

# Consumer's brand trust and its link to brand loyalty

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## Abstract

Brands are of great importance in the context of consumers. They make up a relationship between the consumers and the company behind the brand. Brand loyalty can be achieved through consumer's trust in a brand. This research tests the hypotheses concerning the relationship between trust in a brand and brand loyalty. A factor discussed in this study that leads to brand trust includes brand characteristics, company characteristics and consumer-brand characteristics. The research is based upon a survey of 100 respondents living in the capital of Pakistan. Reliability and validity of the measures were tested and hypotheses were tested using multiple regression. Findings show that all the three factors are important in creating trust in a brand. The results also show that consumer's trust in a brand leads to brand loyalty. Marketers should make brands that are distinguishable and memorable and that can build up trust in a brand.

## Keywords

Brand, Trust, Loyalty, Customer Satisfaction

## 1. Introduction

A brand is a name, term, symbol or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors [1]. It shows what the owner of the brand is willing and able to offer in the market place. From a legal point of view, as discussed by [2], a brand is simply a symbol, which differentiates one branded entity from another. As said by [3], brands should be thought of as a soul. This statement proposes that brand should not be taken as product or service, but as an organization, person or symbol that distinguishes them. A brand has to understand what the consumer's desire most. By doing so, consumers would feel that the brand is a part of them and could result in brand loyalty. The brand is not a representation of a company's product; it is a symbol of the company that makes it and that is where the core of brand loyalty lies. The importance of brand loyalty has been recognized in the marketing literature for at least three decades [4] because it refers to the degree to which a consumer consistently purchases the same brand within a product class. In marketing, brand loyalty comprises of a

consumer's commitment to repurchase the brand and can be explained by repeated buying of a product or service or other positive behaviors such as word of mouth advocacy [5]. True brand loyalty exists when customers have a high relative attitude towards the brand, which is then revealed through repurchase behavior [5] recommended that brand loyalty is a measure of the consumer's attachment to a brand. It brings the firm many returns and remunerations like repeat visits and recommendations of the brand to friends and relatives. [6] and [7] argued that brand loyalty has two parts: brand loyalty behavior and brand loyalty attitudes. The attitude behind the purchase is important because it drives behavior. Researcher like [8] recommended that underlying loyalty is always trust which is a willingness to act without calculating immediate costs and benefits. Hence, loyalty to a brand always involves trusting it. Consumers are more comfortable with the brands that they trust. Rousseau and colleagues formulated the following definition of trust that is widely accepted: "Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectation of the intentions or behavior of another" [9]. A number of authors suggested that the creation of trust is an important factor of long-term

buyer-seller relationships regarding business environment [10, 11]. Trust is observed as an important feeling because of its ability to moderate risk in the buying process. In today's competitive environments; improving consumers' loyalty to brands allows marketers to sustain a comfortable and lasting position in the market place. To win loyalty in today's markets, marketers have to embrace what is becoming second nature to business marketers [12] and focus on making and maintaining trust in the customer-brand relationship [13]. The focus of this study is to examine some factors affecting the development of trust in brands, and to find out how that trust is related to brand loyalty.

This study is conducted to analyze the positive or negative effects of different variables like Brand Characteristics, Company Characteristics and Consumer-Brand Characteristics on Brand Trust. Also, the positive or negative impacts of Brand Trust would be analyzed on Brand Loyalty in this study. The purpose of conducting this research study in one of the cities of Pakistan is that a very few research has been done to find out what consumers think while buying a certain brand and what others have told them about the same brand. This study also helps in checking the trust of consumers in brand that shows their loyalty in buying that brand.

## 2. Literature Review

**Brand Loyalty:** [14] suggested a phenomenon associated to brand loyalty, which he marked 'brand insistence'. [15] and concluded that individuals show strong and effective brand loyalty. This was verified by other researchers later on. Brand loyalty is similar to the consumers' commitment to the brand [17, 18, and 19]. [20] defined brand loyalty as a deeply held commitment to repurchase or repatronize a preferred product/service again and again in the future, resulting in repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to create switching behavior. Generally speaking, loyalty implies satisfaction, but satisfaction does not necessarily lead to loyalty [21]. As a result, there is an asymmetric relationship between loyalty and satisfaction [22, 20]. Through wide research, [23] have confirmed that highly loyal buyers tend to stay loyal if their attitude towards a brand is positive. In addition, the ability to convert a switching buyer into a loyal buyer is higher if the buyer has a favorable and positive attitude towards the brand. [24] viewed brand loyalty as repeated purchases driven by strong internal dispositions. [5] proposed customer loyalty as the strength of the relationship between the relative attitude towards a brand and patronage behavior. Trust is defined as the expectation of the parties in a transaction and the risks linked with acting on such expectations [25]. Trust is the willingness and keenness to depend on another party in the face of risk. This willingness originates from an understanding of the other party depending on past experience. It also involves an expectation that the other party would cause a positive result, despite the possibility that the action may cause a negative result [26]. The role of trust in building and maintaining brand loyalty has

been researched widely in both customer and business-to-business buying situation [27]. Trust plays an important role in causing both behavioral and attitudinal loyalty which in turn influences marketing outcome related factors like market share maintenance and price elasticity. [28] said that consumers' brand loyalty or commitment is the outcome of trust. In consonance with this definition of trust, [27] defined brand trust as the willingness of the average consumer to rely on the ability of the brand to present its confirmed task. Brand trust results in brand loyalty or commitment because trust causes exchange relationships that are highly valued [29]. Results obtained by [30] suggested that brand trust is a variable that generates customers' commitment, especially in situations of high involvement, in which its effect is strong in comparison to overall satisfaction. A more complete understanding of brand loyalty cannot be obtained without an examination and assessment of trust in a brand and how it is related to brand loyalty [31].

## 3. Theoretical Framework

As defined earlier, a brand is a name, symbol, term, sign or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors [1]. Consumers take a brand as an important part of a product and branding can add value to that product. Also as mentioned earlier, brand trust is defined as a consumers' willingness to rely on the brand in the face of risk because of expectations that the brand will cause positive outcomes [26].

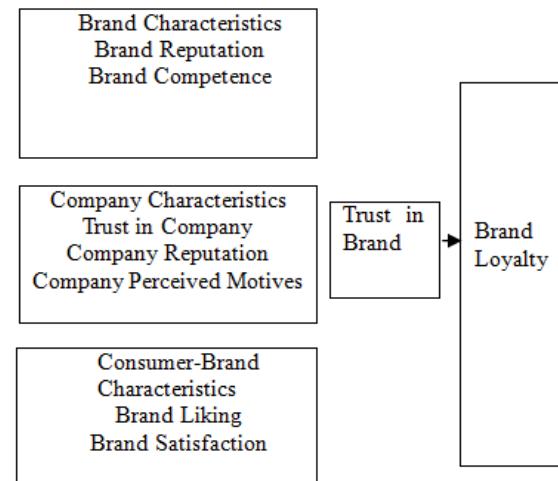


Fig 1. Model

In this paper, three sets of factors are proposed that affect trust in a brand. These factors are the brand itself, the company behind the brand, and the consumer that interacts with the brand. It is also proposed that the brand trust will lead to brand loyalty.

The research framework is shown in the following figure as proposed by [31].

Brand Characteristics; Brand characteristics which includes brand reputation, and brand competence plays an important

role in determining consumer trust in a brand [31]. Consumers judge the brand before opting for it through these characteristics.

**Brand Reputation;** can be defined as trustworthiness and honesty. It can be seen as an indicator that signals the experiences of third parties with a potential exchange partner [32]. A brand reputation shows the opinion of others that the brand is of good quality and reliable [31]. If a consumer perceives that other people are of the opinion that a brand is good, the consumer may trust the brand adequately to buy it. Therefore

$H_1$  A consumer's view that a brand has a good reputation is positively related to the consumer's trust in that brand.

**Brand Competence Competent;** brands have the ability to relate to and solve consumers' problems and to meet their wants and needs [13]. [33] considered ability as a crucial element that influences trust. A consumer may find out about a brand's competence by directly using it or through word of mouth communication [31]. Once consumer believes that a brand can solve his or her problem, he or she may be willing to depend on it. Thus,  $H_2$  A consumer's view that a brand is competent is positively related to the consumer's trust in that brand.

**Company Characteristics;** Company characteristics behind a brand can also influence the brand trust. These characteristics include trust in the company, company reputation and perceived motives of the company.

**Trust in the Company;** If a brand lives up to its promise, then the consumer can trust the company to bring about a high quality product or service and also a constantly enjoyable experience that creates long-term memories. A consumer who trusts a company is expected to trust its brand. It is hypothesized that  $H_3$  A consumer's trust in a company is positively related to the consumer's trust in the brand of that company.

**Company Reputation;** Reputation is about everything a company does, wherever and whenever it does ([brandchannel.com](http://brandchannel.com)). A company's reputation and brand have been considered key factors for causing trust in organizations by researchers. If a consumer perceives that other people view that the company behind a brand is recognized to be fair and just, that consumer may feel safe in buying and using the company's brand. This leads to greater trust in that brand [31]. Therefore:  $H_4$  A consumer's view that a company has a reputation for being fair and just is positively related to the consumer's trust in the brand of that company.

**Perceived Motives; of the Company:** In the context of a brand, when a consumer perceives that the company behind the brand is kind and benevolent, the consumer will trust that brand [13, 31]. Thus:  $H_5$  A consumer's view that a company is kind and benevolent is positively related to the consumer's trust in the brand of that company.

**Consumer-Brand Characteristics;** Consumer-Brand Characteristics can also affect a consumers' trust in a brand. These characteristics include liking for the brand, experience with the brand and satisfaction with the brand.

**Brand Liking:** Previous research shows that liking can work

in more than one way to affect viewer's reaction. Some studies propose that liking may be a suitable indicator of relative sales performance. To form a relationship with a brand, a consumer must like it first. When a consumer likes a brand, the consumer is bound to find more about it, setting the stage for trusting it [31]. Hence:

$H_6$  A consumer's likeness for a brand is positively related to the consumer's trust in that brand.

**Brand Satisfaction:** Brand satisfaction is the result of the evaluation that the selected brand meets expectations [34]. When a consumer is satisfied with a brand after using it, this shows that the brand is fulfilling its promise. Since the brand has fulfilled its promise, the consumer is likely to trust it more. Therefore:  $H_7$  A consumer's satisfaction and contentment with a brand is positively related to the consumer's trust in that brand.

**Brand Loyalty;** As mentioned earlier, brand loyalty exists when customers have a high relative attitude towards the brand, which is then shown through repurchase behavior [5]. When a consumer trusts a brand, and shows a willingness and keenness to depend on that brand, that consumer is expected to show a positive buying intention towards the brand [13, 31]. Therefore:  $H_8$  A consumer's brand trust is positively related to the consumer's loyalty towards that brand.

**Sampling and Data Collection Procedure:** The target population was the consumers of the product/brand mentioned in the questionnaire. The sampling unit was the individual consumer. Children were not included in the analysis because they might have difficulties in understanding questions and filling the questionnaire. About 100 questionnaires were distributed among different shopping malls and people at different places to get variety of views. Instrumental measures: The operationalization of variables was followed from the study conducted by [31]. Brand reputation was measured by considering the respondent's view of how the brand is known to be and what other people have said about it.

The operationalization of brand competence included measuring the brand's perceived relative competence. Trust in the company was measured by considering the respondent's faith and belief in the company. Company reputation was measured by considering the respondent's view regarding rating the company in terms of its reputation for fairness and honesty. Perceived motives of the company were measured by considering the respondent's view whether the company cared for its customer's welfare or only about itself. Brand liking was operationalized by measuring the consumer's liking for the brand as compared to other brands and also by asking the respondent directly whether he or she liked the brand. Brand experience was measured by examining the usage of the brand by respondent by recalling the time they have been using the brand. The operationalization of brand satisfaction included measuring the respondent's satisfaction while using the brand regarding brand's performance and decision making of respondents. The operationalization of brand trust involved asking the respondent if the brand can be counted on to do what it is believed to do and if he or she is ready to depend on it. The measurement of brand loyalty was based on behavioral

intentions-the intention of the respondent to keep buying the brand and the respondent's willingness and keenness to wait if the brand was not available. In this study, the questionnaire contained all the variables to find out the impact of brand trust on brand loyalty. Some questions were reverse-scaled to avoid response bias. The company and brand name were mentioned in the questionnaire. In order to make it easy for the respondents to understand and fill the questionnaire, a standardized five-point Likert Scales were used. The scale was defined as strongly agree, Agree, Moderate, Disagree and strongly disagree, ranging from 1 to 5.

**Analytical Framework and Tools of Analysis:** As there is a flow of relationship among the variables, it shows a dependency case and in this, it falls under co-relational case. The data was tested against the multiple regression tests. The Pearson correlation analysis was also carried out to test the hypotheses.

## 4. Data Analysis and Results

**Respondent Profile:** There were 100 questionnaires and all 100 were filled in by the respondents, giving a response rate of 100%. Both males and females responded to the questionnaires. The respondents were aged 18 to 40 years. Two different brands were mentioned in two different questionnaires related to the same company. Evaluation of Reliability: Cronbach coefficient alpha was found out of the overall variables to examine the reliability of the scale used in this research study. For the basic research, a Cronbach alpha of 0.70 or higher is sufficient [35]. Cronbach alpha for the scale of variables used in this study was above 0.70 and it was 0.797 which shows that it is 79.7% valid and good for our research purpose.. This is shown in table 1.

**Table 1. Reliability Statistics**

Cronbach's Alpha	N of Items
.797	4

**Descriptive statistics:** The means and standard deviations of the variables used in this research study are shown in table 2. The mean scores ranged from 2.30 to 2.85 for the 5-point "Strongly agree-Strongly disagree" scale. As mean of the variables are below 3, it shows the positive response of the respondents. The standard deviation ranged from 0.75 to 0.87, which are above the critical value of 0.5 [35]. Thus, the means and standard deviations are both acceptable.

**Table 2. Descriptive Statistics**

	Mean	Std. Deviation
BL	2.8586	.75607
BC	2.3030	.87429
CC	2.4848	.77412
CBC	2.5960	.78141

**Pearson Correlation Analysis:** Table 3 and table 4 shows the Pearson Correlation coefficients for the variables discussed in the hypotheses. The results show support for all the hypotheses, H1 to H8 mentioned in this study. As such, all the

proposed brand, company, and consumer-brand characteristics were found to affect trust in a brand. The correlation coefficients ranged from 0.537 to 0.868. BC has more strong relationship with BL AS SHOWN (0.482) and other independent variables also has strong relationship but not as BC, CC and CBC has relation (.450) and (.455) with the dependent variable BL. Correlation shows the relation between two variables without concerning their dependency or independency.

**Table 3. correlation**

Variables	BL
BC	.482
CC	.450
CBC	.455

**Regression Analysis:** Regression analysis was carried out with brand loyalty as the dependent variable and all the brand, company and consumer-brand factors as independent variables. Anova summarizes the results of an analysis of variance that is (14.398). The ANOVA table shows that all the independent variables best predict that how trust in brand leads to brand loyalty. The significance level (.000) shows the best relationship between trust in brand and brand loyalty. df (Degree of Freedom) shows the number of independent variables (3), the second number (95) is total number of complete response for all variables in the equation (N), minus the number of independent variables (K)minus 1 (N-K-1).

**Table 4. Coefficients**

Variables	Standardized Coefficients		t	Sig.
	Beta			
Constant)			5.040	.000
BC	.221		1.899	.061
CC	.233		2.261	.026
CBC	.223		2.076	.041

The above mentioned table titled Coefficients helps us to see which among the three dependent variables influences most the variance (dependent variables). The most important variable in the model is the (.233) for CC at significance level of (.026). CC has strong relation with BL. Other variables like BC and CBC also have relation with BL (.061 and .041) respectively.

## 5. Conclusion

The results show that brand trust contributes positively towards brand loyalty. Value of beta is 0.747, which indicates the contribution of brand trust in achieving brand loyalty. It is important for marketers (in this case, Pakistani marketers) to build consumer trust in their brand. Brand reputation, company trust, company perceived motives, brand liking and brand satisfaction are important in building and sustaining consumers' trust in a brand which in turn would develop and maintain brand loyalty. Out of these factors, three most important ones are Company Trust, Brand Liking and Brand

Satisfaction. These factors are highly significant and contribute highly towards building trust in brand.

**Brand Reputation:** To develop and maintain a good reputation for a brand, it is necessary that the brand satisfy its consumers [13]. This requires authentic quality and fulfilling its Promises. Others include advertising and promotion, and customers should be encouraged to spread positive word-of-mouth [31]. There should be way through which feedback from customers can be easily received so that unsatisfied and unhappy customers can easily come in contact with the concerned company [13].  
**Company Trust:** Results shown according to the study under consideration says predicts that trust in a company leads to trust in a brand. These two go hand in hand. It may be difficult to achieve one without the other. Marketers can build up company trust by using corporate communications to make stronger the company's image [31].  
**Company Perceived Motives:** When something is perceived to be benevolent, that thing will be trusted. As discussed earlier, when a consumer perceives that the company behind the brand is kind and benevolent, the consumer will trust that brand [13, 31]. Therefore, company should make products for the welfare and benefits of its customer's .  
**Brand Liking:** Liking matters a lot when a customer is buying a certain product. Liking makes it clear that something is preferred to other. In case of a brand or product, liking makes a relationship. Customers will buy a brand that he or she likes the most. Company should, therefore, make brands and products that should be according to the liking of consumer's .  
**Brand Satisfaction:** Satisfaction is actually linked with liking. Customers buy a brand that satisfies them. And a brand can satisfy them only if it is according to their liking. It is important that brands made should be according to their demands.

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