Impact of Brand Reputation on Attitudinal Loyalty and Behavioral Loyalty with Brand Trust as Mediating Variable

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Abstract
The main purpose of this paper was to examine the relationship between brand reputation attitudinal loyalty and behavioral loyalty with mediating variable brand trust. Data was collected from 120 respondents. Non probability convenience sampling was used to collect the data. Structural equation modeling through AMOS 18 was applied to test the model. Results indicated a significant cause and effect relationship between brand reputation and brand trust, brand trust and attitudinal loyalty as well as brand trust and behavioral loyalty

Key Words: brand reputation, brand trust, attitudinal loyalty and behavioral loyalty

Conceptual Framework
“Brand reputation refers to how a particular brand (whether for an individual or a company) is viewed by others. A favorable brand reputation means consumers trust your company, and feel good about purchasing your goods or services. An unfavorable brand reputation, however, will cause consumers to distrust your company and be hesitant about purchasing your products or services”. It is easy to build brands reputation but is hard to maintain this reputation in this competitive world. Organizations regularly conduct surveys or public relation programs to take a feedback of their brands reputation and identify the direct competitors of the organizations brand. Organizations then develop programs that keep the brand ahead of other brands in the minds of customers. Social media has provided the opportunity to organizations to remain closer to the customers and take feedback continuously.

Brand trust is the belief that the brand actually fulfills all the claims that it is making. Trust in brand develops due to many reasons such as promotion of the brand, the manufacturing organization and many more reasons. “Brand trust is the intrinsic 'believability' that any entity evokes.” Brand trust increases the probability of purchase and repurchase of the organizations brand which later on converts into loyalty.

“Brand loyalty is a consumer's preference for a particular brand and a commitment to repeatedly purchase that brand in the face of other choices” (Dick, Alan S. and Kunal Basu 1994) A person who shops at the same place regularly is “behaviorally” loyal, while a person who tells others how great a product is, or simply feels really positive about the brand him or herself internally, is “attitudinally” loyal.

Behavioral loyalty is critically important for a business because it means customers are buying, and without buying there are no revenues. However, unhappy customers can be easily enticed to shop elsewhere, either by existing or future competitors, plus they can deter other potential customers through negative word of mouth.

Attitudinally loyal customers on the other hand are great for businesses because they add strength to already positive brands, plus their word of mouth promotions can be invaluable in attracting other customers. If the attitudinally loyal customer isn’t behaviorally loyal too, however, meaning that they don’t put their money where their mouth is so to speak, then even though that customer has promotional value, he or she contributes very little or no direct revenues to the business. A business with lots of people who like the brand but never spend money will not be in business for very long.

Literature Review
Organizations are doing a lot of activities to build brand reputation these days such as advertising, sponsoring events, customer relationship activities, customer feedbacks, use of social media and lot more. It has been proved in researches that if an organizations reputation is positive it helps in building
consumer trust on the organizations product and that is the reason that customers pay premium prices for known brands as compared to unknown brands. ShaliniGautam and AasthaTrikha (2014) identified factors that affect brand trust in online context and the results indicated that brand reputation (brand prestige) is one of the factors that significantly contribute to brand trust. Brand reputation of organization is built through word of mouth and advertising highlighting that the information exchanged by customer during online purchase will be kept secretive which increases trust of customers towards the organization and further helps in loyalty. In online purchase trust on intermediaries increase trust of customers towards the seller and trust on intermediaries also increase purchase intention towards products and attitudinal loyalty. The study also indicated that trust on sellers alone doesn’t have a significant effect on both the behavioral aspects of consumers that is attitudinal loyalty as well as purchase intention (Ilyoo B. Hong, Hwihyung Cho 2011) which means customers trust requires physical presence of the product or the product provider. Sandra Maria CorreiaLoureiro (2013) studied the relationship between trust and loyalty in case of online banking and the results indicated that in online banking there was no significant effect of Internet banking trust on brand loyalty. This means that in online context customers still feel the risk and therefore are unable to build trust. The research paper also checked the relationship between risk and trust the results indicated a direct correlation between both risk and trust. KhanapotePanyachokchai (2013) evaluated factors effecting brand loyalty and results revealed that brand trust elements that is credibility and benevolence both effect brand loyalty as well as brand reputation was another factor found to be affecting brand loyalty. Brand reputation was found to have an effect on satisfaction as well. A two way reciprocal relationship was found between reputation and satisfaction that is brand reputation affects satisfaction as well as satisfaction affect brand reputation and both in turn affect brand loyalty (MajidNili, MehrzadNavabakhsh and Amir Khosropour2013) found a significant relationship between trust and satisfaction but relationship between trust and loyalty was not confirmed in the research. Brand reputation increases the belief of customers on brand as the brands that have good reputations are generally capable of fulfilling the customer’s expectation. Brand reputation can be increased by increasing the promotion and making effective promotion so that brand remains on top of customers mind and loyalty can be increased. High reputation leads to increased brand trust in turn contributes to brand loyalty (KanwalKapil and SheebaKapil 2010, Nha Nguyen, André Leclerc, Gaston LeBlanc 2013, Ching-Hsien Soong, Yao-Tsung Kao, Shue-TienJuang 2008) In this clutter of brands in the market customers are unable to choose which brand should be purchased, when brands cannot be compared on the basis of tangible factors brand reputation plays a significant role in the decision making. Highly recognized brand can be believed for their ability to fulfill their promises. Also the time pressure doesn’t allow the customers to evaluate a product every time it is purchased therefore customers prefer to be loyal towards brand having high reputations to save their time as well as protect themselves from the risk of a wrong choice. Many researchers have proved a direct relationship between brand reputation and brand loyalty (Samira Zayerkabeh, AminehAlbabayi and Maryam Abdoli 2012, KambizHeidarzadeHanzae andMohammad JavadTaghipourian2012, KambizHeidarzadeHanzae and ErfanAlhosseinHamedani2013) Brand trust is the ability of the brand to fulfill the seller’s promises as claimed in different promotional activities. Brand trust is the key factor towards increasing loyalty(Ayesha Anwar et al 2011). FatihGeçti& Hayrettin Zengin (2013) brand trust has higher impact on behavioral loyalty compared to attitudinal loyalty. RetnoDewanti, Ishak Ismail, Muhammad JaluTasrihanto and AdityaPrabowo (2010) conducted a research to identify the relationship between brand trust and brand image as independent variables and purchase intention and loyalty as dependent variable in case of private label brands and the results indicated that brand trust has a significant effect on both purchase intention and brand loyalty that means private label brands should first of all build trust of the customers towards their brand which will later convert into purchase intention and loyalty. BhakarShilpa, ShailjaBhakar and AbhayDubey (2013) found that the effect of brand trust increases on loyalty when taken along with customer satisfaction.

Model
The independent variable selected for this research was; brand reputation. The mediating variable considered in this study was brand trust and the dependent variables analyzed in this research were attitudinal loyalty and behavioral loyalty (Figure 1).

**Research Methodology**

The study was causal in nature with survey method being used as for data collection. The population included respondents from Gwalior region and individual respondents were taken as the sampling element. The sample was identified using non probability convenience sampling technique and data was collected from 120 respondents. Data was collected through standardized questionnaires on brand reputation, brand trust, attitudinal loyalty and behavioral loyalty proposed by Young Gin Choi, Chihyung Ok and SeunghyupSeon, Hyun (2011) on a Likert type scale of 1 to 7 where 1 indicated minimum agreement and 7 indicated maximum agreement. Cronbach Alpha Reliability test on PASW 18 was used to check the reliability of the questionnaire, principal component factor analysis with varimax rotation was used to identify underlying factors of the questionnaire and also to identify sample adequacy and sphericity in the data. Structural equation modeling was used to test the model.

**Results**

Reliability of all the measures of the research paper was calculated using PASW 18 the results are as follows:

<table>
<thead>
<tr>
<th>S No</th>
<th>Variable Name</th>
<th>Cron Bach Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand Reputation</td>
<td>.723</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Brand Trust</td>
<td>.792</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Attitudinal Loyalty</td>
<td>.717</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Behavioral Loyalty</td>
<td>.810</td>
<td>5</td>
</tr>
</tbody>
</table>

If the computed reliability of a measure is greater than 0.7 the measure is considered reliable. The brand reputation, brand trust, attitudinal loyalty and behavioral loyalty reliability as indicated by Cronbach’s alpha coefficient in the table above is 0.723, 0.792, 0.717 and 0.810 hence the measures used for collecting data on brand reputation, brand trust, attitudinal loyalty and behavioral loyalty were highly reliable. The reliability when item deleted table (Annexure) indicated that the reliability cannot be improved by deleting any statements from the questionnaire as highest reliability after deleting any item is equal to the current value of Cronbach’s Alpha.

**Kaiser Meyer Olkin Measure of Sampling Adequacy and Bartlett’s Test of Sphericity:** KMO and Bartlett’s test of sphericity was calculated using PASW 18 to identify sampling adequacy as well as sphericity in the data collected on all the measures

<table>
<thead>
<tr>
<th>S No</th>
<th>Variable Name</th>
<th>KMO</th>
<th>Bartlett Test of Sphericity</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand Reputation</td>
<td>.500</td>
<td>45.454</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Brand Trust</td>
<td>.789</td>
<td>133.322</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Attitudinal Loyalty</td>
<td>.674</td>
<td>68.745</td>
<td>.000</td>
</tr>
<tr>
<td>4</td>
<td>Behavioral Loyalty</td>
<td>.797</td>
<td>185.236</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy:** The Kaiser-Meyer- Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate. Values below 0.5 imply that data used for factor analysis may not be appropriate. The Kaiser - Meyer - Olkin Measure of Sampling Adequacy value for the brand reputation, brand trust, attitudinal loyalty and behavioral loyalty
measures were 0.500, 0.789, 0.674 and 0.797 indicating that the sample size was adequate to consider the data suitable for factor analysis.

**Bartlett's test of Sphericity:** Bartlett's test of sphericity is a test statistic used to examine the hypothesis that the variables are uncorrelated in the population. In other words, the item to item correlation matrix is an identity matrix; each variable correlates perfectly with itself ($r = 1$) but has no correlation with the other variables ($r = 0$). The Bartlett’s Test of Sphericity was tested through Chi-Square value having a value of 221.897, 66.333, 127.504 and 349.628, which were significant at 0% level of significance. Therefore, the above hypothesis is rejected, indicating that the item to item correlation matrix is not an identity matrix and hence the data for brand reputation, brand trust, attitudinal loyalty and behavioral loyalty was suitable for factor analysis.

**Factor Analysis:** Principle component factor analysis with varimax rotation was applied to find out the underlying factors of the questionnaires and all the questions for all the measure converged on one factor only therefore the measures on all the variable of the study that is brand reputation, brand trust, attitudinal loyalty and behavioral loyalty can be used as it is for future researches.

**Structural Equation Modeling**

<table>
<thead>
<tr>
<th>Model</th>
<th>NPAR</th>
<th>CMIN</th>
<th>DF</th>
<th>P</th>
<th>CMIN/DF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>31</td>
<td>87.663</td>
<td>60</td>
<td>.011</td>
<td>1.461</td>
</tr>
<tr>
<td>Saturated model</td>
<td>91</td>
<td>.000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence model</td>
<td>13</td>
<td>612.226</td>
<td>78</td>
<td>.000</td>
<td>7.849</td>
</tr>
</tbody>
</table>

Chi Square was found to be 87.663 with a p-value of 0.011 indicating that the Chi square value was not significant indicating over all good fit of the model to data. The finding was also supported by a smaller than 5 value of CMIN/DF (1.461).

**RMR, GFI**

<table>
<thead>
<tr>
<th>Model</th>
<th>RMR</th>
<th>GFI</th>
<th>AGFI</th>
<th>PGFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>.139</td>
<td>.904</td>
<td>.855</td>
<td>.596</td>
</tr>
</tbody>
</table>

The other goodness of fit statistics also supports the overall goodness of fit. As can be seen from the table above the value of GFI was 0.904, higher than desired value of .9 and AGFI was 0.855 very close to desired value of 0.9 for good fit. Similarly, the value of RMR, which needs to be lowest for the best model, is 0.139, and was lowest for all the variant of the model.

**Baseline Comparisons**

<table>
<thead>
<tr>
<th>Model</th>
<th>NFI</th>
<th>RFI</th>
<th>IFI</th>
<th>TLI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>.857</td>
<td>.814</td>
<td>.950</td>
<td>.933</td>
<td>.948</td>
</tr>
</tbody>
</table>

The next set of goodness of fit statistics relate to improvement and as can be seen from the table above all the five statistics NFI, RFI, IFI, TLI and CFI are above 0.9 or very close to 0.9 indicating good fit of the model.

**RMSEA**

<table>
<thead>
<tr>
<th>Model</th>
<th>RMSEA</th>
<th>LO 90</th>
<th>HI 90</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>.062</td>
<td>.030</td>
<td>.089</td>
<td>.230</td>
</tr>
</tbody>
</table>

The badness of fit index RMSEA need to be smaller than 0.08 for the model that fits the data adequately. As can be seen from the table above the value of RMSEA was 0.062 indicating good fit of model to the data.
Hoelter test indicated the maximum sample size for the model for which the model would remain good fit. At 5% level of significance the sample size limit was 108 and at 1% level of significance was 120. The sample size for the current study was 120.

The regression value between brand reputation as independent variable and brand trust as dependent variable was .757 with a p-value that was significant at 1% level of significance. Thus there was a significant positive cause and effect relationship between brand reputation and brand trust. That means higher the brand reputation higher the brand trust and an increase of brand reputation by a factor of 1 will improve brand trust by a factor .757.

Similarly brand trust has significant positive cause and effect relationship with both attitudinal loyalty as well as behavioral loyalty with r² value of 0.623 and .609 significant at 1% level of significance. That means higher the trust higher the attitudinal loyalty and behavioral loyalty and an increase of brand trust by a factor of 1 will improve attitudinal loyalty and behavioral loyalty by a factor .623 and .609.

Conclusion
Questionnaires on brand reputation, brand trust, attitudinal loyalty and behavioral loyalty were standardized again to make their use in Indian context. Structural equation modeling was used to test the model having brand reputation as independent variable and attitudinal and behavioral loyalty as dependent variables with mediating variable brand trust. The results indicated a significant cause and effect relationship between brand reputation and brand trust, brand trust and attitudinal loyalty as well as brand trust and behavioral loyalty. Therefore organizations should work towards developing a strong brand reputation through advertisements, publicity, sponsorship etc in order to gain consumer trust towards a brand which later on converts into behavioral and attitudinal loyalty.
References


