Factors Influencing Customer Satisfaction and Loyalty to Internationally Branded Clothes

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ABSTRACT
Satisfaction is important as the principle purpose of a business is to create satisfied customers that will consequently lead to higher profitability in the future. Therefore, it is crucial for marketers to focus on creating and retaining customer loyalty in a business. Besides, customer satisfaction and loyalty are being highlighted due to growing interests and practices in customer relationship management. Thus, this study seeks to examine the factors affecting customer satisfaction with regard to the purchase of imported apparel, and to determine the relationship between customer satisfaction and customer loyalty. A questionnaire was constructed and data were collected from 100 buyers of imported apparel in Malaysia. Results indicated that customer satisfaction is positively affected by brand credibility, perceived quality, and perceived value. This finding implies that a higher customer satisfaction leads to higher levels of customer retention and loyalty towards a specific brand. In conclusion, understanding such factors will help marketers of internationally branded apparel to operate their businesses effectively.

Keywords: Brand credibility, customer loyalty, customer satisfaction, perceived quality, perceived value

INTRODUCTION
In today’s increasingly intense competitive environment, we notice that the features, quality and appearance of products have become increasingly similar, with lesser differentiation between them. According to Bowen and Chen (2001), this causes customers to exhibit indecisiveness and non-loyal purchasing behaviour. In other words, customers might face some difficulties in determining which brand of a similar product to purchase. Therefore, companies are becoming increasingly aware of the importance of customer satisfaction since it is the key to customer loyalty (Bowen &
Chen, 2001). As a consequence, firms are constantly seeking ways to understand their customers' changing preferences.

With so many players in the apparel business field today, manufacturers in the clothing industry have to understand their respective customers' evaluation towards their products in order to create and retain their loyalty. Brand loyalty is believed to have a direct influence on corporate profitability and marketing efficiency (Ndubisi et al., 2006). This is because strong brand loyalty leads to improvements in winning over and retaining customers, which helps to increase profit margins and market share. Reichheld and Teal (2001) found that a 5% increase in customer loyalty might increase a company's profitability by 40% to 95%, and a 1% increase in customer loyalty would result in a 10% cost reduction.

Consumers usually have different evaluations on imported goods, just as they do on similar domestic products. In less developed countries, consumers may prefer to own imported brands as compared to domestic brands (Li et al., 1997; Marcoux et al., 1997; Agbonifoh & Elimimian, 1999; Wang et al., 2000). Fashionable clothing is a product that is particularly conspicuous and status revealing. According to Kim, Knight and Pelton (2009), multinational apparel companies are expanding their businesses by bringing their selection of brands and products into the Malaysian market, and are implementing their marketing strategies to attract consumers. This is because they know it has the potential to increase the volume of sales for their products (Wong & Sidek, 2008).

As clothing has become internationalized, customers are progressively getting more in touch with imported products (Kwambata & Rabolt, 1999). Consumers always tend to give more favourable evaluations on imported apparel because they seem to provide value by improving consumers' confidence towards making purchasing decisions. Apart from that reason, brands also help create an individual shopper's identity, build customer loyalty and strengthen underlying values and quality (Matlack et al., 2004; Carpenter & Fairhurst, 2005; Grant & Stephen, 2005).

Studies have suggested that companies focus on firm-customer relationships to gain privileged information about customers’ needs and thereby provide customers with better service than their competitors (Ndubisi, 2006). The growing interest and practices in customer relationship management (CRM) in recent years clearly reflect the importance of customer satisfaction and customer loyalty in marketing. In addition, relationship marketing also aims to increase market share and profitability, and reduce costs. The cost of serving one loyal customer is five to six times lesser than the cost of attracting and serving one new customer. Although there is a long list of benefits associated with relationship marketing, little is understood from the empirical viewpoint about the influences (direct and indirect) of the dimensions of relationship marketing on customer satisfaction and customer loyalty as much of the literature in this area has remained conceptual (Malhotra, 2001; Malhotra & Agarwal, 2002).
There have been few, if any, studies done locally, specifically in the Malaysian context. This is because most research on customer relationship marketing to date focuses on the Western perspective to explain changes in customer satisfaction and loyalty towards branded goods (Ndubisi et al., 2006). The growing importance of the Malaysian market to the global economy means that a study of the Malaysian market is necessary. This will enable industries to find ways and means of assisting marketing practitioners in designing effective customer management strategies. In addition, it will also aid in achieving high levels of customer satisfaction and customer loyalty towards internationally branded clothes.

Therefore, the purposes of this study are to examine the factors affecting customer satisfaction with regard to imported apparel, and to determine the relationship between customer satisfaction and customer loyalty.

**RESEARCH HYPOTHESIS**

Brand credibility plays a key role in a customer’s perceptions of the retailing environment, particularly in the context of pricing tactics, advertising, salesperson interactions and online catalogues (O’Shaughnessy, 1971; Bobinski et al., 1996). Brand credibility is known to consist of two components known as trustworthiness and expertise (Yang et al., 2003). Trustworthiness refers to the belief that a firm is willing to deliver on its promises, whereas expertise relates to the belief that the firm is capable of delivering on its promises. Thus, brands are credible (believable and trustworthy) signals and they motivate firms to be truthful about their products/services and to deliver on claims made about them (Hennig-Thurau et al., 2002; Harris & Goode, 2004). Similarly, firms that are able to demonstrate knowledge and competence may increase customer satisfaction (Franco, 1990; Wray et al., 1994). Therefore, it is hypothesised that:

*Hypothesis 1:*

*Brand credibility will positively affect customer satisfaction.*

The quality of a product plays a crucial role in consumers’ preferences, their satisfaction and purchase/repurchase decision (Raju et al., 1990; Parasuraman et al., 1996). According to Moon, Park and Choi (2010), perceived quality is the consumer’s perception of the overall degree of excellence of a specific brand. In other words, it does not refer to the real quality of the product, but to the consumer’s perception of the overall quality or superiority of the brand with respect to its intended purpose. Satisfaction and perceived quality are believed to be highly correlated (Olsen, 2002). Sivadass and Baker-Prewitt (2000) found a positive relationship between service quality and satisfaction. This is also consistent with some previous research which views quality of service as an antecedent to customer satisfaction (Anderson et al., 1994; Bitner et al., 1994). A higher level of customer satisfaction results from a higher level of quality (Cronin et al., 2000; Brady & Robertson, 2001). In other words, the perceived quality of service...
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will influence customer satisfaction, which will in turn lead to brand loyalty. Therefore, it is hypothesised that:

**Hypothesis 2:**
Perceived quality will positively affect overall customer satisfaction.

Zeithaml (1988) suggested that customers who perceived that they had received ‘value for money’ were more satisfied than those who did not. According to Sweeney and Soutar (2001), perceived value is different from customer satisfaction, but is related to it. Besides that, a customer’s perception of value received will result in customer satisfaction (Hallowell, 1996). The research findings by McDougall and Levesque (2000) and Fornell et al. (1996) indicated that perceived value contributed directly to customer satisfaction, which in turn led to future intentions. When consumers have a positive perception, it may drive them to trust the brand. Trust is the fundamental driver of loyalty because it creates an exchange that is extremely valued (Xiao & Hawley, 2009). Thus, the perceived value is shown to have a positive influence on customer satisfaction. Therefore, it is hypothesised that:

**Hypothesis 3:**
Perceived value has a positive effect on customer satisfaction.

Customer satisfaction is recognized as one of the important antecedents to loyalty. It is also believed that customer satisfaction is able to influence the repeat purchase behaviour of consumers because high customer satisfaction levels will lead to customer retention (LaBarbera & Mazursky, 1983; Reichheld & Sasser, 1990; Fornell, 1992; Day, 1994). Research conducted by Yang and Peterson (2004) indicated a positive relationship between satisfaction and loyalty. The research finding is supported by other researchers like Cronin and Taylor (1992), Homburg and Giering (2001), and Mittal et al. (1998). The research findings proposed by Choi et al. (2008) and Faullant et al. (2008) also showed that customer satisfaction would lead to customer loyalty. Therefore, it is hypothesised that:

**Hypothesis 4:**
Customer satisfaction has a positive effect on customer loyalty.

**METHODS**

In this study, a questionnaire was used to collect the required data. The questionnaire was divided into six sections: A, B, C, D, E and F. Section A consisted of 6 questions adopted from Erdem and Swait (1998), and they focused on perceived credibility. Section B consisted of 4 questions on perceived quality which were adopted from Strizhakova, Coulter and Price (2008). Section C consisted of 4 questions relating to perceived value, which were also adopted from Strizhakova, Coulter and Price (2008). Section D consisted of 3 questions adopted from Cronin, Brady and Hult (2000), which focused on customer satisfaction. Section E consisted of 3 questions focusing on
customer loyalty, and they were adopted from Lin and Wang (2006). Lastly, Section F served to gather information on the demographic background of the respondents. The questionnaire was pilot-tested before it was being distributed to 100 young adult respondents located in Kuala Lumpur. The young adults were chosen as the respondents because they were deemed to be more brand conscious and fashion conscious when purchasing fashion products (Wang et al., 2000). Due to time and financial constraints, the convenience sampling method was adopted for this study in order to obtain a large number of data from the respondents.

A descriptive analysis was used to describe the basic characteristics. The data of the sample were summarised in a straightforward and understandable manner, and then analysed based on the respondents’ demographic profiles, which included gender, ethnicity, age, and personal monthly income. In addition, Pearson’s correlation coefficient was also used to test three independent variables (brand credibility, brand perceived quality, and perceived value) that influenced dependent variable (customer satisfaction). Finally, a multiple regression analysis was used because it allows the researchers to determine the variables that best predicted the overall results obtained from the respondents.

RESULTS AND DISCUSSION

Respondents’ Demographic Profiles

The demographic profiles of the respondents are shown in Table 1. In this study, the demographic profiles of the respondents are described in terms of gender, ethnicity, age, and personal monthly income.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Values</th>
<th>No. of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Malay</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Chinese</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Age</td>
<td>Below 20</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>21 - 25</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>26 - 30</td>
<td>18</td>
<td>18</td>
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<tr>
<td></td>
<td>31 - 35</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>36 - 40</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Income</td>
<td>Less than RM2000</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>RM2001 - RM4000</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Above RM4000</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Parental contribution /</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Scholarship / Study loan</td>
<td></td>
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</table>
Reliability Test

Cronbach’s Alpha is commonly used to measure the reliability and the internal consistency of results. Nunnally and Bernstein (1994) suggest that a cut-off Cronbach’s Alpha value of 0.70 as acceptable reliability coefficient. The closer the Cronbach’s Alpha (α) coefficient is to the value of 1, the higher the internal consistency is. This implies that there are high inter-correlations among the items in the specific variable. The results of the reliability test of this study are tabulated in Table 2. As can be noted from Table 2, the Cronbach’s Alpha values range from 0.71 to 0.94, indicating that the scales used in this study are reliable.

Pearson’s Correlation Analysis

Table 3 shows the relationship between the independent variables (brand credibility, perceived quality, and perceived value) and the dependent variable (customer satisfaction). The Pearson’s correlation test, which was used in the study, revealed significant and positive relationships between all the independent factors and customer satisfaction towards internationally branded clothes. These are proven by all the three positive correlation coefficient values and the significant values of 0.000.

As shown in Table 3, the highest level of correlation coefficient is 0.590. The results imply a significant and strongly positive correlated relationship with a magnitude of 59.0% between brand credibility and customer satisfaction at the significance level (p<0.05). This implies that consumers of imported apparel favour brand credibility when they have a positive trust in the brand. Thus, they will gain satisfaction from their purchases if they trust the particular brand.

<table>
<thead>
<tr>
<th>TABLE 2</th>
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<tbody>
<tr>
<td><strong>Results of Reliability Analysis</strong></td>
</tr>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>Brand Credibility</td>
</tr>
<tr>
<td>Perceived Quality</td>
</tr>
<tr>
<td>Perceived Value</td>
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<tr>
<td>Customer Satisfaction</td>
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<td>Customer Loyalty</td>
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<table>
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<tr>
<th>TABLE 3</th>
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<tbody>
<tr>
<td><strong>Pearson’s Correlation Analysis</strong></td>
</tr>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>Brand Credibility</td>
</tr>
<tr>
<td>Perceived Quality</td>
</tr>
<tr>
<td>Perceived Value</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
</tr>
</tbody>
</table>

**.Correlation is significant at the 0.01 level (1-tailed).
In addition, perceived quality was found to have a strong, positive and significant relationship with customer satisfaction. The correlation coefficient between these two variables is considered as strong \( r = 0.500 \) based on Cohen’s (1988) guidelines. When customers perceive an imported apparel brand to have good quality, they are likely to become more satisfied with their purchases.

Based on the findings, there was a significant and positive relationship between the customers’ perceived value and their satisfaction towards imported clothing. This is supported by the coefficient correlation value of 0.494, with a magnitude of 49.4%. This value also signifies a medium relationship between the two variables. A good perception of the value of a certain brand can lead to a better customer satisfaction on the internationally branded apparel, and vice versa.

The research findings have shown the coefficient correlation of 0.787 with a significant value of 0.000, implying a significant and strong correlated relationship between customer satisfaction and customer loyalty. This suggests that as long as the respondents are satisfied with a specific imported apparel brand, they will likely remain loyal to that brand. The findings also indicated that the respondents would have the intention to repurchase even though the item was highly priced. This factor is considered to be very important for Malaysians to be loyal to a brand, and the imported brand apparel company will lose its customers if it cannot make them feel satisfied with its product offering. As a consequence, the customers may switch to another brand as a substitute.

**Regression Analysis**

In this study, the multiple regression analysis technique was used to measure and predict the most important independent variables, and the factors that are least important to the dependent variable. Generally, a multiple regression analysis was used to test hypotheses H1, H2, and H3, as the three independent variables (brand credibility, perceived quality, and perceived value), that might affect customer satisfaction. The multiple regression equation for customer loyalty is as follows:

\[
Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + \ldots + b_n X_n + e
\]

Where:
- \( Y \) = dependent variable
- \( a \) = Y intercept of the regression model
- \( b \) = slope of the regression model
- \( X \) = independent variables
- \( e \) = error

In this study, a simple regression analysis was used to test the hypothesis, H4, as it was a one-to-one relationship which could help to explain the relationship between customer satisfaction and customer loyalty towards purchasing internationally branded apparel.

Table 4 shows the results obtained from the multiple regression analysis. \( R^2 \) square is the proportion of variation (%) in the dependent variable explained by the independent variable. The Beta coefficient...
indicates the strength of the independent variable associated with the dependent variable. From Table 4, the R square value is 0.435. Thus, the researcher concluded that 43.5% of customer satisfaction on the purchase of imported apparel were explained by the brand credibility, perceived quality, and perceived value with regard to the brand. From these results, it can be concluded that all the three independent variables were positive and significant (p < 0.05) with an F value of 24.591.

Hypothesis 1 indicates that brand credibility will positively affect customer satisfaction. According to Hennig-Thurau et al. (2002) and Harris and Goode (2004), customer satisfaction is affected by the level of trust that the customers have towards the service. Hence, this may indicate that expertise is a way to gain customer satisfaction in the business environment. The results presented in Table 4 indicate a significant relationship between brand credibility and customer satisfaction (p value = 0.000, P < 0.05). It has also previously been explained in the Pearson’s correlation analysis that these two variables are positively correlated. Therefore, hypothesis 1 is supported.

Hypothesis 2 indicates that perceived quality positively affects customer satisfaction. As the p-value of the perceived quality shown in the multiple regression test is 0.039 (p < 0.05), this variable is accepted to be significant and implies that there is a significant relationship between perceived quality and customer satisfaction. This finding is consistent with the result obtained by Sivadass and Baker-Prewitt (2000) and Olsen (2002). Therefore, hypothesis 2 is supported.

Hypothesis 3 indicates that perceived value has a positive effect on customer satisfaction. According to Fornell et al. (1996), the perceived value and customer satisfaction have been proven to be positively correlated. The results from Table 4 indicate a significant relationship between perceived value and customer satisfaction. This means that perceived value has a direct impact on customer satisfaction. This finding is supported by the results of Zeithaml (1988), and McDougall and Levesque (2000). Therefore, hypothesis 3 is supported.

As for the relative importance of each significant predictor in the analysis, the standardized coefficients shown in Table 4 indicate that brand credibility is the most

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>Beta</th>
<th>t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.120</td>
<td>2.176</td>
<td>0.032</td>
<td></td>
</tr>
<tr>
<td>Brand Credibility</td>
<td>0.578</td>
<td>0.397</td>
<td>4.324</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.166</td>
<td>0.199</td>
<td>0.039</td>
<td></td>
</tr>
<tr>
<td>Perceived Value</td>
<td>0.165</td>
<td>0.204</td>
<td>0.033</td>
<td></td>
</tr>
</tbody>
</table>

F = 24.591  R = 0.659  R² = 0.435
important predictor of customer satisfaction by having the highest Beta coefficient (0.397), followed by perceived value (Beta = 0.204), and perceived quality (Beta = 0.199).

The multiple regression equation derived from the output is as follows:

\[
\text{Customer Satisfaction} = 1.120 + 0.578 \text{ (Brand Credibility)} + 0.166 \text{ (Perceived Quality)} + 0.165 \text{ (Perceived Value)}
\]

The equation reflects that for every unit increase in brand credibility, the customer satisfaction goes up by 0.578, conditional upon other variables being constant. Where there is a unit increase in perceived quality, the customer satisfaction goes up by 0.166, conditional upon other variables being constant. Similarly for every unit increase in perceived value, the customer satisfaction goes up by 0.165, conditional upon other variables being constant.

Hypothesis 4 indicates that customer satisfaction has a positive effect on customer loyalty. A simple regression test was conducted and it was found that R Square had a value of 0.619 with an F value of 159.402. This denotes that 61.9% of the respondents’ loyalty towards internationally branded clothes is measured and explained by their satisfaction with the brand. The results of the regression analysis prove that there is a significant relationship between customer satisfaction and customer loyalty. The significant p-value is 0.000 (p < 0.05). This finding is consistent with the result obtained by Faullant et al. (2008), Yang and Peterson (2004), Choi et al. (2008), and Binninger (2008). In this regard, customer satisfaction with the purchase of imported apparel has a positive effect on their loyalty to the brand. Thus, hypothesis 4 is supported.

**CONCLUSIONS**

The objectives of this study are to examine the factors affecting customer satisfaction towards internationally branded clothes, and to determine the relationship between customer satisfaction and customer loyalty. The relationship between brand credibility, perceived quality, perceived value and customer satisfaction with brand loyalty was tested and the results obtained showed that all the dimensions were proven to have a significant positive relationship with brand loyalty. Of the three, the results indicated brand credibility as the most important predictor of customer satisfaction, followed by perceived value and perceived quality.

The research findings help to better understand consumers’ perceptions towards purchasing internationally branded clothes and provide useful information to fashion industry marketers in improving their products and customer relationship management. In addition, the findings also revealed that customer satisfaction could lead to creating customer loyalty towards internationally branded clothes. The fashion industry marketers can optimize the information to find solutions to retain their existing and loyal customers.
REFERENCES


Customer Satisfaction and Loyalty of Branded Clothes


