

FACTORS INFLUENCING BRAND LOYALTY: A CASE STUDY OF BETAGRO PRODUCTS IN SAKON NAKHON PROVINCE

Juthatip Khammuang^{*}, Kullanun Sripongpun^{}
and Nattanan Saksamrit^{**}**

**Graduate Student of Kasetsart University, Thailand*

E-mail Address: juthatip.k1234@gmail.com

***Department of Business Development, Faculty of Liberal Arts and Management Science,
Kasetsart University, Thailand*

E-mail Address: Kullanun.s@ku.th, Nattanan.sak@ku.th

ABSTRACT

The objectives of this research was to study 1) the influence of customer attitude and customer perception on customer purchase decision and brand loyalty and 2) the effect of customer purchase decision on brand loyalty. A sample of 400 respondents who were a customer of Betagro shop in Sakon Nakhon Province, Thailand was selected. Descriptive statistic (frequency, percentage, mean, standard deviation) were used for analyzing data. Hypotheses testing were tested by Multiple Regression Analysis.

The study found that Firstly, customer attitude (affective component and behavioral component) significantly influenced customer purchase decision and brand loyalty. However, the study showed that cognitive component also impacted customer purchase decision, but it did not impact brand loyalty. Next, the finding revealed that customer perception completely affected customer purchase decision and brand loyalty. Lastly, customer purchase decision significantly influenced customer brand loyalty at 0.05 levels. From the results of finding, the business owners could apply it to improve and develop their businesses. Research implications and avenues for future research were offered.

Keywords - Customer Attitude, Customer Perception, Customer Purchase Intention, Brand Loyalty

INTRODUCTION

Background

Nowadays, many things have continuously changed; these include consumer behavior. It is because customers became more aware of their health, and they want to stay healthy and live longer. So, the customers started doing healthcare activities, such as weight control, working out, food selection, and food quality consideration. This behavior is believed that it follows the saying, "Health is wealth". We ourselves want to be healthy, so we need to take care of ourselves well and change some behavior to be so. Two of the behavior are (1) working out; (2) eating behavior [13].

Due to the fact that the healthcare issues became more popular, there are many products made in order to meet the customer needs by using marketing strategies. One of those important strategies is building brand loyalty which could be created by the customers' satisfactions in products. So, if the customers well perceive and have positive attitudes towards the products, they will make decisions to buy ones more easily. This could help the organization increase the product prices and the quantity [6].

Betagro Group is one of the big afro-industry and food business groups. The group mainly runs food business for local consuming and exporting. In terms of the organizational trustworthiness in standard quality and safety, the Betagro Group has been awarded many national and international prizes e.g. the Product Quality Excellence Awards and Manufacturing Excellence Awards. The group's business includes pet feed, fodder, animal health care products, and quality foods. With the various products, the group could meet the customers' different needs under the concept of "For quality of life" (Betagro). Therefore, the Betagro has invested in the Betagro shop development to sell fresh food, ready-to-cook food, and ready-to-eat food to food and restaurant entrepreneurs and general customers. On October 20, 2011, the Betagro Shop, Sakon Nakhon branch was established because the Betagro Group saw the potential growth of the province. The group expanded the business in order for spreading out the various products to the customers, the customers' convenience, meeting the needs, and enhancing the customers' satisfaction.

The present study was conducted because the researcher was interested in studying the factors that affect the brand loyalty of the Betagro Group, Sakhon Nakhon. The results could be beneficial for a business owner and

a marketing person to utilize in business development and improvement to meet the customer needs. Moreover, this could increase the product perception and acceptance.

Objective of this study

The objectives of this research was to study the influence of customer attitude and customer perception on customer purchase decision and brand loyalty and the effect of customer purchase decision on brand loyalty.

LITERATURE REVIEW

Customer Attitude

Customer attitude is defined as ones' perceptions, understanding, and feeling about something; the attitude is from their experience or environments that could affect their behavior or reaction towards something in both supporting and refusing ways [1].

Similarly, Schermerhorn[7] also notes that the attitude consists of three components as follows:

1. Cognitive component is the attitude that reflects one's knowledge, opinion, belief, and background. His belief shows his cognition of people or things and the way he overall thinks of those.

2. Affective component is the specific feeling that is concerned with a personal effect. This feeling is from a stimulus input or something that happens and affects the attitude.

3. Behavioral component is the intention to do something; it is from one's personal specific feeling or attitude.

Customer Perception

Customer perception is the process that a customer selects, organizes, and interprets stimulus inputs for creating an understandable picture [5]. In addition, Sererat [8] states that the process of the customer perception consists of the three important components that are:

1. The opening of mind for stimuli refers to the process of the perceived feeling from stimulus through five senses through one's brain.

2. The feeling process from the perception refers to the perception that happens in the mind. The detailed feeling depends on one's knowledge, experience, and feeling from the motivation, the inclination, the attitude, and the old feeling.

3. The understanding from ones' perception; it is the result of feeling process. When the understanding of what they feel happens in their mind, the feeling is perceived. So, they would know what that feeling is.

Customer Purchase Intention

Customer purchase intention refers to the way one decides to do or not to do. In other words, it can be the way that one chooses the best choice to achieve the objective [4].

Also, Kotler [3] notes that the process of decision-making consists of these five steps as follows:

1. Problem Recognition.

2. Search for Information.

When customers have any problems, they have to find solutions by searching for more information to help making a decision.

3. Evaluation of Alternative.

After customers get the information, they have to evaluate the alternative solution to find out the best one.

4. Decision Making.

To buy something, each customer usually needs different information and various periods of time in making a decision.

5. Post Purchase Behavior.

After buying things, each customer will receive different consumption experience. Some of them will be satisfy, but some of whom will not. For those who are satisfied, they will repeat orders. For those who are not, they will not buy that product again.

Brand Loyalty

Brand loyalty means customers have positive attitudes towards brands. It could be from trustworthy, cognition, and continually reordering. To build the brand loyalty is one of the important marketing strategies

that could help increase selling quantity and price and maintain customers [6].

Furthermore, Parasuraman, Zeithamt and Berry [2] notes that the evaluation of customer intention in the service business context could be applied to evaluate the customers’ brand loyalty towards business organizations. This consists of four part as follows:

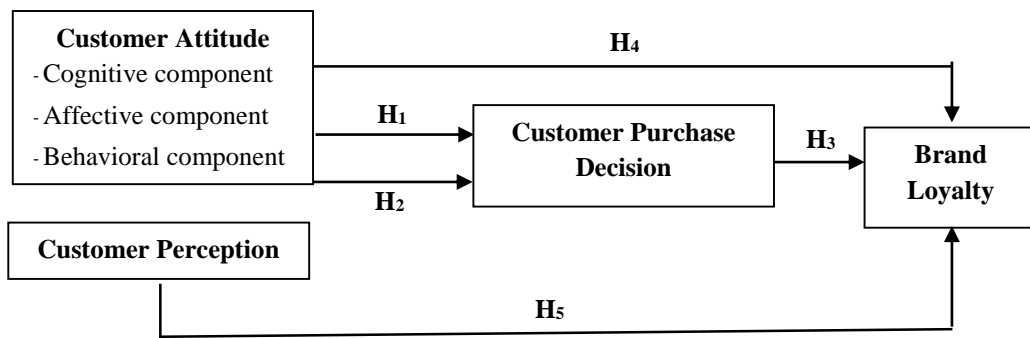
1. Word of Mouth Communication.
2. Purchase Intention.
3. Price Sensitivity.
4. Complaining Behavior.

CONCEPTUAL MODEL AND HYPOTHESES

The research was mainly aimed to investigate the influence of customer attitude and customer perception on customer purchase decision and brand loyalty and the effect of customer purchase decision on brand loyalty. Therefore, the research hypotheses are:

- H₁: Customer attitude will affect customer purchase decision on Betagro products in Sakon Nakhon Province.
 H₂: Customer perception will affect customer purchase decision on Betagro products in Sakon Nakhon Province.
 H₃: Customer purchase decision will affect brand loyalty on Betagro products in Sakon Nakhon Province.
 H₄: Customer attitude will affect brand loyalty on Betagro products in Sakon Nakhon Province.
 H₅: Customer perception will affect brand loyalty on Betagro products in Sakon Nakhon Province.

Figure 1
Research Conceptual Model



This research is a quantitative study. The data was collected from a sample of 400 respondents who were a customer of Betagro shop in Sakon Nakhon Province, Thailand. Questionnaire was developed and checked for content validity and reliability. Correlation Analysis and Multiple Regression Analysis were used for analyzing data. Questionnaire was developed and Cronbach alpha was used for reliability of measurement. Reliability scale of Cronbach alpha is higher than 0.7 by Hair et al. [9] as show in table 1. Multiple Regression Analysis were employed to assess all hypothesizes.

Table 1
Results of measure validation

Items	Cronbach’s Alpha
Customer attitude - Cognitive component	0.724
Customer attitude - Affective component	0.820
Customer attitude - Behavioral component	0.837
Customer perception	0.905
Customer purchase decision	0.851
Brand loyalty	0.949

RESULTS

The descriptive Statistics

The descriptive statistics of demographic data of the respondents revealed that the respondents were 38% of male and 62% of female. Mostly of them, which is 46.2%, age was between 21-30 years. The status of respondents was 58% of single. The highest % of education level is Bachelor Degrees (56.7 %). The occupation of respondents was students (24.5%) and average income per month is under 10,000 baht (38.5%).

Hypothesis Testing

The statistical analysis for hypothesis testing to study the effect of research variables were used Pearson's Product Moment Correlation Coefficient to determine the relationship of the independent variables, and the multiple regression analysis to study the influence of customer attitude and customer perception on customer purchase decision and brand loyalty and the effect of customer purchase decision on brand loyalty. The symbols used to analyze were as follows:

- At1 Customer attitude - Cognitive component
- At2 Customer attitude - Affective component
- At3 Customer attitude - Behavioral component
- Per Customer perception
- Des Customer purchase decision
- Rol Brand loyalty

Table 2
Correlation Analysis between independent variables

	At1	At2	At3	Per	Des	Rol
\bar{x}	4.04	3.89	3.59	3.95	3.82	3.66
S.D.	.641	.629	.800	.597	.563	.684
At1	1					
At2	.578**	1				
At3	.344**	.485**	1			
Per	.550**	.624**	.593**	1		
Des	.431**	.519**	.617**	.673**	1	
Rol	.367**	.497**	.652**	.624**	.680**	1

** P<0.05

Table 2 showed that the relationship between the variables that are related not exceed 0.80. Hair et al. [9] described the relationship between the variables must be less than 0.80, which is more than 0.80 may cause of Multicollinearity. The research found the relationship between the independent variables the highest value was 0.680, it was not exceed 0.80. Multicollinearity problem was not found. Therefore, it can be tested by using multiple regression analysis to the next.

Table 3
Results of Multiple Regression Analysis

Variable	Dependent Variable			
	Des		Rol	
	Beta	Sig.	Beta	Sig.
At1	.152	.001	.069	.128
At2	.206	.000	.199	.000
At3	.464	.000	.532	.000
Per	.673	.000	.624	.000
Des			.680	.000

P<0.05

Table 3 presented the result by using Multiple Regression Method. It showed that firstly, customer attitude (cognitive component, affective component and behavioral component) significantly influenced customer

purchase decision (H₁), customer perception significantly influenced customer purchase decision (H₂), customer purchase decision significantly influenced customer brand loyalty (H₃), customer attitude (affective component and behavioral component) significantly influenced brand loyalty. However, the study showed that cognitive component did not impact brand loyalty (H₄) and customer perception significantly influenced brand loyalty (H₅).

Table 4
The hypotheses testing

	Accepted	Rejected
H1		
H1.1	✓	
H1.2	✓	
H1.3	✓	
H2	✓	
H3	✓	
H4		
H4.1		✓
H4.2	✓	
H4.3	✓	
H5	✓	

CONCLUSIONS

This research study aimed to investigate the influences of the customers' attitudes and perception on their purchase decision and brand loyalty. Also, the researcher studied the effects of customer purchase decision on brand loyalty. In terms of the research site, the researcher selected the Betagro shop in Sakon Nakhon. From the assumption testing, the results revealed three points. Firstly, the customer attitudes included their comprehensive component, emotional component, and behavioral component. For the emotional and behavioral attitudes, they had significantly positive influences on the customer purchase decision and the brand loyalty. However, the comprehensive attitude had significantly positive influences only on the customer purchase decision. Therefore, the customer perceived that the products of the Betagro Group had credibility images due to the standardized and qualified manufacturing. This could help the customers easily make purchase decision; however, they were not brand loyal. This is because the other competitors' images were also reliable, and their manufacturing was standardized. The findings are consistent with Wattanathaworn[11]'s. In the research, the researcher investigated the factors that affected the consumer purchasing decision on clean food in Bangkok, the results revealed that the life-style and the marketing mix factors affected on the customer purchasing decision.

Secondly, the customer perception had significantly positive influences on their purchase decision and brand loyalty. These results are in accord with the Assael's concept. Assael[5] noted that the perception was the process of customers' decision, organization, and interpretation of stimuli to create meaningful pictures. Moreover, the findings agree with Jaito[10]'s study which investigated the relationship between marketing and psychological factors affecting on customer purchase decision on Thai-brand clothes. The research findings showed that the marketing factors (products, prices, sales channel, and promotions) and the psychological factors (motivation, perception, belief, attitude, and self-concept) positively related to the decision making. Therefore, the Betagro Group products' advertisements and promotions could attract new customers and help them make decision easily if the customers have the good perception.

Moreover, if the Betagro staff know the products and serve customers well, the customers would impress, come back again, and tell other customers.

For the third point, the customer purchase decision had a significantly positive influence on the brand loyalty. This was because the customers would gain some experience after buying the products. The experience could be both good and bad, so they could be satisfied or not satisfied. If they are, they will repeat orders or tell the other new customers. The result is similar to Bong [12]'s study investigating the impact of social media marketing, brand loyalty, and electronic word of mouth towards purchase intentions The results indicated that the social media marketing, brand loyalty, and electronic word of mouth effectively influenced consumers' behavior leading to purchase or repurchase intentions. These findings indicated that social media marketing managers needed to emphasize the importance of positive word of mouth in leaving a positive impression on consumers and increase engagement with consumers in building brand loyalty.

From the reported results, a business owner or marketing personnel could apply in the business development to match and meet customer needs. If the customers are brand loyal, the sales quantity and prices could be increased. Moreover, entrepreneurs could maintain the customers.

For the further studies, the research would like to suggest conducting research by applying the other data collection tools other than using only a questionnaire. Moreover, higher sample size and more various samples (retailers and wholesalers) are recommended because they allow the researcher to discover more covering findings. In terms of variables, the others that could affect the customer brand loyalty should be studied. Those variables are the marketing mix factors, prices, sales channels, and promotions.

REFERENCE

- [1] Boonkum, R. (1993), "The Community Development Workers' Attitudes toward the Policy of Establishment of the Exhibition Center of Agricultural Products: the Case Study of Community Development Technical Assistance Center, Region 3", *National Institute of Development Administration*, Bangkok, Thailand.
- [2] Parasuraman, A., Zeithamt, V. A. and Berry, L. L. (1994), "Reassessment of Expectations as a Comparison Standard in Measuring Service Quality: Implications for Further Research", *Journal of Marketing*, Vol. 58, Pp. 111-124.
- [3] Kotler, P. (1997), "Marketing Management", 9th ed, *Prentice Hall*, New Jersey.
- [4] Pongsripairoj, S. (1997), "Organization and Management", 6th ed, *Dhurakij Pundit University*, Bangkok, Thailand.
- [5] Assael, H. (1998), "Consumer Behavior and Marketing Action", 6th ed, *South - Western College*, Ohio.
- [6] Siripullop, K. (1999), "Creating Value for the Brand", *Journal of Business Administration*, Vol. 22, No. 81, Pp.33-34.
- [7] Schermerhorn, J. R. (2000), "Organizational Behavior", 7th ed, *John Wiley*, New York.
- [8] Sererat, S. (2002), "Consumer Behavior", 4th ed, *A.R. Business Press Co., Ltd.*, Bangkok, Thailand.
- [9] Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2010), "Multivariate Data Analysis", 7th ed, *Prentice Hall*, EnglewoodCliffs.
- [10] Jaito, J. (2015), "Factors Influencing the Decision to Buy Branded Garments Thailand Domestic Production of Consumer in Bangkok", *Journal of UTK research*, Vol. 9, No. 1, Pp. 101-155.
- [11] Wattanathaworn, N. (2016), "Factors Affecting the Decision of Consuming Clean Food of People in Bangkok", *Bangkok University*, Bangkok, Thailand.
- [12] Bong, W. Z. (2017), "Influencing of Social Media Marketing, Brand Loyalty and eWOM towards Consumer's Purchase Intention", *Tunku Abdul Rahman University*, Malaysia.
- [13] The standard (2017), "The 2018 Health Trends", URL: <https://thestandard.co/2018-health-trends>
- [14] Betagro (2018), "Business of Betagro Group", URL: <http://www.betagro.com/corporate/th>