The relationship between Brand Trust, Perceived Value, Perceived Quality, Brand Reputation, Satisfaction and Brand Loyalty: The Case of Yili Brand in Nanning City, China

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Abstract

The objective of this research is to study the relationship between brand trust, perceived value, perceived quality, brand reputation, satisfaction and brand loyalty towards the Yili brand in Nanning city. The research also investigated the factors of advertising attitudes and distribution intensity and their effects on perceived quality. This research will help to expound the problem of how to create and improve Yili’s brand loyalty in order to keep its position in the dairy market and compete with others competitors. The research survey was methodologically conducted by distributing 390 questionnaires in six districts in Nanning City, China. From the study result, all null hypotheses were rejected. It indicated that all elements had a positive relationship with each other. Moreover, the most impact factor for brand loyalty is the trust factor and distribution intensity has the least impact on perceived quality.

Keywords: Brand loyalty, Yili, Nanning

1. Introduction

Brand loyalty is a strong commitment to repeat purchase a preferred brand consistently in the future, despite situational influences and marketing efforts which may lead to a change in behavior. In general, loyalty occurs when customers want to buy a product or service many times, and customers also hold appropriate and positive attitudes to those goods and services. (Oliver 1999). This study is about the relationship between brand trust, perceived value, perceived quality, brand reputation, satisfaction and brand loyalty towards the Yili brand in Nanning city. In China, nearly 80 percent of dairy products are purchased via retail channels, including supermarkets and hypermarkets which are the major outlet for all varieties of dairy
products. Inner Mongolia Yili Industrial Group Co., Ltd. (1993) is the largest dairy products manufacturer with the broadest product line in China. The Yili Group is made up of five business units: liquid milk, milk powder, ice cream, pure milk and yogurt. It has more than 130 branches and subsidiaries nationwide. So this study will help to expound the problem of how to create and improve Yili’s brand loyalty in order to keep its position in the dairy market and compete with others competitors.

2. Literature Review

Brand Loyalty

Aaker (1991) defined brand loyalty as what a customer has to a brand as the attachment. It is a situation which reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. Keller (2003) depicted brand loyalty as brand resonance, the extent to which customers feel they are “in sync” with the brand. Brand loyalty also means the nature of the relationship between the customer and brand. High customer loyalty will interact actively with the brand and show more willingness to share their experience with others.

Advertising Attitudes

MacKenzie and Lutz (1989) stated that in general, advertising attitude can be defined as a learned trend to respond in a consistently favorable manner toward advertising. Advertising is believed to be an effective tool to promote brands. Through advertising, consumers have a chance to find the presence of a brand and its associations. Positive attitudes of brand to the consumers toward advertising programs will stimulate consumers to recognize the distinctiveness of the brand when compared to competing brands. In addition, when consumers like the brand’s advertising programs, they tend to search for more information about the brand. Such activities will improve customers’ attitudes and perceptions about the brand, and also help consumers to perceive the quality of the brand (Mehta, 2000; Villarejo-Ramos and Sanchez-Franco, 2005; Yoo et al., 2000).

Distribution Intensity

Distribution intensity refers to a manufacturer’s use of the number of intermediaries within its trade areas (Frazier and Lassar, 1996). It can be argued that the more intensive the distribution of a brand is the greater the opportunity for consumers to become aware of the
brand and to purchase it. Also, the convenience of being able to find the brand when and where consumers want it lead to satisfaction and thus the brand’s value enhanced (Yoo et al., 2000). Bucklin et al. (2008) state that intensive distribution can reduce the time in which customers spend looking for shops and traveling to and from the stores, provide convenience in purchasing, and make it easier to get services related to the product. When distribution intensity increases, consumers have more time and place utility and perceive more value in the product. The increased value results mostly from the reduction of the losses the consumer must make to obtain the product.

**Brand Trust**

Chaudhuri and Holbrook (2001) define brand trust as the fulfillment of the wishes of the common consumer by the brand through the ability of its declared function. Lau and Lee (1999) defined brand trust as the extent that the consumers rely on the brand, as they expect the brand will bring positive outcomes. These definitions reflect two different dimensions. First, brand reliability which means that consumers not only believe this brand can fulfill the value it has declared, but also it can satisfy individual needs in a continually positive way, and bring positive results to the consumers. Therefore, this dimension means a pledge to the brand performance. Second, brand benevolence shows the degree that the brand maintains the benefits of its consumers. We define brand trust as the customers’ trust in a certain brand and implement the agreed functions and maintain the benefits of consumers under the risk situation, including customer trust to the brand ability and brand benevolence, so that it helps consumers reduce the perception risk. Therefore, the faith of customers in brand ability and benevolence are both important factors when considering brand trust.

**Perceived Value**

Zeithmal (1988) defined perceived value as the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given. In the definition, value stands for an overall assessment of the tradeoff between what is given and what is received. Such definitions include only the utilitarian side of value. Researchers have suggested that perceived value could be objectified as a multi-dimensional construct (Babin et al., 1994; Gronroos, 1997; Sweeney and Soutar, 2001). Perceived Value is conceptualized to include both the functional benefits of performance and non-functional benefits of

Perceived Quality

Perceived quality is defined as a customer's perception of the overall quality or advantage of a product or service with respect to its intended purpose, relative to alternatives (Zeithaml, 1988). As this definition presents, perceived quality is not necessarily related to the real quality of the product but, instead, refers to a customer’s perception of quality based on his or her experience with the product or its comparison with other competing products. However, it is necessary to indicate that the perception of quality is not only based on one's experience but also the perception of some heuristics, such as price or some of the product's physical attributes (Rafael et al., 2007).

Perceived quality is a customer’s subjective judgment of the results of a product. (Zeithaml, 1988; Dodds et al., 1991; Aaker, 1991). Bhuian (1997) defined perceived quality as an evaluation of the added value of a product or a judgment on the consistency of product specification. Garvin (1983) proposes that perceived quality is defined on the basis of users' recognition, while objective quality is defined as the basis of product or manufacturing orientation.

Brand Reputation

Reputation has been defined as the public information credibility of an actor so far. It is a pointer that indicates the experiences of third parties with a potential exchange partner (Picot et al., 2001). Granovetter (1985) emphasizes the social aspect of this concept by purporting that reputations emerge as a result of social network effects, when information on an actor’s behavior in one relation passes to others through an information network. In the marketing oriented literature the reputation of a firm has been regarded as the aggregated evaluation of all image respects about a company (Dowling, 1994) or a company’s ability which is perceived to meet the expectations of all its stakeholders (Fombrun, 1996). It is seen as an aggregate composite of all previous transactions over the life of an actor and demands
consistency of an actor’s behavior over a long-drawn time (Herbig and Milewicz, 1997).

Satisfaction

Satisfaction is a response that occurs when consumers experience an enjoyable level of consumption-related implementation when evaluating a product or service (Oliver, 1997). Mittal and Kamakura (2001) argue that repurchase behavior should be connected to satisfaction, because the cost of retaining and maintaining an existing customer is below the cost to get a new one. Satisfaction has been defined as the perceived match or mismatch between, on the one hand, transaction experience or prior expectations of performance and perceptions of the value of an exchange, and on the other hand, the evaluation of the performance and value of post-consumer (McGuire, 1999; Oliver, 1997; Tse, 2001). Bolton and Drew (1991) treated attitudes as a conclusion of satisfaction. It is also possible that an attitude can develop on the basis of indirect experiences, such as through corporate image and advertising (Oliver, 1997).

3. Conceptual Framework and Research Hypotheses

Figure 1: Modified Conceptual framework

This research aims to study how to create and improve Yili’s brand loyalty. The totals of seven hypotheses were made. They can be grouped as follows:

Group 1: H1o: There is no relationship between advertising attitudes and perceived quality
H1a: There is a relationship between advertising attitudes and perceived quality
H2o: There is no relationship between distribution intensity and perceived quality

Source: created by the author for this study
H2a: There is a relationship between distribution intensity and perceived quality

Group 2:

H3o: There is no relationship between brand trust and brand loyalty
H3a: There is a relationship between brand trust and brand loyalty

H4o: There is no relationship between perceived value and brand loyalty
H4a: There is a relationship between perceived value and brand loyalty

H5o: There is no relationship between perceived quality and brand loyalty
H5a: There is a relationship between perceived quality and brand loyalty

H6o: There is no relationship between brand reputation and brand loyalty
H6a: There is a relationship between brand reputation and brand loyalty

H7o: There is no relationship between satisfaction and brand loyalty
H7a: There is a relationship between satisfaction and brand loyalty

4. Methodology

This study uses descriptive research, as its aim is to identify the attitudes that Nanning residents towards Yili. Descriptive research is research that helps to identify the characteristics of consumers, a phenomenon, or a population. This research tries to determine the answer to the questions who, when, what, where and how (Zikmund, 2003). The instrument that this survey uses to communicate with respondents is non-interactive through the use of self-administered questionnaires, which are filled in by the respondents rather than by the interviewer (Zikmund, 2003). The target population would mostly be respondents who have prior experience of at least two purchases of Yili products in Nanning city.

Two steps were used to collect the data. First, Quota sampling is used to ensure that the various subgroups which are represented in a population of relevant sample characteristics fits with the exact extent that the researcher needs (Zikmund, 2004). In this study, the sample was collected from the population who had prior experience with Yili’s products in Nanning city. The 390 questionnaires were distributed to available and willing respondents. There are six districts in Nanning, so the questionnaires were distributed in these six districts, they are Qingxiu district, Xingning district, Jiangnan district, Liangqing district, Yongning district and
Xixiangtang district. And each district accounted for around 65 respondents. Second, Convenience sampling is the procedure used to make those units or people most conveniently available, and which is also the method to obtain completed questionnaires quickly and economically (Zikmund, 2003). Thus, the convenience sampling method chooses respondents who are in the target population and are most conveniently available to complete the questionnaire. The researcher collected data from convenient locations around each district to satisfy the required sampling size. For convenience sampling, the questionnaires were distributed to customers after they bought Yili products in the hypermarket, because hypermarkets and supermarkets are major outlets for all varieties of dairy products in China.

The questionnaire was set up from various empirical previous researches. The researcher has separated the questionnaire into three parts. Part 1 is a screening question designed to get the correct respondents. There are three questions for this part in this part. These questions can be answered with a “Yes” or “No”. If the answer is “yes” for all the questions in this part, the customer can continue to answer the other questions. This is because the respondent needs to live in Nanning city and have had experience and purchasing power in terms of Yili products. Therefore, the researcher included a screening question to identify the correct target respondents who have experienced the products of Yili more than once time and continue to consume their products.

Part 2 is about the factors affecting brand loyalty. This part includes eight sections, consisting of 31 questions for each variable, which all used the interval scale and the five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree.

Part 3 is personal information. Close-ended questions are used in this part, and there are five questions which asking respondents about their gender, age, marital status, current income and highest level of education.

5. Results and Conclusion
As shown in Table 1, the majority of the respondents were female, married, aged between 31-55 years old, had an income of between 1,001 to 3,000 and had college or bachelor degree.

The researcher set seven hypotheses to test the relationships and discovered that all the factors have positive relationship with brand loyalty. The demographic factors included gender, age, marital status, current income and the highest level of education of the 390 respondents. The results of the hypothesis testing showed that all the seven null hypotheses were rejected which means there is a positive significant relationship between the dependent variable and the independent variables.

References


