IMPACT OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY WITH MEDIATING ROLE OF TRUST IN BRANDS

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Abstract

Purpose of the study: The current study aims to understand the need for developing customer loyalty with the influence of Satisfaction and trust in private label brands.

Methodology: Descriptive research design was used to evaluate the developed model and test the importance of Satisfaction and trust in developing customer loyalty. The influence of trust between Satisfaction and customer loyalty was tested using the Baron Method of mediation and validated using the Sobel test for mediation. The research included 92 respondents from Peshawar city using the snowball sampling method. The study used simple linear regression analysis to find the influence of variables on each other.

Main Findings: The results found that Satisfaction positively and significantly influences customer loyalty. In addition, the outcomes indicated that trust partially mediates the association between Satisfaction and trust.

Applications of the study: The managers/retailers can work on developing trust among the customers for their private label brands. The strategies can be created for the same by incorporating the output of Satisfaction to gain customers' loyalty. Trust can be an added advantage for any business, and Satisfaction is reddened to the customers through products and services.

Novelty/Originality of the study: This is the first study that has measured customer satisfaction and customer loyalty with the mediating role of trust with such rich variables in a developing economy like Pakistan.

Keywords: Private Label Brands, Satisfaction, Trust, Customers Loyalty.

INTRODUCTION

Customer loyalty for any brand can be measured through different sources like Satisfaction and trust, which can be measured directly as the impact on customer loyalty. Satisfaction is an important variable that will help in getting loyal customers (Nichay & shiplap, 2014). Loyalty to the brand will help the company hold the customers, which will be a barrier to switching behavior (Reichheld, 2019). To develop sustainable growth for any business, Satisfaction and customer loyalty plays an important role and will affect customers' loyalty (Dilek et al., 2016). Satisfaction has a robust correlation with customer loyalty in the purchase intention of the products (Khan & Ullah, 2021).

(Ullah et al., 2020) found that Satisfaction with the brand impacts customers' loyalty to products and services offered. (Kwat et al., 2019) the brand generating Satisfaction will influence loyalty to the brand. (Ismail et al., 2016) developing Satisfaction is essential for business because it is necessary to create a positive relationship between the customer and the brand to become loyal. The brand plays a role in building trust and will be a sign of quality and assurance building trust (Keller, 1993). Companies can build customer trust through strong relationships with their brands (Chaudhuri and Holbrook, 2019). Many researchers have shown that trust builds relationships and positively relates to loyalty.

LITERATURE REVIEW

Dhiranty et al (2017) conducted the research in Jakarta and Bogor by considering 2011 respondents to analyze customer Satisfaction and trust towards the online shopping customers

loyalty for Tokopedia.com. The result found that the variables were influencing Satisfaction and trust and that Satisfaction has an influence on trust. And all variables having a relationship with the loyalty are mediated by the Satisfaction and trust in one way or another.

- Sabiote et al (2016) research aimed at knowing the effect of multichannel retailers with this concept for building the relationship with customers. The effect of the same on Satisfaction and trust out of the survey conducted for 302 customers in financial firms found that Satisfaction influence the customers' relationship more in traditional channels and also the strong impact with e-channel and the influence of the trust on the relationship exist.

- Hanaysha & Abdullah (2015) researched the impact of Innovation on products and perceived quality in Malaysia's automotive industry, focusing on Satisfaction, trust, and commitment to the brand. The result of the study indicated

that he was a significant effect of Satisfaction on the trust of the brand in the selected study area.

- Gul (2014) conducted research to know the relationship between reputation, Satisfaction, trust, and loyalty in the Islamic university, Bahawalpur, towards the bank around the study area. The result of 150 samples was found a significant relationship among all the variables like reputation, Satisfaction, trust and loyalty were influencing each other.

- Adji et al (2014) the research was conducted to know the growth of coffee shops in Indonesia and its survival with particular reference to Starbucks in the United States. I maintain Satisfaction and trust among the coffee customers in the study area. The research was done to know the impact of the Satisfaction and trust on the purchase intention, which is out of the customer's loyalty. The result of the study found that Satisfaction and trust significantly impact purchase intention, which is one of the outputs of customer loyalty to the brands.

- Pezhman et al (2013) investigated the relationship between ethical sales practice, Satisfaction, trust, and customer loyalty in an Iran insurance company. The result showed that there was an influence of the variable as sales ethical practice and on customer loyalty but it is mediated by the Satisfaction and trust. This is the sign of a variable like Satisfaction, and trust also plays a role in developing loyalty.

- Sahin et al (2011) the research conducted on understanding the relationship between brand experience, Satisfaction, trust and the customers loyalty in automobile sector by considering around 258 respondents in Istanbul. Random sampling was considered, and the result found that he there was a relationship and the variables considered for the study were having influence on each other i.e. the variable used in the study, like brand experience, Satisfaction, trust and customers loyalty.

- Suki (2019) the study was conducted to know the influence of the trust and Satisfaction among the m-commerce vendors in Lubuna, Malaysia. The result found that to generate trust in vendors of m-commerce there is the necessity of creating Satisfaction that is the Satisfaction will be influencing the trust among the vendor's i.e. the value of trust in generated by the influence of Satisfaction in m-commerce.

- Martin et al (2018) the study aimed at understanding the importance of customer's involvement in online shopping at the time of explaining the web site effect on the Satisfaction and trust. The result of the study concluded that there is the relationship between the Satisfaction and trust and both of them have a positive relationship were the Satisfaction will be influencing the trust positively. By this the evidence of trust generated which is evolved by developing Satisfaction towards online shopping and satisfied customers will have a trust in the online sites.

- Omer et al (2017) the study conducted on card holders in Malaysia towards customers retail loyalty programs. This was analyzed in terms of perceived quality, satisfaction, trust and store loyalty programs by considering 400 samples. The result found that Satisfaction and trust has been influence by the perceived quality and value. And the program trust has a positive influence of the loyalty towards the store.

- Akbar & Parvez (2019) the study conducted on the private telecom service companies providers in Bangladesh with samples of 304 in selected study area. The aim of the study was to know the effect of perceived service quality, trust and Satisfaction on customer's loyalty towards telecom services. The result found that the Satisfaction and the trust are positively correlated to the customer's loyalty and the Satisfaction play major role in developing the relationship between he perceived quality and the customer's loyalty.

- Payan & McFarland (2015) studied the influence of the channel strategies in building the relationship with customers by using the Satisfaction and trust. The research also aimed at finding mediation of Satisfaction and trust between the variables selected for the study. The result showed that trust mediates between the strategies and the Satisfaction along with the high positive impact of trust in t h e relationship.

The companies will be more benefited by loyal customers who are willing to by the products and services frequently from the same company and also will be wishing to spend more on the company's products and services associated with it.

The above literature review found that very little research has been done on private label brands/stores' own brands. The research geographical is as customers' loyalty has been ill-defined based on Satisfaction and trust for private label brands. The below word counts are based on research articles selected for the study i.e. a sentiment analysis showing the absence of the private label brands used much in the research article selected for the study.

Objectives

1. To analyze the relationship between Satisfaction and customer's loyalty in private label brands.

2. To analyze the relationship between Satisfaction and customer's trust in private label brands.

3. To examine mediating effect of trust on the relationship between Satisfaction and customer's loyalty.

Hypotheses

Ho1: There is no association between customer's Satisfaction and customer's loyalty.

Ha1: There is a positive association between customer's Satisfaction and customer's loyalty.

Ho2: There is no association between customer's Satisfaction and customer's trust.

Ha2: There is a positive association between customer's Satisfaction and customer's trust

Ho3: There is no mediating effect of trust in the association between customer's Satisfaction and

customer's loyalty

Ha3: Trust mediates the association between customer's Satisfaction and customer's loyalty
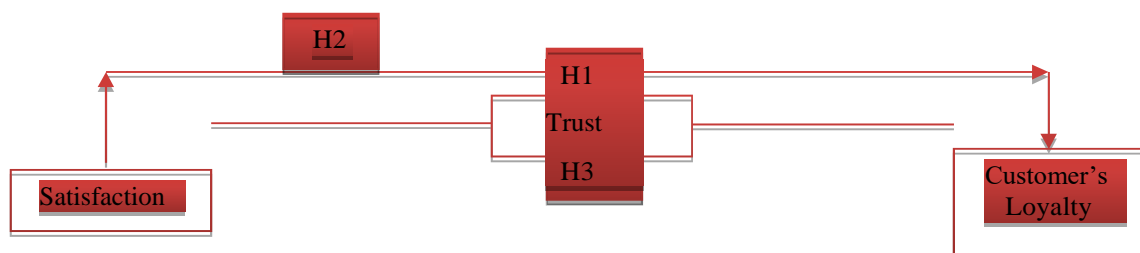
Figuer 1: Research Frame

RESEARCH METHODOLOGY

On the basis of the study requirement, the descriptive research design was adopted. The aim was to understand the relationship between Satisfaction, trust, and customer loyalty for private label brands in Peshawar city of KP province.

Primary data was collected through a structured questionnaire from 100 respondents, out of which 08 were rejected due to an incomplete questionnaire, and snowball sampling was used due to the Covid-19 pandemic situation. Secondary data was elicited from different websites and journals for the study. The questionnaire was extracted from research articles selected for the review of the literature. The modified and suitable items for Satisfaction were selected from Castaldo et al. (2016), items for trust from Baser et al. (1992), and items for customer loyalty from Sirdeshmukh et al. (2002).

The data were analyzed by use of SPSS 20 statistical software. The Cronbach alpha reliability test was conducted to test reliability. The analysis evaluated the relationship between Satisfaction as the independent variable and customer loyalty as the dependent variable, mediating the effect of trust between Satisfaction and customer's loyalty for this simple linear regression method. Baron and Kenny's (1986) method of mediation was used to test the model (Samaan & Abdullah, 2016; Shaikh et al., 2021; Ullah, 2020).

RESULT AND DISCUSSION

Reliability Test: To arrive at elicited data Cronbach's alpha reliability test was applied to check the reliability of all the items in the questionnaire. The internal consistency of items for any variable is excepted if it is above 0.70 Cronbach's alpha is good.

Table 1: Reliability Test

Variable	Items	Cronbach's alpha
Satisfaction	3	0.791
Trust	3	0.767
Customers Loyalty	4	0.760

To know the adequacy of the sample Kaiser Meyer Olkin (1997) is used, and the value which falls between

0.8 to 0.9 can be considered great, and the value above showed 0.867, which is acceptable. Bartlett's test for Sphericity (1954) for knowing the multivariate normality of the set of distribution showed significance below 0.05 and can be considered for further study analysis.

ANALYSIS & DISCUSSION

The relationship and influence of Satisfaction as an independent variable on customer loyalty as a dependent variable was tested using the linear regression method. The value of Beta for Satisfaction as an independent variable is 0.612 and was significant at a 0.05% significance level. The model summary adjusted R square value for Satisfaction as an independent variable was found 0.377, indicating Satisfaction in having 37.7% variation in the dependent variable customer's loyalty.

To test the goodness of fit for the model ANOVA test is used and the value of F for Satisfaction was found to be 54.506 and was significant. This shows that Satisfaction significantly contributes to customer loyalty.

Table 2: Impact of Satisfaction on Customer Loyalty

Model		B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1.271	.312		4.074	.000
	ST	.612	.083	.614	7.383	.000

a. Dependent Variable: CL

b. R Square: 0.377

c. F: 54.506

Table 3: Impact of Satisfaction on Customer's Trust

Model		B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1.439	.334		4.307	.000
	ST	.622	.089	.594	7.007	.000

a. Dependent Variable: TR

b. R Square: 35.3%

c. F: 49.096

The relationship and influence of Satisfaction as an independent variable on customer's trust as a dependent variable was tested by use of liner regression method. The value of Beta for Satisfaction as an independent variable is 0.622and was significant at 0.05% level of significance. The model summery adjusted R square value for Satisfaction as an independent variable found 0.353, indicating Satisfaction in having 35.3% variation in the dependent variable customer's trust. To test the goodness of fit for the model ANOVA test is used and the value of F for Satisfaction found to be 49.096 and was significant. This shows that Satisfaction significantly contributes to customer's trust.

Table 4: Mediation Analysis

Model		B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.658	.307		2.145	.035
	ST	.347	.092	.348	3.762	.000
	TR	.426	.088	.448	4.840	.000

a. Dependent Variable: CL

b. R Square: 50.7%

c. F: 45.757

The Beta value for independent variable Satisfaction was found to be 0.347, which was tested through t-value and found to be 3.762 which is significant at 0.00% level of significance and the Beta value for independent trust was found to be 0.426, which was tested through t-value which was found to be 4.840 which is significant at 0.000% level of significance. This shows that both Satisfaction and trust significantly contribute to customers loyalty but Satisfaction is still significant after introduction of trust so then there exist partial mediation as per the procedure adopted for Baron and Kenny (1986).

Input:		Test statistic:	Std. Error:	p-value:
a	.622	Sobel test: 3.97948227	0.06658454	0.00006907
b	.426	Aroian test: 3.95223538	0.06704358	0.00007742
s_a	.089	Goodman test: 4.00730056	0.06612232	0.00006142
s_b	.088	Reset all	Calculate	

Figure 2: Sobel Test

The total effect of the Satisfaction on customer's loyalty with the Beta value was 0.614 and was significant at 0.05% level of significance and the same relationship of Satisfaction was test with the mediating variable trust in the form of indirect effect of Satisfaction over customer's loyalty the Beta value was 0.348 which was reduced. This reduction in the beta value indicates there is a mediation of trust between the relationship of Satisfaction and customer's loyalty towards private label brands in Peshawar city. To validate the mediation of trust between satisfaction and customer's loyalty Sobel test (1982) for mediation was used using web calculator show in bellow table. Per the Sobel test calculator, the test statistics 3.97948227 found to be significant at 0.05% significance. This validates the mediation effect of trust between Satisfaction and customer loyalty.

The hypotheses tested were accepted for the research framework selected for the study. The alternative hypotheses Ha1 and Ha2 i.e., the influence of Satisfaction and trust on customers loyalty is significant, and Ha3 i.e. the mediation of the trust in developing of influencing the relationship of Satisfaction and customer loyalty found to be accepted (Adji et al., 2014; Dhiranty et al., 2017; Pezhman et al., 2013; Ullah et al., 2021). The influence of trust is partial, and the influence of Satisfaction on customer loyalty is still stronger after the introduction of trust in the relationships. This means trust can be an added advantage to the retailers in private label brands if it is added to the customer's confidence in the brands and the stores Payan & McFarland (2005).

CONCLUSION

To conclude, the study results showed a relationship between variables like Satisfaction, trust and customer loyalty for private label brands in Peshawar city of KP province. Satisfaction directly influences the customer's loyalty to private label brands of retailers in Peshawar city. Due to partial mediation of trust between customer's Satisfaction and loyalty, the retailers and the concerned marketing professional need to work on building the same and along with building Satisfaction for the customers towards private label brands. The strategies for building trust can lead to added advantage for the retailers and to compete with the national brands in market. The successfully executed strategies for developing loyalty among the customers by the use of satisfaction and trust concepts will give a competitive advantage to retailers for their private label bands.

MANAGERIAL IMPLICATIONS

The managers/retailers can work on developing trust among the customers for their private label brands. The strategies can be developed for the same by incorporating the output of Satisfaction in gaining customer loyalty. The trust can be an added advantage for any business along with the Satisfaction reddened to the customers through products and services.

FUTURE LINE OF WORK

The research can be added by testing the trust with the customer's loyalty. The present research also indicates the relationship that may exist between Satisfaction and trust by influencing each others. The same study can be used to test for other products and services in different categories and study areas.

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