Investigating the Influence of Customers' Feeling and Judgment on Their Loyalty with Emphasize on Brand Equity The Case of Isfahan Crystal and Glass Products

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Abstract: This study aimed to investigate the effect of customers' feeling and judgment about Isfahan Crystal and Glass products on their loyalty. The customers of Isfahan Crystal and Glass products were the studied population. 348 respondents were randomly selected to participate in the study. The data gathering instrument was a questionnaire which its validity and reliability have been verified. Structural Equations Modeling was applied to examine the relationship between variables. The findings indicated that the direct effect of the Brand equity on customers' loyalty and also direct effect of the customers’ Feeling and judgment toward Isfahan Crystal and Glass products on their loyalty were positive and significant.

Key words: Customer loyalty, Brand equity, Brand feelings, Brand judgments

INTRODUCTION

Increasing competition intense and globalization flow has changed the customers' role as of being a mere consumer to a multi-facet element of being consumer, co-producer, co-creator of value, and creator of knowledge and competition which show the important position of customers (Ndubisi et al., 2007). Since a loyal customer is considered as the basic element of organizational success, developing loyalty among customers has been noticeably emphasized. A loyal customer buys more and become a media for those companies' advertisements. Accordingly, current organizations are intended to realize and manage effective methods of creating sense of loyalty among customers. To this end, being attentive to one of the important marketing concepts, Brand equity, is undeniable. The strategic and key role of Brand equity in achieving competitive advantage and technical management decision makings are of its significance. Keller (2003) has presented a customer based definition for brand equity which is different effects of Brand equity on customers' responses and reactions for marketing such brand equity (p. 60). If Brand equity is measured accurately, it becomes a suitable element of evaluating long-term effects of organization decisions (Simon & Sullivan, 1993, p. 29). To investigate the factors influencing brand equity of Isfahan Crystal and Glass products, this study used two elements of Keller's (2003) brand equity model, which are customers' Feeling and judgment toward the brand. Moreover, the effects of each on customer's loyalty were explored. The study focused on customers of Isfahan Crystal and Glass products as the studied population. In the following sections first the theoretical literature of study on customer's loyalty, brand equity and the relationships between them has been presented. Next, the conceptual model and methodology of the research has been discussed. Finally, results, discussion, conclusion and suggestions have been presented.

2. Theoretical Literature:
2.1. Customer's Loyalty:

Customer's loyalty and creating loyal customers in business has been defined as "developing commitment among customers in order to deal with and frequently buy goods and services from our company" (Susanna & Larsson, 2004). Keller (1998) has stated that previously brand loyalty has been measured by considering customer's shopping frequency. Moreover, he claimed that it's essential to investigate the concept of customer's loyalty beyond shopping frequency.

Previously, the concept of customers' loyalty had been explored with regard to consumers' expectations or factors which result in further buying of a product or service (Auh & Johnson, 2005). Gounaris and Stathakopoulos (2004) examined the concept of loyalty from three different perspectives of behavioral, attitudinal and Rational Action Theory, which each of them has been briefed as follow:

1. Die and Basu (1994) have defied customer's loyalty from behavioral perspective which is the relationship between "relative attitude" toward a phenomenon and "supporting behavior".
2. Within attitudinal perspective of customer's loyalty Oliver (1997, 1999) presented four distinct steps for developing customer's loyalty to a product or service which are cognitive, emotional, aimless effort and practical action.

3. Finally from Rational Action Theory perspective the consumer's behavior may be influenced by social pressures. In other words, consumers might continue buying a particular brand even when they have undesirable attitude toward the brand (Fishbein & Ajzen, 1975; Gounaris & Stesacopres, 2004).

2.2. What is Brand Equity?:

The essence and meaning of brand have been investigated from various point of views and different purposes; however, no common notion has been identified (Vaquez et al., 2002; Cler, 2003). A producer, retailer or customer can discuss its notion. While, producers and retailers are interested in strategic uses of brand equity, investors mostly agree on financial definition of brand (Cobb-Walgaren & Ruble, 1995). Proponents of financial view define Brand equity as total value of a brand, as property which will be also considered in balance sheet (Feldwick, 1996). In other definitions, it is referred as the gradual cash flow incurred by a brand in comparison with products without any brand (Simon & Sullivan, 1993). The concept of equity has been defined in different ways; in this section some of these definitions are provided. Brand equity is usually related to the amount of value absorbed from customers or financial value of brand (Barviz, 1993). From consumer's point of view, brand equity is defined as support of products which provided by a brand comparing with an unbranded product (Barviz, 1993). From consumer's perspective, brand equity is part of brand value which is directly related to the physical features of a product (Kamakura & Rasel, 1993). In spite of numerous researches about brand equity, there is no general consensus on developing brand equity or even its definition (Shokar et al., 1994). Researchers adhere that brand equity is the provided value along with a product with regard to its brand name (Kamakura & Rasel, 1993; Shokar et al., 1994).

2.3. Brand Equity Models:

There are varieties of brand equity models such as Aaker (1991), Keller (2003) and Berry (2000) however; in this study Keller Brand Equity Model has been used.

2.3.1. Keller Brand Equity Model:

Customer based brand equity model claims that branding is a sequential multi-steps process, which successful implementation of each step depends on the success of the previous steps. These steps include:
1. Ensuring that there is a close relationship between brand identity and the brand associations according to their special needs with regard to product category.
2. Creating and establishing a comprehensive concept of the brand in customers' minds through creating a strategic relationship between tangible and intangible brand associations with certain product features.
3. Inducting customer's reactions toward the brand concept and identity.
4. Change customer's reaction toward the brand in order to develop loyalty behavior among the customers.
5. These four steps are the basic questions consumers ask themselves about the brands (at least implicitly in their mind) (Keller, 2008). In order to define a specific structure for creating a brand, six elements of brand can be depicted in form of a pyramid. Branding process will be presented in Figure 1.

Two dimensions of the model (Feeling and Judgment toward the brand) have been described in more detailed later.

2.3.1.1. Brand Judgment:

Customers' brand judgment is individual opinions of customers and their evaluation of the brand which is formed through putting the performances and mental images of the brand together. Among all the possible brand judgments customers may make, there are four important types of judgment including judgments of quality, credit, brand hesitation and its vantage (Keller, 2003).

2.3.1.2. Brand Feeling:

Brand feeling is customers' emotional and sentimental responses and reactions toward the brand. It's also related to the social flows caused by brand. Thrills caused by a brand can generate strong and permanents mental associations in the customer's mind during the whole time he/she uses the product (Keller, 2003).
2.4. Stating the Relationship between Brand Equity and Customer Loyalty:

It has been asserted in marketing literature that the relation of customers with brand is part of the general process of becoming loyal to a brand. Being loyal to a brand is a marketing phenomenon which is derived from the concept of customers' retention to describe and define customers' loyalty and their decision to buy again. Samson (2006) in his study on cell phone service providers concluded that there is a correlation between word of mouth and growth of business. Findings showed that negative word of mouth about a brand may happen more rapidly and severe than its positive condition which as a result have a destructive effect on brand. Chen and Myagmarsuren (2012) investigated the relationships between brand equity, relationship quality, relationship value, and customer loyalty in telecommunications service industry. Finally, it was shown that quality and value of relationship have intermediary roles between brand equity and customer's loyalty in this industry. Most of managers use the total marketing efforts of their organization to create a powerful brand.

These managers know that a strong brand has valuable impacts on financial and functional performance of organization. They employ means such as pricing, the image of salesroom, the channels of distributing, allocation fund to different promotion tools, in order to promote perceived quality, brand loyalty and brand awareness (Baladuf et al., 2003). Considerable number of studies showed that global brands can considerably affect customers' awareness and judgment (Leclerc et al., 1994) and ultimately their loyalty (Zeilthmal et al., 1996). Day (1969) stated that a loyal customer to a brand is a person who is aware about the exact time of shopping and is confident about his/her judgments of desired brand. In addition, in industrial brand management, branding is performed at organization level (Gylling & Lindberg-Repo, 2006) which emphasize on decreasing customer's risks.

Shopping from companies with famous brand is one of the ways to reduce risk and unreliability for organizations (Mitchell, 1995; Mudambi, 2002). Feeling toward a brand are defined as level of emotional involvement of a satisfied customer to a special brand (Carroll & Aua, 2006, p. 81) and can be ended in positive loyalty. Carroll and Aua (2006) asserted that feelings and love toward a brand can result in positive outputs such as word of mouth publicity and loyalty. The relation between brand feelings and loyalty has been asserted by certain researchers such as Levy (2006). Accordingly the following hypotheses are formulated:

\[ H1 \]: Brand equity of Isfahan Crystal and Glass products has an impact on customer loyalty.

\[ H2 \]: Customers' feeling toward Isfahan Crystal and Glass products has an impact on their loyalty.

\[ H3 \]: Customers' judgment about Isfahan Crystal and Glass products has an impact on their loyalty.

Conceptual model of the study is depicted in figure 2:

### Fig. 1: Brand Equity based on Customer Perspective Pyramid (Keller, 2008: 94).

#### 3. Research Methodology:

This is a survey study which its statistical population is customers of Isfahan Crystal and Glass Company. In this study customer's loyalty was dependent variable and feelings and judgments were independent variables. Data were collected during May 2012. The data gathering instrument was a questionnaire which its reliability and validity has been confirmed. 390 questionnaires were randomly distributed among customers and after
omitting incomplete questionnaires, 348 were included in final analysis. The employed questionnaire consists of two parts. The first section includes demographic variables such as gender, education and marital status. The information related to demographic variables was depicted in Table 1. The second part relates to study variables. Participants had to answer based on 5 point Likert scale from strongly agree to strongly disagree.

![Conceptual Model of Research](image)

**Fig. 2:** Conceptual Model of Research.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school &amp; lower</td>
<td>133</td>
<td>38.2</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>87</td>
<td>25.0</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>92</td>
<td>26.4</td>
</tr>
<tr>
<td>Master Degree</td>
<td>14</td>
<td>4.0</td>
</tr>
<tr>
<td>PHD</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>Unknown</td>
<td>18</td>
<td>5.2</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>131</td>
<td>37.6</td>
</tr>
<tr>
<td>Female</td>
<td>207</td>
<td>59.5</td>
</tr>
<tr>
<td>Unknown</td>
<td>10</td>
<td>2.9</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>106</td>
<td>30.5</td>
</tr>
<tr>
<td>Married</td>
<td>231</td>
<td>66.4</td>
</tr>
<tr>
<td>Unknown</td>
<td>11</td>
<td>3.2</td>
</tr>
</tbody>
</table>

**Table 1:** Demographic Information.

### 3.2. Measuring Study Variables:

The content validity of the questionnaire was confirmed by experts and professors in the Marketing field, especially topics related to brand marketing. Cronbach's alpha coefficient was used to test the reliability of the data gathering instrument. For this purpose, an initial sample containing 200 questionnaires was distributed among the customers. The Cronbach's alpha coefficient of all the items related to the variables in analytical model of study, including customer loyalty, feelings and judgments was calculated to be %95, which is acceptable. The coefficients of Cranach's alpha for each variable are separately shown in Table 2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Alpha Cronbach's Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand feelings</td>
<td>0.88</td>
</tr>
<tr>
<td>Brand judgments</td>
<td>0.94</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.87</td>
</tr>
</tbody>
</table>

**Table 2:** Cronbach's Alpha Coefficients.

### 3.2.2. Confirmative Factor Analysis:

The conducted factor analysis to validate the proposed model has been resulted a number of indicators. The indicators used in the study confirmed that the measurement models are appropriate. Since k-square and p values are suitable. RMSEA values of models are between 0.03 and 0.09, approximately zero; GFI values are higher than 0.9 and CFI indicator value is also higher than 0.9, which all of them are within desirable range.

<table>
<thead>
<tr>
<th>Construct</th>
<th>RMR</th>
<th>CFI</th>
<th>P</th>
<th>GFI</th>
<th>RMSEA</th>
<th>CMIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feelings</td>
<td>0.009</td>
<td>0.99</td>
<td>0.07</td>
<td>0.99</td>
<td>0.04</td>
<td>6.83</td>
</tr>
<tr>
<td>Judgments</td>
<td>0.01</td>
<td>0.99</td>
<td>0.17</td>
<td>0.99</td>
<td>0.06</td>
<td>3.51</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.01</td>
<td>0.99</td>
<td>0.30</td>
<td>0.99</td>
<td>0.09</td>
<td>4.37</td>
</tr>
</tbody>
</table>

**Table 3:** Results of Confirmatory Factor Analysis.

### 3.3. Findings:

After confirming measurement models of variables the conceptual model of the research has been analyzed through structural equations modeling. This approach was chosen due to its capability to simultaneously analyze relationships between all variables. Structural Equations Modeling (SME) approach is a comprehensive method for testing hypotheses about the relationships between observed variables and latent variables. Since the
A conceptual model of research sought to investigate the causal relationships between latent variables, in order to provide simultaneous analysis of these relationships, AMOS which is well-known software for conducting structural equations, was used.

3.4. Results of Analyzing Structural Equations Model:

To check the suitability of structural equations analyzing model, Statistic CMIN and other criteria of appropriate fitness model were tested and the results of three models pertaining hypotheses of the study were shown in Table 3. The final patterns were obtained through correlating error variables of patterns. The patterns were shown in Figures 2, 3 and 4.

<table>
<thead>
<tr>
<th>Pattern</th>
<th>CMIN</th>
<th>CMIN/DF</th>
<th>P</th>
<th>GFI</th>
<th>RMR</th>
<th>CFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Hypothesis</td>
<td>11.17</td>
<td>1.62</td>
<td>0.12</td>
<td>0.98</td>
<td>0.01</td>
<td>0.99</td>
<td>0.04</td>
</tr>
<tr>
<td>Second hypothesis</td>
<td>40.70</td>
<td>2.03</td>
<td>0.004</td>
<td>0.97</td>
<td>0.03</td>
<td>0.98</td>
<td>0.05</td>
</tr>
<tr>
<td>Third Hypothesis</td>
<td>19.67</td>
<td>1.22</td>
<td>0.23</td>
<td>0.98</td>
<td>0.01</td>
<td>0.99</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Results of AMOS outputs in standard estimation of model indicate that structural equations models are suitable ones. RMSEA value of the models were approximately zero which is adequate, the GFI and AGFI values were higher than %90. P values of all patterns were higher than 0.05 which are all good values and show the suitability of statistic CMIN. Finally, RMR value was approximately zero.

In order to compare present latent variables of structural equations models, the standard estimation of model was conducted. The results showed that among observer variables of Brand Equity, Judgment observer variable (β = 0.94) had the highest percent of correlation and brand Feelings variable had the lowest percent of correlation. Moreover, calculation of significant numbers indicated that the casual relationships of Brand Equity, Brand Loyalty, Brand Judgment and Feeling are significant (when determining the significant numbers of model, it must be greater than 2 and less than -2). The results of testing hypotheses were shown in Table 5.
Table 5: The Results of Testing Hypotheses of Research.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Sample Volume</th>
<th>(P-Value)</th>
<th>Regression Coefficient</th>
<th>Result of Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Equity on Customer Loyalty</td>
<td>348</td>
<td>0.000</td>
<td>0.82</td>
<td>Approved</td>
</tr>
<tr>
<td>Feelings on Customer Loyalty</td>
<td>348</td>
<td>0.000</td>
<td>0.74</td>
<td>Approved</td>
</tr>
<tr>
<td>Judgments on Customer Loyalty</td>
<td>348</td>
<td>0.000</td>
<td>0.82</td>
<td>Approved</td>
</tr>
</tbody>
</table>

With \( p = 0.05 \) (significant level), if the p-value of the table is less than 0.05, the relation between variables of the study are confirmed.

4. Discussion and Conclusion:

According to the results of first hypothesis testing, the regression coefficient was 0.82, thus with 95 percent confidence level this hypothesis is accepted. The finding is supported by other studies e.g. Aaker (1993) and Keller (2008). Moreover, results are consistent with Baladouf et al.'s (2003) findings, that brand equity increase customer's loyalty, and Chen and Migmarson's (2012) findings, that there is a significant and positive relationship between brand equity and loyalty toward the brand in telecommunication services industry. Based on the results of second hypothesis, it was indicated that customers' feelings toward Isfahan Crystal and Glass products affect their loyalty by regression coefficient of 0.74; hence the second hypothesis is also accepted with 95 percent confidence level. This finding is also compatible with Carol and Aya'a's (2006) findings that showed feeling toward a brand cause positive loyalty, and also Louee's (2006) findings that there is definite relation between feelings and loyalty. In addition, results of analyzing the third hypothesis indicated those customers' judgments about Isfahan Crystal and Glass products brand has an impact on their loyalty with regression coefficient of 0.82, so the hypothesis is accepted with 95 percent confidence level. These findings correspond with Leclerc (1996) and Day's (1996) findings. In fact, desirable judgments about a brand is the result of suitable performance and mental image about that brand which will end in customers paying more attention to that brand while evaluating different brands and prefer it to the others. In addition, excellence of brand has the highest coefficient (0.87) and Brand consideration has the lowest regression coefficient (0.77) among different items of judgment construct.

5. Practical Suggestions:

In order to have further and in-depth understanding of the brand equity relation with customer loyalty, it's recommended that the same research model will be replicated in other companies or industries. It's also possible to use other models measuring brand equity. To improve Isfahan Crystal and Glass products status and position in the market place the following suggestions are proposed:

In products categories, the company should have more variety so the customers can have more choices. In addition, the company should pay more attention to the aesthetic and elegance aspects of their products, since buying crystal and glass products are not merely regarded as a functional purchase. On the other side, attending to the quality of the product, due to the numerous competitors in the market is vital. The company should plan long-term and integrated promotional programs such as TV advertisements, sale flavors and internet advertisements. It should refuse any sectional movement which will endanger the long term status of products among customers. Concerning distribution state, customers mostly complained about lack of adequate access to these products in different areas of Isfahan city, and even in some places they were rarely available. Therefore the company should spot and cover these areas. To improve the brand status, the company should consider not only the name of the brand, but also other components of a successful brand such as choosing a sign, logo and publicity motto, as all the components of brand follow the its philosophy so that their presence together enhance the brand statue and generate synergy. Such results are important for mangers of the company to formulate and implement branding strategies in order to improve business performance. The company also needs regular and continuous improvement of its products and services, since by increasing innovation, their chances of survival and growth increases. The managers need to make sure that all aspects of the activities associated with their brand will be implemented. Company executives need to improve their innovative capabilities and marketing activities besides strategic planning in brand field, so that these aspects become part of their organizational culture. Moreover, in order to improve its business performance the company should seek after benefiting from new opportunities and taking risks when choosing strategies. Generally, given that Commercial Brand Management has a more effective role in success of companies, it's recommended that brand related scopes be considered as the important criteria when choosing managers of business units. Since the research is limited to this industry, results should cautiously be generalized.

REFERENCES


