinal loyalty refers to consumer's commitment for

purchasing a brand because of the values associated with it (Chaudhuri & Holbrook, 2001).

Attitudinal loyalty positively effects behavior loyalty (Gounaris & Stathakopoulos, 2004). Moreover, consumer's high involvement in a brand also leads towards brand loyalty or commitment (Shang et al., 2006). Consumers who are highly involved with a brand are able to assess product attributes as a result they remain committed and loyal to the selected brand (Howard & Sheth, 1969). Consumers with low brand involvement are generally less committed therefore they are more vulnerable to other available options (Tyebjee, 1979).

A three stage model has also been suggested for understanding the relationship of involvement and behavior loyalty (Shang et al., 2006). According to this model initially a high level of activities are generated to increase consumer involvement in the brand. Subsequently these activities effect psychological commitment towards the brand which ensure strong and positive attitude towards the brands. As a consequence loyal consumers are reluctant to switch to other brands (Alexandris, Zahariadis, Tsozbatzoudis, & Grouios, 2004).

Customer Satisfaction and Brand loyalty

Since decades, the focus of companies is on customer satisfaction as it leads to increase in the market share and retention of customers (Dimitriades, 2006; Hansemark & Albinsson, 2004). Additionally it is believed that satisfied customers not only stay with the companies for a longer period but they are not price sensitive (Grace & O'cass, 2005; Zineldin, 2000).

Contrarily a study found that satisfied customer might switch to other brands but loyal customer would have a long term relationship with the company (Jones & Sasser, 1995). Satisfaction is also considered as a function of brand loyalty therefore satisfied customer due to repeat purchase contributes in the profitability and sales of the company (Bowen & Chen, 2001; Fecikova, 2004). It has also been found in several studies that customer commitment also plays a mediating role between customer evaluation of the company and their long term relationship with the company (Fullerton, 2003; Zins, 2001). Several studies have empirically demonstrated that satisfaction plays a significant role in brand loyalty (Dimitriades, 2006; Hansemark & Albinsson, 2004).

Others while validating the relationship of customer satisfaction and brand loyalty also maintained that a satisfied customer will continue to purchase the brand, and in long run he will become a habitual buyer of the brand (Kuikka & Laukkanen, 2012; Singh & Sirdeshmukh, 2000; Taylor, Celuch, & Goodwin, 2004).

Brand Image and Brand loyalty

Brand image is a consumer's perception about brand's attitudes, benefits and attributes (Keller, 1993). Consumers use brand image to relate their needs and wants and differentiate between competing brands; which helps them in buying a particular brand (M.-H. Hsieh, Pan, & Setiono, 2004). Feelings and attitudes toward an object or person are also associated with a brand. All marketing programs and strategies are pivoted around brand and brand image (Roth, 1995). Thus a brand image helps consumer in brand-differentiation and reasons to purchase a brand or develops a positive attitude towards brand and extension (D. A. Aaker & Equity, 1991; Pappu, Quester, & Cooksey, 2006).

Earlier research supports that brand image has a positive effect on brand loyalty which from a perspective is considered as customer repurchase intention (Upamannyu, Gulati, & Mathu, 2014). Brand image helps in the development of consumer's confidence and special bonding with the brand, which positively affects brand loyalty (Pinar, Girard, & Eser, 2012; Vázquez-Carrasco & Foxall, 2006).

Others have also emphasized that successful companies depend on their image for selling their products which positively influence customer loyalty (J. Aaker, 1999; Afsar, Rehman, Qureshi, & Shahjehan, 2010). Brand image is not only a first interaction with customers, but it also depicts the quality and features of the brand, due to which customers develop long term relationships with the brand (Abbasi, Akhter, Ali, & Hasan, 2011).

Others in this context also observed that the emphasis on brand image have increased significantly because customers perception about the quality and features are linked with it, which leads to long term relationship with the brand (Saeed et al., 2013). While others validating this relationship found a strong relationship between brand name and brand loyalty and also concluded that strong brand name have stronger effect on the brand loyalty (Yee & Sidek, 2008). While validating the relationship of brand image and loyalty, it was also suggested that prestigious brand image retards consumer's switching behavior (Foster & Cadogan, 2000). Brand image not only is a source of customer's perceived satisfaction and quality, but it ultimately leads to customer loyalty (Fornell, Mithas, Morgeson III, & Krishnan, 2006).

Pricing and Brand Loyalty

Price is an important element of the marketing mix which refers to the money value customers attaches to goods for exchange transaction (Farahmand & Chatterjee, 2008; Kent & Omar, 2003). Consumer perception of price being high, low or fair affects his/her buying behavior and loyalty (Ahmad & Vays, 2011; Mohd Suki, 2013).

Pricing has a strong relationship with company's strategies and it has significant interaction with the other marketing mix due to which companies create segmentation and send signals to the competitors and consumers about their product offering (Atcharyachanvanich & Okada, 2007; Eun Park, Yu, & Xin Zhou, 2010; Yesawich, 2004). A good pricing strategy plays a significant role in customer's attraction and retention which leads towards long term relationship (Shang et al., 2006). Pricing thus plays a significant role in creating loyalty, retaining existing customers, and attracting new ones provided consumers perceives pricing strategy to be straight forward and honest, rather than inconsistent and confusing (Campo & Yagüe, 2007; Dunne & Lusch, 2008; Sahay, 2012).

Thus it has been argued that since price plays a significant role in the context of performance and final destiny of consumers and company therefore it has positive and predicative relationship with brand loyalty (Dhurup et al., 2014). Some are of the opinion that that price and brandy loyalty has a positive relationship, while others emphasized that these two factors are highly correlated (Sirohi, McLaughlin, & Wittink, 1998; Yee & Sidek, 2008; Heng, 2011). On the other hand it has been also found that all the customers do not use pricing as an evaluative criterion (Meer, 1995). Disloyal customers might use pricing as an evaluation criteria but loyal customers are least bother about it; they are willing to pay premium pricing and are not price sensitive as compared to disloyal customers (Heng, 2011; Jackson, 2010).

Packaging and Brand Loyalty

Packaging is inclusive of design, and filling/wrapping of the products for effective protection, storage, transportation and identification of the brand (Dhurup et al., 2014; Kent & Omar, 2003). Packaging not only reflects product attributes but also attract uninterested customers towards the product (Dhurup et al., 2014). It not only helps in creating product differentiation but also helps consumers to associate themselves with the company and brand (Belén del Río, Vazquez, & Iglesias, 2001; Shafiq, Raza, & Zia-ur Rehman, 2011).

Thus the right combination of visual cues such as labeling, information, images packaging helps in increasing the sales of brand which ultimately influence purchase intention and brand loyalty (Imram, 1999). Packaging not only adds value to the brand but it is an efficient tool for product differentiation and stimulating positive buying behavior and retention (Pauwels Delassus & Mogos Descotes, 2012; Underwood, Klein, & Burke, 2001; Wells, Farley, & Armstrong, 2007). Thus the right packaging helps in getting consumer's attention and enhancing brand image (Vila & Ampuero, 2007).

Several studies have found that effective packaging carves a unique position in consumers' mind, due to which their confidence increase in terms of reliability and performance; which ultimately leads to purchase of the product and brand loyalty (Bed, 2008; Dhurup et al., 2014; Hysen et al., 2008).

Perceived Quality and Brand Loyalty

The quality conceptually has two perspectives. One is objectivity and other is perceived quality (Brunsø, Bredahl, Grunert, & Scholderer, 2005). Objective quality refers to measureable aspects such as product features, product performance, durability and quality control. On the other hand perceived quality is consumer's aesthetic perception of brand image (Pauwels Delassus & Mogos Descotes, 2012). If perceived quality is high, and the product meets consumer expectation then it will play a significant role in developing brand loyalty.

This relationship of perceived quality and brand image has been validated by others. They found that higher the perceived quality, the higher is satisfaction level which will lead to higher level of brand loyalty (Gillani, Khan, & Yousaf, 2013). Others in this context found that although image via perceived quality has an effect on the loyalty but perceived quality has direct effect on brand loyalty as well (Bloemer, De Ruyter, & Peeters, 1998). Contrarily, others found that service quality has effects on attitude and satisfaction but indirect effect on brand loyalty (Sivadas & Baker-Prewitt, 2000).

However, in an another study it was found that the relationship of quality services and brandy loyalty varies from industry to industry, but the study also suggested that consumer's brand loyalty is stronger in those industry where switching cost is high; and low brand loyalty where the switching cost is low (De Ruyter, Wetzels, & Bloemer, 1998).

Research hypotheses

Based on the above discussions and objective of the study the following hypotheses have been formulated:

- H1: Satisfaction has a positive effect on brand loyalty.
- H2: Brand image has a positive effect on brand loyalty.
- H3: Pricing has a positive effect on brand loyalty.

H4: Packaging has a positive effect on brand loyalty.

H5: Perceived quality has a positive effect on brand loyalty.

Methodology

Procedure

Three hundred twenty five respondents were approached and the response rate was 95% (309 sample), of which nine were incomplete and hence were discarded. The valid sample size was 300 which is appropriate for the study of this magnitude (Raza & Hanif, 2013; Sharif & Bukhari, 2014; Ali & Raza, 2015). Of the total valid sample 180 (60%) were male and the rest 120 (40%) were females. In terms of marital status 135 (45%) were married and the rest 165 (55%) were single. The age of all the participants was between 19 to 47 (M= 24.20, SD=2.45).

In terms of education 135(45%) had education up to secondary school certificate (SSC), 120 (40%) had a higher education certificate (HSC), 30 (10%) had bachelor's degrees, and the rest 15(5%) had at least master's degree.

Measures

The questionnaire used for this study was based on five points Likert scale. Five points depicting a very high agreement and one a very low agreement. The questionnaire for this study had seven sections. Section one on demographic data was based on nominal scale. Section two was on perceived satisfaction of consumers, it had five questions two were adopted from previous study conducted by Kuikka and Laukkanen (2012), and the rest three from the study undertaken by Grace and O'cass (2005). Section Three on Company image was based on five items. Three were taken from the study Pappu et al. (2006), and the rest two from Pinar et al. (2012). Section four on Price had five items; two were taken from the study Mohd Suki (2013) and the rest two from Eun Park et al. (2010). Section five on perceived quality was also based on five items. Three items were taken from the study Pauwels Delassus and Mogos Descotes (2012) and the other two from Pappu et al. (2006). Section six on packaging had five items three were adopted from the study Gelperowic and Beharrell (1994) and two from Rashid et.al. (2011). Section seven on brand loyalty had seven items all taken from the study Shang et al. (2006). All the constructs had reliabilities ranged from 0.75 to 0.85 (Pauwels Delassus & Mogos Descotes, 2012; Gelperowic & Beharrell, 1994; Grace & O'cass, 2005; Kuikka & Laukkanen, 2012; Pappu et al., 2006; Saeed et al., 2013; Shang et al., 2006; Mohd Suki, 2013).

Measurement

After preliminary exercise such as identifying missing data and outlier's; normality and reliability of each construct was ascertained. Normality was based on Skewness and Kurtosis analyses and a bench mark of ± 1.5 was used (De Run, 2004) and the reliability through Cronbach's alpha which should be at least 0.70 (Leech, Barrett, & Morgan, 2005) (Refer to Table 1). Subsequently CFA for each construct and the final model were measured separately. In this paper the following fit indices are reported: (1) Three from Absolute Fit Measures which are Chi Square (χ^2), Relative Chi Square (CMIN/df) and The Root Mean Square Error of Approximation (RMSEA) (2) Two

from Relative Fit Measures which are the Comparative Fit Index (CFI), and Normed Fixed Index (NFI), and (3) One from Parsimonious Fit Measures which is Parsimony Normed Fit Index (PNFI) (De Run, 2004). The criteria with for each index measure is depicted in Table 2 with the results.

Results

Descriptive Analysis

The instrument used for this paper comprised of constructs which were earlier used by the researchers and therefore have established validities and reliabilities. However, the reliabilities of the used constructs were again reestablished. Additionally normality was assessed on Skewness and Kurtosis analyses. The summarized results are presented in Table-1.

Table 1: Descriptive and Reliability of Initial Constructs

	Reliability	Mean	Std. Deviation	Skewness	Kurtosis
Satisfaction	0.938	3.445	1.063	-0.681	-0.319
C. Image	0.878	3.671	0.882	-0.803	0.588
Quality	0.898	3.569	0.933	-0.833	0.370
Packaging	0.770	3.597	0.979	-0.029	1.416
Price	0.818	3.557	0.833	-0.742	0.916
Brand loyalty	0.941	3.612	0.979	-0.994	0.548

Table-1, shows that the reliability of brand loyalty was the highest ($\alpha = .941$, $M = 3.612$, $SD = 0.979$); whereas reliability of packaging was lowest ($\alpha = .770$, $M = 3.597$, $SD = 0.979$) which are within the acceptable range (Leech et al., 2005) indicating that the respective items have reasonable internal consistency and reliability.

Table-1, above also shows that since all the constructs in terms of Skewness and Kurtosis are within the acceptable range of ± 1.5 (De Run, 2004), therefore it could be safely assumed that the data has normal tendency.

Validity of the Constructs

Convergent Validity

The factor loadings of all the indicator variables are at least 0.40 and goodness of fit indexes are also within the prescribed limit; indicating that convergent validity requirements have been met (Y.-C. Hsieh & Hiang, 2004; Shammout, 2007).

Discriminant Validity

Discriminant validity shows the uniqueness of the variables (Hair, Anderson, Tatham, & Black, 2007). Discriminant validity was established though correlation of the entire constructs on one to one basis. The results of discriminant validity show that the highest correlations was between price ($M = 3.557$, $SD = 0.881$, $N = 300$) and brand loyalty ($M = 3.661$, $SD = 0.957$) with, $r(300) = .0662$, $p = 0.0 < 0.01$; and the lowest was between company image ($M = 3.671$, $SD = 0.881$) and brand loyalty ($M = 3.661$,

SD = 0.957) with, $r(300) = 0.472$. The results shows that each pair of the correlation are within the prescribed limit (Leech et al., 2005)

Confirmatory Factor Analysis

CFA is a test for measurement theories (Hair, Black, Babin, Anderson, & Tatham, 2006). In CFA, the specified number of factors and items (indicators) are initially developed on theory than required statistical analyses are carried out. The summarized CFA results are presented in Table 2.

Table 2: Confirmatory Factor Analysis

Construct	Chi Square (A)	Deg. of Freedom	Probability	CMIN/df (A)	RIMES (A)	CFI (B)	NFI (B)	PNFI (C)
Satisfaction	13.130	2	0.001	6.566	0.136	0.988	0.986	0.329
C. Image	22.110	5	0.000	4.421	0.107	0.978	0.972	0.486
Quality	12.280	5	0.002	3.856	0.098	0.984	0.979	0.489
Packaging	4.216	2	0.121	2.108	0.061	0.995	0.990	0.330
Pricing	4.979	2	0.083	2.490	0.071	0.990	0.984	0.328
Brand loyalty	28.610	5	0.000	5.722	0.126	0.977	0.973	0.486
Criteria	Low	n/a	< 0.05	< 5.0	> 0.10	> 0.95	> 0.50	> 0.50

Factor loading for each observed variable is at least 0.40 and hence meeting the minimum requirement of factor loading o. Moreover, standardized residual were below ± 2.58 (Hair et al., 2007). All the Fit indexes for each of the exogenous model are within/close to the prescribed limit (See Table 2). However, the index of PNFI is lower than the minimum criteria of 0.50. Since the rest of the indices were within the prescribed limit and two stage SEM analyses is being carried therefore it was assumed that it will cross the prescribed at the final stage of testing the overall model (Gerbing & Anderson, 1988) which it has, and PNFI at the final stage is PNFI= 0.734>0.50 (refer to the overall results section 4.4).

Overall Model

The overall SEM model comprise of five exogenous models namely, satisfaction, company image, price, perceived quality and packaging and one endogenous model brand loyalty. The CFA result of each exogenous model has been discussed in earlier section, the overall final model is depicted in Figure 1.

Figure 2: Final SEM Model

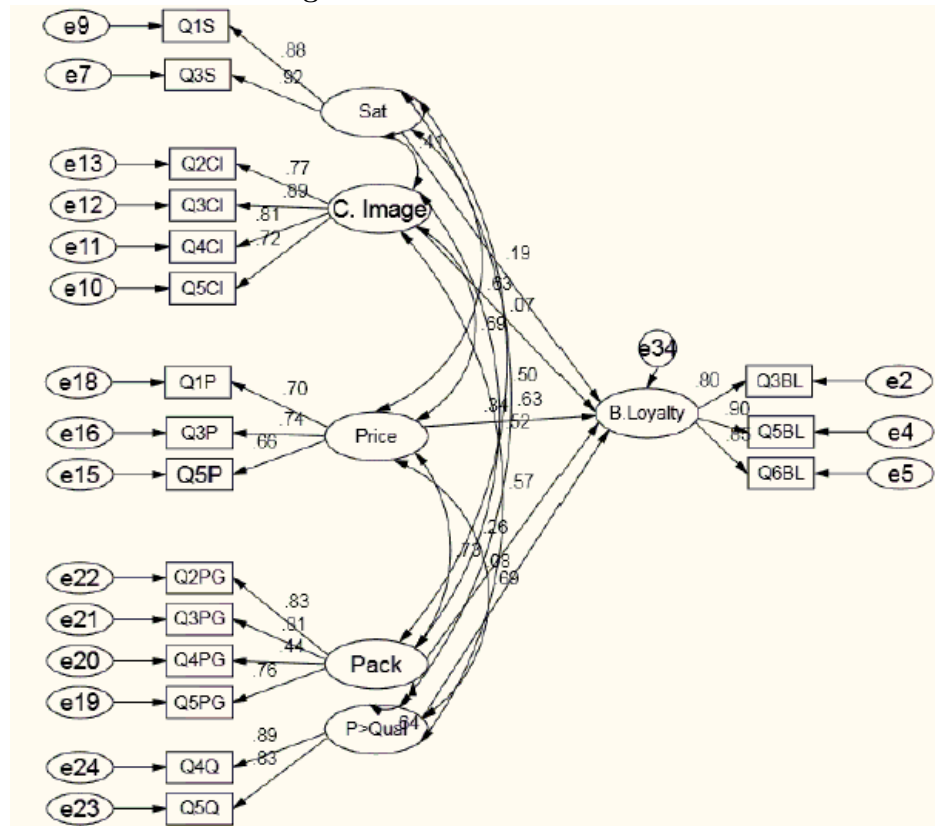


Figure-2 for the overall model shows that factor loading for each observed variable is at least 0.40 and hence meeting the minimum requirement. Moreover, standardized residual were below ± 2.58 (Hair et al., 2007). Goodness of fit indexes as shown below indicates that the overall model is a good fit:

1. The Chi Square value was significant ($\chi^2 = 208.596$, $DF = 120$, $p = .000 < .05$). The CMIN/df (Relative χ^2/df) was $1.738 < 5$. The Root Mean Square Error of Approximation (RMSEA) = $0.050 < 0.08$ meet absolute fit measure criteria.
2. The Comparative Fit Index (CFI) = $0.972 > 0.90$ and Normed Fit Index (NFI) = $0.736 > 0.900$ meet Relative Fit Measures.
3. Parsimony Normed Fit Index PNFI = $0.734 > 0.50$ meets from Parsimonious Fit Measures

Hypotheses Results

The SEM model depicted in Figure-2 and summarized SEM results presented in Table 3 shows that of the five hypotheses three failed to be rejected (accepted), and two were rejected.

Table 3: Hypothesized Relationship

Hypothesized Path	Standardized Estimates	Critical Ratio	Supported
Satisfaction and Brand Loyalty	0.178	2.841	Yes
Image and Brand Loyalty	0.094	0.993	No
Price and Brand Loyalty	0.429	2.636	Yes
Packaging and Brand Loyalty	0.274	2.841	Yes
Quality and Brand Loyalty	0.086	0.967	No

Discussion and Conclusion

In view of the competitive environment and lower cost associated with brand loyalty it has become an important tools for the marketers. Thus the objective of this study was to ascertain the effects of brand image, satisfaction, price, packaging, perceived quality on brand loyalty. Of the five hypotheses three were accepted and two were rejected. A positive relationship between price and brand loyalty was found followed by packaging and satisfaction. While company image and perceived quality have no relationships with brand loyalty. The hypothesized results are consistent with some earlier research and inconsistent with others earlier studies; which are discussed in the following paragraphs.

The hypothesis (one) on the positive effect of satisfaction and brand loyalty was accepted (S. Estimate = 0.178, CR= 2.489 < 0.05). Comparatively, in some studies it was found that satisfied customer might switch to other brands but loyal customer would have a long term relationship with the company (Jones & Sasser, 1995; McCarthy, 1997). Additionally, contrary to the result of this hypothesis; several studies found that customer commitment also plays a mediating role between customer evaluation of the company and their long term relationship with the company (Fullerton, 2003; Zins, 2001). However, most of the earlier studies are of the view that customer satisfaction positively affects brand loyalty to the extent that they will become habitual buyers of the brand (Dimitriadis, 2006; Hansemark & Albinsson, 2004; Kuikka & Laukkanen, 2012; Singh & Sirdeshmukh, 2000; Taylor et al., 2004). In fact some of the researchers have gone up to the extent of treating customer satisfaction as a function of brand loyalty (Bowen & Chen, 2001; Fecikova, 2004).

The hypothesis (two) on the positive effect of brand image and brand loyalty was rejected (S. Estimate = 0.094, CR= 0.993 > 0.05). This was a surprising result as most of the earlier studies support that brand image has a positive effect on brand loyalty which from a perspective is considered as customer repurchase intention (Afsar et al., 2010; Abbasi et al., 2011; Saeed et al., 2013; Yee & Sidek, 2008). In this context other have observed that the emphasis on brand image these days have increased significantly because customers' perception about the quality and features are linked with it; which leads to long term relationship with the brand (Saeed et al., 2013). Reasons for this inconsistency result is that the local market is price sensitive, and additionally in Pakistan about 65% goods sold are counterfeit or look alike (Jalees & DeRun, 2004).

The hypothesis (three) on the positive effect of price and brand loyalty was accepted (S. Estimate = 0.492, CR= 2.636 < 0.05). In comparison to this results in one study it was found that a good pricing strategy plays a significant role in customer's

attraction and retention which leads towards long term relationship (Sahay, 2012). Other studies also emphasized on the effect of pricing and brand loyalty; and they observed pricing plays a significant role in creating loyalty, retaining existing customers, and attracting new ones provided consumers perceives pricing strategy to be straight forward and honest, rather than inconsistent (Campo & Yagüe, 2007; Dunne & Lusch, 2008; Sahay, 2012). However it may be pointed out that some are of the opinion that that price and brandy loyalty has a positive relationship, while others emphasized that these two factors are highly correlated (Sirohi et al., 1998; Yee & Sidek, 2008; Heng, 2011). Studies in this context also found all the customers do not use pricing as an evaluative criterion (Meer, 1995). Disloyal customers might use pricing as an evaluation criteria but loyal customers are least bother about it; they are willing to pay premium pricing and are not price sensitive as compared to disloyal customers (Heng, 2011; Jackson, 2010).

The hypothesis (four) on the positive effect of packaging and brand loyalty was accepted (S. Estimate = 0.086, CR= 0.967 > 0.05). This result is consistent with earlier studies. For example the studies have found that with the right combination of visual cues such as labeling, information, images packaging helps in increasing the sales of brands which ultimately influence purchase intention and brand loyalty (Imram, 1999). Packaging not only adds value to the brand but it is an efficient tool for product differentiation and stimulating positive buying behavior and retention which ultimately leads to brand image and loyalty (Pauwels Delassus & Mogos Descotes, 2012; Underwood et al., 2001; Vila & Ampuero, 2007; Wells et al., 2007). Other studies while substantiating the relationship of packaging and brand loyalty argued that effective packaging carve a unique position in the consumers' mind, due to which their confidence increase in terms of reliability and performance which ultimately leads to purchase of the product and brand loyalty (Bed, 2008; Dhurup et al., 2014; Bytyqi et al., 2008).

The hypothesis (five) on the positive effect of perceived quality and brand loyalty was rejected (S. Estimate = 0.086, CR= 0.967 > 0.05). This study was inconsistent to most of the earlier and consistent with other studies. Studies have found that higher the perceived quality, the higher is satisfaction level which will lead to higher level of brand loyalty (Gillani et al., 2013). Contrarily, others found that service quality has effects on attitude and satisfaction but no direct effect on brand loyalty (Sivadas & Baker-Prewitt, 2000). However, in another study it was found that the relationship of quality services and brandy loyalty varies from industry to industry, but the study also suggested that generally brand loyalty is stronger in those industry where switching cost is high and low brand loyalty where the switching cost is low (De Ruyter et al., 1998). This result is inconsistent with early studies mainly because the local market is price sensitive. Additionally, consumer looks for a delicate balance between perceived quality and price (Boniface et al., 2012).

Limitation and Future Research

The conceptual framework used for this study is a simplistic model. Some of the variables like price have a moderating effect between quality and brandy loyalty was not used in this study; which could be explored in future research. Effects of demographics in the conceptual framework were not considered. Future research could incorporate the same the conceptual framework as well. Moreover, the effect of independent variables might have different effects on attitudinal loyalty and behavior loyalty. Future studies could measure these affects separately. This study was limited to one city.

Future studies could be cross cultural comparative studies.

Implication for Managers

The findings of the study were that satisfaction and price have a positive impact on brand loyalty. Thus these tools could be effectively used for developing brand image, brand loyalty and long term relationship. Although the findings of this study were that perceived quality had no effect on brand loyalty. Despite these results the importance of perceived quality could not be ignored. However, a delicate balance between pricing and perceived quality is necessary for attracting and retaining the customers and developing brand image (Boniface et al., 2012). The study's results also indicate that packaging has an effect on brand loyalty. In view of its importance the focus should be more on packaging, especially considering that company image in this study had no effect on brand loyalty. Thus the marketing needs to develop more synergy between brand image and company image.

References

- Aaker, D. A., & Equity, M. B. (1991). The free press. *New York*, 206.
- Aaker, J. (1999). The malleable self: The role of self-expression in persuasion. Available at SSRN 945453.
- Abbasi, A. S., Akhter, W., Ali, I., & Hasan, A. (2011). Factors affecting customer loyalty in Pakistan. *African Journal of Business Management*, 5(4), 1167–1174.
- Afsar, B., Rehman, Z. U., Qureshi, J. A., & Shahjehan, A. (2010). Determinants of customer loyalty in the banking sector: The case of Pakistan. *African Journal of Business Management*, 4(6), 1040–1047.
- Ahmad, T., & Vays, N. (2011). The impulse buying behavior of consumes for the fmcg products in Jodhpur. *Australian Journal of Basic and Applied Sciences*, 5(11), 1704–1710.
- Alexandris, K., Zahariadis, P., Tsorbatzoudis, C., & Grouios, G. (2004). An empirical investigation of the relationships among service quality, customer satisfaction and psychological commitment in a health club context. *European Sport Management Quarterly*, 4(1), 36–52.
- Ali, M., & Raza, S. A. (2015). *Factors affecting to select islamic credit cards in Pakistan: The TRA model*. Retrieved from http://mpa.ub.uni-muenchen.de/64037/1/MPRA_paper_64037.pdf
- Atcharyachanvanich, K., & Okada, H. (2007). How consumer lifestyles affect purchasing behaviour: evidence from internet shopping in Japan. *Journal of Entrepreneurship Research*, 2(2), 63–78.
- Balmer, J. M., Mukherjee, A., Greyser, S. A., Jenster, P., Souiden, N., Kassim, N. M., & Hong, H.-J. (2006). The effect of corporate branding dimensions on consumers' product evaluation: A cross-cultural analysis. *European Journal of Marketing*, 40(7/8), 825–845.
- Bed, S. (2008). New consumer products branding, packaging and labeling in nepal. *The Journal of Nepalese business studies*, 5(1).
- Belén del Río, A., Vazquez, R., & Iglesias, V. (2001). The effects of brand associations on consumer response. *Journal of consumer marketing*, 18(5), 410–425.
- Bianchi, C., Drennan, J., & Proud, W. (2012). *Brand loyalty in the Australian wine industry*.
- Bloemer, J., De Ruyter, K., & Peeters, P. (1998). Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction. *International Journal of Bank Marketing*, 16(7), 276–286.
- Boniface, B., Gyau, A., & Stringer, R. (2012). Linking price satisfaction and business performance in Malaysia's dairy industry. *Asia Pacific Journal of Marketing and Logistics*, 24(2), 288–304.
- Bowen, J. T., & Chen, S.-L. (2001). The relationship between customer loyalty and customer satisfaction. *International journal of contemporary hospitality management*, 13(5), 213–217.
- Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand experience: what is it? how is it measured? does it affect loyalty? *Journal of marketing*,

- 73(3), 52–68.
- Brunso, K., Bredahl, L., Grunert, K. G., & Scholderer, J. (2005). Consumer perception of the quality of beef resulting from various fattening regimes. *Livestock Production Science*, 94(1), 83–93.
- Bytyqi, H., Vegara, M., Gjonbalaj, M., Mehmeti, H., Gjergjizi, H., Miftari, I., & Bytyqi, N. (2008). Analysis of consumer behavior in regard to dairy products in Kosovo. *J. Agric. Res*, 46(3).
- Campo, S., & Yagüe, M. J. (2007). Effects of price promotions on the perceived price. *International Journal of service Industry management*, 18(3), 269–286.
- Carroll, B. A., & Ahuvia, A. C. (2006). Some antecedents and outcomes of brand love. *Marketing Letters*, 17(2), 79–89.
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: the role of brand loyalty. *Journal of marketing*, 65(2), 81–93.
- Chiou, J.-S., & Pan, L.-Y. (2009). Antecedents of internet retailing loyalty: differences between heavy versus light shoppers. *Journal of Business and Psychology*, 24(3), 327–339.
- De Run, E. C. (2004). *Unintended effects of ethnically targeted advertising* (Unpublished doctoral dissertation).
- De Ruyter, K., Wetzels, M., & Bloemer, J. (1998). On the relationship between perceived service quality, service loyalty and switching costs. *International Journal of Service Industry Management*, 9(5), 436–453.
- Dhurup, M., Mafini, C., & Dumasi, T. (2014). The impact of packaging, price and brand awareness on brand loyalty: Evidence from the paint retailing industry. *Acta Commercii*, 14(1), 9–pages.
- Dimitriades, Z. S. (2006). Customer satisfaction, loyalty and commitment in service organizations: some evidence from greece. *Management Research News*, 29(12), 782–800.
- Dunne, P., & Lusch, R. (2008). *Retailing* (6th ed.). Thomson/South-Western, Mason, OH.
- Eun Park, J., Yu, J., & Xin Zhou, J. (2010). Consumer innovativeness and shopping styles. *Journal of Consumer Marketing*, 27(5), 437–446.
- Farahmand, A., & Chatterjee, C. (2008). The case for dynamic pricing. *Hospitality Upgrade*, 5, 154–155.
- Fecikova, I. (2004). An index method for measurement of customer satisfaction. *The TQM magazine*, 16(1), 57–66.
- Fornell, C., Mithas, S., Morgeson III, F. V., & Krishnan, M. S. (2006). Customer satisfaction and stock prices: High returns, low risk. *Journal of marketing*, 70(1), 3–14.
- Foster, B. D., & Cadogan, J. W. (2000). Relationship selling and customer loyalty: an empirical investigation. *Marketing Intelligence & Planning*, 18(4), 185–199.
- Fullerton, G. (2003). When does commitment lead to loyalty? *Journal of service research*, 5(4), 333–344.

- Gelperowic, R., & Beharrell, B. (1994). Healthy food products for children: Packaging and mothers' purchase decisions. *British Food Journal*, 96(11), 4-8.
- Gerbing, D. W., & Anderson, J. C. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of marketing research*, 186-192.
- Gillani, S. F., Khan, S., & Yousaf, S. (2013). The effect of brand characteristics on brand loyalty a study of cosmetics products in Peshawar Pakistan. *International Review of Basic and Applied Sciences*, 1(1), 1-11.
- Glynn, M. S., & Chen, S. (2009). Consumer-factors moderating private label brand success: further empirical results. *International Journal of Retail & Distribution Management*, 37(11), 896-914.
- Gounaris, S., & Stathakopoulos, V. (2004). Antecedents and consequences of brand loyalty: An empirical study. *The Journal of Brand Management*, 11(4), 283-306.
- Grace, D., & O'cass, A. (2005). Examining the effects of service brand communications on brand evaluation. *Journal of Product & Brand Management*, 14(2), 106-116.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (2007). *Multivariate data analysis*. Pearson Prentice Hall Upper Saddle River, New Jersey.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis* (Vol. 6). Pearson Prentice Hall Upper Saddle River, NJ.
- Hanif, M., Hafeez, S., & Riaz, A. (2010). Factors affecting customer satisfaction. *International Research Journal of Finance and Economics*, 60, 44-52.
- Hansemark, O. C., & Albinsson, M. (2004). Customer satisfaction and retention: the experiences of individual employees. *Managing Service Quality: An International Journal*, 14(1), 40-57.
- Hayes, J. B., Alford, B. L., Silver, L., & York, R. P. (2006). Looks matter in developing consumer-brand relationships. *Journal of Product & Brand Management*, 15(5), 306-315.
- Heng, K. C. (2011). *Customers' perceptions of the marketing mix and the effect on Malaysian hypermarkets' brand loyalty* (Unpublished doctoral dissertation). Universiti Tunku Abdul Rahman.
- Howard, J. A., & Sheth, J. N. (1969). *The theory of buyer behavior* (Vol. 14). Wiley New York.
- Hsieh, M.-H., Pan, S.-L., & Setiono, R. (2004). Product-, corporate-, and country-image dimensions and purchase behavior: A multicountry analysis. *Journal of the Academy of Marketing Science*, 32(3), 251-270.
- Hsieh, Y.-C., & Hiang, S.-T. (2004). A study of the impacts of service quality on relationship quality in search-experience-credence services. *Quality control and applied statistics*, 49(6), 687-688.
- Hysen, B., Mensur, V., Muje, G., Hajrip, M., Halim, G., Iliriana, M., & Njazi, B. (2008). analysis of consumer behavior in regard to dairy products in kosovo. *Agric. Res*, 46(3).

- Imram, N. (1999). The role of visual cues in consumer perception and acceptance of a food product. *Nutrition & Food Science*, 99(5), 224–230.
- Jackson, R. (2010). A lighter wallet due to loyalty: The influence of brand loyalty on the amount a consumer is willing to pay for their preferred brand. *Journal of Psychology*, 12–15.
- Jacoby, J., & Kyner, D. B. (1973). Brand loyalty vs. repeat purchasing behavior. *Journal of Marketing research*, 1–9.
- Jalees, T., & DeRun, E. C. (2004). *Determinants of luxury counterfeit products in Pakistan* (unpublished PhD thesis).
- Jones, T. O., & Sasser, W. E. (1995). Why satisfied customers defect. *Harvard business review*, 73(6), 88.
- Kam Fung So, K., & King, C. (2010). “when experience matters”: building and measuring hotel brand equity: The customers’ perspective. *International Journal of Contemporary Hospitality Management*, 22(5), 589–608.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *The Journal of Marketing*, 1–22.
- Kent, T., & Omar, O. (2003). *Retailing*. Palgrave Macmillan.
- Kuikka, A., & Laukkanen, T. (2012). Brand loyalty and the role of hedonic value. *Journal of Product & Brand Management*, 21(7), 529–537.
- Leech, N. L., Barrett, K. C., & Morgan, G. A. (2005). *SPSS for intermediate statistics: Use and interpretation*. Psychology Press.
- McCarthy, D. G. (1997). *The loyalty link: how loyal employees create loyal customers*. Wiley.
- Meer, D. (1995). System beaters, brand loyals, and deal shoppers: New insights into the role of brand and price. *Journal of Advertising Research*, 35(3), 1–7.
- Mohd Suki, N. (2013). Students’ demand for smartphones: Structural relationships of product features, brand name, product price and social influence. *Campus-Wide Information Systems*, 30(4), 236–248.
- Mooradian, T., Renzl, B., & Matzler, K. (2006). Who trusts? personality, trust and knowledge sharing. *Management learning*, 37(4), 523–540.
- Nemati, A., Khan, K., & Iftikhar, M. (2010). Impact of innovation on customer satisfaction and brand loyalty, a study of mobile phones users in Pakistan. *European Journal of Social Sciences*, 16(2), 299–306.
- Osman, A., & Subhani, M. (2010). A study on the association between brand awareness and consumer/brand loyalty for the packaged milk industry in Pakistan. *South Asian Journal of Management Sciences (SAJMS)*, 5(1).
- Pappu, R., Quester, P. G., & Cooksey, R. W. (2006). Consumer-based brand equity and country-of-origin relationships: some empirical evidence. *European Journal of Marketing*, 40(5/6), 696–717.
- Pauwels Delassus, V., & Mogos Descotes, R. (2012). Brand name substitution and brand equity transfer. *Journal of Product & Brand Management*, 21(2), 117–125.
- Pinar, M., Girard, T., & Eser, Z. (2012). Consumer-based brand equity in banking industry: A comparison of local and global banks in Turkey. *International Journal of Bank Marketing*, 30(5), 359–375.

- Rajumesh, S. (2014). The impact of consumer experience on brand loyalty: The mediating role of brand attitude. *International Journal of Management and Social Sciences Research (IJMSSR)*, 3(1), 73-79.
- Raza, S. A., & Hanif, N. (2013). Factors affecting internet banking adoption among internal and external customers: a case of Pakistan. *International Journal of Electronic Finance*, 7(1), 82-96.
- Roth, M. S. (1995). Effects of global market conditions on brand image customization and brand performance. *Journal of Advertising*, 24(4), 55-75.
- Saeed, R., Tufail, S., Lodhi, R. N., Ahmad, M., Arshad, H. M., & Saeed, R. (2013). Antecedents of cigarette brands loyalty in Pakistan. *Journal of Basic and Applied Scientific Research*, 3(5), 969-975.
- Sahay, A. (2012). How to reap higher profits with dynamic pricing. *Manamg-ment Review*, 48, 56-60.
- Shafiq, R., Raza, I., & Zia-ur Rehman, M. (2011). Analysis of the factors affecting customers' purchase intention: The mediating role of perceived value. *African Journal of Business Management*, 5(26), 10577-10585.
- Shammout, A. B. (2007). *Evaluating an extended relationship marketing model for arab guests of five-star hotels* (Unpublished doctoral dissertation). Victoria University Melbourne.
- Shang, R.-A., Chen, Y.-C., & Liao, H.-J. (2006). The value of participation in virtual consumer communities on brand loyalty. *Internet research*, 16(4), 398-418.
- Sharif, A. A., & Bukhari, S. W. (2014). Determinants of brand equity of Q-Mobile: A case study of Pakistan. *Journal of Management Sciences*, 1(1), 49-60.
- Singh, J., & Sirdeshmukh, D. (2000). Agency and trust mechanisms in consumer satisfaction and loyalty judgments. *Journal of the Academy of marketing Science*, 28(1), 150-167.
- Sirohi, N., McLaughlin, E. W., & Wittink, D. R. (1998). A model of consumer perceptions and store loyalty intentions for a supermarket retailer. *Journal of retailing*, 74(2), 223-245.
- Sivadas, E., & Baker-Prewitt, J. L. (2000). An examination of the relationship between service quality, customer satisfaction, and store loyalty. *International Journal of Retail & Distribution Management*, 28(2), 73-82.
- Srinivasan, V., Park, C. S., & Chang, D. R. (2005). An approach to the measurement, analysis, and prediction of brand equity and its sources. *Management Science*, 51(9), 1433-1448.
- Taylor, S. A., Celuch, K., & Goodwin, S. (2004). The importance of brand equity to customer loyalty. *Journal of product & brand management*, 13(4), 217-227.
- Tsao, H.-Y., Lin, P.-C., Pitt, L., & Campbell, C. (2009). The impact of loyalty and promotion effects on retention rate. *Journal of the Operational Research Society*, 60(5), 646-651.
- Tyebjee, T. T. (1979). Refinement of the involvement concept: an advertising planning point of view. *Attitude research plays for high stakes*, 3, 94-11.

- Underwood, R. L., Klein, N. M., & Burke, R. R. (2001). Packaging communication: attentional effects of product imagery. *Journal of Product & Brand Management*, 10(7), 403–422.
- Upamannyu, N. K., Gulati, C., & Mathu, G. (2014). Effect of brand trust, brand image on customer brand loyalty in fincg sector at gwalior region.
- Van den Brink, D., Odekerken-Schröder, G., & Pauwels, P. (2006). The effect of strategic and tactical cause-related marketing on consumers' brand loyalty. *Journal of Consumer Marketing*, 23(1), 15–25.
- Vázquez-Carrasco, R., & Foxall, G. R. (2006). Influence of personality traits on satisfaction, perception of relational benefits, and loyalty in a personal service context. *Journal of Retailing and Consumer Services*, 13(3), 205–219.
- Vila, N., & Ampuero, O. (2007). The role of packaging in positioning an orange juice. *Journal of Food Products Marketing*, 13(3), 21–48.
- Wells, L. E., Farley, H., & Armstrong, G. A. (2007). The importance of packaging design for own-label food brands. *International Journal of Retail & Distribution Management*, 35(9), 677–690.
- Yee, W. F., & Sidek, Y. (2008). Influence of brand loyalty on consumer sportswear. *International Journal of Economics and Management*, 2(2), 221–236.
- Yesawich, P. C. (2004). Consistent pricing will give consumers booking confidence. *Hotel and Motel Management*, 219(4), 18.
- Zarantonello, L., & Schmitt, B. H. (2010). Using the brand experience scale to profile consumers and predict consumer behaviour. *Journal of Brand Management*, 17(7), 532–540.
- Zineldin, M. (2000). *TRM: total relationship management*. Studentlitteratur.
- Zins, A. H. (2001). Relative attitudes and commitment in customer loyalty models: Some experiences in the commercial airline industry. *International Journal of Service Industry Management*, 12(3), 269–294.