

THE EFFECT OF BRAND CREDIBILITY ON CONSUMER LOYALTY: THE MEDIATING ROLE OF PERCEIVED QUALITY AND CONSUMER SATISFACTION IN HANGZHOU.

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ABSTRACT

In relational services (like retail banking and telecommunications), where long-term client connections are the foundation of revenue, customer churn is an ever-growing problem. For the most part, companies in this industry have looked to customer happiness and service quality as their primary means of retaining customers. In order to control the attrition rate of relational service users, the present research looks at the significant supplementary function of the brand. In particular, researchers argue, from an information economics perspective, that the brand's credibility is fundamental to the role the brand might play in this process. The study's findings shed light on the importance of the brand in maintaining connections with customers over the long term and explain the connection between brand credibility and the standard CRM metrics of customer happiness and service excellence. Customer satisfaction and loyalty mediate the relationships between brand credibility and positive word-of-mouth, which in turn decreases customer switching behaviors, according to research on retail bank and long-distance telephone company customers. researchers go over the study's theoretical and practical implications. The following results are derived from a survey of active Taiwanese mobile telecom service customers. To start, researchers discovered that tangibles and responsiveness do not significantly impact service quality and value perception. However, assurance, dependability, and network quality do. Second, perceived value mediates, to a lesser extent, the relationship between total service quality and brand equity. Third, the links between perceived value and certain aspects of service quality are mediated differently by total service quality. As a conclusion, brand equity is directly impacted by empathy and network quality.

Keywords: Brand Credibility, Consumer Loyalty, Perceived Quality, Consumer Satisfaction.

INTRODUCTION

Executives in service sectors like retail banking and telecoms place a premium on managing client attrition, often known as turnover. In marketing, it's often believed that acquiring new clients is more expensive than strengthening relationships with

current ones. Industries like banking and telecommunications should often be concerned about customer churn since their services are longer-term relational and need the establishment of a formal link between client and firm. These sectors provide enough proof of the growing consensus that customer turnover significantly affects a company's bottom line. Case in point: US bankers are aware of this issue, according to recent studies: "Preventing customer churn is the key competitive issue for American bankers in 2004," said 79% of the 101 bank executives surveyed from institutions with \$25 billion or more in assets. In a similar vein, client retention has become an industry priority for telecommunications companies, especially cellular carriers: Predicting client attrition may be rather challenging. Research in the academic literature backs up the importance of looking at retention and turnover in these sectors. There is a lot of interest in studying what makes customers stay or who makes them leave the telecoms and retail finance businesses, even though previous research has shown that both markets are rather stagnant owing to switching costs. Using a retail service setting as an example, this article examines customer franchise management from a more macro and strategic perspective. In particular, we're interested in learning how the brand can help keep consumers and encourage actions that will benefit the company in the long run. A customer's long-term perception of a service provider is reflected in their brand. A brand may be thought of as a "summary statistic" that delineates the whole of the connection between a service provider and their consumers. This is why researchers think this perspective is fundamentally strategic. From this vantage point, the firm's credibility is embodied by the brand. Credibility is something that can only be built and solidified through repeated interactions between the firm and its customers. Customers' impressions of the retail setting are heavily influenced by the credibility of the establishments and individuals involved, especially when it comes to pricing strategies, advertisements, encounters with salespeople, and online catalogues. This study aims to examine how the trustworthiness of the retail service brand affects the company's current customers (Ahmad et al., 2021).

BACKGROUND OF THE STUDY

When it comes to today's cutthroat business climate, customer perceptions and actions are heavily influenced by how credible a brand is. One of the most important factors in customers' purchasing decisions is the level of trust and competence they associate with a brand, which is known as brand credibility. Focussing on Hangzhou, a major cultural and economic hub in China, this study aims to examine the connection between brand reputation and consumer loyalty. A growing number of businesses compete for the interest and devotion of Hangzhou consumers in the city's ever-changing consumer market (Andrianto & Santoso, 2019). Therefore, it is critical for companies to understand how consumer loyalty is affected by brand credibility if they want to maintain long-term connections with their consumers. Loyalty as a notion goes beyond only repeat purchases; it also includes emotional investment and the will to remain loyal to a company in the face of competing offers. The research

zeroes in on perceived quality and customer satisfaction as crucial mediators to have a better grasp of this connection. Perceived quality refers to how well a product or service meets or exceeds expectations, while customer satisfaction indicates how effectively the product or service meets or surpasses expectations overall. Few studies have examined the mediating roles of perceived quality and customer happiness, two important determinants of loyalty, in relation to the effect of brand credibility on loyalty. Therefore, this study intends to address the lack of research by looking at the link between brand credibility and customer loyalty in Hangzhou via the mediating effects of perceived quality and consumer pleasure. The goal of this study is to help companies strengthen their brands, improve the quality of their products or services, and create loyal customers by answering questions on how to make customers happy. Marketers and brand managers in Hangzhou and other fast-changing Chinese markets may use this study's possible practical consequences to better understand customer decision-making and strengthen their brand's position in the market (Chi et al., 2020).

PURPOSE OF THE STUDY

The study's findings shed light on the importance of the brand in maintaining connections with customers over the long term and explain the connection between brand credibility and the standard CRM metrics of customer happiness and service excellence. "The Effect of Brand Credibility on Consumer Loyalty: The Mediating Role of Perceived Quality and Consumer Satisfaction in Hangzhou" seeks to explore the connection between credible brands and loyal customers in the fast-paced and cutthroat Hangzhou market. The purpose of the research is to learn how consumers might become more loyal to a company when they see it as credible, which includes being trustworthy and knowledgeable in its field. It also aims to study how consumer happiness (the extent to which a brand lives up to expectations) and perceived quality (the degree to which a customer thinks a brand is excellent) mediate this connection. Businesses seeking to strengthen customer connections, increase brand trust, and ultimately raise loyalty in a changing market context might benefit from the study's examination of these mediating elements.

LITERATURE REVIEW

Customers complete the shopping experience when they peruse products, make a purchase, get their stuff, and put them to use. advertisers work with businesses to establish safe, effective, long-term relationships. The use of services and goods by a firm as advise for commercial customers constitutes a market experience. Positive customer sentiments towards brand are also associated with satisfying purchasing experiences. An indication of changes in the consumer's psychological aspect is the delight provided by a pleasant shopping experience (Kim et al., 2021). In addition, the halo effect is strongly impacted by the customer attitude that is created as a result of the emotional consequence of a positive marketing encounter. Their

treatment and the outcomes have a significant impact on how customers feel about things. For example, when customers are treated poorly, they may grow to despise the product. The level of enthusiasm for a project is indicative of the brand's comprehension of its target audience. A customer's tendency to rate businesses according to their past experiences is known as the brand reaction. Based on the connection, it can be concluded that a positive customer attitude enhances the trustworthiness of the brand (DAM, 2020).

Consumers develop a more positive mindset and experience higher levels of brand loyalty when they get valuable material. Although happiness isn't directly related to brand loyalty, it does strengthen consumers' perceptions of the brand. Businesses should prioritize client happiness and trust, since these factors contribute to brand loyalty. brand credibility and customer loyalty are both boosted by positive attitudes (Delima et al., 2019).

RESEARCH QUESTION

What is the direct relationship between brand credibility and consumer loyalty in Hangzhou?

RESEARCH METHODOLOGY

RESEARCH DESIGN

The quantitative data analysis was conducted with SPSS version 25. The odds ratio and 95% confidence interval were used to ascertain the magnitude and direction of the statistical link. The researchers set a statistically significant threshold at $p < 0.05$. A descriptive analysis was performed to ascertain the primary characteristics of the data. Quantitative approaches are often used to evaluate data obtained from surveys, polls, and questionnaires, as well as data modified by computational tools for statistical analysis.

SAMPLING

A straightforward sampling method was used for the investigation. The study used questionnaires to collect its data. The Rao-soft software calculated a sample size of 1263. A total of 1456 questionnaires were disseminated; 1357 were retrieved, and 52 were discarded owing to incompleteness. A total of 1305 questionnaires were used for the investigation.

DATA AND MEASUREMENT

The inquiry primarily used a questionnaire survey for data collection. Participants were first asked to provide essential demographic information. Participants were thereafter directed to assess various aspects of the online and offline channels on a

5-point Likert scale. Various sources, especially online databases, provide secondary data.

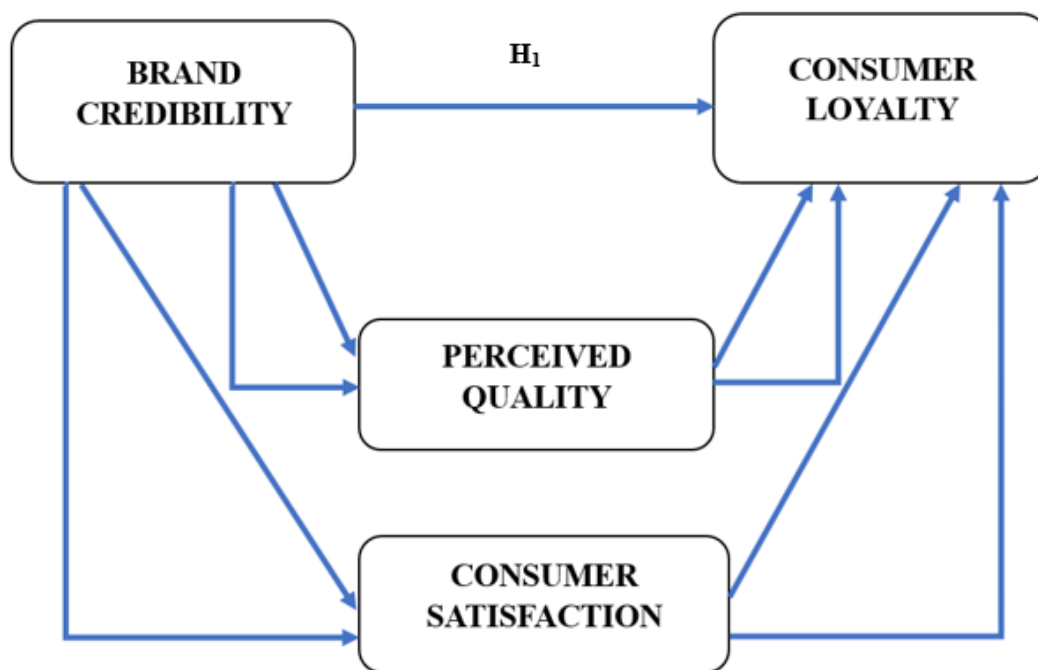
STATISTICAL SOFTWARE

The statistical analysis was conducted using SPSS 25 and MS-Excel.

STATISTICAL TOOLS

Descriptive analysis was used to comprehend the essential nature of the data. The researcher must analyse the data with ANOVA.

CONCEPTUAL FRAMEWORK



RESULTS

Factor Analysis: One typical use of Factor Analysis (FA) is to verify the existence of latent components in observable data. When there are not easily observable visual or diagnostic markers, it is common practice to utilise regression coefficients to produce ratings. In FA, models are essential for success. Finding mistakes, intrusions, and obvious connections are the aims of modelling. One way to assess datasets produced by multiple regression studies is with the use of the Kaiser-Meyer-Olkin (KMO) Test. They verify that the model and sample variables are representative. According to the numbers, there is data duplication. When the proportions are less, the data is easier to understand. For KMO, the output is a number between zero and one. If the KMO value is between 0.8 and 1, then the sample size should be enough. These are the permissible boundaries, according to Kaiser: The following are the acceptance criteria set by Kaiser:

A lamentable 0.050 to 0.059, subpar 0.60 to 0.69

Middle grades often reside within the range of 0.70 to 0.79.

Exhibiting a quality point score between 0.80 and 0.89.

They are astonished by the range of 0.90 to 1.00.

Table 1: KMO and Bartlett's Test for Sampling Adequacy Kaiser-Meyer-Olkin measure: .980

The outcomes of Bartlett's test of sphericity are as follows: Approximately chi-square, degrees of freedom = 190, significance = 0.000

This confirms the legitimacy of claims made just for sampling purposes. Researchers used Bartlett's Test of Sphericity to ascertain the significance of the correlation matrices. The Kaiser-Meyer-Olkin measure suggests that a value of 0.980 signifies the sample is acceptable. The p-value is 0.00 according to Bartlett's sphericity test. A positive outcome from Bartlett's sphericity test indicates that the correlation matrix is not an identity matrix.

Table 1: KMO and Bartlett's Test.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.980
Bartlett's Test of Sphericity	Approx. Chi-Square	3252.968
	df	190
	Sig.	.000

The use of Bartlett's Test of Sphericity further validated the overall relevance of the correlation matrices. The Kaiser-Meyer-Olkin sampling adequacy is 0.980. Researchers identified a p-value of 0.00 via Bartlett's sphericity test. The researcher recognizes that the correlation matrix is not valid, since Bartlett's sphericity test yielded a significant result.

INDEPENDENT VARIABLE

Brand Credibility: Consumers' perceptions of a brand's reliability, competence, and honesty make up its credibility. Competence and reliability are the cornerstones upon which it rests. Customers' faith in a brand's ability to provide high-quality goods and services is a measure of its expertise, while their confidence in the brand's honesty, openness, and reliability is an indicator of its trustworthiness. One of the most important factors in determining whether a customer will make a purchase or remain loyal to a brand over time is the degree to which they feel the brand can reliably fulfill their expectations (Ghorbanzadeh & Rahehagh, 2021).

DEPENDENT VARIABLE

Consumer Loyalty: The term "consumer loyalty" describes the strong preference and recurring purchases made by customers due to their emotional and psychological connection to a certain brand, product, or service. This goes beyond simple repeat purchases; loyal customers are often more invested, spread the word positively, and remain loyal despite competition offers. A company's long-term profitability and success depends on consumer loyalty, which is frequently cultivated via elements like contentment, trust, legitimacy of the brand, and pleasant experiences in the past (Gong et al., 2021).

Relationship between Brand Credibility and Consumer Loyalty: In order to shape long-term customer commitment, the link between consumer loyalty and brand credibility is crucial. Consumers have an emotional connection to a brand and have faith in their purchase choices when they view the brand as credible, trustworthy, and dependable. This, in turn, encourages loyalty. As a result of having faith in the brand, consumers have good experiences since they know the brand will always deliver. In addition, customers are less likely to be hesitant and more likely to remain loyal after experiencing consistent pleasure with a trustworthy brand. This means that customers will not only be more inclined to buy the product again, but they will also be more likely to promote it to their friends and family, so increasing the brand's loyal customer base. Therefore, establishing and sustaining customer loyalty is greatly influenced by brand reputation (Hayat et al., 2020).

Subsequent to the above debate, the researcher developed the following hypothesis, which analyses the link between Brand Credibility and Consumer Loyalty.

H₀₁: There is no significant relationship between Brand Credibility and Consumer Loyalty.

H₁: There is a significant relationship between Brand Credibility and Consumer Loyalty.

Table 2: H₁ ANOVA Test.

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	39588.620	403	8965.517	1072.943	.000
Within Groups	492.770	901	8.356		
Total	40081.390	1304			

In this investigation, the results will be substantial. The F value is 1072.943, attaining significance with a p-value of .000, which is below the .05 alpha threshold.

The hypothesis "H₁: There is a significant relationship between Brand Credibility and Consumer Loyalty" is accepted, whereas the null hypothesis is rejected.

DISCUSSION

Discussing the findings, practical applications, and potential future research directions of the study "The Effect of Brand Credibility on Consumer Loyalty: The Mediating Role of Perceived Quality and Consumer Satisfaction in Hangzhou" would be the main points of the review. The study's primary finding is that a trustworthy brand is far more likely to have loyal customers. Consumers are more likely to remain loyal to a business over time if they see it as trustworthy, competent, and dependable, as shown by the findings. This is in line with other studies that have shown that dependability and trustworthiness are key factors in creating brand loyalty. Establishing and maintaining trust becomes crucial for companies in highly competitive areas such as Hangzhou to stand out and hold on to customers. Hendrata et al., says that, there is a strong correlation between trust in a brand and customer loyalty, with perceived quality and happiness playing important mediating roles (Hendrata et al., 2021). Brand credibility isn't the only thing that makes consumers loyal; what really cements the bond is when customers have good experiences and believe the items are of good quality. Customers are more loyal to a company when they have faith in it and buy its items because they are satisfied with them. This lends credence to the idea that customer loyalty depends on several factors, including the value consumers perceive in the brand and their whole experience with it, rather than only on the company's legitimacy.

CONCLUSION

This research concludes that brand credibility is crucial in establishing customer loyalty, with perceived quality and customer happiness playing essential mediating roles. Businesses may improve their customer retention rates and forge deeper, more meaningful connections with their customers by studying and capitalizing on these aspects.

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