



The Effect of Brand Image, Price, and Brand Awareness on Brand Loyalty: The Rule of Customer Satisfaction as a Mediating Variable

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ABSTRACT

Objective – This study was conducted to determine the effect of brand image, price and awareness toward brand loyalty through customer satisfaction. In this study, 260 questionnaires were distributed to Samsung smartphone holders.

Methodology/Technique – This research was conducted in Indonesia with the object of the research being the Samsung brands in relation to smartphones. The criteria of the respondents used was consumers who have used Samsung smartphones at least twice. In this study, as many as 260 questionnaires were distributed.

Findings – The results use multiple linear regression analysis, indicating that brand image and brand awareness significantly effect brand loyalty, while price does not have a significant effect on brand loyalty. Further, brand image significantly effects customer satisfaction. The study also found that customer satisfaction mediates the effect of brand image on brand loyalty.

Novelty – The study uses original data to identify influences on brand loyalty.

Type of Paper: Empirical.

Keywords: Brand Awareness; Brand Image; Brand Loyalty; Customer Satisfaction; Price.

JEL Classification: L11, L15, M30.

1. Introduction

Increasingly fierce competition in the business world influences manufacturers to continually innovate their business. One example of innovation includes facilitating brand loyalty in order to maintain market share or increase market share. Brand loyalty is influenced by several factors such as brand image, price, brand awareness and customer satisfaction. Jing, Pitsaphol, and Shabbir (2014), Tu, Wang, and Chang, (2012) believe that brand awareness and brand image have a positive effect on brand loyalty. Dhurup, Mafini, and Dumasi (2014) believes that price and brand awareness are positively related to brand loyalty in the paint industry. While in the research of Sondoh, Maznah, and Nabisah (2007), Rehman, Ahmed, Mahmood, and Shahid (2014), it is shown that brand image and customer satisfaction has a positive influence on brand loyalty. Consumer satisfaction also mediates the influence of brand image on brand loyalty in the cosmetics industry in Malaysia.

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One of the leaders of the smartphone market in 2016 was Samsung; Samsung had a 24.5% market share globally in 2016 (Oik Yusuf - Kompas Tekno, 2016). South Korean vendors have high product quality so as to create a good brand image. Samsung also markets their products at reasonable prices in comparison to the price of premium grade goods so that customers can adjust to the purchasing power of each. This study was conducted to determine the effect of brand image, price and brand awareness on brand loyalty in relation to Samsung smartphones, with customer satisfaction as a mediating variable.

2. Literature Review

2.1. Effect of brand image on brand loyalty

Brand image, according to Kotler and Keller (2016), is a consumer's perception of a brand as a reflection of the existing associations in the minds of consumers. According to Jing, et al (2014), brand image significantly influences brand loyalty. Superior companies with significant a market share in any given industry are said to be those that take advantage of existing opportunities effectively and efficiently. One way to do this is to create a positive brand image of the products or services produced. If products maintain a positive image in public eye, this could potentially increase the instance of customer loyalty.

H1: Brand image has a positively effect on brand loyalty.

2.2. Effect of price on brand loyalty

According to Kotler and Keller (2016), price is the monetary value of a product or service. According to Dhurup et al. (2014), price significantly effects brand loyalty. Consumers that are aware of the price of a product will measure the quality of the products they purchase in relation to the amount of money that is sacrificed for the purchase. Therefore, it can be said that consumers are willing to pay a higher price in order to obtain a better quality product. A higher quality of product will influence brand loyalty.

H2: Price has a positive effect on brand loyalty.

2.3. Effect of brand awareness on brand loyalty

Brand awareness is the ability of a potential buyer to identify or recall a brand in a particular product category (Kotler & Keller, 2016). According to Akhtar et al. (2016), brand awareness significantly influences brand loyalty. Higher brand awareness will make consumers more likely to purchase a product of a familiar brand on the basis of convenience and security. However, familiar brands avoid the risk of consumption because of the assumption that the brand is already known to be reliable and trusted.

H3: Brand awareness has a positive effect on brand loyalty.

2.4. Effect of brand image on customer satisfaction

According to Kotler and Keller (2016), customer satisfaction relates to customers either feeling satisfied or disappointed with a brand after using their products. According to research by Sondoh, et al (2007), brand image impacts customer satisfaction. In some cases consumers are more likely to consider a brand when making of purchase when they have had positive experiences. Therefore, better brand image will improve overall customer satisfaction and this will have an impact on the likelihood of repeat purchases. Therefore, a positive brand image will improve customer satisfaction.

H4: Brand image has a positive effect on customer satisfaction.

2.5. Effect of brand image on brand loyalty through customer satisfaction

Sondoh, et al (2007) states that brand image and customer satisfaction significantly effect brand loyalty. Consumer satisfaction is just one powerful factor influencing brand loyalty. Consumers who experience satisfaction following the purchase of a product will likely experience a higher level of brand loyalty.

H5: Customer satisfaction mediates the relationship between brand image and brand loyalty.

2.6. Framework

The research framework is modified from the study of Akhtar, Ahmed, Jafar, Rizwan, and Nawaz (2016) and Sondoh et al. (2007). The research framework as shown in Figure 1.

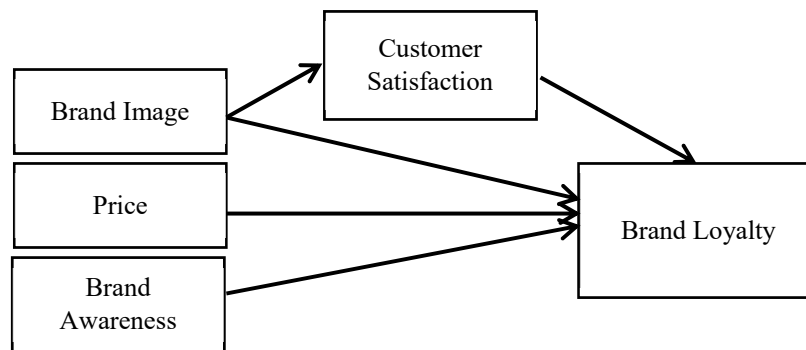


Figure 1. Framework

Source: Modification Akhtar et al. (2016) and Sondoh et al. (2007)

3. Research Methodology

This research was conducted in Indonesia with the object of the research being Samsung smartphoe brands. The criteria of the respondents used was consumers who have used Samsung smartphones at least twice. In this study, as many as 260 questionnaires were distributed. This study uses three independent variables (brand image, price and brand awareness), a mediating variable (customer satisfaction) and one dependent variable (brand loyalty). The profile of the respondents used can be seen in Table 1.

Table 1. Respondents Profile

Variable	Category	Frequency	Percentage
Gender	Male	131	50.4
	Female	129	49.6
Age	18 – 20 years	45	17.3
	21 – 23 years	150	57.7
	24 – 26 years	34	13.1
	27 – 29 years	17	6.5
	> 30 years	14	5.4
Income	Rp 500,000.00 – Rp 1,500,000.00	53	20.4
	Rp 1,500,001.00 – Rp 2,500,000.00	149	57.3
	> Rp 2,500,001.00	58	22.2
	Student	196	75.4

Variable	Category	Frequency	Percentage
Job	Employees	41	15.8
	Entrepreneur	11	4.2
	Government employees	12	4.6

This research uses a test instrument consisting of validity and reliability. The validity test is intended to test whether each item has revealed the factors or indicators that are wanting to be searched (Sekaran, 2013). Reliability is a measure of the consistency of the measuring instrument in measuring the same phenomenon at another time. Consistency or stability means that the questionnaire is consistent if it is used to measure the concept or construct of a condition to another (Sekaran, 2013). An instrument is declared reliable if cronbach alpha > 0.6 (Sekaran, 2013). Multiple regression analysis is used to determine the influence of the independent variable X and the dependent variable Y (Gujarati, 2006). If the probability of t-test $< \alpha$ (5%), H1 is rejected. That is, at the alpha level, there are individually significant independent variables having an effect on the dependent variable. Multiple regression analysis was used to test the relationships among the variables and analysis mediation from Zhao, Lynch, and Chen (2010).

4. Results

If the validity test results demonstrate the value of a sign as $< 0,05$, then all the items in question in this study will be declared valid. All variables have a value of Cronbach Alpha coefficients > 0.6 , so all variables in this study are declared reliable. Multiple linear regression analysis was used to determine the effect of the independent variable (X) and the dependent variable (Y). Below is a summary of the results of the multiple linear and linear regression analysis:

Table 2. Results of multiple linear and linear regression analysis

Independent Variable	Variable Dependent	Sig.	t	Coefficient Beta	Adjusted R square
Brand Image	Brand Loyalty	0.000	4.566	0.277	0.140
Price		0.075	-1.786	-0.103	
Brand Awareness		0.007	2.704	0.166	
Brand Image	Customer Satisfaction	0.000	5.921	0.346	0.116
Brand Image	Brand Loyalty	0.000	3.969	0.238	0.180
Customer Satisfaction		0.000	4.785	0.287	

It can be seen that the significant variable, Sig brand image, is 0.00 (< 0.05) which means that brand image significantly effects brand loyalty. The influence of brand image on brand loyalty is shown in Table 2, where the Beta Coefficient column is 0.277. The significance for the variable of price is 0.075 (> 0.05) which means that price does not significantly effect brand loyalty. The significance of the variable of brand awareness is 0.007 (< 0.05) which means that brand awareness does significantly effect brand loyalty. The effect of brand awareness on brand loyalty is shown in Table 2 where the Beta Coefficient column is 0.166.

The significance of the brand image variable is 0.00 (< 0.05) which means that brand image significantly effects customer satisfaction. The influence of brand image on customer satisfaction is shown in Table 2 where the beta coefficient is 0.346. Customer satisfaction has a significance of 0.000 (< 0.05) which means that that customer satisfaction significantly effects brand loyalty. The influence of customer satisfaction on brand loyalty is shown as 0.287. Based on the development of other types of mediation by Zhao, et al (2010), consumer satisfaction in this study can be considered as complementary mediation and it can be seen from the results β_a (0.236) x β_b (0.287) x β_c (0.238) that the result is positive (0.02).

5. Discussion and Conclusion

One of the factors that influences brand loyalty is brand image. Brand image positively effects brand loyalty. Consumers who have a positive image of a brand are more likely to make repeat purchases. When the brand image the higher, it will have an impact on increasing brand loyalty. These results are consistent with research conducted by Jing et al. (2014) concerning the brand loyalty of Oppo smartphones in Thailand, where the brand image of a product led to consumers making repeat purchases thereby enhancing brand loyalty. The results are also in line with research conducted by Ramiz et al. (2014) concerning the brand loyalty of Samsung products in Pakistan. The results showed a positive effect of brand image on the brand loyalty of Samsung.

Price does not significantly effect brand loyalty. Consumers pay more attention to other factors when purchasing a smartphone such as brand image, brand awareness, satisfaction and trust, etc. The results of this study are not consistent with research by Dhurup et al. 2014 on brand loyalty in the paint industry. The results of this study demonstrates a positive effect of price on brand loyalty. Consumers that are aware of the price of a product will measure the quality of a product based on the amount of money that is sacrificed for the purchase. Consumers are therefore willing to pay a higher price for higher quality products and this in turn will impact brand loyalty.

Brand awareness positively effects brand loyalty. In general, consumers tend to buy the product of familiar brands on the basis of convenience and security so higher brand awareness leads to higher brand loyalty. This study is consistent with research conducted by Akhtar et al. (2016) in which brand image was found to positively effect brand loyalty. The results are also supported by research by Dhurup et al. (2014). The results of this study demonstrated a positive effect of brand awareness on brand loyalty. When consumers are not aware of the quality of products, they will choose products based on brands that are familiar to them on the basis of trust.

Brand image has a positive impact on customer satisfaction where a better brand image of a product will increase product value and quality thereby increasing customer satisfaction. The results of this study are supported by research conducted by Sondoh et al. (2007) and Malik et al. (2012) which state that brand image impacts customer satisfaction. In some cases, consumers are more likely to purchase more expensive brands due to the good reputation of the brand based on past experiences. Therefore, a better brand image will improve customer satisfaction and will have an impact on repeat purchases.

This study was conducted in accordance with the development of other types of mediation found by Zhao, et al (2010). In this study, researchers found that customer satisfaction mediates the relationship between brand image and brand loyalty which are complementary forms of mediation. One of the determining factors of brand loyalty is customer satisfaction. In a study conducted Sondoh et al. (2007) it was found that brand image will influence brand loyalty in the cosmetic product industry in Malaysia indirectly. This implies that customer satisfaction mediates the relationship between brand image and brand loyalty.

The results of this study show that brand image and brand awareness positively effect brand loyalty, while price does not significantly effect brand loyalty. Further, the study found that brand image positively effects customer satisfaction. Customer satisfaction was also found to mediate the effect of brand image on brand loyalty. The main limitation of this study was using only one type of smartphone. Further research may choose to use more than one brand of smartphone and explore more variables influencing brand loyalty.

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