

## **The Impact of Brand Image on the Customer Retention: A Mediating Role of Customer Satisfaction in Pakistan**

<sup>1</sup>Bina Nazir, <sup>2</sup>Muhammad Ali, <sup>3</sup>Mehwish Jamil

<sup>1, 2, 3</sup> MS Scholar National Collage of Business Administration & Economics, Lahore, Pakistan

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**ABSTRACT:** *In modern time, researchers and practitioners in the field of marketing has paid enormous attention to brand. Currently, the brand is no longer a competent tool in the managers' hands. Brand is a strategic requisite which helps companies to make more value to customers and also to build up sustainable competitive advantages. Successful brands increase trust in products and intangible services, and customer will be able to better visualize and identify their services. Brand image is the awareness of the product or services for the customer through which the image of the organization is built. Customer satisfaction is also linked with it and positively related with each other which are considered the important tool for marketing strategy. This paper examines the influence of brand image on customer retention under the mediation effect of customer satisfaction.*

**Key words:** *Brand image, customer Retention, Customer Satisfaction*

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### **I. Introduction**

Brand image is the modern perception of the customers regarding the product. It can be defined as exclusive package in the minds of targeted customers. It gives the positioning to the product in the market. Brand image is basically set of beliefs and faith of the customer and it basically generated when the customer have complete knowledge regarding their product/ service. When the customer is completely aware of the pros and cons of the product then it emotionally attached with them but it's a mental game because it is very important to tackle your targeted audience through marketing strategies. It serves the company mission and vision statement and helps the organization to complete its all goals and objectives effectively. Company's artifacts express organization's reputation, motto relating organization's business objectives and in streamline with the prime values of organizations which are core elements of positive brand image. So images can be evaluated beside the several orientation points like brand image, social perspective and public image to influence the consumer of the product in order to trigger the brand awareness and brand loyalty.

Hard hitting brand war facing by several companies with each other in Pakistan for getting maximum market share. Affordable prices with best quality product or brand can help the company to get maximum share. Organizations may be able to obtain positive brand image and brand positioning by providing best quality brand through advertisement. Brand image is one of the most influential factors for the succession rate of the business (Nasar et al., 2012).

Brand image is the overall impact in the customer minds that is developed through different sources. Public relation, social networking creates positive brand image of the product and its major chunk depend upon the community perception regarding the product/ services. The personal perception of association's bundle a reputation is built of the organization through it enhances its portfolio by maximizing its profitability.

In Pakistan few researches has been conducted on the brand image regarding the different outcomes customer retention, customer satisfaction, loyalty and turnover. But the purpose of this study is to examine the mediating relationship of customer satisfaction between brand image and customer retention. In the previous literature the link has already been discussed that customer satisfaction has significant relationship with the brand image and customer retention. On the basis of previous literature following hypothesis were developed.

### **II. Literature Review**

#### **2.2. Brand Image**

In this dynamic era, where competition and advancement of technologies are of prime importance, the organizations are consistently bringing their new products and services. This competition creates convenience to the customer because they have different alternatives and their choices of selecting a product become wider (Ballantyne et al., 2006). Also in 2006 Kotler & Keller defined customers sort out a group of attributes and create a mental framework through which relationship linked to the brand in the region of functional and symbolic dimensions. While Bondesson (2012), defined that the collective synchronization of brand image and brand loyalty: "why purchasers choose", "select", "remain loyal to", or "repeatedly purchase" a brand. Franz-Rudolf Esch et al. (2006) examined that on customer purchasing the Brand Image has direct effect and brand awareness has indirect affect.

On the other hand, many researchers have recommended that expressive image may fabricate more loyalty customers (Bennett & Rundle-Thiele, 2005; Nandan, 2005). One research proved that in the hospitality industry the foremost role of brand image in predicting consumer satisfaction (Chitty et al. 2007). Further, Brand Image is a circumlocutory tool which can positively modify the purchasing behavior of the consumers and it also plays a significant role to improve any business performance (Malik et al., 2013). Khan (2012) indicated in his studies that brand advertisement, brand relationship and brand knowledge significantly impact on the customer retention.

### **2.2.1 Brand Awareness**

Hoyer & Brown (1990) explained that brand awareness and brand image are the determinants of brand knowledge. Brand awareness is that when the customer show willingness to purchase a product/brand than how he/she memorizes the brand effortlessly (Keller (1993).

He also indicated that brand image is directly related with the brand awareness without it brand awareness can be shaped according to the consumer which influences the company's brand reputation. Franz (2006) also introduces the concept brand recall for the evaluation and measurement of brand awareness. It is one of the effective tool through which we evaluate how much customer shows willingness regarding particular product.

### **2.2.2 Brand Experience**

Brakus (2009) verified that "brand experience affects customer loyalty directly and indirectly and also customer satisfaction in the course of brand personality associations". Brakus (2009) constructed four dimensions to check the brand experience scale (affective, behavioral and intellectual). Moreover, he conceptualizes brand experience as something that is subjective as well as highly depends on customer's internal responses. These responses can be sensations and feelings as well as behavioral responses a customer have towards a brand because of its design, its identity while also considering its packaging, environments and communications as well. Further, his research findings also conclude that, brand experience is a more effective measure of the customer satisfaction as compared to brand personality because "brand experience seems to be a stronger predictor of actual buying behavior". On the other hand, one finding define that, Brand experience is the evolution between brand strategy and customer experience (Da Motta Fihlo, 2012). While, brand familiarity depends on customer's earlier knowledge and experience with a brand (Jing Hu et al. 2012).

### **2.2.3 Brand Loyalty**

Brand trust become more significant experience of brand loyalty (Akbar and Parvez; 2009). Further, Brand trust most important towards brand loyalty and it's create trade association which are enormously valued (Kussik; 2007). Bondesson (2012) confirmed that various methods can be used to measure the loyalty. He also stated that with the assist of measuring purchase intension and commendation the Brand Loyalty can be measured. Moreover He experimented that brand equity has two kinds of brand strength which are mostly focused. Brand loyalty is one of them that are empirically captured via such actions as proposal, partiality, and customer intention of purchasing. Second factor is the willingness of a customer to pay a particular price for a particular product. Another study described brand loyalty has the capability to influence optimistically on the superiority of a product (Fouladivand et al., (2013). While, the Brand loyalty is not only prejudiced through the behavioral itself, but, by the useful action of the entity (Kressman et al, 2006).

### **2.3. Customer Retention:**

One of the past study stated that as retention is prejudiced by prospect use of product, there is a positive relation among quality commitment, trust and satisfaction and customer retention and future use of product (Lin & Wu, 2011). He further argued that there is concrete relation flanked by customer retention and worth of service or products. On the other hand, a researcher observed that loyalty program with financial recompense is steps in the direction of great customer retention (Verhoef, 2003). Another study examined that customer loyalty significantly made an impact on customer retention (Smith and Chang 2009).

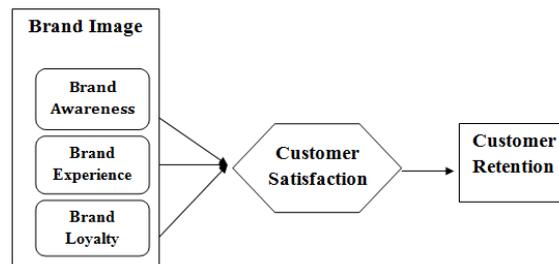
### **2.4. Customer Satisfaction:**

Satisfaction state and satisfaction level judgment by customer is Customer satisfaction reaction (Kim et al., 2004). Another opinion about it that, satisfied customers remain loyal with brand and dissatisfied chose another brand; it created optimistic relationship in customer satisfaction and brand loyalty (Kuuish, 2007). Moreover, Customer satisfaction is positively related with brand loyalty, organizations have to more focal point on comprehensive approach to relationship marketing which involves customer satisfaction and consequence will be retaining current customer and making of optimistic word of mouth (Kiyani, M., 2012). On the other hand, several researches see the sights that customer satisfaction plays an effectual job between customers and organizations to enhancing and maintaining long term profitable relations (Haq and Amin, 2009).

Further, Satisfaction leads customers towards long term profitable relationship with brand, it also give value to brand and extend affirmative word of mouth marketing that build good brand repute (Hanif, 2010).

One more study give you an idea about that customer satisfaction and brand loyalty both have constructive relationship with each other and this study also suggest that consumer perception depend upon the company's profitability and its share in the market which help the company in the continuous improvement process (Ponirin et al, 2009). Study also shows that customer loyalty can be enhanced through customer satisfaction, trust and company repute. Customer satisfaction can also be achieved by providing them a premium quality product which helps them to build customer loyalty and enhances the overall repute of the organization (Zaman et al., 2012). Customer loyalty exactly have to explain that Preference of customer to pull out the one brand over other brand (Chirico and Presti; 2008). On the other hand, the customer loyalty is experiential with customer satisfaction (Ponirin et al., 2009).

### III. Theoretical Model



#### 3.1. Hypothesis:

- There is a relationship between brand awareness and customer retention
- There is a relationship between brand experience and customer retention
- There is a relationship between brand loyalty and customer retention.
- Customer satisfaction mediates the relationship between brand awareness and customer retention.
- Customer satisfaction mediates the relationship between brand experience and customer retention.
- Customer satisfaction mediates the relationship between brand loyalty and customer retention.

### IV. Material And Methods

To examine the impact of brand image on customer retention, a survey method is applied. This research study is based on quantitative nature. Through getting personal observations and experiences from respondents, researcher will study the cause and impact relationship

#### 4.1. Sampling Technique:

Random Sampling Technique was used as defined by Tariq et al. (2013) for the purpose of data collection. For this research study convenience sampling is used due to lack of sampling frame.

#### 4.2. Sample Size:

For collecting the responses, 200 questionnaires were distributed and positive response was in form of 156 answers. So the response rate was 78% .

#### 4.3 Data Collection Instrument:

Close ended questionnaire were used to check the relationship between brand image and buying behavior of the customers (Chi et al., 2008). For collection of data, self-administered questionnaires were used to collect the primary data (Tariq et al. 2013). Structured questionnaires were distributed among the respondents.

#### 4.4 Unit of Analysis:

In this study the unit of analysis is fashion ware.

#### 4.5 Statistical treatment of data:

SPSS software is used for statistical treatment of data to test the proposed hypotheses in the theoretical model. Pearson correlation, Descriptive, reliability and regression analyses are used while sobel test is used to check the mediation of variables.

V. Results and Discussions:

Demographic Details

Category	Classification	Frequency	Percentage%
Gender	Male	72	46.2
	Female	84	53.8
Age	Less than 25 years	153	98.1
	26-30 years	3	1.9

Table 1

Table 1 shows that majority of the respondents are female (53.8%) and male are only (46.2%). This table also shows that most of the data gathered from the respondents under the age brackets of 25 years (98.1%) and only (1.9%) represents the respondents have age 26-30.

Correlation

		Customer Retention
Brand Awareness	Pearson Correlation	.201*
	Sig. (2-tailed)	.013
Brand Experience	Pearson Correlation	.220**
	Sig. (2-tailed)	.006
Brand Loyalty	Pearson Correlation	.311**
	Sig. (2-tailed)	.000
Customer Satisfaction	Pearson Correlation	.225**
	Sig. (2-tailed)	.005

Table 2

\*\*Correlation is significant at the 0.01 level (2-tailed)

Above table (Table 2) shows that the correlation between the customer retention and brand awareness is .201(\*\*) that indicates that they are weakly correlated and highly significant with each other. The customer retention also weakly and significantly correlated with the brand experience is .439(\*\*). The customer retention weakly but significantly correlated with the brand loyalty and customer satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.319	.102	.084	.49831

Table 3

Predictors: Customer Retention

Table 3 shows that R=.319 means 31.9% variation exist in customer retention and brand awareness, brand experience, brand loyalty. R Square is the coefficient of determination which shows that 10.2% total variation with its linear relationship of customer retention and brand awareness, brand experience, brand loyalty

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4.120	3	1.373	5.530	.001
Residual	36.254	146	.248		
Total	40.373	149			

Table 4

Dependent variable: Customer Retention

Predictor: brand awareness, brand experience, brand loyalty

Table 4 shows that the value of level of significance "P" is less than .05 so it means that impact of customer retention on brand awareness, brand experience and brand loyalty is highly significant. The value of f =35.876 shows that overall fitness of the model.

Coefficient

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std Error	Beta		
(Constant)	2.779	.404		6.877	.000
Brand Awareness	.019	.117	.015	.159	.874
Brand Experience	.085	.084	.090	1.022	.308
Brand Loyalty	.226	.073	.272	3.099	.002

Table 5

Dependent variable: Customer Retention

In Table 5 A= 2.779 is the average of customer retention when brand awareness, brand experience and brand loyalty is zero.

$$\text{Customer Retention} = 2.779 + .019 (\text{Brand Awareness})$$

The above equation shows that one percent brand awareness will bring 16.3% change in Customer Retention

$$\text{Customer Retention} = 2.779 + .085 (\text{Brand Experience})$$

The above equation shows that one percent reliability will bring 8.5% change in Customer Retention

$$\text{Customer Retention} = 2.779 + .226 (\text{Brand Loyalty})$$

The above equation shows that one percent responsiveness will bring 22.6% change in Customer Retention

#### **Mediation Analysis of Brand Awareness, Customer Satisfaction and Customer Retention:-**

##### **Results of SOBEL test Model 1 Mediation Analysis**

SOBEL test	P value
0.855375	0.3923

**Table 6**

This table shows that the value of sobel test is 0.855375 with p value (0.3923>0.05) which means that there is no mediation exist of customer satisfaction between brand awareness and customer retention.

#### **Mediation Analysis of Brand Experience, Customer Satisfaction and Customer Retention:-**

##### **Results of SOBEL test Model 1 Mediation Analysis**

SOBEL test	P value
0.660012	0.5092

**Table 7**

This table shows that the value of sobel test is 0.660012 with p value (0.5092>0.05) which means that there is no mediation exist of customer satisfaction between brand experience and customer retention.

#### **Mediation Analysis of Brand Loyalty, Customer Satisfaction and Customer Retention:-**

##### **Results of SOBEL test Model 1 Mediation Analysis**

SOBEL test	P value
0.059385	0.5526

**Table 8**

This table shows that the value of sobel test is 0.059385 with p value (0.5526>0.05) which means that there is no mediation exist of customer satisfaction between brand loyalty and customer retention.

#### **Conclusion:**

To summing up above all debate the aim of this research is to show the Impact of Brand Image on the customer retention by using customer satisfaction as mediating role with the point of view of Pakistan. For this purpose Pakistan fashion wear industry selected because customers always remain very conscious regarding brand in modern and dynamic environment. This study described an impact of brand image on loyalty, awareness, experience and satisfaction. It's very important for the customer to comprehend brand image aspect judgments. From the view of the customer, the brand awareness, brand experience and brand loyalty play a significant role in selection of brand and positively build its image with satisfaction point. Brand image also acting an essential role to increasing the customer satisfaction towards brand conservatory attitude. The above statistical results also show that fashion wear buying behavior is associated and prejudiced by brand awareness, brand experience and brand loyalty. The examination also shows the acceptance that impact of customer retention on brand awareness, brand experience and brand loyalty is highly significant.

#### **VI. Limitations And Further Future Directions:**

This study has various boundaries and also indicating some future directions for further research. Lahore, only one city of Pakistan is used for survey and missed others cities. Less number of the sample size is used in this study. The outcomes can be better by enhancing the sample size and also including geographical areas respondents. Personal factors and some other brand related factors such as brand association, brand involvement, brand attitude and brand personality is not observed in this study. The main limitation of this study is that it is only focusing on the fashion wear industry.

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