The impact of social identity of brand on brand loyalty development

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ABSTRACT

During the past few years, there have been increasing discussions on the impact of brand in business units. Many researchers have concluded that the best way to increase sales is to introduce the brand in society. In this study, we consider the impact of brand identity on increasing product loyalty in one of Iranian dairy products. The proposed study is implemented in city of Tehran by choosing 475 people. The proposed model is analyzed using structural equation model and factor analysis. The results indicate that there is a direct positive relationship between brand and loyalty and a powerful brand could help setup a long-term relationship between customer and firm, which leads to brand loyalty. In other words, brand identity influences perception value, customer satisfaction, brand trust while perception value influences customer satisfaction and brand trust. In addition, customer satisfaction influences brand trust, brand trust influences customer loyalty and finally brand identity indirectly influences customer loyalty.

Keywords: Brand identity, Brand loyalty, Brand trust, Dairy products

1. Introduction

Brand is one of the most important intangible assets in any industry especially among business units. According to Keller (2008), the most valuable asset of any firms is not their equipments or services but it is the brand of a firm, which builds the actual value on customers' minds. According to American marketing association (AMA), brand is the name, expression, symbol or combinations of all these items, which builds company's identity. Brand is a commitment and it tells us that we know this name and we trust to the name and building a mutual trust is the primary objective of creating a brand. According brand is symbol for uniting different assets (Matzler, 2008).

One of the most important responsibilities of brands is to create loyalty among existing customers. Existing customers are the primary sources of revenue and they could increase margin of safety for firms. The other responsibility of brand is to provide an appropriate identity for brand and makes it as a unique source for people.
Kapferer (2008) believes having a unique identity makes a brand different from other brands and we may be able to rely on for offering products and services. There have been tremendous efforts on brand but brand identity has received little attention (Da Silveira et al., 2011). However, there is a common fact among all people that brand identity influences people to distinguish a product from another (Joachimsthaler & Aaker, 2000; Keller, 2008).

On the contrary to customer trust which is associated with external parameters influencing organization, brand identity is an internal item impacting organizations (Burmann et al., 2009). Brand identity has attracted little attention among researchers and there is literally little evidence to see any relationship between brand loyalty and brand identity (He & Li, 2010; Marin et al., 2009).

In this paper, we look at the relationship between brand loyalty, its identity on creating brand identity. Brand identities, perception received from brand and customer satisfaction are various issues discussed in this paper.

2. Literature review

2.1 Brand identity

Brand identity is a set of exclusive features of a brand in terms of motto, promise and opportunities provided for customers and could create a new identity or improving previous identities. We can say identity is one of the most important factors for stabilizing brand and could lead it towards new markets and products (Keller, 2003; Ghodeswar, 2008). A brand identity is considered effective when it is accompanied with customers' needs (Joachimsthaler & Aaker, 2000).

In other words, brand identity is a long-term plan for attracting more customers (Aaker, 1996). A brand could create an exclusive identity for its products or services when it builds sustainable and related promises, which are believable (Ward et al., 1999). According to Silveira et al. (2011) brand identity is not fixed issue over time but it is relatively dynamic concept and must change over time based on environmental parameters as well as economical factors.

2.2. Brand loyalty

Brand loyalty has been extensively investigated over the past few decades (Dick & Basu, 1994; Oliver, 1999; Harris & Goode, 2004; Evanschitzky et al., 2006) and there are different definitions for brand loyalty but Oliver (1999) gives the best one. Based on Oliver, brand loyalty reflects a long-term commitment of customer for repurchasing and becoming a permanent service or product receiver. Brand loyalty can be defined as an aggressive attitude towards purchasing a particular product over long-term horizon. This attitude could lead people to purchase from a particular brand and this is the result of people's perception (Chaudhuri & Holbrook, 2001).

Any loyalty to a business brand is the result of repeat purchase activity, which is resulted from a psychological decision. The activities associated with the repeated purchase of a product are not based on people's direct intention but it is more unintentional and it is a result of different issues including emotions, feeling, etc. In marketing issues, the concept of loyalty to brand comes along with other words such as repurchase, preference, commitment and allegiance (Sahin et al., 2011; Fournier & Mick, 1999; Chiou & Shen, 2006).

3. Proposed model

The proposed model of this paper builds a conceptual model for the relationship between brand identity and loyalty. Fig. 1 shows details of the proposed model of this paper.
3.1 Brand identity and perception value

There are different definitions associated with perception value such as the difference between revenue and cost (Khalifa, 2004), relationship between quality of different products sold under the same brand and the value of brand (Gabay, 2009). However, in marketing, perception value has two aspects of economical and non-economical (Uлага, 2003; Woodside et al., 2008). Creating value is one of the most important subjects of research and many believe perception value is significantly influenced by brand identity (He et al., 2011). There are also some strong evidences, which indicate that a brand with strong identity has a better opportunity to increase perception value. (Parasuraman, et al., 1988). There are also other evidences, which show that there is positive relationship between brand and the value of brand (Hansen et al., 2008). There are eight hypotheses associated with the proposed study of this paper.

3.2 Brand identity positively influences perception value

Customer satisfaction is created from people's inside about how they are satisfied on received products or services (Bitner & Hubbert, 1994). In other studies, customer satisfaction is a general customer's feeling on goods and services customers receive (Anderson et al., 2004). In many cases, a more prestigious and distinctive product could result on having stronger perception value (Bhattacharya & Sen, 2008). People tend to be different from others and the more a brand is exclusive, the stronger it is and customer provide better support for it (He et al., 2011). A prestige brand is a particular brand, which is not only maintain a good quality but also it can be used for pretention.

3.3 Brand identity and customer satisfaction

There is a relationship between brand identity and customer satisfaction (He et al., 2011; Chun & Davies, 2006). Therefore, we state the second hypothesis as follows,

H2: Brand identity has positive impact on customer satisfaction.

3.4 Perception value and customer satisfaction

The more a brand could attract more customers, the more customer satisfaction we have. There are different studies associated with these two concepts, which indicated a positive relationship between these two items (He et al., 2011; Harris & Goode, 2004).
H3: Perception value has a positive impact on customer satisfaction.

3.5. Brand identity and trust

Trust is the ability to rely or to accept an attribute associated with an object or a person. Trust to a brand is a psychological aspect, which reflects all assumptions hold on the reliability of a particular product or services (Doney & Cannon, 1997). Trust on a brand is associated with credibility, integrity and benevolence (Gurviez & Korchia, 2002; Simoes, 2005; Elliott & Yannopoulou, 2007; Walsh et al., 2009). The following hypothesis is established for the proposed study of this paper.

H4: brand identity increases customers' trust.

3.6. Perception value and trust

As we have already explained, customer perception from brand value is a function of their perception and a particular brand has various values from different people's perspectives. There are different studies associated with perception value and trust (Parasuraman & Grewal, 2000; Sirohi et al., 1998; Sweeney, et al., 1999). However, there are only a limited number of studies on relationship between perception value and supportive trust (Singh & Sirdeshmukh, 2000, Harris & Goode, 2004). Anderson and Srinivasan (2003) explained that perception and trust both could positively impact customer satisfaction and loyalty. Sirdeshmukh et al. (2002) performed an empirical study on the relationship between perception value and trust.

H5: Perception value from a brand influences on brand trust, positively.

3.7 Customer satisfaction and trust

There are literally many studies, which describes customer satisfaction is an emotional response to a purchase opportunity (Bagozzi et al., 1994; Anderson & Narus, 1990; Bennet et al., 2005; Sahin et al., 2011). When a purchase yields a positive reaction, trust on brand is an immediate outcome. Trust, on the other hand, is the result of historical transaction. Trust on brand can be a result of advertisement, world of mouth advertisement and satisfaction from the purchase (Krishnan, 1996). It is relatively difficult to find a cause-and-effect relationship between customer satisfaction and trust. In other word, we cannot precisely say that customer satisfaction is the result of trust and trust is a function of customer satisfaction. He et al. (2011) confirmed the effect of customer satisfaction on trust and others considered the effects of trust on customer satisfaction (Harris & Goode, 2004; Lam et al., 2004; Sichtmann, 2007; Sahin et al., 2011, Orth & Green, 2009; Tsai, 2011).

H6: Customer satisfaction influences positively on brand trust.

3.8. Trust and loyalty to brand

Trust and loyalty have close relationship with each other. The more a customer trust to a particular brand, the more he/she will purchase that kind of product. Human being is naturally interested in reducing risk and this motivates many to become loyal to products and services. Trust can be defined as the degree of peace of mind where customer can rely on vendor (Agustin & Singh, 2005). The more customer trusts a particular brand, the more customer become loyal to that brand (O'Shaughnessy, 1992). Therefore, a purchase happens without performing any cost/benefit analysis (Lau & Lee, 1999). Therefore, building a brand yields a long-term relationship between customer and firm (Agustin & Singh, 2005; Amine, 1998). Trust plays an important role in creating customer-brand relationship and has a positive impact on loyalty to brand (Sahin et al., 2011). Customer trust to a brand is a result of positive believes on organizational behavior expectations and performance of
products (Ashley & Leonard, 2009). Trust will increase customer loyalty and in long term loyal customer will be more loyal (Chiou & Shen, 2006; Sweeney & Swait, 2008; Ambler, 1997; Mazodier & Merunka, 2011).

H7: Trust to a brand will positively influence on customer loyalty.

3.9. Brand identity and loyalty

As we have explained earlier, brand has relationship with three items of perception value, customer satisfaction and trust. We can explain that there is an indirect relationship between brand identity and on trust through three variables of perception value, customer satisfaction and trust.

H8: Brand identity indirectly has positive impact on customer loyalty through three variables of value, satisfaction and trust.

4. Results

The proposed study of this paper has designed a questionnaire and distributed among a randomly selected people who live in city of Tehran, the capital city of Iran. The proposed study was concentrated on a firm, which was one of major diary providers in Iran called Kalleh Diary Corporation.

Table 1
Statistical observations for the proposed study

<table>
<thead>
<tr>
<th></th>
<th>Standardized factor loading</th>
<th>Cronbach alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand identity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This brand is superior to other brands.</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is a high quality brand with high prestige level.</td>
<td>0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This brand is very famous.</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This brand has an exclusive identity.</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perception value of brand.</strong></td>
<td></td>
<td>0.798</td>
<td>0.58</td>
</tr>
<tr>
<td>I am happy about what I paid and the value I gained.</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The products of this brand have been priced, properly.</td>
<td>0.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on what I received I pay relatively fair price.</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer satisfaction</strong></td>
<td></td>
<td>0.853</td>
<td>0.65</td>
</tr>
<tr>
<td>I am completely satisfied from this brand.</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am confident that I am always happy about the brand.</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am happy about the products of this brand.</td>
<td>0.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe this brand could completely satisfy my expectations.</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trust to brand</strong></td>
<td></td>
<td>0.891</td>
<td>0.59</td>
</tr>
<tr>
<td>I trust to all brands’ products.</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have never had a bad experience on this brand.</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This brand has a nice image among people.</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If this brand claims a good feature, that would be true.</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is an honest brand.</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Brand loyalty</strong></td>
<td></td>
<td>0.865</td>
<td>0.54</td>
</tr>
<tr>
<td>This brand has exactly the same features as I wish.</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I prefer this brand to other ones.</td>
<td>0.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a negative attitude towards this brand.</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like the features of this brand.</td>
<td>0.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This brand has a better performance compared with other brands.</td>
<td>0.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I always prefer this brand to other brands.</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I always wish to examine this brands' products.</td>
<td>0.76</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We have randomly selected some grocery shopping centers, which were selling this brand's dairy products and have distributed some questionnaires among their customers, and collected 475 filled
ones. All questions were designed based on Likert based scale from completely disagree to completely agree. All questions were selected based on a survey accomplished on relevant literature (He et al., 2011; Tong & Hawley, 2009; Washburn et al., 2004; Allen & Meyer, 1990; He et al., 2011; Tam, 2004). The reliability of all test components has been examined using both convergent and discriminate validity. Standardized factor loading as well as Average variance extracted were measured and they were well above 0.5, which is the minimum desirable level (Fornell & Larker, 1981). Cronbach Alpha was calculated for all questions and they were well above 0.7, which is the minimum acceptable level (Nunnally, 1978). Table 2 shows correlation ratios among different components of our proposed study.

**Table 2**
Correlation ratios

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Satisfaction</th>
<th>Trust</th>
<th>Loyalty</th>
<th>Brand identity</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.14</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.45</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td>3.00</td>
</tr>
<tr>
<td>Trust</td>
<td>0.50</td>
<td>0.80</td>
<td>1.00</td>
<td></td>
<td></td>
<td>2.92</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.37</td>
<td>0.59</td>
<td>0.74</td>
<td>1.00</td>
<td></td>
<td>3.09</td>
</tr>
<tr>
<td>Brand identity</td>
<td>0.62</td>
<td>0.74</td>
<td>0.73</td>
<td>0.54</td>
<td>1.00</td>
<td>3.10</td>
</tr>
</tbody>
</table>

We have performed goodness of fit for different tests and the results of our investigations are summarized in Table 3.

**Table 3**
Statistical test results for goodness of fit

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Value</th>
<th>Acceptable region</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$</td>
<td>898.34</td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>412</td>
<td></td>
</tr>
<tr>
<td>$\chi^2$/df</td>
<td>2.18</td>
<td>Less than 3</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.041</td>
<td>Less than 0.1</td>
</tr>
<tr>
<td>NFI</td>
<td>0.98</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>NNFI</td>
<td>0.99</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>CFI</td>
<td>0.98</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>IFI</td>
<td>0.99</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>GFI</td>
<td>0.93</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.92</td>
<td>Greater than 0.8</td>
</tr>
</tbody>
</table>

In addition, Table 4 demonstrates the results of our test results on different hypotheses.

**Table 4**
The results of t-student tests

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t-value</th>
<th>Path coefficient (β)</th>
<th>(r²)</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>The effect of identity on value</td>
<td>12.51**</td>
<td>0.62</td>
<td>0.44</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of identity on satisfaction</td>
<td>15.91**</td>
<td>0.65</td>
<td>0.63</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of identity on satisfaction</td>
<td>1.64</td>
<td>0.19</td>
<td>0.69</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of identity on trust</td>
<td>3.37**</td>
<td>0.22</td>
<td>0.69</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of identity on trust</td>
<td>1.95</td>
<td>0.097</td>
<td>0.69</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of identity on satisfaction</td>
<td>9.61**</td>
<td>0.60</td>
<td>0.69</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of trust on loyalty</td>
<td>14.66**</td>
<td>0.74</td>
<td>0.62</td>
<td>Confirmed</td>
</tr>
<tr>
<td>The effect of identity on loyalty</td>
<td>13.01**</td>
<td>0.54</td>
<td>0.33</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

*p<0.05  **p<0.01

4.1. First hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that brand identity influences perception value. The path ratio shows that an increase of one unit in brand identity will increase perception value for 0.62 with the probability of 0.99. The ratio of $r^2$ shows that brand identity can describe 44 percent of perception value.
4.2. Second hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that brand identity influences customer satisfaction. The path ratio also demonstrates that an increase of one unit in brand identity will increase customer satisfaction for 0.65 with the probability of 0.99. The ratio of $r^2$ demonstrates that brand identity can describe 63 percent of customer satisfaction.

4.3. Third hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that perception value influences customer satisfaction. The path ratio also demonstrates that an increase of one unit in perception value will increase customer satisfaction for 0.19 with the probability of 0.99. The ratio of $r^2$ explains that perception value can describe 69 percent of customer satisfaction.

4.4. Fourth hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that brand identity influences brand trust. The path ratio also demonstrates that an increase of one unit in brand identity will increase brand trust for 0.62 with the probability of 0.99. The ratio of $r^2$ we can understand that brand identity can describe 69 percent of brand trust.

4.5. Fifth hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that perception value influences brand trust. The path ratio also demonstrates that an increase of one unit in perception value will increase perception value for 0.097 with the probability of 0.99. From the ratio of $r^2$, we can understand that perception value can describe 69 percent of brand trust.

4.6. Sixth hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that customer satisfaction influences brand trust. The path ratio also demonstrates that an increase of one unit in brand trust will increase customer satisfaction for 0.60 with the probability of 0.99. The ratio of $r^2$ implies that perception value can describe 69 percent of brand trust.

4.7. Seventh hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that brand trust influences customer loyalty. The path ratio also demonstrates that an increase of one unit in brand trust will increase customer loyalty for 0.74 with the probability of 0.99. The ratio of $r^2$ implies that trust value can describe 62 percent of brand loyalty.

4.8. Eighth hypothesis

As we can observe from the results of Table 4, t-student maintains a meaningful ratio for the test leading us to conclude that brand identity indirectly influences customer loyalty. The path ratio also demonstrates that an increase of one unit in brand identity will increase customer loyalty for 0.54 with the probability of 0.99. The ratio of $r^2$ implies that brand identity can describe 33 percent of brand loyalty.
5. Conclusion

In this study, we have considered the impact of brand identity on increasing product loyalty in one of Iranian dairy products. The proposed study has implemented in city of Tehran by choosing 475 people and it was analyzed using structural equation model and factor analysis. The results indicated that there was a direct positive relationship between brand and loyalty and a powerful brand could help setup a long-term relationship between customer and firm, which leads to brand loyalty. In other words, brand identity influences perception value, customer satisfaction, brand trust while perception value influences customer satisfaction and brand trust. In addition, customer satisfaction influences brand trust, brand trust influences customer loyalty and finally brand identity indirectly influences customer loyalty.

References


