IMPACT OF BRAND EQUITY AND BRAND LOYALTY ON CUSTOMER SATISFACTION

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ABSTRACT

This study investigates the relationship between brand loyalty and brand equity influence on consumer satisfaction. This study focus on the relationship between customer-based brand equity and brand loyalty related to hotel industry. Based on 250 sample respondents data was collected for the study and statistical package SPSS 19 version was used to analyze the data. Using ANOVAs and the five dimensions of brand equity such as physical quality, staff behavior, ideal self-congruence, brand identification and lifestyle-congruence—are found to have positive impact on consumer satisfaction. The findings of the study suggest that consumer satisfaction less influence the effects of staff behavior, ideal self-congruence and brand identification on brand loyalty. The effects of physical quality and lifestyle-congruence on brand loyalty are close related by consumer satisfaction.

Keywords: Brand Equity, Brand Loyalty, Customer Satisfaction, Hotel Industry

INTRODUCTION

In the hotel services brand plays a vital role in global hotel industry. The dramatic shift in the trends of hotel services particularly in developed countries. In the USA, brand penetration in the ratio of branded vs. non-branded properties is over 70 percent in the commercial lodging industry; in Canada it is just under 40 percent; and in Europe it is under 25 percent but growing. Satisfaction of consumers in hotel services is influence on the repeated and loyal to organization. Loyal customers are satisfied with present product and services at the same time company has to satisfy future expectations before competitors' products. Satisfaction depends upon how you retain the loyal customers with all service dimensions and introducing new products and services to attract in the future and growth of the business.

LITERATURE REVIEW

The concept and measurement of brand equity in the hotel industry has gained considerable attention from academicians, practitioners, and researchers in recent years (Bailey and Ball, 2006; Kim and Kim, 2005; Prasad and Dev, 2000; Cobb-Walgren et al., 1995).

There are number of reasons to study the growth and development of branding services. From consumer prospective, the reduction of perceived risks such as time cost, search cost

and money value. In terms of the brand owners, key arguments proposed as the ability to charge a price premium over and above rival hotel chains and independent hotels, the ability to gain market share against these rivals, and the ability to keep customers by building brand loyalty which can in turn reduce marketing costs (Sangster et al., 2001). O'Neill and Mattila (2004) also indicate that brands with higher guest satisfaction levels seem to achieve not only greater revenues per guest room but also achieve higher growth rates in room revenues than brands with lower satisfaction.

The success of business in long term customer satisfaction is essential and its is the most important topic in marketing research (e.g., Jones & Suh, 2000; Pappu & Quester, 2006). Because consumer satisfaction has been regarded a fundamental determinant of long-term business success, much of the research on consumer satisfaction investigates its impact on consumers' post consumption evaluations such as behavioral and attitudinal loyalty (Cooil, Keiningham, Aksoy, & Hsu, 2007). It is widely accepted that satisfied consumers are less price sensitive, less influenced by competitors' attack and loyal to the firm longer than dissatisfied customers (Dimitriades, 2006).

Although previous research has examined the relationship between consumer satisfaction and consumer loyalty, there has been only limited investigation into the impact of consumer satisfaction on the relationship between brand equity and brand loyalty. Ekinci, Dawes, and Massey (2008) developed and tested a conceptual model of the antecedents and consequences of consumer satisfaction in the hospitality industry. They show that consumer satisfaction mediates the relationship between the two components of service evaluation—service quality, self-congruence—and intentions to return. Ekinci et al.'s (2008) study is notable because it shows that service quality and ideal self-congruence are antecedents of consumer satisfaction, which they suggest is a key determinant of intention to return. However, by focusing on self-concept only, their research examines a narrow aspect of symbolic consumption within hospitality services. This study introduces a parsimonious measure of consumer-based brand equity which expands symbolic consumption of brand evaluation by incorporating brand identification and lifestyle-congruence into Ekinci et al.'s (2008) model of consumer satisfaction and Aaker's (1991) model of brand equity.

This study further contributes to the existing body of knowledge by examining the mediating role of consumer satisfaction on the relationship between consumer-based brand equity and brand loyalty. Although past studies have proposed that brand equity has a direct influence on brand loyalty; to the best of our knowledge, no study has examined the influence of consumer satisfaction on the relationship between brand equity and brand loyalty in the hotel industry.

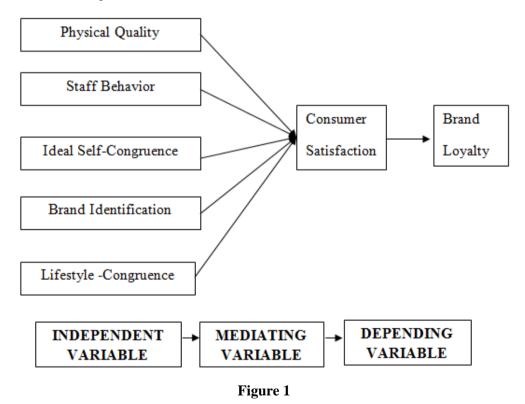## The Conceptual Framework of the Study

Aaker (1991) defining brand equity as: a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers (p. 15).

Brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets were the five assets of brand equity he proposed. Keller (1993) referred to brand equity as the differential effect of brand knowledge on the consumer response to the marketing of the brand (p. 8). He also defined brand knowledge in terms of two core

components, brand awareness and brand image. The importance of understanding brand equity from the customer's point of view is explained by Keller (1993) as: positive customer based brand equity can lead to a greater revenue, lower costs, and higher profit, it has direct implications for the firm's ability to command higher prices, customer's willingness to seek out new distribution channels, the effectiveness of marketing communications, and the success of brand extensions and licensing opportunities (p. 8). In other words, increasing the customer based brand equity level can cause many opportunities in the areas of strategic sources.

The purpose of this research is to investigate the mediating role of consumer satisfaction on the relationship between consumer-based brand equity and brand loyalty. Figure 1 exhibits the research model that guides this research. As Figure 1 depicts, the important variables of this research include brand equity as the independent variable, consumer satisfaction as the mediating variable, and brand loyalty as the dependent variable. It distinguishes brand equity from brand loyalty. Brand equity is conceptually broader which encompasses brand image (e.g., perception of service quality) and brand familiarity. Brand loyalty has traditionally been conceived as a behavioral construct relating to intentions towards repeat purchase. By contrast, brand equity entails favorable disposition that may not necessarily result in purchasing behavior. Thus behavioral intentions are one of the consequences of brand equity, rather than its component.

Figure 1

OBJECTIVE OF THE STUDY

The objective of the study is impact of brand equity and brand loyalty on customer satisfaction.

RESEARCH METHODOLOGY

Samples and procedures

A structured questionnaire was used for the sample respondents for data collection process. The respondents were chosen as the target population of the study who are the loyal customers for hotel services. Thus, understanding their current behavior is crucial for the company to exploit future opportunities. A total of 250 respondents from the hotel services were selected as a sample of the study. The respondents were selected from various faculties to have a different races and economic background. The required information was collected by personal interview method.

DATA ANALYSIS AND INTERPRETATION

The data for the research has been collected through personal interview by using the structured questionnaire. The secondary data has been collected from books and journals.

Statistical tools

The ANOVA statistical tool used to analyze and interpretation of the data collected from sample respondents and the table shows below.

ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
STAFF BEHAVIOUR	Between Groups	8.171	2	4.085	3.131	.047
	Within Groups	181.347	139	1.305		
	Total	189.518	141			
IDEAL SELF	Between Groups	.363	2	3.182	6.156	.036
	Within Groups	162.173	139	1.167		
	Total	162.536	141			
BRAND IDENTIFICATION	Between Groups	7.528	2	3.764	4.424	.014
	Within Groups	118.250	139	.851		
	Total	125.778	141			
LIFESTYLE CONGURANCE	Between Groups	27.205	2	13.603	14.790	.000
	Within Groups	127.844	139	.920		
	Total	155.049	141			
BRAND LOYALTY	Between Groups	10.318	2	5.159	6.260	.002
	Within Groups	114.541	139	.824		
	Total	124.859	141			
PHYSICAL QUALITY	Between Groups	.363	2	3.182	6.156	.036
	Within groups	115.63	139	.865		
	Total	115.452	141			

ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
This brand has modern-looking equipment.	Between Groups	.055	2	1.028	3.036	.045
	Within Groups	107.839	139	.776		
	Total	107.894	141			
This brand's facilities are visually appealing	Between Groups	3.760	2	1.880	4.053	.019
	Within Groups	64.472	139	.464		
	Total	68.232	141			
Materials associated with the service (such as menus ,furniture) are visually appealing.	Between Groups	.391	2	.195	1.271	.043
	Within Groups	100.039	139	.720		
	Total	100.430	141			
This brand gives you a visually attractive room	Between Groups	2.507	2	1.253	2.956	.045
	Within Groups	58.937	139	.424		
	Total	61.444	141			
Employees of this brand listen to me	Between Groups	1.452	2	.726	1.204	.048
	Within Groups	83.788	139	.603		
	Total	85.239	141			
Employees of this brand are helpful	Between Groups	4.328	2	2.164	3.332	.039
	Within Groups	90.264	139	.649		
	Total	94.592	141			
Employees of this brand are friendly	Between Groups	.882	2	.441	1.790	.046
	Within Groups	77.597	139	.558		
	Total	78.479	141			
The typical guest of this brand has an image similar to how I like to see myself	Between Groups	2.136	2	1.068	1.427	.043
	Within Groups	104.012	139	.748		
	Total	106.148	141			
The image of this brand is consistent with how I like to see myself	Between Groups	3.194	2	1.597	2.416	.093
	Within Groups	91.883	139	.661		
	Total	95.077	141			
The image of this brand is consistent with how I would like others to see me	Between Groups	1.154	2	.577	1.738	.040
	Within Groups	108.712	139	.782		
	Total	109.866	141			
If I talk about this brand, I usually say ''we'' rather than ''they''	Between Groups	1.698	2	.849	1.370	.258
	Within Groups	86.161	139	.620		
	Total	87.859	141			
If a story in the media criticizes this brand, I would feel embarrassed	Between Groups	10.262	2	5.131	7.609	.001
	Within Groups	93.738	139	.674		
	Total	104.000	141			
When someone criticizes this brand, it feels like a personal insult	Between Groups	2.529	2	1.265	2.435	.091
	Within Groups	72.203	139	.519		
	Total	74.732	141			
This brand reflects my personal lifestyle	Between Groups	4.095	2	2.047	3.549	.031
	Within Groups	80.194	139	.577		
	Total	84.289	141			
This brand is totally in line with my lifestyle	Between Groups	21.816	2	10.908	21.246	.000
	Within Groups	71.367	139	.513		

	Total	93.183	141			
Staying in this hotel brand supports my lifestyle	Between Groups	15.570	2	7.785	13.626	.000
	Within Groups	79.416	139	.571		
	Total	94.986	141			
I will recommend this brand to someone who seeks my advice	Between Groups	6.356	2	3.178	5.492	.005
	Within Groups	80.432	139	.579		
	Total	86.789	141			
Next time I will stay in this brand	Between Groups	6.345	2	3.172	4.456	.013
	Within Groups	98.951	139	.712		
	Total	105.296	141			

All the five dimensions of brand equity such as physical quality, staff behavior, ideal self congruence, brand identification and lifestyle-congruence—are found to have positive impact on consumer satisfaction. The findings of the study suggest that consumer satisfaction less influence the effects of staff behavior, ideal self-congruence and brand identification on brand loyalty. The effects of physical quality and lifestyle-congruence on brand loyalty are close related by consumer satisfaction.

LIMITATION AND SCOPE FOR FURTHER STUDY

The study has some limitations. First of all, the study is limited to only one service sector (hotels).the second limitation relates to the sample size. Therefore the study cannot be generated to entire population and brand equity models should be applied to other service dominant brands in order to establish its external validity. This study provides preliminary insights into the relationships between customer based brand equity, consumer satisfaction, and brand loyalty.

Thus, future research should attempt to examine brand equity across many different hotel categories. This will give the opportunity to make comparisons between different hotel products. Also the results of this study will be more representative if the research is conducted through probability sampling method. It should also be noted that no performance measurements have been conducted in this study due to inability to gather the required financial data. Including performance measurement and financial performance of the studied hotels, e.g. revenue per room and annual occupancy rate will further strengthen this study.

CONCLUSION

This study proposed to explore the customer based brand equity on hotel services and the brand equity result provide some interesting and useful information. Considering the five selected brand equity variables physical quality, staff behavior, ideal self congruence, brand identification and lifestyle-congruence—are found to have positive effects on consumer satisfaction. In hotel services staff behavior, ideal self-congruence and brand identification. This indicates that brand loyalty of the hotel services are depending upon physical quality and lifestyle congruence on brand loyalty of consumer satisfaction. Further this study reveals the impact of brand equity, consumer satisfaction and brand loyalty service sector.

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