Studying the Effect of Brand Credibility and Brand Prestige on Brand Loyalty

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Abstract: This research investigates the relation of brand credibility and brand prestige on perceived quality as a moderator variable and also it examines the relationship between brand credibility, brand prestige and perceived quality on brand loyalty. The statistical population of this research included all the people in Marand city who were over than 18 years old and had self-phone. These consisted of 215229 people, from which a sample of 216 people was chosen. Regression analysis test was used to analyze data. The results of this research indicates a positive effect of brand credibility on perceived quality, brand prestige on perceived quality, perceived quality on brand loyalty, brand credibility on brand loyalty and brand prestige on brand loyalty.

Key words: Brand Credibility, Brand Prestige, Brand loyalty, perceived quality.

INTRODUCTION

Brand is one of the main factors which impacts on customer’s behavior. According to customer’s opinions, brand is considered an important part of product (Abbsayan, 2007). Brand is part of operational and emotional characteristics that customer attributes to stuffs and services and is a supporter of customers in decision making and purchase process (Madani, 2010). Brand is linked to perceived quality by customer, this is a realization which shows total quality and is not based on customer’s knowledge about detailed characteristics (Rahimi Helleri, 2009). Credibility and perceived value in the brand are often regarded as two important virtues marketers need to pursue to build a strong brand (Baek, Tae Hyun, 2010). Understanding this process that creating perceived value leads to customer’s loyalty, is an important issue in contemporary marketing because it establishes a connection between companies’ marketing functions and financial functions (Luni, Neda., 2010). Credibility of a brand, defined as the perceived believability of whether a brand has the ability and willingness to continuously deliver what has been promised, provides unbeatable benefits to both consumers and companies. Simply put, for consumers, purchasing a credible brand assures a quality that they can count on. For companies, a credible brand means that marketing efforts will be more cost effective because of the heightened likelihood of message acceptance, thus bringing companies increased sales through repeat customers and referrals. As brand credibility may indicate a more tangible and utilitarian portion of perceived value, investigating another competing but different share of perceived value (i.e., brand prestige) together with brand credibility will show a bigger and more balanced picture of consumer decision processes (Baek, 2010). The main purpose of this research is to investigate the effect of brand credibility and brand prestige in accordance with moderator variable of perceived quality on brand loyalty.

Brand Signaling Theory:

The concept of brand credibility has emerged from the brand signaling literature. According to this theory, which draws largely on information economics, firms can use brands as signals for conveying information in a marketplace that is characterized by imperfect and asymmetric information. Brand signals embody all past and present marketing mix strategies. The content of a brand signal can be considered in terms of clarity and credibility. Clarity refers to the lack of ambiguity of the brand signal content, whereas credibility refers to how effectively information is conveyed by the brand signal and furthermore, how truthful and dependable that information is considered to be (Spry, Amanda., 2009).

Brand Credibility:

The notion of brand credibility was inspired by Erdem and Swait (1998), who examined consumer-based brand equity based on signaling theory (Baek, 2009). Brand credibility’s are valid symbols which make companies to be honest about their products and services and to examine complaints. This concept of brand credibility is based on Hovland and et al. (1953) primary research regarding connector credibility and has been adjusted with brand concept of Erdem and Swati (1998, 2004), Erdem and et al (2002) and Erdem and Swait (2006). According to this definition brand credibility is thought to consist of two main components: trustworthiness and expertise. Trustworthiness refers to the willingness of firms to deliver what they have promised. Expertise refers to the ability of firms to deliver what they have promised (Farzaneh, 2011).

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**Brand Prestige:**

As defined earlier, brand prestige can represent the relatively high status of product positioning associated with a brand. An inherent, unique know-how, which concerns a specific attribute or the overall quality and performance of the product, is the key criterion for a brand to be judged prestigious (Baek, 2010). Prestige is the entity’s exclusivity, respect, and status. Consumers express their own identity by associating with prestigious brands. This prestige may encourage consumers to spend more on retail purchases of the brand (D. Carlson, 2009). Brand prestige—meaning emotional or logical perceptions of consumers concerning a particular brand especially when it is difficult to differentiate products based on tangible qualitative characteristics—plays an important role in customer’s shopping behavior. It is because of this that brand value is considered an important asset, and powerful brands increase customer’s trust in purchasing product and service and enables them to perceive and imagine intangible factors well. According to brand management, brand value can result from perceived value by customer to a large extent and finally impacts on customer’s preference and their purchasing (Luni, Neda., 2010).

**The Effect of Brand Credibility and Brand Prestige on Brand Loyalty:**

The constructs of consistency, brand investments, and clarity are antecedents to brand credibility. Consistency represents the degree of harmony and convergence among marketing actions and the stability of marketing mix strategies over time. Roberts and Urban (1988) suggest that consistency in product quality leads to a low level of inherent product variability. Brand investments represent a firm’s spending on brands in order to demonstrate long-term brand commitment and to assure consumers that brand promises will be kept. Furthermore, clarity represents a lack of ambiguity of the product information contained in a brand. In this sense, brand credibility can be created and shaped by higher consistency, higher clarity, and higher brand investments over time, through all practices and aspects of marketing communications such as brand image advertising, sponsorship, or product placement (Baek, 2009). Zeithaml (1988) defines perceived quality “as the consumer’s judgment about a product’s overall excellence or superiority.” Zeithaml (1988) argues that the quality which is perceived by consumer differ from actual quality. Actual or objective quality usually is measurable and verifiable which is based on the predetermined standards. Rao and Ruekert (1994) also divide quality into objective and subjective. Marketing mix elements such as price, place, or promotion may provide consumers with a series of cues that can be used to evaluate quality of branded products. In line with the signaling theory, various elements related to the brand such as price, country of origin, good warranty and advertising expenditure can serve as quality signals. As discussed before, brand names also can serve as signals of unobservable quality. Therefore, judgments about quality of a brand may be obtained from a direct experience with the brand or just brand names.

According to Pappu et al. (2005), perceived quality gives consumers a reason to buy a brand because brands can be differentiated by the perceived quality. Milewicz and Herbig (1994) argue that the higher the perceived quality of the brand is, the higher the evaluations of the brand extension are (Amiri Aghdaie, 2012).

According to O’Cass and Frost (2002), prestige brands differ from non-prestige brands in some ways that may affect consumers’ purchasing motives to improve their social standing and self-expression. Compared with no prestige brands, prestige brands not only provide intangible benefits to consumers, but also create value for the consumer through status and conspicuous consumption. Along this line, some scholars have suggested that consumers may associate global brands as having higher prestige because of their relative scarcity and higher price compared with local brands. Wong and Zhou (2005) found that perceived brand prestige has a greater effect on purchase intention when the product category is of high social display value. Brand prestige appears to be linked directly with perceived quality. For example, Steenkamp, Batra, and Alden (2003) found that consumer value of a global brand is positively associated with both brand prestige and perceived brand quality. Furthermore, their results indicated that brand prestige has a significant impact on purchase intention (Baek, 2010), (Baek, 2009). Vigneron and Johnson (1999) synthesized the literature and said that brand prestige can provide prestige-seeking consumers five values that they may want: perceived conspicuous value (to signal the brand owner’s wealth, status, etc. to society), perceived unique value (based on scarcity), perceived social value (because the brand is highly regarded by the social group the consumer is affiliated with), perceived hedonic value, and perceived quality value. Among these, the first three values refer to social or interpersonal effects, and the latter two values (perceived hedonic value and perceived quality value) are related to personal effects. As Vigneron and Johnson’s (1999) framework clearly denotes, it would be acceptable to consider that consumers look for quality (perceived quality value) by selecting prestigious brands (Vigneron, 1999). Brand loyalty is the final goal of a company which has a product with especial brand (Soltanzadeh, 2009). Brand loyalty can be defined as the extent of positive view to a brand by customer, his adherence to this brand and its purchase in future. Brand loyalty is directly under the influence of satisfaction and dissatisfaction of brand and product’s quality (Rahimi Helleri, 2009). Sweeney and Swait (2008) targeted loyalty as pivotal factor in today business environment. They justified their notion by citing examples from Carroll’s (2002) study where he mentioned to a report by Yankee Group that provided the wireless services for customers; the customer churn
was the biggest problem faced this company in 2001. Sweeney and Swait (2008) claimed that most existing studies try to investigate the effect of insider factors such as financial aspects on retention or churn of customer, while the brand of service company and its credibility level among customers was neglected (Seyed Ghorban, 2012).

**Background:**

A similar research has been done by Kim and his colleagues. The results of this research showed that both brand credibility and brand prestige impact positively on purchasing through perceived quality, economizing in data gathering costs and perceived risk of different categorized products.

Other research has been done by Kim and Villegas colleagues. The results suggest that high emotional attachment leads to higher credibility for the company and its message. Low emotional attachment leads to higher credibility for the consumer and the information generated by him/her.

Other research has been done by Wu and Wang colleagues. The results, for both notebooks and shampoo, are: the positive electronic word-of-mouth message with higher message source credibility indicates a better brand attitude than the electronic word-of-mouth message with lower message source credibility, and this effect is not moderated by the degree of product involvement, indicating its robustness. Second, with a high degree of product involvement, the rational appeal indicates a better brand attitude than the emotional appeal; no significant difference is found when product involvement drops to a low level.

Other research has been done by Farzaneh and his colleagues. The results of their research showed that brand credibility has direct effect on commitment to loyalty, continuous commitment and satisfaction. Satisfaction has direct effect on commitment to loyalty and oral advice to purchasing. This is while satisfaction doesn’t decrease the tendency to brand change. Commitment to loyalty doesn’t impact on two independent variables i.e. tendency to brand change and oral advice to purchasing. Continuous commitment has inverse effect on tendency to brand change, meaning that it decreases customer’s tendency to brand change.

In another research which has been done by Luni and his colleagues, the results indicates that among Iranian consumers there is direct relationship between need to uniqueness and tendency to foreign products. Also among different effectual factors on purchasing foreign products, emotional value and social value are the most important.

In another research done by Shams and Javadin, the results showed that perceived quality, brand association and brand awareness don’t have direct meaningful effect on brand’s equity. But we should keep in mind that the correlation of these four concepts has been positive and meaningful which shows that these concepts have internal relationship with each other and can’t be separated completely from brand’s equity.

In other research which has been done by Hassanzadeh and Doayi, the results indicated those particular relations of brand, brand’s common perception, and commitment to brand (brand loyalty) for each country has different effect.

In another research done by Karbasivar and Yardel, the findings obtained from gathered data analysis showed that loyalty and association to brand have direct effect on brand’s equity, and perceived quality effects on brand’s equity indirectly through loyalty. Knowledge of brand influences on brand’s equity indirectly through loyalty and brand association.

By reviewing literature and identifying the relation of different factors in research, conceptual model was designed as the following:

![Fig. 1: Conceptual model.](image-url)
**Research Methodology:**

The method of this research as specified by goals is applied one and as specified by data gathering ways is descriptive- survey based. The statistical population of this research includes all the people in Marand city who are over than 18 years old and have self-phone. The population of Marand city has been estimated to be 215229 in 1385 according to published statistics in 1385, which is a big number, hence the statistical population size has been considered unlimited. Formula (1) was used to determine sample size, which estimated to be 216 people.

\[ n = \frac{Z^2 \cdot \frac{\sigma}{2} \times \sigma^2}{e^2} = 216 \]

Simple sampling method was used for sampling. Concerning that the size of the sample was 216 people, 220 questionnaires were distributed, and finally 206 questionnaires were usable for statistical analysis.

Data of this research are gathered from library. The means of data gathering are questionnaires. In this study the opinions of some experts and specialists was used to investigate questionnaire’s validity, and the questionnaire’s validity was supported. Also the Alpha Cronbach's Alpha coefficient was used to determine reliability. The questionnaire included 15 questions which were designed as five choices Likert scale and then were evaluated. The value of alpha coefficient for the whole of questionnaire was 0/884 and for every question in questionnaire was more than 0/70 which shows that there is internal consistency between questions in the questionnaire.

**Research Findings:**

To determine population normality, Kolmogorov-Smirnov of test was used and according to the results of this test which followed normal distribution, multi variable regression test was used.

**H1:** brand credibility has an effect on perceived quality.

<table>
<thead>
<tr>
<th>Dorbin- Watson value</th>
<th>R Square</th>
<th>sig</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.751</td>
<td>0.249</td>
<td>.000</td>
<td>67.646</td>
</tr>
</tbody>
</table>

Since the Dorbin- Watson value statistics was between 1/5 and 2/5, which as a result leads to remainder’s independences. The correlation between independent variable and dependent variable was 0/499 and determination coefficient was 0/249; this value shows that 24/9 percent of dependent variable change is expressed by independent variable.

In the above table, significance of F value is 0/000, and because this value is less than 0/05, hence independent variable describes dependent variable changes well and the model is meaningful in %95 level. Therefore it is necessary to introduce regression coefficient table to identify and describe regression coefficient.

<table>
<thead>
<tr>
<th>Predictive variable</th>
<th>Beta</th>
<th>t</th>
<th>sig</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>brand credibility</td>
<td>.499</td>
<td>8.225</td>
<td>.000</td>
<td>Positive effect</td>
</tr>
</tbody>
</table>

Concerning multiple regression coefficients and also regression coefficients, we can say that brand credibility has an effect on perceived quality, and since \( \beta = 0/499 \), consequently this effect is a positive one and therefore brand credibility has positive and significant effect on perceived quality.

**H2:** brand Prestige has an effect on perceived quality.

<table>
<thead>
<tr>
<th>Dorbin- Watson value</th>
<th>R Square</th>
<th>sig</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.822</td>
<td>0.512</td>
<td>.000</td>
<td>214.027</td>
</tr>
</tbody>
</table>

Since the Dorbin- Watson value statistics was between 1/5 and 2/5, which as a result leads to remainder’s independences. The correlation between independent variable and dependent variable was 0/716 and determination coefficient was 0/512; this value shows that 51/2 percent of dependent variable change is expressed by independent variable.

In the above table, significance of F value is 0/000, and because this value is less than 0/05, hence independent variable describes dependent variable changes well and the model is meaningful in %95 level. Therefore it is necessary to introduce regression coefficient table to identify and describe regression coefficient.
Table 4: Using Regression coefficient to investigate the effect of brand Prestigeon perceived quality.

<table>
<thead>
<tr>
<th>Predictive variable</th>
<th>Beta</th>
<th>t</th>
<th>sig</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>brand Prestige</td>
<td>.716</td>
<td>14.630</td>
<td>.000</td>
<td>Positive effect</td>
</tr>
</tbody>
</table>

Concerning multiple regression coefficients and also regression coefficients, we can say that brand credibility has an effect on perceived quality, and since $\beta=0.716$, consequently this effect is a positive one and therefore brand credibility has positive and significant effect on perceived quality.

H3: perceived quality has an effect on brand loyalty.

Table 5: Results of Regression.

<table>
<thead>
<tr>
<th>Dorbin- Watson value</th>
<th>R Square</th>
<th>sig</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.881</td>
<td>.218</td>
<td>.000</td>
<td>56.738</td>
</tr>
</tbody>
</table>

Since the Dorbin- Watson value statistics was between 1/5 and 2/5, which as a result leads to remainder’s independences. The correlation between independent variable and dependent variable was 0/466 and determination coefficient was 0/218; this value shows that 21/8 percent of dependent variable change is expressed by independent variable.

In the above table, significance of F value is 0/000, and because this value is less than 0/05, hence independent variable describes dependent variable changes well and the model is meaningful in %95 level.Therefore it is necessary to introduce regression coefficient table to identify and describe regression coefficient.

Table 6: Using Regression coefficient to investigate the effect of perceived quality on brand loyalty.

<table>
<thead>
<tr>
<th>Predictive variable</th>
<th>Beta</th>
<th>t</th>
<th>sig</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>perceived quality</td>
<td>.466</td>
<td>7.532</td>
<td>.000</td>
<td>Positive effect</td>
</tr>
</tbody>
</table>

Concerning multiple regression coefficients and also regression coefficients, we can say that brand credibility has an effect on perceived quality, and since $\beta=0.466$, consequently this effect is a positive one and therefore brand credibility has positive and significant effect on perceived quality.

H4: brand credibility has an effect on brand loyalty.

Table 7: Results of Regression.

<table>
<thead>
<tr>
<th>Dorbin- Watson value</th>
<th>R Square</th>
<th>sig</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.925</td>
<td>.343</td>
<td>.000</td>
<td>106.677</td>
</tr>
</tbody>
</table>

Since the Dorbin- Watson value statistics was between 1/5 and 2/5, which as a result leads to remainder’s independences. The correlation between independent variable and dependent variable was 0/586 and determination coefficient was 0/343; this value shows that 34/3 percent of dependent variable change is expressed by independent variable.

In the above table, significance of F value is 0/000, and because this value is less than 0/05, hence independent variable describes dependent variable changes well and the model is meaningful in %95 level. Therefore it is necessary to introduce regression coefficient table to identify and describe regression coefficient.

Table 8: Using Regression coefficient to investigate the effect of brand credibility on brand loyalty.

<table>
<thead>
<tr>
<th>Predictive variable</th>
<th>Beta</th>
<th>t</th>
<th>sig</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>brand credibility</td>
<td>.586</td>
<td>10.328</td>
<td>.000</td>
<td>Positive effect</td>
</tr>
</tbody>
</table>

Concerning multiple regression coefficients and also regression coefficients, we can say that brand credibility has an effect on perceived quality, and since $\beta=0.586$, consequently this effect is a positive one and therefore brand credibility has positive and significant effect on perceived quality.

H5: brand Prestige has an effect on brand loyalty.

Table 9: Results of Regression.

<table>
<thead>
<tr>
<th>Dorbin- Watson value</th>
<th>R Square</th>
<th>sig</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.785</td>
<td>.300</td>
<td>.000</td>
<td>87.622</td>
</tr>
</tbody>
</table>

Since the Dorbin- Watson value statistics was between 1/5 and 2/5, which as a result leads to remainder’s independences. The correlation between independent variable and dependent variable was 0/548 and determination coefficient was 0/300; this value shows that 30 percent of dependent variable change is expressed by independent variable.

In the above table, significance of F value is 0/000, and because this value is less than 0/05, hence independent variable describes dependent variable changes well and the model is meaningful in %95
level. Therefore it is necessary to introduce regression coefficient table to identify and describe regression coefficient.

**Table 10:** Using Regression coefficient to investigate the effect of brand Prestige on brand loyalty.

<table>
<thead>
<tr>
<th>Predictive variable</th>
<th>Beta</th>
<th>t</th>
<th>sig</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>brand Prestige</td>
<td>.548</td>
<td>9.361</td>
<td>.000</td>
<td>Positive effect</td>
</tr>
</tbody>
</table>

Concerning multiple regression coefficients and also regression coefficients, we can say that brand credibility has an effect on perceived quality, and since \( \beta = 0.548 \), consequently this effect is a positive one and therefore brand credibility has positive and significant effect on perceived quality.

**Conclusion:**

Nowadays due to limited number of customers and the interests’ of attracting allegiance customers, organizations try to create strategies to attract such customers. Therefore the main purpose of this study is to investigate the effects of brand credibility and brand prestige on loyalty to brand. So at first the effects of brand credibility and brand prestige was investigated directly and the next time by concerning moderator variable of perceived quality. Firstly the conceptual model of research was designed based on literature review and then presented hypothesis were examined in research model by using 206 people’s opinions. The results of research showed that all of the research hypothesis are supported. The results of Beak and his colleagues (2010) showed that there is direct and meaningful relationship between brand credibility and perceived quality. Also there is direct and meaningful relationship between brand prestige and perceived quality. Karbasi var and Yardel (1390) in their research showed that perceived quality impacts on loyalty. Further Anderyansen and Linshtad (19 98) model indicated that not only satisfaction, but also company’s image and perceived quality and value impact on loyalty. In presented model by Blomer and his colleagues (1998) not only satisfaction and company’s image, but also other factors including quality impacts on bank’s customer’s loyalty. Also the results of Abdolvand and Abduli have substantiated the effects of service quality and loyalty. Also the findings of Heydarzadeh and his colleagues’ research had shown the relation of brand credibility and loyalty. Therefore the results of this research are in line with the results of previous researches.

**REFERENCES**


