Antecedents of brand loyalty in the fashion industry of Pakistan: Moderating effect of Individual-level collectivist values

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Abstract: The main purpose of this research was to find the moderation effect of individual-level collectivist values on the antecedents of Brand loyalty (BL). What effect does consumer difference on low or high collectivist values have on the brand loyalty in the fashion apparels? It has been found that both groups of consumers have different choices while buying. To investigate this, Individual Level and three antecedent's promotion (PRO), perceived brand quality (PBQ), and brand trust (BT) were selected to check the effect on Brand Loyalty. The questionnaire was self-developed and distributed online on social networking sites through a non-restricted non-probability sampling technique among 201 Pakistani respondents. Path Analysis and SEM analysis was performed to check the moderation in AMOS. This study has developed and tested the theory by finding that individual-level collectivist values (ILCV) have a significant moderating effect on the relationship between PBQ and BL. The findings reveal that consumers low in ILCV become significantly more loyal to a brand, particularly when PBQ is relatively at high levels. The main contribution of the study is that it presents the validated brand loyalty model with the interaction of ILCV.

Keywords: *Brand Loyalty, Promotion, Brand trust, Collectivist values, Perceived brand Quality, SEM.*

Introduction

Brand loyalty is hard to establish and due to increasing competition, it has become one of the biggest challenges for marketers in the last few decades. Its importance has increased when a research found that brand loyalty has a positive impact on sales of the company (Chaudhuri and Holbrook, 2001; Evanschitzky et al, 2012), furthermore capturing a new customer takes up six times more effort and money then to retain the existing customer. (Giddens and Hoffman, 2002; Rosenberg and Czepiel, 1984). Loyal customers are not only passive repeaters but they also spread positive word of mouth and defend the brand against competing brands in discussions. (Raju et al., 2009). Doss (2013) and Becerra and Badrinarayanan (2013) in their studies revealed that brand loyal customers go one-step forward of just remaining loyalist to becoming an evangelist. Similarly, Soomro and Issani (2017) revealed that brand loyal consumers later in the stage become a brand Evangelist for the company.

National culture affects the consumers thinking process which eventually affects their choice and purchase decision (Lam D. , 2007). National culture is a difficult and extensively researched topic that is defined as "the combined encoding of mind that differentiate one group of members from other groups" (Steenkamp, 2001).

It is crucial to examine how consumers respond to new product offers in different countries. The reaction changes from one country to another. A product that gains huge acceptance in a country may not get the same attention in other (Dwyer et al., 2005).

Brand loyalty has a large number of benefits, hence many studies have explored brand loyalty and its antecedents (Chaudhuri and Holbrook, 2001; Li et al., 2012). Many of the studies presented antecedents such as perceived brand quality, Brand salience, perceived brand value, perceived brand image, satisfaction, and brand trust (Chaudhuri and Holbrook, 2001; Li et al., 2012; Liang et al., 2013; Lee et al., 2015; Rubio et al., 2017). Despite extensive research findings on how these above-mentioned antecedents affect brand loyalty, still, a lot of variance among scholars can be found regarding brand loyalty (Kim et al., 2008; Brakus et al., 2009).

Few substantial studies are available such as Thompson, Newman, and Liu (2014), where the moderation effect of ILCV has been exploring along with how it alters the relationship between antecedents and brand loyalty. ILCV is considered an important aspect of understanding the cognitive process of consumer decision-making (Bond, 2002; Patterson et al., 2006). Previous research findings suggest that consumers ILCV have a greater role while branding choices, attitude and quality perception formation (McCarty and Shrum, 2001; Kacen and Lee, 2002; Patterson et al., 2006). Hence, to cover this aspect in brand loyalty research it is important to examine the moderation effect of ILCV.

Cultural studies have used Hofstede (1980; 1991) factors of collectivism/individualism in their research model (Nazarian et al., 2017). Collectivism/ individualism factors are different from Individual level collectivist (Bond, 2002; Schwartz, 1990). Collectivism is national level factor calculated at country level to represent group ideologies (Schwartz, 1990), while ILCV are measured at the individual level and guided by individual behavior (Thompson et al., 2014).Cross-Cultural studies incorporating collectivism deduce that all consumers in a respective region display similar behavior (Erdem et al., 2006; Ozdemir and Hewett, 2010). Contrarily other studies indicate that this can be generalized (Bond, 2002; Schwartz, 1990). Rather, ILCV is a more accurate predictor of consumer behavior (Lenartowicz and Roth, 2001) and therefore direction and rationale for this study. This research focuses on analyzing the moderation effect ILCV on the relationship of antecedents and brand loyalty of customers of fashion apparel.

Literature review and hypotheses

In a globalized and digitally connected world of business where numerous brands and companies are available to customers, it has become difficult for marketers or companies to retain customers or create loyal customers. Therefore, brand loyalty is a major concern and a pivotal part of the marketing plan of any organization. Brand loyalty, defined as the measure of act of repurchase or repetition of a same brand product by a consumer (Aaker, 1991). It is actually a tendency to retain the repeated response from customers (Raju, 1980).

In the past, brand loyalty (BL) was regarded as a behavioral action, which meant that one individual has purchased something from a particular company and will repeat the behavior. National culture affects the consumers thinking and proceedings that influence the way of decisions customer takes and their behaviour of purchasing (Lam D, 2007). National culture and its effect on brand loyalty is difficult and extensively researched topic.

Relationship of Perceived Brand Quality with BL

Perceived Brand Quality (PBQ) is considered as main antecedents of brand loyalty which has been empirically tested in many past studies and it is defined "*the consumer's evaluation of the total excellence of the product comparing the intrinsic (performance and durability) and extrinsic features (such as brand name)*" (Zeithaml, 1988; Soomro et al., 2016). Researchers' have listed PBQ as a cognitive response in the cognitive-affective model, which affects the purchase intention (Kumar et al., 2009). Likewise, several constructs of PBQ have been widely recognized as the strong predictors of purchase intention. Perceived quality gives the consumer

a reason to buy based on differentiating value against competing brands (Asshidin et al., 2016). PBQ described as the key predictor in consumer brand evaluation (Chomvilailuk and Butcher, 2010). Perceived brand quality does influence brand loyalty and brand image in the hotel industry (Liu et al., 2014). Therefore, the author has developed following hypothesis to retest the relationship between PBQ and BL.

Hypothesis 1: The PBQ has a positive relation to BL.

Relationship of Brand Trust with BL

Brand trust (BT) is defined as "*the perceived trust the customers have toward a service provider*" (Chaudhuri and Holbrook, 2001), brand trust simply explains how much consumers depend on the brand to deliver or live up to the promise. Trust has proven as an important factor for establishing a long-term relationship with customers. Smit, Bronner, and Tolboom (2007) kept trust as a variable in their measurement model of brand relationship. Hence, it can be concluded that if a company wants to develop a brand relationship; trust plays a pivotal role. It is evident that consumer preference is positive for the trusted brands in the market, which eventually leads to a higher brand relationship. (Haryanto et al., 2016). Many studies have incorporated brand trust as a significant independent variable against brand loyalty (Chaudhuri and Holbrook, 2001; Lee et al., 2015; Rubio et al., 2017).

Hypothesis 2: The BT has a positive relation to BL.

Relationship of Promotion with BL

In the marketing mix, Promotion is an important element. This element is not only to inform consumers about the new product offerings in the market but it also helps organizations in customer retention through brand loyalty and triggers switching behavior among consumer to the company's brand. (Kim et al., 2004)

Promotion such as sales also has some latent negative effects, like high price sensitivity, a decreasing brand loyalty, and brand equity erosion (Mendez et al., 2015). If a company frequently adopts price promotions, it leads to lower product quality perception among consumers (Yoo et al., 2000). Further, price deals and offers lead to low brand equity, resulting in a decrease in brand loyalty. "*Heavy coupon user's loyalty is to the next coupon, not the product or the brand*" (Diamond, 1992). Brand switchers are mostly deal loyal and they wait for the next deal, they are not loyal to the utility of brand (Raghubir et al., 2004). Whereas, non-monetary price promotion has a different effect, such as when a company offers premiums. "*When promotion experience is linked to enjoyment kind of feelings, thoughts, and benefits, more favorable and positive brand associations are linked to the brand*" (Palazón-Vidal and Delgado Ballester, 2005). This statement supports Yoo et al., (2000) findings related to brand associations have a positive relation to brand loyalty.

Hypothesis 3: The PR has a positive relation to BL.

Brand Loyalty

Brand loyalty is "*a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour*" (Oliver, 1999, p.34). It is a consumer post-purchase behaviour or commitment to re-buy from the same company consistently in the future ignoring all the offers of competing brands to switch (Soomro et al., 2016).

Although in the past studies many antecedents of brand loyalty have been studied, most important and common among the researchers are brand trust, perceived brand quality, perceived value and promotion (Chaudhuri and Holbrook, 2001; Jones et al., 2002; Kim et al., 2004). As per past findings, brand trust is a strong predictor in affecting the commitment to buy (Parasuraman et al., 1988) and hence affects customer loyalty (Gundlach and Murphy, 1993). Past studies findings also show a very positive relationship between perceived value

and brand loyalty variable (Caruana and Ewing, 2010; Lai et al., 2009; Li et al., 2012), indicating that when there is high perceived value, consumers prefer to hold on with their current brand, regardless of superior offer from competing brands. Other studies have found that perceived brand quality does influence brand loyalty (Jones et al., 2002; Liang et al., 2013; Liu et al., 2014) since it creates repurchase intention and stops the consumer from switching.

Individual-level Collective Values (ILCV) and Brand loyalty

Consumers with high ILCV show characteristics who find meaning through social interaction and groups give emphasis on values that may serve the in-group harmony and interrelationship by subordinating personal goals (Bond, 2002). Whereas, consumers with low ILCV depict self-orientation, where they give preference to individual interests over the groups (Bond, 2002; Schwartz, 1990).

Some researchers have found that consumers with a high score in ILCV give high importance to service quality and their tendency for repeat purchase intention is high and hence recommend products to other through positive WOM. (Patterson et al., 2006).

Since previous research indicates that ILCV as a predictor has a significant effect on consumer perception and behaviour, likewise it might also have some role to play in the relationship in the brand loyalty model. Hereafter is reported the empirical model developed in the present study and that suggests consumer differences in ILCV as moderator influence in the relationship between promotion, perceived brand quality, brand trust, and brand loyalty.

Hypothesis 4: The PBQ has a positive relation to BT.
Hypothesis 5: The PBQ has a positive relation to PR.
Hypothesis 6: The BT has a positive relation to PR.
***Hypothesis for Collectivism as a moderating effect on PBQ and BL***
H1a: Collectivist values moderates the positive effect of PBQ on BL such that the effect is stronger for respondents with a low score on collectivism than for high-scored respondents.
Hypothesis Interplay between PBQ, BT, and BL
H1b: An increase in BT will strengthen the positive relation between BL and PBQ.
Theoretical Framework Research Model

Figure 1. Conceptual Model for Brand Loyalty (BL)
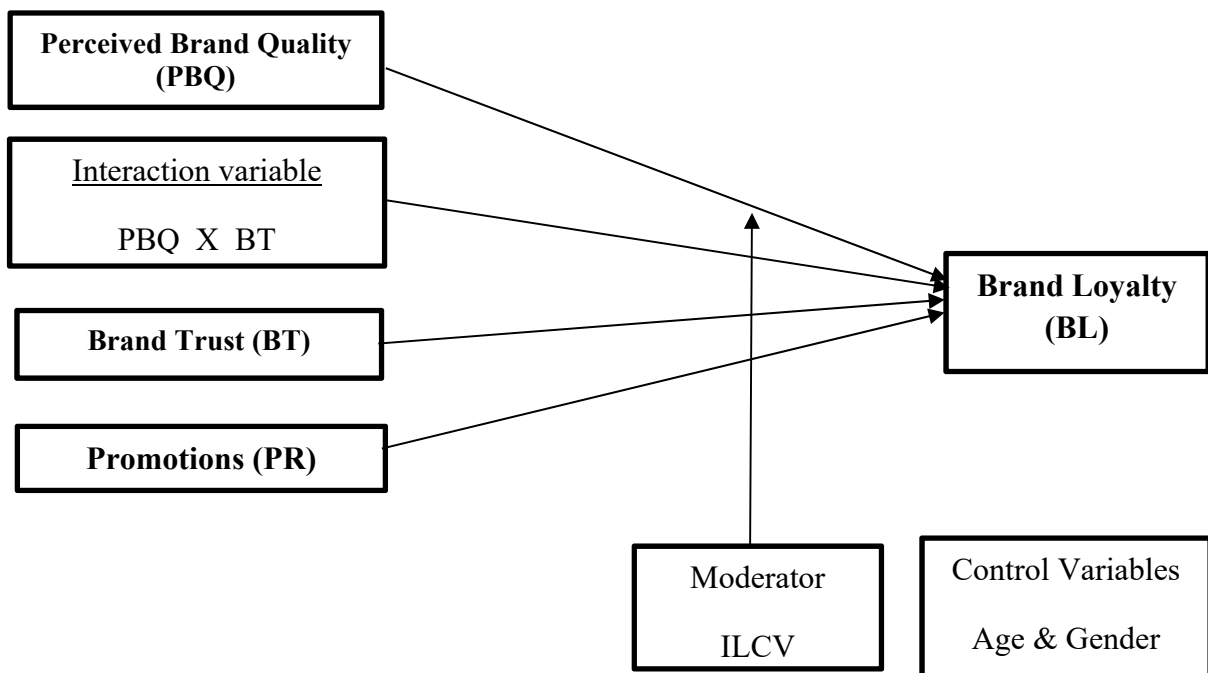
Methodology
Measures and Participants
To test empirically the hypotheses presented above, a questionnaire was created by adopting items and scales from past studies. Brand loyalty had seven items adopted from Ji and Wood (2007) with modifications. Brand trust items adopted and modified from Delgado-Ballester, (2004) study. To measure, Perceived Brand Quality and promotion self-constructed eight and three item scales were used respectively To measure moderating variable (ILCV), the author used modified two items scale from cultural values scales which consist of a six-item scale used in the past study by Donthu and Yoo's (1998). All item had a Likert scale of five points (from 01 = strongly disagree to 05 = strongly agree) except for Age and Gender (control variables).

To collect data, an online survey was utilized by sharing the questionnaire on social networking website (Facebook). The survey had 280 Pakistani from Karachi as respondents invited randomly to take part in the research. Karachi is the biggest metropolitan of Pakistan with a greater influx of western media and culture. Therefore, more and more people are looking after their own individual goals and objectives in their lives. Predominantly, Pakistan's society is a collectivist as per Hofstede on the dimension of individualism with a very low score of 14. This is evident in a form of close long-term commitments in the '*groups*', whether close family or even extended relationships. Loyalty is paramount in a collectivist society where people hold strong group and family values. Keeping this in mind, the sample size and sample served the purpose of the research. Question items were phrased with examples of clothing brands. The response rate for participation was 71.7% as only 201 valid responses received. Our sample had 69.2 % males and 30.8 females. In terms of age, our sample categorize into five age brackets 18-22 (6%) age bracket, 23-27 (65.7 %), 28-32 (20.9%), 33-40 (7%) and above 41 (0.4%)(See table 1). For a reliability check (see table 2), the value of all the constructs of each variable were summed and the average for all the variables was Brand loyalty constructs (α= 0.697), PBQ constructs (α = 0.637), Promotion constructs (α = 0.784), Brand trust constructs (α =0.816), and Collectivist values constructs (α = 0.715).

Table 1. Respondents' Demographic characteristics

	Demographic categories	*Frequency*	*Percentage (%)*
	Gender		
	Male	*139*	*69.2*
	Female	*62*	*30.8*
	Age (yrs)		
	18-22	*12*	*6.0*
	23-27	*132*	*65.7*
	28-32	*42*	*20.9*
	33-40	*14*	*7.0*
	41 & Above	*01*	*0.4*

Table 2. Reliability of factors

Variables	Definitions	Items	Sources	Cronbach's alpha (α)
Brand loyalty (BL)	A commitment by consumers to repeat purchase from same company consistently in the future (Oliver, 1999).	"I intend to buy other products of this brand" "I consider this brand my first choice in this category" "I say positive things about this brand to other people" "I have or would recommend this brand to someone who seeks my advice" "I don't bother looking at alternative brands; this brand is good enough for me!" "If this brand were to raise their prices, I would continue to buy their products" "I intend to buy this brand in the near future"	Ji and Wood (2007) with modifications.	0.697
Perceived Brand Quality (PBQ)	PBQ is the consumer's valuation of the total excellence of the product comparing the intrinsic (performance and durability) and extrinsic features (such as brand name) (Zeithaml, 1988).	"The brand stay longer than other brands" "The materials used by the brand are natural" "The brand has adequate color" "The brand has superior functional quality" "I have good expectation regarding the quality of this brand" "Quality is an important factor while purchasing cosmetic products" "Are you a quality conscious consumer" "Would you recommend products of this company to your friends and relatives"	Self-construct	0.637
Promotion (PRO)	"Promotion includes all the activities the company undertakes to communicate and promote its products to the target market". (Kotler, 1984)	"Ads of this brand are appealing" "Ads of the brand attract me to buy" "Window Displays are very attractive"	Self-construct	0.784

Brand trust (BT)	"The perceived trust from customers toward a certain service provider" (Chaudhuri and Holbrook, 2001).	"I trust this brand" "I could rely on this brand" "This is an honest brand and never disappoints me" "This brand guarantees satisfaction"	Delgado-Ballester, (2004) with modifications.	0.816
Collectivist values	Values are measured at the individual level and guided by individual behavior (Thompson et al., 2014)	For me, group values and beliefs are more important. I tend to stress collective interests over my individual interest while choosing any product/service.	(Donthu and Yoo, 1998) with modification	0.715

Data Analysis and Results

IBM SPSS 22 with Amos installed was used for the data analysis. Data screening included data normality (refer table in appendix), no aberrant values and no missing values were accounted for in the data set. Data screen was clear and hence formal testing of hypotheses was perform as per the objective of the study. Further analysis included confirmatory factor analysis (Model 1 for all the items of four main Variables; see table 3). Then the Model 2 was created to test the hypothesis 1 to 6 using the structural regression model. To find the interaction effects of individual-level collectivist value between PBQ and Brand loyalty, Model 2a tested with two groups High and Low. Lastly, to find the interplay between PBQ, BT, and BL, Model 3 analyzed with standardized values of the variable.

Confirmatory Factor Analysis

As it can be seen (table 3) that model 1 showed good fit to data ($x2= (87, n=201) =205$, CFI = 0.899; TLI = 0.641, RMSEA = 0.062). Therefore, all the variables were included in the model 2 for Structured Equation modeling.

Structural Model

To test the hypothesized relationships from H1 to H6, a structural regression (model 2) was used. The model fit indices were in acceptable range for model 1 as per criteria. Therefore, all the independent variables included in Model 2. The CFA fit indices (refer to table 4) for model 2 were not in the desired range. Estimates (see figure 2) revealed that brand trust and promotion both had an insignificant relationship with brand Loyalty (i.e. $p > .05$). Hence, results revealed that only Perceived Brand Quality has a positive significant effect on Brand loyalty. After eliminating the insignificant paths from the model for testing moderation, author tested again (model 2a) by adding Moderator variable and the fit indices were accepted ($x2= (04, n=201) = 14.289$, CFI = 0.967; TLI = 0.480, RMSEA = 0.064 see table 3).

Interaction Effect (interplay between PBQ, BT, and BL)

To test H1b, the objective was to check whether an increase in BT would strengthen the positive relation between BL and PBQ. To test the interaction effect between PBQ and BT and its effect on BL. The author used the standardized values of BT and PBQ in the SPSS and computed the interaction variable (PBQ_x_BT). In this model, Fit indices RMSEA and PClose were an issue and after examining the results, it was revealed that the results were insignificant for BT. Therefore BT will not strengthen the positive relationship between BL and PBQ (Figure 3).

Table 3. Summary of Model Fit Statistics with criteria

Indices and Standardized Coefficients	Model 1	Model 2	Model 2a	Model 3	Recommended Criteria	Reference
Chi Square ($\chi 2$)	205	20.021	14.289	5.520	pval>0.05	Hair, Black, Babin and Anderson, (2010) Byrne (2001)
DF	87	06	04	03		
Goodness-of-fit index	0.912	0.969	0.967	0.993	>0.90	
Adjusted GFI	0.844	0.891	0.833	0.933	>0.80	
Normed fit index	0.924	0.922	0.900	0.944	>0.90	
RMSEA	0.062	0.074	0.064	0.093	<0.05 good fit <0.08 acceptable fit	
CFI	0.899	0.987	0.921	0.960	>0.95	
TLI	0.641	0.912	0.480	0.757	0<TLI<1	

Note: CFI = Comparative Fit Index; Df = Degree of Freedom;
GFI = Goodness-of-fit index; AGFI = Adjusted GFI
NFI = Normed fit index; RMSEA = Root-Mean Square Error of Approximation; TLI = Tucker–Lewis Index

Table 4. Moderation effect

Variables	Model 2	Model 2a
PBQ	0.388***	
PBQ x Collectivist		Low: 0.440 *** High: 0.375 ***
R-Sq	0.187	0.188
R^2 Change		.001

Note: *** p-value < 0.01

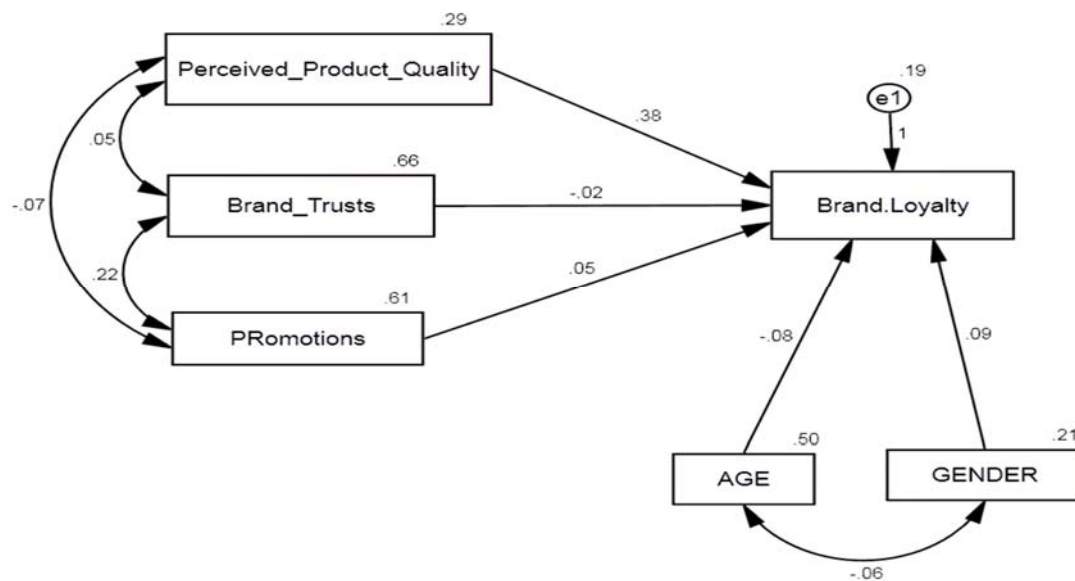*Figure 2: Explaining brand loyalty through PBQ, BT, and Promotion.*

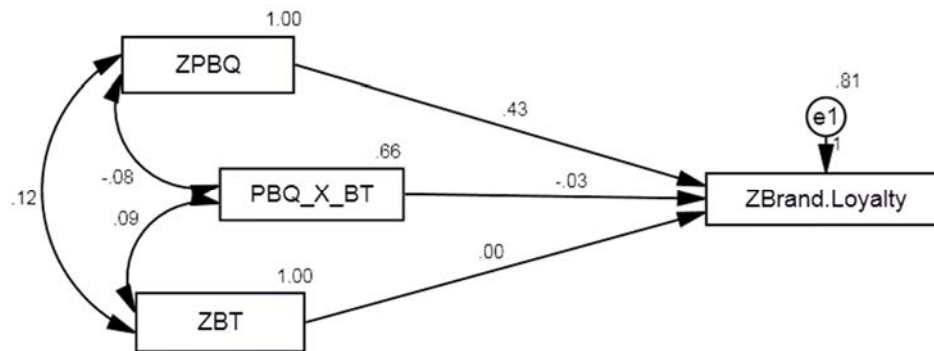*Figure 3: Explaining the interplay between PBQ, BT, and BL.*

Table 5 Hypotheses Assessment Summary:

Hypothesis	Evidence	Supported
H1: PBQ →BL	0.388***	Yes
H2: BT →BL	-0.023 (ns)	No
H3: PR →BL	0.053 (ns)	No
H4: PBQ ↔BT	0.051 (ns)	No
H5: PBQ ↔PR	-0.075 **	Yes
H6: BT↔PR	0.218 ***	Yes
Multi-group Moderation Effect		
H1a: *Collectivist values moderates the positive effect of PBQ on BL such that the effect is stronger for respondents with the low score than for high-scored respondents.*	Low: 0.440 *** High: 0.375 ***	*Yes stronger for low scored on collectivist values. Weaken for high scored on collectivist values.*
Interaction Effect		
H1b: *An increase in BT will strengthen the positive relation between BL and PBQ.*	-0.029 (ns)	***No***

Note: ns = not significant; *** p-value < 0.01; ** p-value < 0.05

Figure 4: Moderation Effect of Individual Collectivism on PBQ-Brand Loyalty Relationship
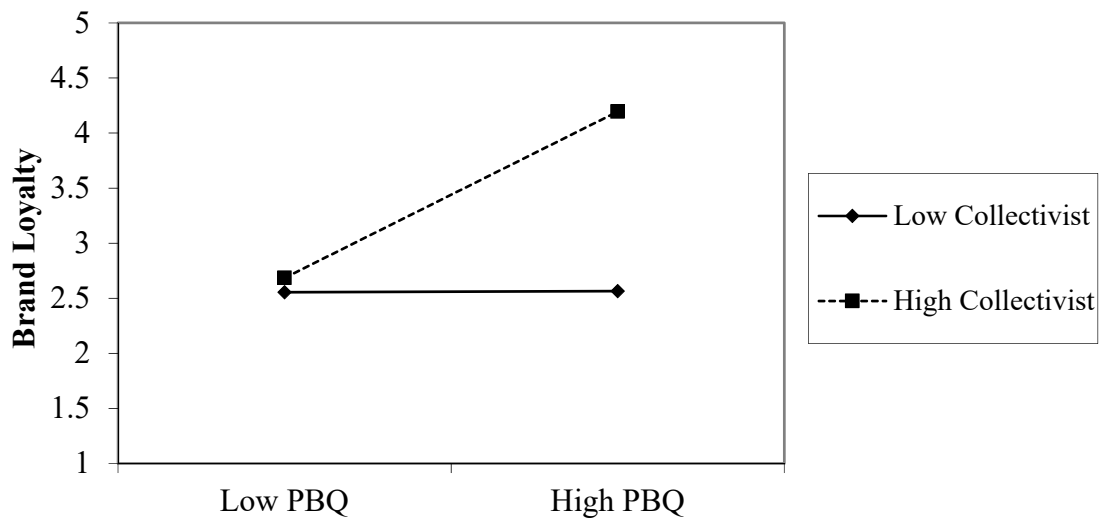
Discussion and Conclusion

Brand loyalty has a great number of advantages such as higher sales revenue, increased customer base, higher customer lifetime Value etc. Therefore, numerous studies have explored brand loyalty and its antecedents (Chaudhuri and Holbrook, 2001; Li et al., 2012). Many of the studies presented antecedents such as perceived brand quality, Brand salience, perceived brand value, perceived brand image, satisfaction, and brand trust (Chaudhuri and Holbrook, 2001; Li et al., 2012; Liang et al., 2013; Lee et al., 2015; Rubio et al.,2017). Past studies stress that consumers ILCV and national culture affects the consumers thinking and proceedings that influence the way of decisions customer takes and have a greater role while branding choices, attitude and quality perception formation (McCarty and Shrum, 2001; Patterson et al., 2006; Lam D, 2007).

Results show that brand loyalty has a positive relationship with perceived brand quality (PBQ), higher the PBQ higher the brand loyalty and vice versa. These findings support the previous findings related to PBQ (Liu et al., 2014). Whereas, promotion and brand trust were having an insignificant effect on brand loyalty in this study. Past studies stressed that price promotion has a negative effect on Brand loyalty. In Fashion apparel, brand Loyalty schemes like loyal cards, Coupons or voucher may not be effective tactics. The main objective of this study was to revalidate and build a model with the moderation effect of ILCV on antecedents of Brand loyalty. Findings suggest that consumers with low ILCV become significantly more loyal to a brand if PBQ is relatively high for them concerning the brand. Consumers who score higher on the collectivist values will weaken the relationship between PBQ and Brand Loyalty despite high PBQ. Because people who strongly hold group values and beliefs stress collective interests over individual ones, they do not show brand loyalty characteristics during their purchase as they get motivation through social bonding. The finding of this study is negating the findings presented by Thompson et al., (2014). In their study Thompson et al., (2014, p.2443) proposed "*that consumers high in ILCV show higher levels of brand loyalty despite low levels of perceived quality as the in-group's perception of the quality of the brand is more important in the decision-making process than the individual's perception of the brand's quality*". Managers in Pakistan should be aware that culture in metropolitan cities is changing with western values; they may also consider this aspect during planning that buying decision in Pakistan is performed in groups and not just individually. Therefore, it is suggestion that the advertisements and schemes targeted to the high-scored collectivist consumer should have social grouping element in their marketing content in order to be successful.

In future, it is suggested to cross-validate the findings of this study by adding other antecedents of brand loyalty such as brand salience, satisfaction, and perceived value may be incorporated to the model to give new findings and more insight about brand loyalty in Fashion Apparel. Multi-group moderation by adding another variable of culture to make the model more elaborative. This study adopted questionnaire based approached to collect data, the researcher may utilize other methods such as focus groups, interviews, and observations.

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APPENDIX

Normality test of Brand Loyalty and antecedent variables

Items	Skewness	Kurtosis	Std. Deviation
Brand_loyalty	*.683*	*.362*	*.79055*
Brand_loyalty1	*.258*	*-.611*	*.87181*
Brand_Loyalty2	*.292*	*-.464*	*.90364*

Brand_Loyalty3	*.676*	*-.018*	*.98504*
Brand_loyalty4	*.340*	*-.642*	*.90499*
Brand_Loyalty5	*.213*	*-.758*	*.91923*
Brand_loyalty6	*-.039*	*-.658*	*.99591*
Collectivist Values	*.235*	*.675*	*.98459*
Collectivist Values1	*.189*	*.298*	*.90564*
Perceived_brand	*.642*	*.157*	*.90102*
Perceived_brand1	*.187*	*-.659*	*.97046*
Perceived_brand2	*.913*	*.645*	*.89801*
Perceived_brand3	*.320*	*-.707*	*.92760*
Percieved_brand4	*.266*	*-1.082*	*1.30763*
Percieved_brand5	*-1.272*	*.293*	*1.37783*
Perceived_brand6	*-.606*	*-.502*	*1.09210*
Perceived_brand7	*-.112*	*-1.072*	*1.12749*
Promotion	*.077*	*-.976*	*1.05564*
Promotion1	*.402*	*-.934*	*1.05625*
Promotion2	*.877*	*-.360*	*1.22866*
Brand_trust	*.351*	*-.938*	*1.22742*
Brand_trust1	*.468*	*-.584*	*1.21016*
Brand_trust2	*.576*	*-.135*	*1.08781*
Brand_trust3	*.199*	*-.978*	*1.33486*