The Relationship between Customer Satisfaction and Customer Loyalty: Emotional Brand Image as a Moderating Variable

"An applied Study on(Airtel) for Telecom Services in India"

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I. INTRODUCTION

The marketplace is highly competitive and dynamic in nature. The customers are more intelligent, and have an access to different channels and choices to get their benefits. Therefore, companies are in serious need to differentiate their brands as they resist for permanent business. Unfortunately, one of the problems that consumers are exposed to when purchasing goods is to choose the product of one brand name among various brand names. Customers select the products according to their experience and knowledge of different brand names which especially applies to telecom sector. Customer loyalty is one of the effective factors to maintain and strengthen the relationship between customers and brand. In this era, where intensity of rivalry, customers are the center of organizations' cognizance, their loyalty reduce marketing costs, attract new customers, and gain a competitive advantage over organizations.

In contemporary researches, the focus is on analyzing the concept of loyalty to gain the true loyalty, where customer loyalty that reflects the emotional and attitudinal approach of loyalty is the vital segmentation of loyalty to augment the relationship between customers and brand (Kuusik, 2007). From another corner, according to Bennet & Rundle Thiel (2004) customer satisfaction has been viewed as an important theoretical and practical issue for most of marketers and researchers.

Satisfied customers are more expected to represent loyal behavior like intention to repeat purchase and readiness to say positive word of mouth (Taylor, 1998; Schultz, 2005). Traditionally, satisfied customers have been thought as less price sensitive, less influenced by competitors, and buying additional products and services (Zineldin, 2000). Moreover, it is considered that there is a direct relationship between satisfaction and loyalty; hence, satisfied customers become loyal and dissatisfied customers move to another competitor (Heskett et al. 1993). On another hand, according to Reichheld et al. (2000) customer satisfaction to be used as the only key to gain the true customer loyalty is not convincing. Consequently, this guided for assessing other indicators like emotional brand image to shift the loyalty level. Brand Image according to Keller (1993) is the descriptive features that characterized a product or a service- what a consumer thought the product or service is, or what is involved with its purchase or consumption. A strong brand image is the only asset a company can develop that cannot be copied, and the only feature that will help consumers identify and differentiate the product in the market. To sum, regarding to the emotional aspect of brand image, it is a vital key player to gain committed loyal customers (Lin et al, 2006; Ariff, 2012). Thus, emotional brand image, customer satisfaction, and customer loyalty are very powerful weapon in the field of marketing.

II. LITERATURE REVIEW

1.1 Customer Loyalty:

Loyalty has been defined as a repeat purchase behavior guided by favorable attitudes, or as a consistent purchase behavior resulting from the psychological decision- making and evaluative process. Generally, loyalty is considered a long term strategy that aims to create mutual rewards for firms and customers simultaneously (Reichheld & Detrick, 2003). According to Oliver (1997), loyalty is a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, which causes repetitive same- brand set purchasing, despite any situational influences and marketing efforts that might cause switching behavior. In contrast, Richheld declared that loyalty cannot be measured via repeat purchase behavior as oftentimes repeat purchase actions may be due to inertia, indifference, or the presence of exist barriers (Reichheld, 2003).

According to Rai & Srivastava (2013) Loyalty is a psychological character formed by sustained satisfaction of the customer coupled with emotional attachment formed with the service provider that leads to a state of willingly and consistently being in the relationship with preference, patronage, and premium. According to Dibb(2006) there are three levels of loyalty in general: 1) Recognition loyalty in which the customer is aware of the brand as a purchase alternative. Thus, he may purchase the brand if the preferred brand is unavailable. 2) Preference loyalty where the customer expresses special interest for a specific
brand, so the use of the brand will be whenever it is available; moreover, the customer will not exert an extra effort to have the brand when it is rare. 3) Insistence loyalty occurs when the customer states a very strong preference towards specific brand and will refuse to purchase any alternatives.

1.2 Customer satisfaction:

The concept of customer satisfaction has received an enormous deal of attention in the literature; it is considered as the most important factor to enhance a successful relationship between organizations and their customers (Reichheld, 1994). Customer satisfaction is essentially a result of the psychological response towards the perceptual difference gap between expectation before consumption and practical experience after consumption of a service or a product. Thus, based on consumption setting, the overall attitude and decision-making will be influenced when the customer purchases a product or service (Lee et al., 2010). According to Anderson (1994) customer satisfaction is used to evaluate the performance of organizations from internal and external sides: internally, to compensate human resources, observe performance, and assign funds. Externally, a satisfied customer can be a vital source of information for all stakeholders (customer, public policy makers, competitors, and investors). For developing customer satisfaction, an organization must attempt to increase customer's future expectations, enhance reliability and commitment in providing the service (Lin & Wu, 2011). Roberts & Lombard (2009) described satisfaction as the degree to which a business's product or service performance matches up to the expectation of the customer.

1.3 Customer Satisfaction and Loyalty

According to Rust & Zahorik (1993), Hallowell (1996), Johnson (2005), and Bodet (2008), customer satisfaction has direct impact on loyalty, and there is a strong relationship between them. In general, there are three overall components in customer satisfaction: 1) Customer satisfaction is a reaction (emotional or cognitive). 2) This reaction is dependent on specific attention (expectations, product, and experience of consumption). 3) This reaction will occur at a particular time (after consumption, after selecting, and based on multiple experiences). This fact reflects that satisfaction will take place when the expectations are confirmed, while dissatisfaction will take place when those do not meet expectations. Thus, customer satisfaction depends on the gap between expected and perceived quality (Heidarzadeh, 2011). Thus, many previous studies declared that satisfaction will lead to loyalty, and will reduce the chance of shifting to another company (Heidarzadeh, 2011). Empirical results have shown that the relationship between satisfaction and loyalty launches with product, and include the product brand. Other studies related to the customer satisfaction and loyalty concentrated on brand more than product.

1.4 Emotional Brand Image:

Image is defined by Kotler (2001) as "the set of beliefs, ideas, and impressions that a person holds regarding an object". A brand comes into being through a creative process in which these selected impressions are elaborated, embellished, and ordered (Reynolds, 1965). According to Aaker (1996) a brand image is how the consumer perceive the brand. He explained that the brand image is a set of associations which might not even reflect the objective reality. According to Arnold (1992) brand image refers to the way in which certain groups decode of all signals resonating from the product or service. Keller (1993) considered brand image as "a set of perceptions about a brand as reflected by brand associations in the consumer's memory. Ballantyne et al. (2005) defined brand image as "the material property that is associated with the brand as reflected by brand name and product package. In terms of emotional brand image, Ariff (2012) declared that emotional perceived value is the most highly noted influential variable of brand image with regards to satisfaction and customer loyalty. Cognitive scientists agreed that 95% of all human behavior is unconscious (Lakoff & Johnson, 1999). Thus emotions have been estimated as a unique antecedent of purchase intentions (Ayadi, 2010). According to Gobe (2001) emotions have a significance effect upon consumer behavior, decision making, action, memory, attention, and loyalty. Gobe declared that emotional branding stand upon creating a profound relationship between the brand and the customer through the presence of positive emotional dialogue which aims to transcend material benefits and create emotional satisfaction and real loyalty. The appearance of this concept was in 1957 when Martineau declared that customers purchase products to fulfill the functional and emotional needs. They added value to products and services through their emotions (Damasio, 1994). According to Roberts (2004) emotional branding has been recognized as a deep and enduring way of creating affective bonds between customers and brands.

III. OBJECTIVES OF THE STUDY

1. To examine the relationship between customer satisfaction and customer loyalty.
2. To explore the relationship between emotional brand image (in terms of perceived emotional value) and customer loyalty.
3. To determine whether emotional brand image may have a role as a moderating variable in the relationship between customer satisfaction and customer loyalty.

4. Delimitation of the study

1. The sample of this study covers the customers of one company from the Indian telecom sector, so there is a need for another study that takes into consideration a number of different companies.

5. Hypothesis of the Study

1. H1: There is a significance relationship between customer satisfaction and customer loyalty.
2. H2: There is a significance relationship between emotional brand image (in terms of perceived emotional value) and customer loyalty.
3. H3: Emotional brand image has a significance moderating effect on customer satisfaction - customer loyalty relationship.

IV. MODEL OF THE STUDY

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V. RESEARCH METHODOLOGY

6.1 Research Design
Analytical descriptive method has been used to sustain quantitative measurement and analysis. Data has been collected through different means which include:

Secondary resources: To introduce the conceptual literature of customer satisfaction, customer loyalty, and emotional brand image, the researcher has depended on books, periodicals, articles, published papers and referred previous studies in different countries which have been conducted on the same subject, the Internet sites and the available electronic versions.

Primary resources: a questionnaire has been used as a primary tool for gathering data from the customers of Airtel Company in order to analyze the qualitative and quantitative characteristics of the phenomena.

6.2 Study Population/Sample
The population of the study consists of the customers of Airtel Company for telecommunication, which is one of the well-known companies in India.

The sample consists of a total of 387 customers who were patronizing Airtel company. They have been requested to complete questionnaires (self-designed that captured all the variables) that contained measures of the constructs of concern.

Sampling Method/ Sample Size
The convenient sampling method has been used. Four hundred (400) questionnaires administered to the respondents. However, (387) three hundred eighty-seven questionnaires were dully filled and returned.

6.3 Data Collection Instrument
The study employed a questionnaire as an instrument for data collection. The questionnaire was divided into two sections. Section (1) measures the demographic attributes of the respondents which include age, gender, monthly income, while section (2) measures three variables (customer satisfaction, emotional brand image, and customer loyalty). The items were measured on a 5-point Likert scale ranging from strongly agree (5) to strongly disagree (1).

VI. DATA ANALYSIS

5.1 Methods of Data Analysis
The Statistical Package for Social Sciences (SPSS) was used to analyze the data. The following statistical procedures were used:

- Cronbach's alpha coefficient and correlation coefficients were calculated to assure the reliability and validity of study scales.
- Frequencies and percentages were calculated to describe the characteristics of the sample respondents.
- Descriptive statistics analysis was used to summarize the respondents' answers and to ranking the sub-items of each dimension.
- Independent-Samples T-Test was carried out to test the significance of the difference between the means of the two independent groups.

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• One-Way Analysis of Variance (ANOVA) was used to test the significance of the differences between the means of the two independent groups.
• Multiple Regression Analysis was used in step 1 of the moderation analysis to test the effect of the two independent variables on the dependent variable of this study.
• Correlation analysis was carried out to test the presence, strength and direction of the potential relationships among the variables of the study.

7.2 Reliability of the Scale
To check the reliability of the study instruments, cronbach’s alpha coefficient was calculated. This coefficient generally varies between zero (for no reliability) and unity (for maximum reliability). Any values equal to or above 0.6 denote that the scale is of acceptable reliability. The closer the value is 1; the more reliable a scale.

Table (1) demonstrates that all reliability coefficient are acceptable, since they all exceed the benchmark of 0.60

<table>
<thead>
<tr>
<th>Scale</th>
<th>No. of item</th>
<th>alpha coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty</td>
<td>5</td>
<td>0.851</td>
</tr>
<tr>
<td>Emotional Brand Image</td>
<td>5</td>
<td>0.692</td>
</tr>
</tbody>
</table>

7.3 Validity Analysis of the results

To ensure the validity of internal consistency, the correlation coefficient between each item and the dimension to which it belongs was calculated. The results are shown in table (3)

Table (3): Correlation coefficients between each dimension and its items

<table>
<thead>
<tr>
<th>Dimensions and Items</th>
<th>Correlation coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
</tr>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
</tr>
<tr>
<td>1. I am satisfied with the professional competence of Airtel</td>
<td>.606**</td>
</tr>
<tr>
<td>2. I am comfortable about the relationship with Airtel</td>
<td>.574**</td>
</tr>
<tr>
<td>3. I am satisfied with the performance of the employees of Airtel.</td>
<td>.589**</td>
</tr>
<tr>
<td>4. The service I get from Airtel meets my need at the current time.</td>
<td>.744**</td>
</tr>
<tr>
<td>5. Airtel does everything that an ideal service provider should do.</td>
<td>.596**</td>
</tr>
<tr>
<td><strong>Emotional Brand Image</strong></td>
<td></td>
</tr>
<tr>
<td>6. I feel emotionally attached to this service provider.</td>
<td>.807**</td>
</tr>
<tr>
<td>7. The service provider's brand image and my self-image are in my aspects. (Fun, serious, classy, professional, confident, etc).</td>
<td>.801**</td>
</tr>
<tr>
<td>8. The services I get from this provider play an important role in my life.</td>
<td>.715**</td>
</tr>
<tr>
<td>9. My identity matches with this service provider.</td>
<td>.626**</td>
</tr>
<tr>
<td>10. I like dealing with this service provider.</td>
<td>.514**</td>
</tr>
<tr>
<td><strong>Customer loyalty</strong></td>
<td></td>
</tr>
<tr>
<td>11. Airtel would be my first choice.</td>
<td>.788**</td>
</tr>
<tr>
<td>12. I intend to continue using Airtel for a long time.</td>
<td>.658**</td>
</tr>
<tr>
<td>13. I say positive things about Airtel to the other people.</td>
<td>.768**</td>
</tr>
<tr>
<td>14. I get a good value for the money I pay for Airtel.</td>
<td>.716**</td>
</tr>
<tr>
<td>15. To me, Airtel clearly is able to provide the best service.</td>
<td>.750**</td>
</tr>
</tbody>
</table>

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

From the above table, it is concluded that:
• The "Customer satisfaction" dimension correlates positively and strongly, with its items. The values of the correlation coefficient range between 0.574 and 0.744 and all are significant at the 5% level of significant.
• The "Emotional Brand Image" dimension correlates positively and strongly, with its items. The values of the correlation coefficient range between 0.514 and 0.807 and all are significant at the 5% level of significant.
• The "Customer loyalty" dimension correlates positively and strongly, with its items. The values of the correlation coefficient range between 0.658 and 0.788 and all are significant at the 5% level of significant.

7.4 Characteristics of respondents:
The following table shows the main characteristics of the sample respondents.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>214</td>
<td>55.2</td>
</tr>
<tr>
<td>Female</td>
<td>173</td>
<td>44.8</td>
</tr>
<tr>
<td>Total</td>
<td>387</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>!8-20</td>
<td>72</td>
<td>18.7</td>
</tr>
<tr>
<td>21-30</td>
<td>244</td>
<td>63.0</td>
</tr>
<tr>
<td>Above 30</td>
<td>71</td>
<td>18.3</td>
</tr>
<tr>
<td>Total</td>
<td>387</td>
<td>100</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than RS 10000</td>
<td>201</td>
<td>52.0</td>
</tr>
<tr>
<td>Above RS 30000</td>
<td>91</td>
<td>23.5</td>
</tr>
<tr>
<td>Total</td>
<td>387</td>
<td>100</td>
</tr>
</tbody>
</table>

It can be concluded from the table above that:
• The sample consisted of 387 respondents; of whom 214 are male (55.2%) and 173 are females (44.8%).
• regarding age group; more than half of the total sample unites (63.0%) were between 21-30 years of age, while (18.7%) of the respondents were aged between 18-20 years of age and (18.3%) were above 30 years of age.
• In terms of monthly income, (52.0%) of the respondents were reported to receive a monthly income that was less than 10000 Rupees, while (23.5%) of the respondents received a monthly income ranging between 10000-30000 Rupees. The remaining (24.5%) received a monthly income that exceeded 30000 Rupees.

VII. Hypotheses Testing
Testing the first hypothesis:
H1: There is a significance relationship between overall customer satisfaction and customer loyalty.
To test this hypothesis, simple regression and correlation analysis were used. The dependent variable was customer loyalty, and the independent variable was customer satisfaction. The results of the analysis are shown in table (5).

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>B</th>
<th>T-Test</th>
<th>F-Test</th>
<th>R</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Value</td>
<td>Sig.</td>
<td>Value</td>
<td>Sig.</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.557</td>
<td>12.902</td>
<td>0.000</td>
<td>165.906</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The results of the T-Test showed that customer satisfaction significantly affects customer loyalty. It is positively related to customer loyalty (T= 12.9, Sig. < 0.001).

Thus, the first hypothesis is accepted.
This means that satisfaction is positively related to loyalty and there is a direct relationship between the numbers above although only 30% of the change in customer loyalty can be attributed to satisfaction. This shows to some extent that satisfaction is the most reliable predictor of loyalty.

Testing the second hypothesis:
H2: There is a significance relationship between emotional brand image (in terms of perceived emotional value) and customer loyalty.
To test this hypothesis, simple regression and correlation analysis were used. The dependent variable was customer loyalty, and the independent variable was emotional brand image. The results of the analysis are shown in table (6).

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>B</th>
<th>T-Test Value</th>
<th>T-Test Sig.</th>
<th>F-Test Value</th>
<th>F-Test Sig.</th>
<th>R</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional brand image</td>
<td>0.640</td>
<td>18.001</td>
<td>0.000</td>
<td>322.003</td>
<td>0.000</td>
<td>.676</td>
<td>.457</td>
</tr>
</tbody>
</table>

Source: The researcher

It can be concluded from the above table:

**Significance of the regression model**
The results indicate that the overall regression model is highly significant (F= 322.003, Sig. < 0.001).
The value of the correlation coefficient (R) between the independent variable (emotional brand image) and the dependent variable (customer loyalty) is 0.676, indicating moderate correlation.
The value of the coefficient of determination (R-square) is 0.457, which means that emotional brand image explains 45.7% of the variance in customer loyalty.

**Significance of the independent variable**
The results of the T-Test showed that emotional brand image significantly affects customer loyalty. It is positively related to customer loyalty (T= 18.0, Sig. < 0.001).

Thus, the second hypothesis is accepted.
This means that emotional brand image is positively related to loyalty. The results indicate that there is a stronger effect on customer loyalty than does customer satisfaction because it has a relatively greater correlation coefficient with loyalty.

**Testing the third hypothesis:**
The third hypothesis were conducted to evaluate the existence of a positive moderating effect nature between customer satisfaction and customer loyalty via the influence of emotional brand image.

H3: Emotional brand image has a significance moderating effect on customer satisfaction-customer loyalty relationship.

1) Multiple regression and correlation analysis is used. The dependent variable is customer loyalty, and the independent variables are customer satisfaction and emotional brand image. The results are shown in table (7).

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>B</th>
<th>T-Test Value</th>
<th>T-Test Sig.</th>
<th>F-Test Value</th>
<th>F-Test Sig.</th>
<th>R</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional brand image</td>
<td>0.3100</td>
<td>6.998</td>
<td>0.000</td>
<td>212.001</td>
<td>0.000</td>
<td>.702</td>
<td>.511</td>
</tr>
<tr>
<td>Emotional brand image</td>
<td>0.5100</td>
<td>13.500</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The researcher

It can be concluded from the above table:

**Significance of the regression model**
The results indicate that the overall regression model is highly significant (F= 212.001, Sig. < 0.001).
The value of the correlation coefficient (R) between the independent variables (customer satisfaction and emotional brand image) and the dependent variable (customer loyalty) is 0.702, indicating a strong correlation.
The value of the coefficient of determination (R-square) is 0.511, which means that customers satisfaction and emotional brand image as independent variables explain 51.1% of the variance in customer loyalty.

**Significance of the independent variable**
The results of the T-Test showed that customer satisfaction and emotional brand image significantly affects customer loyalty. They are also positively related to customer loyalty (Sig. < 0.001).
The values declared that when the two independent variables (customers satisfaction and emotional brand image) are coupled together they have a stronger correlation to customer loyalty than when the effect of each was isolated.
2) Again multiple regression analysis is used. The independent variables (customers satisfaction and emotional brand image), and the dependent variables is customer loyalty. The results are shown in table (8)

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>B</th>
<th>T-Test Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>.3100</td>
<td>7.299</td>
<td>.000</td>
</tr>
<tr>
<td>Emotional Brand Image</td>
<td>.5100</td>
<td>12.865</td>
<td>.000</td>
</tr>
<tr>
<td>Interaction</td>
<td>.299</td>
<td>3.807</td>
<td>.001</td>
</tr>
</tbody>
</table>

Source: The researcher

From the previous table, it could be stated that customer satisfaction and emotional brand image both have significant effect on customer loyalty (Sig. < 0.05). The value of the interaction of the moderation is significant (Sig. < 0.05) which means that emotional brand image can be a moderating variable in the relationship between customer satisfaction and customer loyalty.

Thus, the third hypothesis is accepted

VIII. CONCLUSION

The presented results showed the importance of emotional brand image as a moderating variable via customer satisfaction and customer loyalty. Furthermore, the results showed that the moderating effect of emotional brand image can enhance customer loyalty to its utmost levels and strengthen customer satisfaction-loyalty relationship to ensure a long-term relationship with the customers. To sum up, to research in emotional brand image would be an effective research for business and companies on boosting loyalty levels in the Indian telecom sector.

REFERENCES

AUTHORS

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