HOW BRAND IMAGE AND PERCEIVED SERVICE QUALITY AFFECT CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION

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ABSTRACT

This study describes the importance of brand image and perceived service quality and its effect on customer loyalty through customer satisfaction. This research is conducted on the supermarkets of Pakistan. Moreover, in this article, we aim to examine whether and to what extent brand image and perceived service quality affect customer loyalty through customer satisfaction. Brand image is a modern idea of the customers towards the products and perceived service quality is also one of the important factors that play a significant role in creating customer satisfaction. We have conducted an exploratory research. The data collected was primary and questionnaire was used to collect data from our population. The results concluded that customers can achieved satisfaction in the supermarkets by reasonable prices of products, availability of quality products, provide services for an accurate time, obtaining an accurate information, and less time to maintain records in cash registers.

Keywords: Brand Image, Perceived Service Quality, Customer Loyalty, Supermarket, Customer Satisfaction.

INTRODUCTION

Brand image is basically a combination of norms or believes of the customers and it is fundamentally created when the customers have complete information regarding the product and services (Lee & Lee, 2005). Perceived service quality plays a significant role at the time of decision-making, when customers choose the products at the variety of brands (Hosseini et al., 2014). When the customers are completely understanding the advantages and disadvantages of the product then it emotionally attached with them, but it is a psychological distraction because it is very critical to handle your targeted audience through Marketing strategies. It give the company mission and vision articulation and help the organization to complete its all goals and objectives efficiently (Alhemoud, 2008). Company's ancient rarities express company's reputation, rules relating company's business objectives and in streamline with the prime estimation of company's which are core component of positive brand image. Hard hitting brand war looking by a few organizations with one another in Pakistan for getting maximum market share. Moderate cost with best quality item or brand can assist the organization with getting maximum market shares. Organizations try to create positive brand image and brand positioning by giving best quality brand through advertisements and providing best service quality. Brand image is a standout amongst the most compelling components for the progression rate of the business (Nasar et al., 2012). According to Mafini & Dhurup (2015) brand image and perceived service quality is generally affected on the customer minds that is created through various

sources. Public relation, informal communication makes positive brand image of the items and its significant piece rely on the network discernment with respect to the product and services (Marx & Erasmus, 2006; Purushottam, 2011). The individual impression of affiliation's pack a notoriety is worked of the association through it upgrades its portfolio by expanding its benefit. Since, in modern time, researchers and practitioners in the field of marketing has given a huge consideration to brand. As of now, the brand is never again a capable tool in the managers' hands. Brand is a vital imperative which encourage the organizations to provide more incentive to their customers. Prinsloo (2016). state that effective brand increments develop the customers trust in products which they buy and probably better imagine or distinguish the services of the organization. A Brand image is a knowledge to the product or services for the customer through which the image of the association is built. The positive image of the brand and perceived service quality reflect complex diverse associations that influence the creation of consumers' subjective perceptions about the brand, that is the products/services of the brand (Das, 2014). It is an unusually important non-material resource capable to provide satisfaction of their customers and also gain the loyalty of the customers, which ultimately results in high profitability and a viable competitive advantage for the company (Benteke et al., 2012). Consumer loyalty is additionally connected with it and related to one another which are considered as the significant tool for marketing strategy. Customer loyalty also depend upon the satisfaction of the customers. So, to gain the customer loyalty it is essential to the organization focus the demands of their targeted customers and satisfied their needs (Gustafsson, Johnson, & Ross, 2005).

The paper is organized as follows. Section 2. contains a review of the literature of how brand image and perceived service quality affect customer loyalty through customer satisfaction. Section 3. presents the hypotheses for this research project. Section 4. describes the data methodology. Section 5. describes the results of data analysis Section 6. explain the results from the findings. Section 7. the final sections are devoted to the conclusion of this study.

LITERATURE BACKGROUND

History of Supermarket

History is always important to study any specific subject. It is most important to understand the history because how supermarkets play an important role in the life of customers are written in its history. According to Cundiff a Supermarket is an enormous retailing shop where merchandise is available, so purchaser select the items off the racks constantly in a trolley and get them charged by the counter representative. Its history shows a several period of human civilization. Its beginning and development were simple and gradual (Bowlby, 2001; Tolbert, 2009). With the improvement of living standard of people, the demand of supermarkets increases, and different supermarkets are coming into existence. Today, most supermarkets issue store-explicit *"individual cards," "club cards"*, or *"reliability cards"* which are filtered at the register when the customers go to checkout. By Ashley Rose September 9, 2016, an innovation has changed the game of store of both inside and outside, with online shopping for food raising in prominence that in excess of 33% of online customers are required to purchase their staple good.

Why consumers prefer to buy products of Supermarket

The study found that value, neatness, and quality were the most significant characteristics customers consider in choosing a supermarket (Hamstra, 2013). Supermarkets are a staple of consumerist society. They carry large quantities of food to whatever number of individuals as could be expected under the circumstances. Other study also explains supermarkets traits that discovered the quality of the product, decency of cost and scope of product determination as significant properties for consumers. The amicability of staff, assortment of product and quick checkout were likewise viewed as significant (Alhemoud, 2008). Supermarkets are expected to give a wide scope of value and assortment to cconsumers (Terblanche & Boshoff, 2004). Consumers anticipate quality from the assortment of products inside a supermarket. Freshness and neatness, and cost & quality were likewise observed to be the significant characteristics for purchasers (Ali et al., 2010). Neven et al. (2006) discovered the lower cost and the assortment of the product as the most significant attribute to customers at supermarkets. Numerous supermarkets have also made their stock accessible on the web. Customers can choose what they need on their PC, and it will be prepared for them when they arrive at the supermarkets. A few supermarkets adopt a strategy of delivery service, delivering the chosen groceries to the customer's doors

Brand Image

The brand image is the current perspective on the customers about a brand Aaker (1991). They tend to characterize a special bundle of relationships inside the mind of target customers (Keller, 1993). It implies what the brand presently rely on. It is a set of belief held about a particular brand. So, it is only the customers' perception of their product (Cooper, 2003). It is a way to identify where a particular brand is situated in the market (Anselmsson & Bondesson, 2013; Davcik & Rundquist, 2012).The brand image provide an enthusiastic worth and it is also describe an organization's image. It is an accumulation of contact and perception by people outside of an organization. It should highlight an organization's central goal and vision to all. (Verhoek et al., 2002). The brand image has not to be made yet is consequently framed. The brand image includes products' appeal, ease of use, functionality, distinction, and generally overall worth. Brand image in real brand content. At the point when the customers buy the products, they are additionally obtaining its image. The brand image is the target and mental feedback of the consumers when they buy products (Roy & Banerjee, 2007). Positive brand image is exceeding the customer desires (Bormann et al., 2008). It also improves the goodwill and brand worth of an organization (Bloemer & Schroder, 2002; Kristensen et al., 2000; Leite et al., 2005; Loughlin & Coendures, 2002).

Perceived Service Quality

Perceived service quality plays a significant role of creating customer satisfaction. This statement is proved that providing good services to customers is one of the most important factors to attract customers (Coelho & Henseler, 2012). According to (Gorla et al., 2010), it states that service quality is a loss brought about by a result of the community after the product is produced, other than the loss brought about by the inherent capacity of the product. (Ukil, 2016) suggests 5 main factors related to the quality of services include tangibles, reliability, responsiveness, assurance, and empathy.

1. Tangibles includes physical facilities, equipment, employees, and means of communication.
2. Reliability mean the ability to provide promised services promptly, accurately and satisfactorily.
3. Responsiveness includes the desire for staff to help customers and provide responsive service.
4. Assurance, includes the knowledge, ability, and trustworthiness of the staff; free from anger, risk or doubt.
5. Empathy, including ease of relationships, good communication.

As indicated by (Keller et al., 2014), characterized that quality mean *"appropriate use"*, *"congruity with prerequisites"*, *"free from anomalies"*, and others. We will utilize meanings of the American Society for Quality Control is embraced all throughout the world. Quality is the general attributes and qualities of products or services that impact its capacity to fulfill communicated or suggested needs.

Customer Satisfaction

Customer satisfaction can be interpreted as a degree where the wants and customer needs regarding the products/services or different associations with explicit in understanding with the desires or surpasses the equivalent, in this way Guaranteed its Purchases are safe *(mouth, 2014).* To start to provide satisfaction with customers, it is important to draw significant assets, which will be in the capacity of gathering information on analysis of such information and recognizable identification, comprehension and customer needs. Customer satisfaction play important role to income and benefit generators, which the organization will accomplish later because without gaining the customers satisfaction, organizations cannot achieve their goals in the market (Forza et al., 2013). Subsequently, the organization must focus a detailed analysis of customer satisfaction, their preferences, and disservices, yet additionally sensible needs and requests are devoted to the methodology of customer satisfaction, the Companies could fulfill their own interest (Johnson et al., 1995).

Customer Loyalty

Loyalty is basically a mixture of intellectual and emotional processes, among organizations and customers. Therefore, loyalty can't be enforced the fact that loyalty can be estimated and managed. According to (Rizwan et al., 2014) customer loyalty created at the time when companies provide quality goods and services to the consumers (Coelho & Henseler, 2012) contend that loyalty is a situation where buyers are satisfying about their products or manufacturer or service provider and is accompanied by consistent repurchases. As indicated by (Wah Yap et al., 2012) said that the idea of customer loyalty is

"The long term accomplishment of a specific brand that did not depend on the number of customers that buy the product just once, but it depend on those customers who become continuously purchase."

For this situation, it is clarified that dedicated buyers are not estimated by how much they purchase, however it is estimated how regularly they visit to the supermarkets (Khan & Mahmood, 2012; Reichheld & Sasser, 1990). As indicated by Wah Yap et al., (2012) the definition

"Customer Loyalty is profoundly held a promise to rebuy or patronize a liked product or service that are reliable in future, regardless of situational impacts and marketing effort having the capacity to cause exchanging behavior."

Hypothesis Development

Prior literature highlights the interrelationship of the variables and how they affect the loyalty and satisfaction of customers separately, yet all these relationships in the model haven't been studied together earlier. Therefore, with this framework we intend to examine:

*H1: The positive association between brand image & customer loyalty.*

H2: Significant linkage into brand image and customer satisfaction.

H3: The relationship between perceived service quality and customer loyalty are insignificant.

H4: The insignificant relationship between perceived service quality and customer satisfaction.

H5: Customer satisfaction mediate the positive association between brand image and customer loyalty.

H6: Customer satisfaction mediate the insignificant relationship between perceived service quality and customer loyalty.
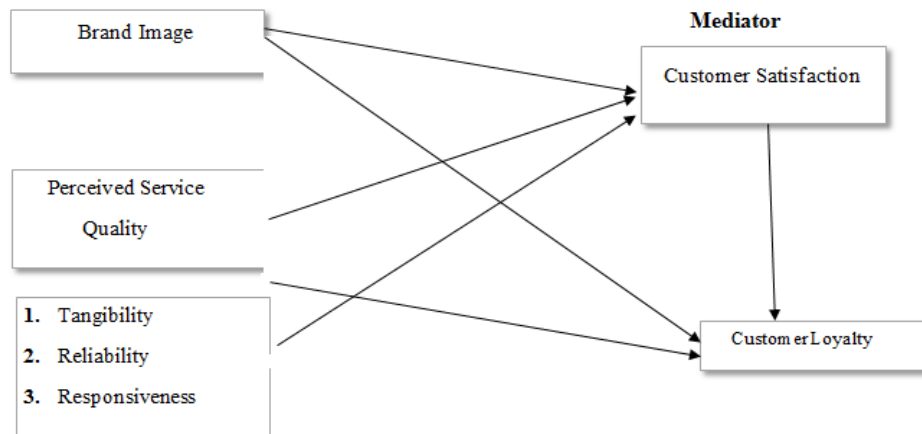
Independent variables
Dependent variable

FIGURE 1
CONCEPTUAL MODEL OF CREATING CUSTOMER LOYALTY

METHODOLOGY

Research Design

The research design is exploratory in nature using descriptive and cross-sectional study. It describes the characteristics of a phenomenon in its current state, namely customer's loyalty and customer satisfaction towards supermarket.

Population and Sampling

The research using non-probability convenience sampling method. The sample size taken

is 1000. The survey is conducted in 4 supermarkets of Lahore i.e. Metro, Macro, Carrefour, and Al-Fatah.

Data Collection Technique

The research uses primary data through structured questionnaires, because in supermarkets of Pakistan no work has been done relating to this study.

Data Analysis

The research uses statistical analysis of data using SPSS. The correlation and regression analysis are used to identify the how brand image and perceived service quality affect customer loyalty through customer satisfaction.

Response Rate

No.	Name of supermarket	Target number of questionnaires	Number of returned questionnaires	Response rate
	Table 1 RESPONSE RATE			
1	Metro	250	187	74.80%
2	Macro	250	196	78.40%
3	Carrefour	250	223	89.20%
4	Al-Fatah	250	232	92.80%
	Total	1000	838	83.80%

Source: Research Data

We have issued total 1000 questionnaires to the customers of supermarkets in Pakistan and out of which only 838 were returned. The represented response rate is 83.8% in Table 1.

RESULTS AND DATA ANALYSIS

This section analyze the results of SPSS (statistical package for the social sciences) for testing various hypotheses. The result of correlation and regression analysis describe the validity of the study in the Table 2.

		Customer Loyalty	Brand Image	Perceived service quality	Customer Satisfaction
	Table 2 Correlation Analysis				
Pearson Correlation	Customer Loyalty	1	0.163	-0.01	0.481
	Brand Image	0.163	1	0.009	0.06
	Perceived service quality	-0.01	0.009	1	0.002
	Customer Satisfaction	0.481	0.06	0.002	1
Sig. (1-tailed)	Customer Loyalty	0	0	0.388	0
	Brand Image	0	0	0.4	0.042
	Perceived service quality	0.388	0.4	0	0.477
	Customer Satisfaction	0	0.042	0.477	0
N	Customer Loyalty	838	838	838	838

Brand Image	838	838	838	838
Perceived service quality	838	838	838	838
Customer Satisfaction	838	838	838	838

Table 3
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.163[a]	0.027	0.024	1.85372
2	0.500[b]	0.25	0.247	1.62842
a. Predictors: (Constant), Perceived service quality, Brand Image				
b. Predictors: (Constant), Perceived service quality, Brand Image, Customer Satisfaction				

The above Table 3 model summary shows that the coefficient of determination *'R Square'* indicates 24.7% validity of customers satisfaction due to brand image and perceived service quality in the supermarkets.

Table 4
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	78.635	2	39.317	11.442	0.000[a]
	Residual	2869.303	835	3.436		
	Total	2947.938	837			
2	Regression	736.385	3	245.462	92.566	0.000[b]
	Residual	2211.553	834	2.652		
	Total	2947.938	837			
a. Predictors: (Constant), Perceived service quality, Brand Image						
b. Predictors: (Constant), Perceived service quality, Brand Image, Customer Satisfaction						
c. Dependent Variable: Customer Loyalty						

From the above analysis of variance shows in Table 4 the positive result between hypothesized model and obtained data (F= 92.566, P= 0.000).

Table 5
REGRESSION COEFFICIENTS

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.031	0.799		8.796	0
	Brand Image	1.079	0.226	0.163	4.775	0
	Perceived service quality	-0.003	0.009	-0.011	-0.329	0.742
2	(Constant)	0.82	0.805		1.018	0.309
	Brand Image	0.892	0.199	0.135	4.484	0
	Perceived service quality	-0.003	0.008	-0.012	-0.398	0.691
	Customer Satisfaction	0.385	0.024	0.473	15.749	0

Table 5 shows the coefficients of regression. Unstandardized Coefficients B tells the intercept and coefficients for every predictor's variable. In above regression model, I see that overall brand image have significant effect on customer loyalty through customer satisfaction. It means that null hypothesis is rejected because the value of p=0.000 which is less than 0.05. And perceived service quality has insignificant effect on customer loyalty because the value of p= 0.691 which is higher than 0.05 and it shows that alternate hypothesis is rejected, and null hypothesis are accepted.

Table 6 EFFECT OF MEDIATOR					
Excluded Variables					
Model		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	Customer Satisfaction	0.473[a]	15.749	0	0.479	0.996
a. Predictors in the Model: (Constant), Perceived service quality, Brand Image b. Dependent Variable: Customer Satisfaction					

The result in the Table 6 shows that customer satisfaction have significant effect on customer loyalty because the value of p=0.000 less than 0.05.

DISCUSSION

According to the study of different supermarkets in Pakistan, We find that majority of the respondents are below the age of 30 years and obtained university level education therefore, they have knowledge about the image of the brand organization and also expect a high quality service to the organization. The result of the study describe that the respondents are shopping in supermarkets for the different period and this can be imputed to change their living standards and provide satisfaction with the services offered by supermarkets. Therefore, it is the fact that to attract new customers and retain an existing customer, the image of the brand and perceived service quality play an important role because every customer always seeks branded product and high-quality service in supermarkets. The supermarkets products and services fulfil the needs and wants of customers and also provide desirable lifestyle, and try to provide better solution to the customer's expectations, increases frequency visit of customers, also try to perform as it promises, makes a good impression on the mind of customers, helps the customers to better fit into their social group and also improve the way that the customers are perceived by others. The organizations need to maintain the image of the brands very carefully because it is an important asset for the supermarkets in order to provide more profit to the organization shareholders and its associated groups. It is also noted that the supermarkets recognize their customer expectation and provide different resources to facilitate delivery aspects of the 5 dimensions of service quality. This thing proves the fact that the customers rated all the 5 dimensions of service quality. The difficult thing is that the customers experience by actual quality service highly exceeds their expectation and according to the results our analysis it shows that brand image have significant effect on customer loyalty through customer satisfaction in supermarkets because the value p=0.000 < 0.05 and it shows that the null hypothesis are rejected and alternate hypothesis are accepted. Customers satisfaction also play an important role for attaining a successful position of the organization in the competitive market environment and significant effect on customer loyalty because the value of p=0.000 < 0.05. But the result of perceived service quality show

insignificant effect on customer loyalty through customer satisfaction because its value of p=0.691> 0.05.

CONCLUSION

The importance of this study is to focus the customers who visited to the supermarkets of Pakistan and to examine how brand image and perceived service quality affect customer loyalty through customer satisfaction. The research shows that customer satisfaction is the most important factor for the success of any organization and the customers can achieved satisfaction in supermarkets by reasonable prices of products, availability of quality products, provide services for an accurate time, obtaining an accurate information, and less time to maintain records in cash registers. Customer satisfaction play a mediating role between brand image, perceived service quality and customer loyalty. Because if the customers are satisfied to the brand image and perceived service quality then the loyalty of customers also increase. According to the results of our study, we conclude that in modern competitive environment, organizations create good brand image in the mind of the customers and also try to provide good quality service to maintain their good reputation in the mind of the customers of supermarket.

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