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Antecedents Impact on Brand Loyalty in Cosmetics Industry

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Abstract: This study aimed to examine antecedents' impact on brand loyalty in a highly competitive of cosmetics industry dealing with a mass majority of younger consumers. The study also addressed the relationship between perceived value and customer satisfaction on the effect of brand loyalty. Women or men purchasing and personally using cosmetic products were participants of this study. Data gathered from a total sample of 200 women or men from multiple ethnicities such as Malaysians, Chinese and Indians were used for the statistical analysis. It was collected from main shopping mall centers in Klang Valley. Multiple regression analysis was applied to test relationship between brand loyalty, perceived value and customer satisfaction. Besides that, it tested perceived value, corporate image and service quality and customer satisfaction relationships. The results demonstrated that the perceived value and customer satisfaction had significant influence on brand loyalty; particularly, overall customer satisfaction did influence loyalty intention. As a matter of fact, by maintaining and strengthening its images and values, brand would be positively positioned in the minds of consumers.

Key words: Brand loyalty, customer satisfaction, service quality, perceived value, corporate image

INTRODUCTION

When people hear the word "cosmetics", they think of makeup or perfume designed for ladies, while they cover a wide range of products including any facial makeup, lotions, shampoos, deodorants, hair sprays and so on that their consumers are not limited to women. New markets for cosmetics companies are young women and men. In other words, in today's highly competitive cosmetics industry, cosmetics companies aim to attract the younger consumers or to improve their consumer's loyalty. According to its most applied definition, attributed to Jacoby and Chestnut (1978), brand loyalty, is the biased, behavioral response expressed over time by some decision-making units in comparison with one or more alternative brands among a set of them. As Reichheld and Teal (2001) imply converting new consumers costs more than selling to brand loyal ones. Giving the company time for better response to its competitors, loyalty causes the sensitivity of consumers to marketplace offerings to decrease (Aaker, 1991). In brief, for marketers, brand

loyalty is a Holy Grail (Kapferer, 2005) and at best it is a good criterion to measure the company's health (Bennett and Rundle-Thiele, 2004). Furthermore, customers with a high brand loyalty are less sensitive to price (Krishnamurthi and Raj, 1991).

One of the most important factors contributing to formation of customer loyalty is customer satisfaction that has been widely accepted as an important issue for many marketing managers. It is commonly used as a benchmark of a company's success (Bennett and Rundle-Thiele, 2004). As Evans and Lindsay (2008) argue the company can derive benefits from measuring of customer satisfaction. These benefits assist a company to (a) discover customer perceptions of how well the business is doing in meeting customer needs and to find out dissatisfaction causes, the failed expectations and drivers of delight as well, (b) have a clear picture of company's performance compared with competitors' in order to improve its employees, (c) trace trends to determine whether changes actually lead to improvements (Evans and Lindsay, 2008). According to Rosenberg and Czepiel (1984) the erosion of customer loyalty occurs

when a wide range of similar products and retailers emerges. Moreover, Bennett and Rundle-Thiele (2004) came up with two reasons why they have risen to a standard where there is no longer a clear difference in the quality of competing brands within the same category. So, today there is no remarkable risk for consumer to switch brands when there is no concern about the quality of substitute brands. The second reason involved in positioning of brands suggests that yet there are many brands who define their position based on their quality and risk reduction that are not aligned with modern customer attitude or orientation. Due to all above mentioned, managers must realize the importance of the brand. Branding may have a dramatic impact on how the "company behind the brand" is perceived by the target audiences. In other words, the brand is not just a representation of a company's product; it is a symbol of the company itself and that is where the core of brand loyalty lies. And like a double-edge sword, brand loyalty is one of the most important components influencing company's success or failure, with loyal customers sustaining business operations. So, this research was to investigate antecedents' impact on brand loyalty and to examine the relationship between perceived value and customer satisfaction on the effect of brand loyalty.

RESEARCH BACKGROUND

The United States is the world's largest cosmetics market, valued at US\$ 45.4 billion, followed by Japan at US\$ 21.9 billion, France at US\$ 12.1 billion, Germany at US\$ 11.6 billion, the UK at US\$ 10.1 billion and Italy at US\$ 8.5 billion. In Malaysia, the best cosmetics companies or brands such as Artistry, Mary Kay, L'Oreal, Este'e Lauder, Revlon and Silky Girl are popular among cosmetics consumers. Cosmetics have become a common

and popular category among younger ladies. It has encouraged manufacturers like Este'e Lauder and Revlon to start expending their business in Asia as it has the potential to give them higher volume of sales for their products.

In addition, the use of cosmetics by Malaysian women has significantly increased over the last five to eight years, with more and more women taking greater interest in personal grooming due to increasing disposable incomes, changing lifestyles, the influence of satellite television and greater product choice and availability. With the demand for cosmetics on the rise and the opening up of the market to foreign companies, many of the world's popular cosmetics brands have entered the Malaysia market in the early and mid-nineties and some more have set their sights on Malaysia.

It has been suggested those companies that are focusing on identifying customer loyalty, would generate profitability, long term/high customer retention, reduce marketing costs and increase competitive advantage (Reichheld and Sasser Jr., 1990; Reichheld and Markey Jr., 2000; Aaker, 1991). Therefore, it is very important for companies to understand the development process of brand loyalty in today's competitive environment.

Table 1 summarized some of the important characteristics and the implications for brand loyalty at the present era (i.e., declining loyalty era). Based upon this era, Bennett and Rundle-Thiele (2004) suggest that in today's market environment those brands that produce favorable images in consumers' mind generate more loyal consumers. Therefore, it is vital to understand the true concept and nature of brand image that can create strong brand satisfaction and improve customer loyalty.

RESEARCH MODEL AND HYPOTHESES

To study the impact of antecedents on brand loyalty and the relationship between perceived value and

Table 1: The Era of brand loyalty

Era	Characteristics	Implications for brand loyalty
Decline in Loyalty (1971 -Present)	Multi-brand loyalty dominants Intense competition between an increasing array of brands and alternatives Very low levels of differentiation Generic brands increasing market share Majority of new products offer incremental changes and minor product modifications Beginning of brands communities (Harley-Davidson Apple computers) Lower risk in brand switching Brands, in some categories, are bought for the purpose of conveying self- identity, rather than just to guarantee consistency of quality Consumers demanding experiences not just a product Increased expectations from consumers	Brand loyalty levels in fast moving consumer goods has declined The incidence of inertia increases As consumers become more demanding, dissatisfaction Increases Brands that are functional and low involvement may have reduced loyalty Brands that convey image and self-identity may have higher loyalty

The brand loyalty life cycle: Implications for marketers by Bennett and Rundle-Thiele (2004)

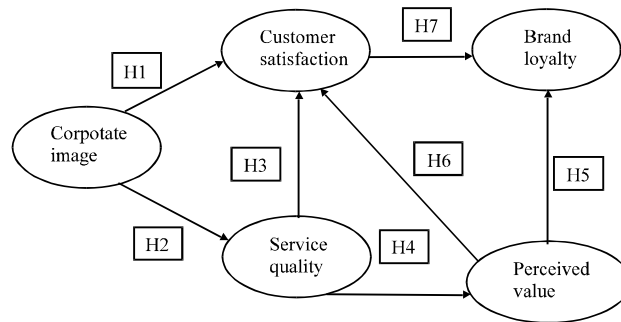


Fig. 1: The Model for Antecedents Impact on Brand Loyalty in Cosmetics Industry, H1: Corporate image has a significant, positive effect on customer satisfaction, H2: Corporate image has a significant, positive effect on service quality, H3: Service quality has a significant, positive effect on customer satisfaction, H4: Service quality has a significant, positive effect on perceived value, H5: Perceived value has a significant, positive effect on brand loyalty, H6: Perceived value has a significant, positive effect on customer satisfaction, H7: Customer satisfaction has a significant, positive effect on brand loyalty

customer satisfaction on the effect of brand loyalty as shown in Fig. 1, this research purposed a Model to test following hypotheses.

RESEARCH METHOD

To estimate the research model for hypotheses testing, a sample of largest malls in Malaysia located in Klang Valley was selected. A total of 200 respondents answered questionnaires. Data gathered from the research was entered in a computer database to analyze, using SPSS program version 19.0. The data analysis consisted of reliability, descriptive analysis, ANOVA, multiple regression and Pearson correlation.

Hypotheses testing

Reliability: Cronbach Alpha test of reliability was used to determine the reliability of this multi-item scale. The Cronbach alpha of each construct was between 0.76 and 0.90 which exceeded the recommended level of 0.7 (Hair *et al.*, 1995).

Descriptive statistics: To understand the background of the respondents' profiles for their evaluation of brand loyalty, a descriptive analysis was used in the research. It tested for age, gender, ethnic, income group, level of education and number of times going to cosmetics store each month.

ANOVA

The research used one-way ANOVA to determine whether there was any significant relationship (95% level

of probabilities) between independent variables (corporate image, perceived value, service quality and customer satisfaction) and income and race of the respondents and the variability of the sample values by looking at how much the observation within each group varied as well as how much the group means varied.

Multiple regression analysis: To analyze associations of variables and the effects of independent variables (corporate image, perceived value, service quality and customer satisfaction) on a dependent variable (brand loyalty), the research used multiple regression analysis. For example, brand loyalty as a dependent variable was explained by perceived value as an independent variable.

Pearson correlation: The researcher used Pearson correlation to test four independent variables (corporate image, perceived value, service quality and customer satisfaction) that influenced a dependent variable (consumer brand loyalty) and to examine if there were relationship between them.

Questionnaire design: The questionnaire prepared in English and divided into two sections, were presented to the respondents as follows. First, after a short introduction in section A, respondents were asked about factors which influenced brand loyalty consisting of corporate image, perceived value, service quality and customer satisfaction. In section B, demographics questions were asked such as age, occupation, income and others.

Scope of the research: In this research, there were multiple ethnicities of respondents such as Malay,

Chinese, Indian and other races selected from Klang Valley area including Mid Valley, Sunway Pyramid and Berjaya Time Square around one month. These selected locations were at shopping malls, as they were the largest malls in the city.

Sample: The researcher went to the target locations and distributes questionnaires to the respondents. This research spent around one month to conduct. The sample was selected based on Greener (2008) attitude who believes the sample size must be more than 30 and less than 1000. Therefore in this study, a total of 200 respondents were selected as a sample.

Source of data: Primary data was collected by using self-administer questionnaires which were distributed to respondents who were brief on the objective of the study. The design of the questionnaire was clear and easy to understand and straightforward to make sure that the respondents were able to answer the questions.

THE RESULTS OF HYPOTHESES TESTING

Pearson correlation analysis

H1: The correlation between corporate image and customer satisfaction: Table 2 illustrated the correlation between corporate image and customer satisfaction. The result proved that the Pearson correlation r-value was 0.379 and p-value 0.000 (<0.001). Given that the p-value was lower than 0.05, it could be concluded that there was a significant correlation between corporate image and customer satisfaction. Corporate image played a critical role in enhancing customer value and satisfaction. As a result, H1, which was “corporate image has a significant, positive effect on customer satisfaction”, was supported.

H2: The correlation between corporate image and service quality: As shown in Table 2, the correlation between corporate image and service quality was determined. The result proved that the Pearson correlation r-value was 0.491 and p-value 0.000 (<0.001). Given that the p-value was lower than 0.05, it was concluded that there was a significant correlation between corporate image and service quality. In sum, H2, which

was “corporate image has a significant, positive effect on service quality”, was supported.

H3: The correlation between service quality and customer satisfaction: Table 2 illustrated the correlation between service quality and customer satisfaction. The result proved that the Pearson correlation r-value was 0.382 and p-value 0.000 (<0.001). As p-value was lower than 0.05, it was concluded that there was a significant correlation between service quality and customer satisfaction. Therefore, H3, which was “service quality has a significant, positive effect on customer satisfaction”, was supported.

H4: The correlation between service quality and perceived value: As shown in Table 2, concerning the correlation between service quality and perceived value, the result proved that the Pearson correlation r-value was 0.494 and p-value 0.000 (<0.001). Given that the p-value was lower than 0.05, it could be concluded that there was a significant correlation between service quality and perceived value. Consequently, H4, which was “service quality has a significant, positive effect on perceived value”, was supported.

H5: The correlation between perceived value and brand loyalty: Table 2 determined the correlation between brand loyalty and perceived value. The result proved that the Pearson correlation r-value was 0.600 and p-value 0.000 (<0.001). As the p-value is lower than 0.05, it could be concluded that there was a significant correlation between brand loyalty and perceived value. Other researchers suggested that perceived value only indirectly influenced loyalty through satisfaction (Patterson and Spreng, 1997; Zins, 2001). Here, perceived value not only served as an important mediating capacity but it also directly influenced loyalty. As a result, H5, which was “perceived value has a significant, positive effect on brand loyalty”, was supported.

H6: The correlation between perceived value and customer satisfaction: Table 2 illustrated the correlation between perceived value and customer satisfaction. According to the result the Pearson correlation r-value

Table 2: Correlations for corporate image, customer satisfaction, service quality, perceived value and brand loyalty

	Corporate image	Customer satisfaction	Service quality	Perceived value	Brand loyalty
Corporate image	1	0.379**	.491**		
Customer satisfaction		1		0.553**	0.581**
Service quality		0.382**	1	0.494**	
Perceived value				1	
Brand loyalty				0.600**	1

**Correlation is significant at the p-value 0.000 (0.001) level (1-tailed), N = 200

was 0.553 and p-value 0.000 (<0.001). Given that the p-value was lower than 0.05, it was concluded that there was a significant correlation between perceived value and customer satisfaction. Consequently, H6, which was “perceived value has a significant, positive effect on customer satisfaction”, was supported.

H7: The correlation between customer satisfaction and brand loyalty: As shown in Table 2, the correlation between brand loyalty and customer satisfaction was determined. The result proved that the Pearson correlation r-value was 0.581 and p-value 0.000 (<0.001). Given that the p-value was lower than 0.05, it was concluded that there was a significant correlation between brand loyalty and customer satisfaction. These results were also consistent with empirical studies showing that satisfaction had a mediating effect on customer loyalty behavior (Caruana, 2002; Alireza *et al.*, 2011; Stank *et al.*, 1999; Zins, 2001). As a result, H7, which was “customer satisfaction has a significant, positive effect on brand loyalty”, was supported.

MULTIPLE REGRESSION ANALYSIS

The relationship between corporate image, perceived value, service quality and customer satisfaction: The Model Summary part performed multiple regressions. Multiple regressions coefficient, R, that was equal to 0.586 or 58.6%, showed the moderate relationship between independent variables, which were corporate image, perceived value and service quality and dependent variable, which was customer satisfaction. The coefficient of multiple determination, R², that was equal to 0.343 or

34.3% of the variation in the customer satisfaction, was explained by corporate image, perceived value and service quality (Table 3).

ANOVA was used to determine the regression equation. It explained a statically significant portion of the variability in the dependent variable from the variability in the independent variables. The F-value was scored 39.384 or F (3,226) = 39.384, p = 0.000, Mean Square Error (MS error) = 0.258, α = 0.05. The p-value was 0.000, which was less than 0.05 (p<0.05). Thus, there was a significant difference between dependent variable (customer satisfaction) and independent variables (corporate image, perceived value and service quality) (Table 4).

As demonstrated in Table 5, the regression equation was: customer satisfaction = 1.268+0.166 (corporate image)+0.439 (perceived value)+0.074 (service quality).

Their p-value was less than 0.05 (p<0.05), as such p perceived value for money = 0.000. For another two independent variables, they were not significant because their p-value was more than 0.05 (p>0.05), like p service quality = 0.262 and p corporate image = 0.007. From the results, one of the independent studied variables (perceived value) was so much important to influence the satisfaction of the consumers. Two other independent variables, corporate image and service quality, did not have as much as important influence on the customer satisfaction. Hence, it could be concluded that consumers evaluated their perceived value when they were to make decision whether or not they satisfied with the cosmetic products.

The relationship between customer satisfaction, perceived value and brand loyalty: As shown in Table 6, multiple regression coefficients, R equaled to 0.670 or 67%

Table 3: Model summary for the relationship between corporate image, perceived value, service quality and customer satisfaction

Model	R	R ²	Adjusted R ²	SE of the estimate
1	0.586	0.343	0.335	0.50803

Predictors: (Constant), Corporate image, Perceived value, Service quality, Dependent variable: Customer satisfaction

Table 4: ANOVA for the regression of dependent variable (customer satisfaction) and independent variables (corporate image, perceived value and service quality)

Model	Sum of squares	df	Mean square	F-value	Sig.
Regression	30.494	3	10.165	39.384	0.000 ^a
Residual	58.328	226	0.258		
Total	88.822	299			

Table 5: Coefficients (a) for the regression of customer satisfaction, corporate image, perceived value and service quality

Model	Unstandardized coefficients		Standardized coefficients		Significance	95.0% confidence interval for B	
	B	SD	Beta	t		Lower boundary	Upper boundary
1 (Constant)	1.268	0.244	-	5.204	0.000	0.788	1.749
Service quality	0.074	0.066	0.075	1.124	0.262	-0.056	0.204
Perceived value	0.439	0.061	0.451	7.156	0.000	0.318	0.560
Corporate image	0.166	0.061	0.171	2.721	0.007	0.046	0.286

a: Dependent variable: Customer satisfaction

Table 6: Model summary for the regression of dependent variable (brand loyalty) and independent variables (customer satisfaction and perceived value)

Model	R	R ²	Adjusted R ²	SE of the estimate
1	0.670 ^a	0.450	0.445	0.52240

Table 7: ANOVA (b) for the regression of dependent variable (brand loyalty) and independent variables (customer satisfaction and perceived value)

Model 1	Sum of Squares	DF	Mean square	F-value	Significant
Regression	50.594	2	25.297	92.696	0.000 ^a
Residual	61.949	227	0.273		
Total	112.543	229			

Table 8: Coefficients a for the regression between brand loyalty and customer satisfaction and perceived value

Model	Unstandardized coefficients		Standardized coefficients		Significant	95.0% confidence interval for B	
	B	SD	Beta	t		Lower boundary	Upper boundary
1 (Constant)	0.590	0.230	-	2.565	0.011	0.137	1.044
Perceived value	0.439	0.065	0.401	6.789	0.000	0.312	0.567
Customer satisfaction	0.404	0.067	0.359	6.075	0.000	0.273	0.535

a: Dependent variable: Brand loyalty

and shows moderate relationship between independent variables, which were customer satisfaction and perceived value and dependent variable, which was brand loyalty. The coefficient of multiple determination, R² was equal to 0.450 or 45% of the variation in the brand loyalty that was explained by customer satisfaction and perceived value.

As shown in Table 7, the F-value was scored 92.696 or F (2,227) = 92.696, p = 0.000, Mean Square Error (MSE) = 0.273, α = 0.05. The p-value was 0.000, which was less than 0.05 (p < 0.05). So, there was a significant difference between dependent variable (brand loyalty) and independent variables (customer satisfaction and perceived value).

In this study, the regression equation was: Brand Loyalty = 0.590 + 0.404 (Customer Satisfaction) + 0.439 (Perceived Value). In the t-test column, all independent variables were significant because their p-value was less than 0.05 (p < 0.05), as such p customer satisfaction = 0.000, p perceived value = 0.000.

From this result, each of the independent variables being studied was so much important to influence the brand loyalty among the consumers. Hence, it could be concluded that consumers evaluated their satisfaction and perceived value when they were to make decision whether or not to visit the same cosmetics company again (Table 8).

DISCUSSION

This study presented a relationship model between service quality, perceived value, customer satisfaction, corporate image and brand loyalty for cosmetics industry that proposed hypotheses to test. Regarding H1 the Pearson Correlation r-value was 0.379 and p-value 0.000

suggested a significant correlation between corporate image and customer satisfaction. And for H2, r-value 0.491 and p-value 0.000 proved that there was a significant correlation between corporate image and service quality. In the same manner, testing H3 with the result of the Pearson correlation r-value 0.382 and p-value 0.000 demonstrated that there was a significant correlation between service quality and customer satisfaction. In addition, for H4, the Pearson correlation r-value 0.494 and p-value 0.000 proved that there was a significant correlation between service quality and perceived value. And about H5, r-value was 0.600 and p-value 0.000 showed a significant correlation between brand loyalty and perceived value while Patterson and Spreng (1997) and Zins (2001) suggested that perceived value only indirectly influenced loyalty through satisfaction. For H6, r-value was 0.553 and p-value 0.000 proved there was a significant correlation between perceived value and customer satisfaction. And finally, testing H7 with r-value 0.581 and p-value 0.000 showed that there was a significant correlation between brand loyalty and customer satisfaction. The result is consistent with researchers' views (Caruana, 2002; Alireza *et al.*, 2011; Stank *et al.*, 1999; Zins, 2001) who argued that satisfaction had a mediating effect on customer loyalty behavior.

Even though the study tried to be objective and prudent in its experimental designs and survey methods, it was still restrained by limitations and deviations in its implementation, which resulted in some imperfections at the end: the restraint of the sampling coverage (the questionnaire survey was only conducted at Kuala Lumpur and Serdang areas and targeted the adult consumers shopping and purchasing cosmetic products in these areas), lack of the generalization of the study findings (it was limited to the cosmetics industry in its

empirical study). So, follow-up researchers were recommended to select other brands (i.e., toys and video games) for comparison and investigation of the differences among varying brand personalities and to apply the model to other industries for further verification, then the model could be readily adapted to other applications.

CONCLUSION

As the results of the study suggested, there was a significantly positive relationship between corporate image and customer satisfaction and between corporate image and service quality. And in the same way, there was a significantly positive relationship between service quality and customer satisfaction and between service quality and perceived value. In addition, there was a significantly positive relationship between perceived value and brand loyalty and between perceived value and customer satisfaction. And eventually, there was a significantly positive relationship between customer satisfaction and brand loyalty. So, regarding the purpose of this study, it was concluded that both perceived value and customer satisfaction have direct influences on customers' brand loyalty.

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