

THE IMPACT OF BRAND LOYALTY ON PURCHASE INTENTION

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Abstract

In this globalized market with highly similar products and with easy access to many products, it can be very difficult for a company to survive as a company. The primary goal of companies is to provide a good customer experience and to maintain long term, loyal customers.

The study attempts to examine the impact of brand loyalty on purchase intention, and understand how loyal customers can increase sales. The study employed a quantitative methodology, where a structured questionnaire was shared online via social networks. The study was carried out in North Macedonia and collected a sample of 240 responses. All the data were tested with SPSS software. Regression test was used to examine if brand loyalty has a positive impact on purchase intention, the results of the research showed a positive influence of brand loyalty on purchase intention.

The study could be beneficial to the literature of brand loyalty and purchase intention and will also have managerial implications because companies can have more loyal customers if they truly understand brand loyalty.

Keywords: Customers, brand loyalty, purchase intention, customer satisfaction, trust.

1 Introduction

Companies strive to maintain loyal customers because of the fact that there are many different brands competing in the same market, hence it is very challenging for them to do so. Customers are attracted to quality, affordable price, consistency, reliability, emotional relationship with a product, post purchase care. Thus, companies should aim to offer all of these in order to create more loyal customers.

Having more loyal customers can increase sales of the company, provide competitive advantages over other brands, as well as reduce costs of marketing because they will continue with their purchase when they are satisfied and loyal.

In recent years, this topic has become very important among researchers (Holland and Menzel, 2001; Odin et al., 2001; Cengiz and Akdemir-Cengiz, 2016; Tabaku and Zerellari, 2015; Sari and Hadi, 2023).

This study will analyze if the sample from North Macedonia would switch to a different brand, or they prefer to continue with the brand they have been loyal to thus far.

1.1 Research Questions: This study is going to look into the influence of brand loyalty on purchase intention, thus the study aims to address the following question:

Does Brand Loyalty have an impact on purchase intention?

A conceptual structure is given below in fig.1 where the Brand loyalty is the independent variable and the purchase intention the dependent variable.

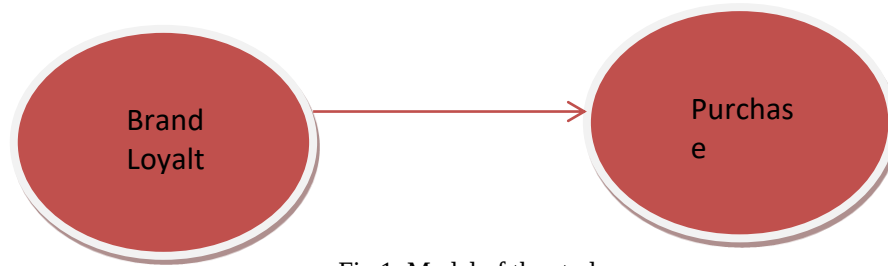


Fig.1. Model of the study

The paper is structured like this: an abstract, literature review that compares different studies and definitions, following with the section of research methodology, then data analysis and finally the conclusion.

2 Literature Review

As we have mentioned before this topic is very known and studied by researchers. Brand loyalty is being studied because researchers want to make it easy for companies to give accurate data and to say that brand loyalty is very crucial for the success of every company.

Once companies understand what loyalty means they can maintain long term relationship with customers. Based on Sahin et al., (2011); Dick and Basu (1994); Arun and Meenakshi, (2003); Oliver (1997) loyalty is a repeat purchase and customers choose between many alternatives. From previous studies we can say that loyal customers increase their revenue and also decrease their costs because is harder to gain new customers than to maintain the loyal ones (Barroso and Martin, 1999).

The first that gave a definition about brand loyalty was Guest (1944) in 1940s and 1950s and said that brand loyalty is continuous purchase and every loyal customer has a positive attitude toward that brand. Jacob and Kyner (1973) defined brand loyalty as psychological process and gave 6 conditions: namely random behavioral response, decision units, brand choice, and also psychological processes. Sheth and Park (1974) said that brand loyalty has three dimensions: emotive about one brand, evaluations of brands, behavioral tendency about one brand. Assael (1998) said that brand loyalty is customer satisfaction from the past experience. Baldinger and Rubinson, (1996) defined brand loyalty when a customer will not look for other brands when they decide to buy a certain product.

Moreover, according to Aaker (1991), brand loyalty is a relationship or attachment with a brand and divided the brand loyalty into 6 categories and he did this to see the commitment of customer with a brand, the categories are: Committed buyer, likes the brand, satisfied buyer with switching costs, satisfied with no reason to change, switchers no brand loyalty. It is very clear from the figure 1 that is shown as a pyramid and on the top is written the committed buyer that is the one that buys only one brand and will not change to any other, the next one is likes the brand that means the ones that likes the brand based on their values, quality, price etc. Following with the other category that is satisfied buyer with switching costs, those that doesn't want to change due to many costs, satisfied buyer with no reason to change they are happy with their choice and doesn't think to change. Final category are switchers that switch to different brand and are no loyal to any brand.

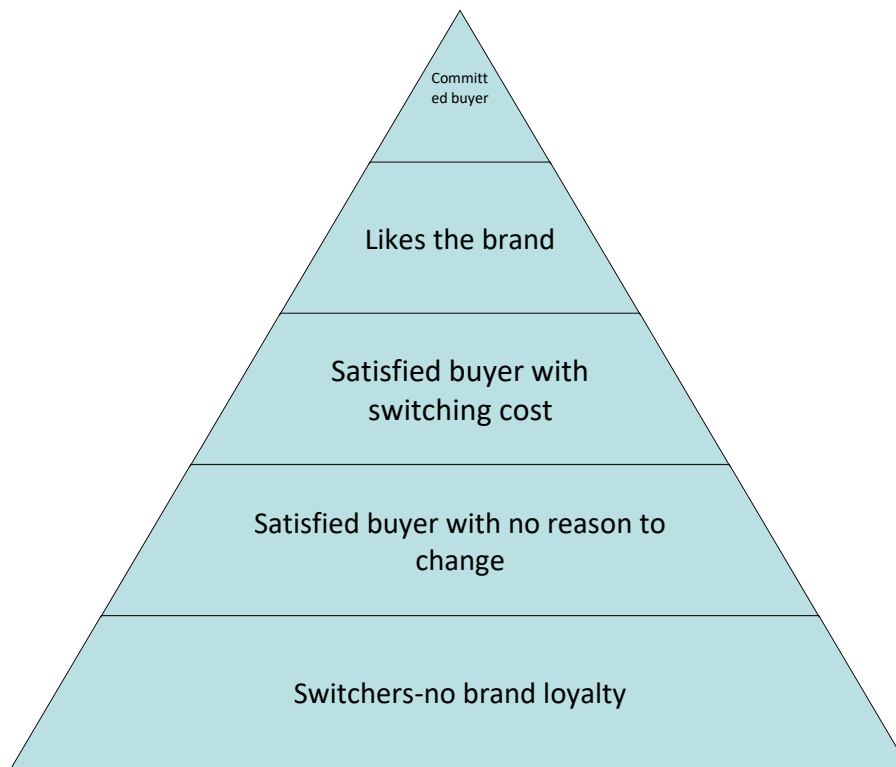


Fig.2 Consumer Loyalty

Source: Aaker, D. A. (1991). *Managing Brand Equity: Capitalizing on the value of a brand name*. New York

The author Oliver (1999) gave 4 stages of loyalty that are: cognitive, affective, conative and action loyalty:

- Cognitive loyalty-when customers know a brand based on previous experience or based on advertising but still does not have strong feelings about that brand.
- Affective loyalty- when customers become emotionally connected with the brand.
- Conative loyalty-when customers are attached to one brand and they will continue to buy the same.
- Action loyalty- in this stage customers buy only one brand and they will never switch to another one.

Khraim (2011) listed 7 factors that influence a customer to be loyal to one brand. The factors are: brand name, product quality, design store, promotion and service quality.

2.1 Purchase Intention: Based on Blackwell et al., (2006) the purchasing decision has these stages: problem recognition when a customer know that has a need, information search when a customer starts to find information about that need, alternative evaluation when customers compare the alternatives based on quality, price etc., purchase decision is the phase when a customer decides to purchase the product, and post purchase decision when a customer evaluate if that product meets his expectations.

Additionally, Blackwell et al., (2006) said that purchase decision can be unplanned, partially planned, and fully planned. An unplanned purchasing decision is when a customer buys in the market without planning from before. Partially planned is when a customer decision for a product they want and then in the market will decide which brand to take. Fully planned is when a customer knows from before which product and which brand to buy.

2.2 Purchase Intention and Brand loyalty: Previous studies have looked into related subjects. Jalilvand et al., (2011) studied the impact of brand equity as brand awareness, brand association, brand loyalty, and perceived quality on purchase intention in the automobile industry. The sample consisted of 242 people and SEM model was used to test the hypotheses. Results showed that brand loyalty have an influence on purchase intention. Another study was done by Chi and Yang (2009) about brand awareness, perceived quality, brand loyalty and purchase intention. The data were gathered from cellular uses in the city of Chiyi and regression analysis was done to test the hypotheses. The results indicate that brand loyalty has a significant positive impact on purchase intention. Almohaimmeed (2019) investigated the effects of social media marketing on brand loyalty and purchase intention. Data were collected through questionnaire and 500 participants were selected. SEM model was employed to examine the data and the findings confirmed a significant impact of brand loyalty on purchase intention. Also these authors Danish et al., (2020) ; Rozy et al., (2014) confirmed in their study that brand loyalty has a positive impact on purchase intention .

3 Methodology

The study investigated the impact of brand loyalty on purchase intention. A sample of 240 participants were gathered through questionnaire. Before the main data collection, a pilot test of the questionnaire was conducted with a small sample to assess the clarity, reliability, and structure of the items. Based on the feedback from the pilot test, necessary revisions were made. The finalized questionnaire, adapted from previous studies, was distributed online to wider audience for the main survey. It was designed in 2 sections, the first part of which questioned participants about demographic data like gender, age, status, education, whereas the second section provided Likert scale questions from strongly disagree to completely agree where questions of the variable brand loyalty and purchase intention were given. The study employes cross-sectional design and used a snowball sampling technique, where participants were invited to complete the survey and encouraged to share it with others.

In this study, secondary data was used which was collected through journals and books. According to analysis a Cronbach alpha test was performed to if the result's reliability is good. Also, regression analysis is done.

4 Data Analysis

Cronbach's alpha was conducted to assess the internal consistency of the questionnaire, as presented in Table 1. The results show that the variable *brand loyalty* has a Cronbach's alpha value of 0.811, indicating high reliability, whereas *purchase intention* has a value of 0.534, which reflects an acceptable but low level of reliability, however it can be duet to small number of items (Hinton et al., 2004).

Table 1.0 Results of Cronbach alpha

Brand Loyalty	0.811	6
Purchase Intention	0.534	4

4.1 Descriptive statistics: The demographic data is given in the Table 1. Based on the findings it is evident that 178 (74.2.0%) are females and 62 males (25.8 %).Related to age, to 30 years are 116 19 (7.9 %). Based on education 36 (15 %) are in High School, 132 (55.0 %) are in Faculty, 51 (21.3 %) are with Master and 21 (21.3 %) with Doctoral degree. The status of work

of the sample is different, 156 (65.0 %) are not working, 37 (13.3 %) are students, 20 (8.3%) have private business, and 32 (13.3%) are with work.

Table.2 Demographic data of respondents (240 people)

		<i>Frequency</i>	<i>Percent</i>
Gender	Females	178	74.2
	Males	62	25.8
Age	To 30	116	48.3
	31-40	72	30.0
	41-50	33	13.8
	Over 51	19	7.9
Education	High School	36	15.0
	Faculty	132	55.0
	Master	51	21.3
	Doctorate	21	21.3
Status	No job	156	65.0
	Student	32	13.3
	Private Business	20	8.3
	Employed	32	13.3

4.2 Regression Analysis: Regression analysis was carried out to find out the relationship between brand loyalty and purchase intention. In the table no.3 is reported the regression analysis and the R value is 0.612. In the regression analysis R value shows the correlation with 61%, the R square is 0.375 and adjusted R square is 0.372 indicating that independent variable Brand Loyalty is related to the dependent variable Purchase Intention 37%.

Table.3.0 Regression Analysis

Table 1. Regression Analysis						
Model		R		R Square	Adjusted R Square	Std. Error of the Estimate
1		.612 ^a		0.375	0.372	3.91929
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2185.210	1	2185.210	142.259	.000 ^b
	Residual	3640.514	237	15.361		

	Total	5825.72 4	238			
a. Dependent Variable: Purchase Intention						
b. Predictors: Brand Loyalty						

Furthermore, the ANOVA is performed to test the model's significance. Results showed a p value less than <0.5 and a significance of 0.000, indicating that the model is significant and concluding a significant impact of brand loyalty on purchase intention.

Table.4.0 Beta coefficients Analysis

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
1	(Constant)	9.664	1.025		7.106	0.000
	Brand Loyalty	0.381	0.032	0.612	11.927	0.000
a. Dependent Variable: Purchase Intention						

Table no 4.0 presents the beta coefficient, this analysis shows % e of the independent variable that has on dependent variable. The brand loyalty with the value of R square 0.612 shows a 61% influence on brand loyalty.

Table.5.0 Correlation Analysis

		Brand Loyalty	Purchase Intention
Brand Loyalty	Pearson Correlation	1	.612**
	Sig. (2-tailed)		0.000
	N	239	239
Purchase Intention	Pearson Correlation	.612**	1
	Sig. (2-tailed)	0.000	
	N	239	240

** . Correlation is significant at the 0.01 level (2-tailed).			
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Finally, correlation analysis was done to determine how much two variables are correlated. Brand Loyalty and purchase intention have a positive correlation, based on the analysis in the table no.5 with a value of 0.612 **.

5 Conclusions

This study advances our understanding of brand loyalty and purchase intention. The study's goal was to find out if brand loyalty has an influence on purchase intention, so the data analysis showed a significant impact on purchase intention. Additionally, the study gave better understanding of the phases in purchasing decisions as well as the factors that influence the brand loyalty. Also, this study has managerial implications where the findings can help managers understand the crucial role that a brand loyalty has on consumer behavior and focus more on maintain strong brand loyalty because it will increase repeat purchases and sales. Finally, brand loyalty is very crucial for every market because loyal customers ultimately lead to a yield higher sales revenue. The limitation of this study is the sample number which is not considerably large, however this study does provide potential insights and incentives to further investigate this topic and analyze brand loyalty in different industries to gain a more definitive conclusion.

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