Impact of Customer Perceived Value and Customer’s Perception of Public Relation on Customer Loyalty with Moderating Role of Brand Image

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Abstract

Purpose/Significance: The purpose of this study was to investigate the relationship between customer perceived value and customer’s perception of public relation on customer loyalty with moderating role of brand image. Research was conducted on banking sector of Pakistan.

Design/methodology/approach: Data collected in a survey that yielded 930 respondents. Questionnaire was adopted from research work of Zeithaml, Berry, and Parasuraman (1996) and Park, Jaworski, and Maclnnis (1986). Deductive -Positive -Quantitative Approach was used for the analysis. A theoretical framework was proposed to suggest links among variables. Multiple regression and Moderating regression were used to examine the hypothesized relationship.

Findings: It was found that Customer Perceived value, Customer’s Perception of Public relation brought 94.0% change on customer loyalty. Study concluded that there was a strong positive significant relationship between proposed variables. To check the
moderation of brand image researcher took the interaction of all independent variables with brand image. Results prevailed that there was significant quasi moderation exist.

Research limitations/implication: Further research is indicated, to identify effects of these variables on other services provider companies of excluding Pakistani banking sector. Banking sector in Pakistan should pay more attention on Customer's Perception of Public relation and Customer Perceived Value, in order to enhance the customer loyalty.

Originality/value: This study is the first study that tests the western model on south eastern countries like Pakistan. In addition to that there is no research work found that reflects on customer perceived value and Customer's perception of public relation with moderating effect of brand image especially on banking sector of Pakistan. This document will help managers to adopt appropriate strategies that will lead banking sector towards prosperity.

Keywords: Customer Perceived Value; Customer’s Perception of Public Relation; Brand Image; Customer Loyalty

INTRODUCTION

Now a day's big challenge for companies is how to build strong customer relationship in competitive markets. Relationship between public relation perceptions and customer loyalty are two key drivers for strong customer relationship management. Hsieh and Li [1] defines that the impact of public relations perception on customer loyalty is stronger and more significant when the brand image is favorable. If it is unfavorable, the effect of PRP on customer loyalty is insignificant.

Dick [2] argues that loyalty towards any products or services have been seen the core element of marketing activities or promotion. Sirohi, McLaughlin, and Wittink [3] explain that loyalty is the most common element for the success of any. Ledingham and Bruning [4] illustrate that the consumer's awareness of organization-customer relationships could raise their loyalty toward the corporation, which would in turn increase company income, enhance market share, and achieve corporate objectives.

Wolf et al. [5] argues that little literature found that nail down the dimension of customer relationship towards customer loyalty. Reynolds and Beatty [6] argues in his research that the relationship between corporation and customer is significant when customer loyalty is higher.

Schroeder [7] narrate that brand or logo is the identity of any product moreover it introduce the visual identity. Walsh, Mitchell, Jackson, and Beatty [8] explain the
concept of CBR that is customer based reputation, enlighten the overall picture of an organization, organization deal with customers and the role of management, good reputation and ultimately this repute creates good brand image.

Keh and Xie [9] illustrate that brand image has strong impact on customer loyalty. Bartikowski, Walsh, and Beatty [10] elaborate brand image as a moderator variable between customer perception of public relation and loyalty. Tsai and Yang [11] describe, that corporate reputation is divided into three categories first image, secondly the citizenship, and lastly the credibility of management to show their products in fair manners. According to Nguyen and Leblanc [12] if brand image will strong customer loyalty will be strong.

Shamma and Hassan [13] highlight the importance of customer perceived value with relation to customer loyalty. Woodruff [14] has defined the customer perceived value where the ratio of benefits would be equal the cost that customer is paying in return of that product. Richard L Oliver [15] also nail down the definition of customer perceived value, where customer outcome/input ratio is equal to the benefits of the customer outcome/input ratio and where customer get satisfied with what they are getting in return of what they have paid.

LITERATURE REVIEW

Customer Loyalty

Customer Loyalty is retaining and making the customers loyal towards a brand or a product [16]. Brown [17] narrate loyalty as customer experiences. Chaudhuri [18] defines that loyalty directly impact on companies sales.

Dick [2] loyalty is important for successful business, it represent favorable attitude. Johnson [19] explains different business have different types of requirement to make their customer loyal.


Customer Perceived Value

Sweeney and Soutar [26] explain that value matter where you have your potential customer and it must be equal to what customer is paying and in return what they are getting. Sheth, Newman, and Gross [27] defines the dimension of customer perceived value like functional value, conditional value, emotional value, social value and lastly epistemic values. Woodruff [14] explains the functional value where intention of purchase while emotional value to create curiosity towards particular brand however in this study we will focus on overall perceived. R.L. Oliver [28] describe the equity theory it includes the ratio of outcome/input in both form customer as well as seller point of view.

R N Bolton [29] customer perceived value is a process of evaluation that what customer is paying and what he is getting in return. R.L. Oliver [28] more explicitly the concept of outcome to input must be appropriate. Thus the following hypothesis generated

Hypothesis: 1.1
H0: There is no significant relationship between customer Perceived value and customer loyalty.
H1: There is significant relationship between customer Perceived value and customer loyalty.

Customer’s Perception of Public Relation

Ledingham and Bruning [4] explain that public relation depend on organization policies. L’Etang [30] insist that you have to see entirely that how customer feels comfort at one place.

Stone, Woodcock, and Wilson [31] narrate that it is a situation where both parties get benefits as a company you can get feedback about your product and can improve the quality or as a whole of your product otherness is your customer get satisfied he feel comfort and start to trust on you and your product, research also suggested that it is essential that companies should entertain their customers as an individual it will give more strength between the relationship of mangers and their customers, in the mean while relationship marketing can be proved a good marketing tool to enhance the sale and other promotional activities.

Grunig [32] highlight the importance of the public relation and proved that it is as essential as other marketing elements. Strobel and Ferguson [33] also emphasizes on public relation and suggested that it is important to build confidence in customers.

Botan and Taylor [34] explain the dimensions of public relation, three key elements prior social responsibility like how much you are responsible socially second of all ethical responsibility and lastly management issues. Pavlik [35] study focus on different researcher work and conclude that public relation is an important element. Botan and
Taylor [34] research suggest that social responsibility has core importance in public relation. Vasquez and Taylor [36] research emphasize on social responsibility of the companies. Vasquez and Taylor [36] narrate that social responsibility and professional practice is also important.

Sen and Bhattacharya [37] precisely narrate the concept of self-congruence that how consumer look the things what is the level like is the brand is worthy and the management who is running this brand is enough responsible, hence if your customer is satisfied about perception definitely it will enhance the degree of acceptance of you product in online financial system. By following above literature we can imply that

Hypothesis: 1.1
H0: There is no significant relationship between Customer’s perception of public relation and customer loyalty.
H1: There is significant relationship between Customer’s perception of public relation and customer loyalty.

Brand Image

Aaker [38] explains that brand differentiate the product with other products. Kapferer (2004) defines that brand image comes when customer have overall experience about the brand. De Chernatony [39] narrate that companies must observe the needs of the customer deeply and it must be relevant what customer actually want and does your product fulfill the need of the customers. Aaker [38] research emphasize on product unique qualities Aaker [38] suggest narrate that companies should focus on product services and product delivery.

Ward [40] research focus is on differentiation of the product by making promise with customer to make product reliable, durable, and quality effective.

THEORETICAL FRAME WORK

Casalo, Flavian, and Guinaliu [41] suggest that ultimate objective of loyalty is to enhance the future purchase of the company. Mukherjee and Nath [42] explain the relationship marketing improves the interaction between seller and buyer. In financial sector relationship marketing is to establish a strong and long-term bonds with customers [43]. Relationship banking may be a great challenge in the context of online banking [42].

According to R.L. Oliver [28] Customer Perceived value where the ratio of outcome and input is equal to the ratio of customer satisfaction and its perceiving outcome what he input during the purchase. What would be a brand in customer’s point of view what they think about brand is the total accumulation of all experiences and is to built all points of contact with the customer R.L. Oliver [28] (Figure 1).
Hypothesis: 2
H0: The relationship between customer Perceived value and customer loyalty is moderated by brand image.
H1: The relationship between customer Perceived value and customer loyalty is moderated by brand image.

Hypothesis: 2.1
H0: The relationship between Customer’s perception of public relation and customer loyalty is moderated by brand image.
H1: The relationship between Customer’s perception of public relation and customer loyalty is moderated by brand image.

**RESEARCH METHOD**

Positive Paradigms has been used to verify the research model. This approach is also known as deductive approach. The main reason for using this technique is the existence of the theory. Hsieh and Li [1] explains the relationship between customer’s perception of public relation and customer loyalty. Dick [2] explains that customer loyalty has also been seen as an integral part of the marketing promotions. Sirohi et al. [3] narrate that loyalty is the most important for the survival of the companies. Bartikowski [10] explain that if the company has good brand image with good services they can easily loyal their customers.

Tsai and Yang [11] explain the dimension brand image. According to Nguyen and Leblanc [12] to enhance the customer loyalty it is necessary that customer’s perception about brand image should be positive. Shamma and Hassan [13] narrate the extrinsic factors it includes relation with your customer that how you contact and which type of environment you provide to your customer.
Sample and Target Population

Research conducted on banking sector of Pakistan and data collected from those customers who are using Banking Services. Sample size is selected from 1000 customers though structured questionnaire by visiting their places. Only 940 usable responses were received. For this study, respondents were selected by applying a sampling technique which is known as ‘Stratified-Random sampling’. Instrument for Brand image, customer perceived value, customers perception of public relation adopted from Hsieh and Li [1].

RESULTS

For reliability of data the value of Chronbach’s Alpha must be equal to or greater than 0.7 and here it is clear in Table 1 that the value of Chronbach’s Alpha for the variable of “Customer’s perception” is 0.765, for “customer loyalty”, the value is 0.752 and for the variable “Brand image”, the value is 0.988 in the meanwhile customer perceived value is 0.905 that shows the instrument is significantly reliable.

Table 1: Reliability of instrument.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer’s Perception of Public Relation</td>
<td>8</td>
<td>0.765</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>5</td>
<td>0.752</td>
</tr>
<tr>
<td>Brand Image</td>
<td>3</td>
<td>0.988</td>
</tr>
<tr>
<td>Customer Perceived value</td>
<td>4</td>
<td>0.905</td>
</tr>
</tbody>
</table>

Regression Analysis

Regression analysis has been employed to check the level of dependency of customer loyalty upon independent variables that are Customers Perception of Public relation and Customer Perceived value (Table 2).

By applying multiple regression analysis, the combined effect of independent variables Customer perceived Value and customer’s Perception of Public relation over customer loyalty is measured. The value of constant is found as -4.358 and value of B shows for Customer Perceived value 0.123, and for customer’s perception of Public relation 0.540. Significance value is less than 0.01 that shows the positive and significant impact of Customer Perceived Value, Customer’s Perception of Public Relation on Customer Loyalty. Moreover, the impact of Customer perception of public relation is greater than...
impact of Customer perceived value on Customer loyalty.

**Table 2: Regression Analysis Customer loyalty as dependent variable.**

<table>
<thead>
<tr>
<th>Regression</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>T</td>
</tr>
<tr>
<td>Constant</td>
<td>-4.358</td>
<td>0.343</td>
<td>-12.707</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Perceived Value</td>
<td>0.123</td>
<td>0.028</td>
<td>0.113</td>
<td>4.393</td>
</tr>
<tr>
<td>Customers Perception of Public Relation</td>
<td>0.540</td>
<td>0.030</td>
<td>0.684</td>
<td>18.138</td>
</tr>
</tbody>
</table>

**Table 3: Necessary statistics.**

<table>
<thead>
<tr>
<th>R^2</th>
<th>Adj. R^2</th>
<th>F-Statistic</th>
<th>Prob. (F-Statistic)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.945</td>
<td>0.945</td>
<td>2.486E3</td>
<td>0.000a</td>
</tr>
</tbody>
</table>

In Table 3, F-test depicts the overall model fitness in which significance of (F-test) is less than 0.01 and on the basis of this value it can be concluded that model is good fit. Moreover, the value of adjusted R square is 0.945 which shows the combined effect of all independent variables on customer loyalty and in other words it can be explained that both independent variables that are Customer perceived Value and Customer’s perception of public relation have a combined effect of 94% on Customer loyalty.

**Moderated Regression Analysis (MRA)**

To check the moderation between variables moderated regression analysis was carried out. In this technique the moderator variable plays a central role. De Ruyter, Wetzel, and Bloemer [44] explain that a moderator variable can be defined as a variable that systematically modifies either the form and/or strength of the relationship between a dependent variable and independent variable. Sharma, Durand, and Gur-Arie [45] distinguish two methods to identify moderator variables first moderated regression analysis and second subgroup analysis.
Moderation of Brand Image with Customer Perceived Value on Customer loyalty

Moderating Regression Equation (Table 4)

1. \[ \text{LOY}_i = a + b_1 \times \text{CPV} \]
2. \[ \text{LOY}_i = a + b_1 \times \text{CPV} + b_2 \times \text{DBi} \]
3. \[ \text{LOY}_i = a + b_1 \times \text{CPV} + b_2 \times \text{DBi} + b_3 \times (\text{CPV} \times \text{DBi}) \]

Table 4: Moderation of Brand Image with Customer Perceived Value on Customer loyalty.

<table>
<thead>
<tr>
<th>Hypothesis (2.0)</th>
<th>Regression Equation</th>
<th>Adj R2</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>LOY=4.491+0.964</td>
<td>0.785</td>
<td>1.592***</td>
</tr>
<tr>
<td></td>
<td>10.346***+39.898***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 2</td>
<td>LOY=6.747+0.295+0.744</td>
<td>0.797</td>
<td>855.0***</td>
</tr>
<tr>
<td></td>
<td>11.053***+2.223***+5.115***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 3</td>
<td>LOY=6.869+0.288+0.733+0.001</td>
<td>0.799</td>
<td>568.7***</td>
</tr>
<tr>
<td></td>
<td>3.692***+1.706***+3.368***+0.069***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*** shows the significance level of relationship between variables.

As can be seen Brand image is a moderator variable for the relationship between Customer Perceived Value and customer loyalty, as the partial regression coefficient of the interaction term (CPV*DBi) is significantly different from 0. Moreover, Brand Image is a quasi-moderator for the relationship between Customer Perceived Value and Customer Loyalty, because the three models are significantly different from one another. On the basis of these results we accept hypothesis 2.0.

Moderation of Brand Image with Customer’s Perception of Public Relation on Customer loyalty

Moderating Regression Equation

1. \[ \text{LOY}_i = a + b_1 \times \text{PPR} \]
2. \[ \text{LOY}_i = a + b_1 \times \text{PPR} + b_2 \times \text{DBi} \]
3. \[ \text{LOY}_i = a + b_1 \times \text{PPR} + b_2 \times \text{DBi} + b_3 \times (\text{PPR} \times \text{DBi}) \]

Brand image is a moderator variable for the relationship between Customer’s Perception of Public Relation and customer loyalty, as the partial regression coefficient of the interaction term (PPR*DBi) is significantly different from 0.in addition to that,
Brand Image is a quasi-moderator for the relationship between Customer’s Perception of Public Relation and Customer Loyalty, because the three models are significantly different from each other. On the basis of these results we accept hypothesis 2.1 (Table 5).

**Table 5:** Moderation of Brand Image with Customer’s Perception of Public Relation on Customer loyalty.

<table>
<thead>
<tr>
<th>Hypothesis (2.1)</th>
<th>Regression Equation</th>
<th>Adj R2</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>LOY=-5.451+0.765</td>
<td>0.936</td>
<td>6.365E3***</td>
</tr>
<tr>
<td></td>
<td>-15.978<em><strong>79.782</strong></em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 2</td>
<td>LOY=-3.453+0.607+0.276</td>
<td>0.950</td>
<td>4.135E3***</td>
</tr>
<tr>
<td></td>
<td>-9.828<em><strong>36.711</strong></em>11.078</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 3</td>
<td>LOY=-5.306+0.665+0.418+-0.004</td>
<td>0.952</td>
<td>2.762E3***</td>
</tr>
<tr>
<td></td>
<td>-3.649<em><strong>14.146</strong></em>3.767***-1.313***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DISCUSSION**

Hypotheses that were made by the researcher proved significant relationship with customer loyalty. To check the reliability of the instrument Chronbach’s Alpha test was applied, researcher found significant results; all values were more than 0.07 that reflects instruments were valid and reliable for further analysis. Regression test was employed to check the impact of Customer Perceived Value, Customer’s Perception of Public Relation on Customer Loyalty. Result shows, that all independent variable have significant impact on Customer loyalty. Thus hypothesis H1 and H1.1 are acceptable. To check the moderation of Brand Image on customer loyalty researcher employed moderating regression analysis. Results depicted that brand image moderate the relationship with customer perceived value and customer’s perception of public relation. In addition to that moderation was quasi that means a strong level of moderation exists. Thus hypothesis H2 and H2.1 are acceptable and applicable.

**CONCLUSION**

Research has proved that brand image has quasi moderation impact with customer perceived value and customer’s perception of public relation on customer loyalty. Brand image is important because if the brand image would high it will moderate the
relationship of customer perceived value and customer's perception of public relation on customer loyalty.
One key recommendation to managers, they must know the importance of customer perceived value and customer's perception of public relation because without it they cannot excel in financial sector [46-49].

LIMITATIONS AND FURTHER RESEARCH

A limitation of this research is to select sole banking sector of Pakistan. Whole model revolves around banking consumer further research may be conduct on different service sector excluding banking sector.

REFERENCES


