Investigating the Influence of Brand on Customer Loyalty, a Study in B2B Marketing

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Abstract: The present research aims to study the influence of brand on customer loyalty in B2B marketing related to pump and compressor industry. So research hypotheses were proposed to examine the relationship between customer loyalty and the six construct of satisfaction, value, resistance to change, affect and trust and brand equity. As a test sample of the research a total of 160 questionnaires were distributed to respondent and 144 questionnaires were found to be usable in this study. Collected data were tested using SPSS software program. The findings indicated that among the effective constructs of brands on customer loyalty, the relationship of brand equity and trust with both the behavioral and attitudinal loyalty is highly significant. Therefore the managers and executives must focus more on brand equity and trust to support customer loyalty. Considering the limitations of this research, some cautions should be considered in the generalization of its results just like other studies. Future research can identify those factors that influence customer loyalty and not considered in this study and it is possible to compare the influence of brands on the customer loyalty in different cultures and different industries.

Keywords: Business-to-business (B2B), brand, customer dissatisfaction, customer loyalty

INTRODUCTION

During the last two decades, a great deal of studies has addressed various aspects of customer loyalty. Sirgy and Samli (1985), Reichheld and Sasser (1990), Fournier (1998), Oliver (1999), Bennett and Rundle-Thiele (2002), Murali et al. (2007) and Heidarzadeh and Rahpeima (2012). While many researchers have concentrated on customer loyalty in business-to-consumer (B2C) contexts, customer loyalty is important in business-to-business (B2B) contexts as well. In organizational buyer-seller relationships, loyal buyers are more likely to focus on long-term benefits and engage in cooperative actions beneficial to both partners in a relationship than disloyal buyers, thus increasing the competitiveness of both partners and reducing transaction costs (Ganesan, 1994; Doney and Cannon, 1997; Yin Lam et al., 2004).

Morgan and Hunt (1994) and Raechel and Bruce (2008) define the relationship marketing as “directing all of marketing activities in order to establish develop and maintain successful relationship exchanges”. Today In relationship marketing literature, customer loyalty is one of the subjects, emphasized especially in B2B marketing. Indeed, customer loyalty constitutes an underlying objective for strategic market planning (Kotler, 1997; Yin Lam et al., 2004). In a B2B environment, suppliers need to understand the nature and circumstances of their customers because of the unique characteristics of the customers acting as an organization. As business customers purchase large volume of products and services, managing and maintaining loyal B2B customers can secure a supplier greater revenue. The importance and benefits of attracting and maintaining loyal customers has arisen because there is a general acceptance that profitability follows customer loyalty (Reichheld and Sasser, 1990). On the other hand, nowadays brand management has ever increasing importance in marketing management, especially in organizations attempts to send unique, intangible and complicated messages to their customers (Goodchild and Callow, 2001). Munoz and Kumar (2004) claim that although it is well accepted in the Business-to-Consumer (B2C) field that brands act as editors of choice, if managing brands is about differentiating the goods and services the brand represents, then it is no less important for a B2B customer than it is for a B2C customer to grasp what that differentiation is.

This era is the time of rapid and unforeseeable changes and companies are in hard competitions, because of undefined borders of markets, shortness of product lifetime, fast changes in customers buying patterns and information and awareness of the customers (Wong and Shohal, 2002). So only the organizations that pay attention to their customers’ needs and wants basically and better than the competitors would have better situation among them. In
this way managers like to satisfy their customers because it is a powerful predictor of customer loyalty (Tuu and Olsen, 2009; Kue-Chien, 2010). Thus the study of customer behavior is great importance, because, providing and developing a better perception of the relationship between constructs such as brand and customer loyalty is one of the problems that managers face, especially in marketing management literature many factors proposed affecting customer loyalty (Mittal and Kamakura, 2001).

The organizations make long-term investment on their brands and know some their competitive advantages resulting from their product and services branding. They understand strong brand can cause customer loyalty. Brand characteristics can influence customer behavior and brand image can affect customer perception from products and services, therefore today businesses need branding strategies. A great importance attach to brand and its ability in B2B marketing because the customers are more alive and less flexible and any low attention to them can waste all marketing efforts (Sutton and Klein, 2003). So study of brand and its role in B2B marketing is important for organizations in developing their markets. This study was conducted in a business-to-business setting of the pump and compressor industry in Iran, to deal with the investigation of brand influence on customer loyalty and examine the relative effects of some constructs like satisfaction, trust, affect and equity on customer loyalty.

**LITERATURE REVIEW**

Over the past two decades, there has been considerable study about branding which has largely focused on the factors that determine brand identity and image and how this influences consumer behavior. However, recently there has been an emerging stream of research focusing on the role brands play in the value-adding processes that lead to creation of the customers’ experiences (Berry, 2000; De Chernatony and Segal-Horn, 2003; Ballantyne and Aitken, 2007; Brodie, 2009). The issue of customer loyalty to brands is a result of desirable and strategic marketing activities (Taylor et al., 2004). Customer loyalty is a buyer’s overall attachment or deep commitment to a product, service, brand, or organization (Oliver, 1999; Yin Lam et al., 2004). Oliver (1999) knows the customer loyalty as a function of the four variables including “perceived product superiority”, “personal attitude”, “social bonding” and their synergistic effects.

Many studies conducted about tree section of loyalty: attitudinal loyalty, behavioral loyalty and total loyalty (Tellis, 1988; Chaudhuri and Holbrook, 2001; Bennett and Rundle-Thiele, 2002; Rauyruen et al., 2007). Baldinger and Rubinson (1996), enforces on both attitudinal and behavioral aspects of customer loyalty. Taylor et al. (2004) by attention to the work of Baldinger and Rubinson (1996) proposed a model for measurement of brand effects on customer loyalty. They considered customer loyalty as a function of behavioral and attitudinal loyalty. Figure 1 depicts their model which used in this study as a framework of hypotheses.

Customer satisfaction is considered a key driver of the long-term relationship between suppliers and buyers. Customer satisfaction in the B2B context is often defined as a positive affective state resulting from the appraisal of all aspects of a firm’s working relationship with another firm (Geyskens et al., 1999; Yin Lam et al., 2004). The main difference between customer satisfaction in B2B markets and common markets is that industrial supplier faces o buyer system or organization customer instead of a single consumer. Comparing to common markets, limited literature exist on B2B markets, so it is necessary to create a more comprehensive understanding of industrial marketing management (Michael, 1988). In management literature it has been claimed that satisfaction has the influence on customer behavior, repurchase intentions and customer loyalty (Mittal et al., 2001). Some authors suggest satisfaction to be an affective antecedent of brand loyalty (Dick and Basu, 1994; Oliver, 1999; Rauyruen et al., 2007). Thus, the following hypothesis is offered:

**H1: with enhancement of satisfaction, customer loyalty enhances:** Value is the main factor in relationship between customer and the firm. If the firm’s products and services do not satisfy the customer’s needs and expectations, the best brand strategy and the strongest retention and relationship marketing strategies will be insufficient. Value equity is defined as the customer’s objective assessment of the utility of a brand, based on perceptions of what is given up for what is received. Value equity is driven by perceptions of objective aspects of a firm’s offerings (Lemon et al., 2001). It is widely known that perceived value, the potential key determinant of loyalty, is composed of a “get” component- that is, the benefits a buyer derives from a seller’s offering–and a “give” component- that is, the buyer’s monetary and nonmonetary costs of acquiring the offering (Zeithaml, 1988). So the following hypothesis is offered:

**H2: with enhancement of value, customer loyalty enhances:** The concept of commitment stems from industrial and organizational psychology and has been viewed as an intention to continue a course of action or activity such as maintaining a relationship with a business partner (Rauyruen et al., 2007). Commitment exists if the relationship between the two parties is preserved and the preservation of relationship
occurs when the relationship is important and valuable (Heidarzadeh and Rahpeima, 2012). Commitment and keeping the promises is the keystone in a relationship that is profitable for the parties. Commitment to build some long-term relationships also indicates the tendency of the parties to invest in some resources such as assets, time and effort so that the relationship can be continued (Anderson and Weitz, 1992; Assael, 1987; Heidarzadeh and Rahpeima, 2012). Commitment in B2B buyer-seller relationship is very important in relationship marketing. Reducing costs and increasing benefits of seller firms is the advantage, results from commitment and favorable behavior of buyer firms. In terms of the relationship between commitment and loyalty, potential consequences of commitment may include word of mouth communications- an important aspect of attitudinal loyalty (Dick and Basu, 1994; Rauyruen et al., 2007). Customers who have high commitment in a product or service will buy more. In other words, commitment leads to behavioral aspect of loyalty. In support of this notion, researchers found a significant path from resistance to change (commitment) to loyalty (Pritchard et al., 1999; Rauyruen et al., 2007). Berry and Parasuraman (1991), claim commitment is a vital component of successful relationships that leads to loyalty. Therefore, the following hypothesis can be discussed:

H3: with enhancement of resistance to change, customer loyalty enhances: Some researches state customers evaluations of services are highly correlated with their feeling or affect in interactions (Mattila and Enz, 2002). Taylor et al. (2004) claim that affect can influence the customer attitude even if in the absence of believing in product or service. In general feeling or affect exist in all marketing issues and interactions. Chaudhuri and Holbrook (2001) believe that loyalty may be determined by trust in the brand and by feeling or affect elicited by the brand. Therefore, the following hypothesis can also be discussed:

H4: with enhancement of brand affect, customer loyalty enhances: Trust is a fundamental or facilitating element and undeniable facet in social interactions and an important factor to facilitate many exchange relationships. In business relationships studies, trust have drawn increasing attention towards itself and is regarded as one of the most dimensions of complete business relationships development and survival (Goran, 2006). Trust can be at individual level (Rotter, 1967; Norizan and Abdel Kader, 2006), or at organizational level (Mayer et al., 1995; McKnight et al., 1998). Trust in B2B marketing is very necessary especially in supplying raw materials. A buyer firm must be confidant, that raw material and other bought things will be delivered on time and without any changes in quality. Trust forms barely and is wiped out easily, however when a firm attain trust that means, supporting customer’s long-term benefits, it can obtain continuous profits. The understanding the nature of trust and the importance of its contribution to loyalty will leave a major impact on how B2B relationships are developed and managed. Several authors regard trust as a central construct to the development of successful service relationships in B2B markets and for the achievement of customer loyalty (Rauyruen et al., 2007). Trust increases customer loyalty, as satisfied customer, repurchase and expand his/her buying domain. Thus, the following hypothesis can be set forth:

H5: with enhancement of brand trust, customer loyalty enhances: A developing attitude is created in developing marketing management context: providing intangible assets for creating customer loyalty and making more and more relationships with the customer. Quality, personal experience, organization culture, brand knowledge and brand equity are some of these assets. Like the other intangible assets, can be a powerful instrument in competitive markets. The most recent literature on competitive advantage views brand equity as a relational market-based asset because it arises from the relationships that consumers have with brands (Delgado and Munuera, 2005).

Brand equity is built through image and meaning. The brand serves three vital roles. First, it acts as a magnet to attract new customers to the firm. Second, it can serve as a reminder to customers about the firm’s products and services. Finally, it can become the customer’s emotional tie to the firm. Brand equity has often been defined very broadly to include an extensive set of attributes that influence consumer choice (Lemon et al., 2001). Taylor et al. (2004) suggest that brand equity and trust are consistently the most important antecedents to both behavioral and attitudinal forms of customer loyalty. Thus, the following hypothesis is offered:

H6: with enhancement of brand equity, customer loyalty enhances:

RESEARCH MODEL

Figure 1 depicts the customer loyalty model that is proposed by Taylor et al. (2004) and was advanced based on the literature that used to study the influence of brand on customer loyalty in B2B marketing. The major constructs in the model include satisfaction, value, resistance to change, affect, trust, brand equity and customer loyalty and the six hypothesized paths depict the interrelationships among these constructs:

H1: With enhancement of satisfaction, customer loyalty enhances.
H2: With enhancement of value, customer loyalty enhances.
H3: With enhancement of resistance to change, customer loyalty enhances.
**RESEARCH METHODOLOGY**

**Data collection and sample:** This descriptive survey study tries to describe the relationships between the known construct relating to brand and customer loyalty in B2B marketing related to pump and compressor industry. Questionnaire that applied in this research was designed based on the previous study of Taylor et al. (2004). For each statement, the respondent indicates his or her opinion on a five-point Likert-type scale ranging from “strongly disagree” (1) to “strongly agree” (5). To test the validity of the data collecting instrument, the marketing experts’ opinion through computing content validity ratio (CVR), suggested by Lawshe (1975) and Bartlett Test was used and its reliability was confirmed by using Cronbach alpha. Although the ideal Cronbach alpha value of a scale should be above 0.7, the minimal Cronbach alpha value of 0.6 suggested by Robinson et al. (1991) was accepted (Hoare and Butcher, 2008). The calculated Cronbach alpha coefficients for the 8 construct of satisfaction, value, resistance to change, affect, trust, brand equity, attitudinal loyalty and behavioral loyalty were ideal Cronbach alpha (higher than 0.7). The research statistical population is all businesses that use pump and compressor to do their activities and provide their services in Fars province in south-west of Iran. As a test sample of the research a total of 160 questionnaires were distributed to respondent and 144 questionnaires were found to be usable in this study. The mean age of respondent is 35-year and their mean job experience is 10 years. Regarding education, 12.7% had high-school diploma or below, 68.5% had an associate or bachelor’s degree and 18.8% had a degree higher than bachelor.

**Statistical analyses:** In this study the Spearman correlation coefficient test was used in order to test the hypotheses and evaluate the relationship between variables. Table 1 shows the results of correlation coefficient test which provided by using SPSS software program and the correlation coefficient between each of the variables at 5% error level and 95% level of confidence.

Null hypothesis (H˳) frames no relationship between two variables and research hypothesis (Hₐ) frames relationship between two variables. As it is shown on Table 1, the results of Spearman correlation coefficient test, of all hypotheses, except two hypotheses, are significant at 5% error level, means their null hypotheses (H˳) are not confirmed. Thus except the two hypotheses, other hypotheses confirmed at 95% level of confidence. However the null hypothesis (H˳) of resistance to change and both behavioral loyalty and attitudinal loyalty is confirmed at 95% level of confidence that means the existence of relationship between resistance to change and both behavioral loyalty and attitudinal loyalty is not confirmed.

**Structural equation modeling and path analysis model:** By using LISREL software program the cause and effect relationship between customer loyalty and other mentioned construct was tested and the relationship between constructs was modeled. In this
model, attitudinal loyalty and behavioral loyalty are treated as endogenous variables and satisfaction, value, resistance to change, affect and brand equity are treated as exogenous variables. In loyalty construct structural equation, data about total loyalty variable was collected by 9 items, 4 items related to behavioral loyalty and 5 items related to attitudinal loyalty. So it is possible to compute total loyalty by computing the weighted mean of behavioral loyalty and attitudinal loyalty. According to path analysis, relationship between behavioral loyalty and resistance to change is not significant at 5% error level as well. The relationships between other constructs are significant at 95% level of confidence. In this study, model adequacy was evaluated by tree indices Root Mean Square Error of Approximation (RMSEA), Standardized Root Mean Square Residual (SRMR) and Comparative Fit Index (CFI). Models whose SRMR and RMSEA is smaller than the threshold value of 0.05 are indicative of a close-fitting model, whereas values up to 0.08 represent acceptable errors of approximation and values above 0.10 are indicative of poor fit (Browne and Cudeck, 1993). This means that the model is an adequate representation of the sampled data. As for the CFI, values above the criteria value of 0.90 are also indicative of a good fit (Hoyle, 1995). The reported RMSEA,.071, indicating adequate model fit and the reported SRMR, 0.036, is below 0.05, suggesting an adequate fit between the model and the data. Although the reported value of the CFI 0.95, is above the benchmark of 0.9 and indicating a good fit.

CONCLUSION

The present study aims to study the influence of brand on customer loyalty in B2B marketing. So research hypotheses were proposed to examine the relationship between customer loyalty and the six construct of satisfaction, value, resistance to change, affect and trust and brand equity. The hypotheses were tested through Spearman correlation coefficient test and structural equations and path analysis model and the correlation level between the constructs was determined. Results indicates that the relationships of both behavioral loyalty and attitudinal loyalty with resistance to change at 5% error level were not confirmed and other hypotheses were confirmed at 95% level of confidence.

According to the findings brand equity and trust relationship with attitudinal loyalty is highly significant, however satisfaction, value and affect relationship with attitudinal loyalty is significant in lower level.

On the other hand, the behavioral loyalty relationship with brand equity and trust is highly significant. Satisfaction, affect and value are effective on behavioral loyalty as well, but less than brand equity and trust. However the relationship between behavioral loyalty and resistance to change was not significant and this finding of the study, confirm the finding of the previous research of Taylor et al. (2004).

Both behavioral loyalty and attitudinal loyalty is significantly, function of brand equity, so the higher the customer perception of brand equity, the higher, loyalty to the brand.

In this study attitudinal loyalty is related to constructs of satisfaction, value, affect, trust and brand equity, more or less and the relationship between resistance to change and attitudinal loyalty was not confirmed as well. However, in previous study (Taylor et al., 2004), the relationship of attitudinal loyalty with value and resistance to change was not significant. Thus, it seems that according to the different context of study, the factors influencing behavioral and attitudinal loyalty may be different. Generally most of the constructs related to brand in this study, influence the customer loyalty, but the importance of brand equity and trust is more than other constructs. Therefore the managers and executives must focus more on brand equity and trust to support customer loyalty. They should improve the variables that influence the customer loyalty positively. Considering the limitations of this research, some cautions should be considered in the generalization of its results just like other studies. The future research may better measure the causal relationships of the variables through the identification of other variables that influence the customer loyalty and through the improvement of the method of research.

Table 1: Spearman correlation coefficient test results

<table>
<thead>
<tr>
<th>Hypothesis Supported</th>
<th>Correlation coefficient</th>
<th>Sig.</th>
<th>Hypothesis supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Satisfaction</td>
<td>Behavioral loyalty</td>
<td>0.142</td>
<td>0.000</td>
</tr>
<tr>
<td>H2: Value</td>
<td>Behavioral loyalty</td>
<td>0.435</td>
<td>0.000</td>
</tr>
<tr>
<td>H3: Resistance to change</td>
<td>Behavioral loyalty</td>
<td>0.092</td>
<td>0.057</td>
</tr>
<tr>
<td>H4: Affect</td>
<td>Behavioral loyalty</td>
<td>0.334</td>
<td>0.000</td>
</tr>
<tr>
<td>H5: Trust</td>
<td>Behavioral loyalty</td>
<td>0.827</td>
<td>0.000</td>
</tr>
<tr>
<td>H6: Brand Equity</td>
<td>Behavioral loyalty</td>
<td>0.862</td>
<td>0.000</td>
</tr>
<tr>
<td>H7: Satisfaction</td>
<td>Attitudinal loyalty</td>
<td>0.488</td>
<td>0.000</td>
</tr>
<tr>
<td>H8: Value</td>
<td>Attitudinal loyalty</td>
<td>0.156</td>
<td>0.000</td>
</tr>
<tr>
<td>H9: Resistance to change</td>
<td>Attitudinal loyalty</td>
<td>0.169</td>
<td>0.077</td>
</tr>
<tr>
<td>H10: Affect</td>
<td>Attitudinal loyalty</td>
<td>0.553</td>
<td>0.000</td>
</tr>
<tr>
<td>H11: Trust</td>
<td>Attitudinal loyalty</td>
<td>0.752</td>
<td>0.000</td>
</tr>
<tr>
<td>H12: Brand Equity</td>
<td>Attitudinal loyalty</td>
<td>0.803</td>
<td>0.000</td>
</tr>
</tbody>
</table>
It is possible to conduct this study with some alterations, or with no alteration, in various environments with different cultural backgrounds or in different industries in order to clarify the similarities and differences and enhance the generalization of the research.

REFERENCES


