ENHANCING BRAND LOYALTY THROUGH STORE IMAGE

THE CASE OF INTERNATIONAL BRANDS IN VIETNAM

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This study examines the role of store image in brand loyalty in Vietnam. Based on a test of 650 users of international brands in HCMC, we find that store image has positive impacts on both brand awareness and perceived quality. In addition, perceived quality underlies brand loyalty. Thus, managers of international brands should be prepared to distribute shopping brands in good image stores in order to establish a high level of brand loyalty.

Key words: Brand awareness, brand loyalty, perceived quality, store image

1. Introduction

Research on brands and branding has been conducted by academics in advanced economies in the past several years (e.g., Aaker, 1991; Monga and John, 2010; Fournier, 1998). However, little attention has been paid to the issue in the developing world, especially in emerging markets like Vietnam. The role of brands has just attracted Vietnamese academics and practitioners in recent years. In the past, most Vietnamese firms did not recognize the importance of brands and branding. Unbranded practice or the use of a company's name as a brand name to distinguish a firm's products from others was a common approach. The open-door policy of the Vietnamese government has attracted the entry of multinational enterprises (MNEs) such as Procter & Gamble and Unilever together with their intensive brand marketing programs. These brand marketing activities have urged Vietnamese firms to adopt branding practice, resulting in the launching of several local brands such as MissSaigon (perfume), Yomilk (yogurt), Bitis' (shoes), and Thaituan

(clothes). Consequently, Vietnamese consumers have shifted their shopping habits from purchasing products to purchasing brands. This has made the market become more and more competitive and firms, local as well as international ones, are urged to focus their efforts to build strong brands (Nguyen et al., 2008).

Brand strength has a power of attraction of a brand compared to other brands in the same competitive set (Woodside and Walser, 2007). Therefore, several concepts have been introduced aiming to evaluate the strength of the brand. Among the concepts used to explain a strong brand, brand loyalty is perhaps a concept that has received much attention by academics as well as practitioners (e.g., Aaker, 1991; Liu and Yang, 2009). Brand loyalty appears in most models of brand equity in which it is posited to be either a component (Aaker, 1991) or an outcome (Erdem and Swait, 1988) of brand equity. Brand loyalty is "a measure of the attachment that a customer has to a brand" (Aaker, 1991, p. 39) and is a valuable asset for every brand.

Although research on the relationship between store image and brand loyalty is enormous, it has been mainly conducted in the developed world. Little research has been devoted to the issue in emerging markets like Vietnam. For that reason, this study attempts to examine the role of store image in brand loyalty, mediated by perceived quality and brand awareness. The rest of the article is organized around four key points: literature review and hypotheses; method; data analysis and results; discussion and conclusions.

2. Literature review and hypotheses

This study proposes that store image has an indirect impact (mediated by brand awareness and perceived quality) on brand loyalty. Figure 1 presents these relationships and hypotheses graphically.
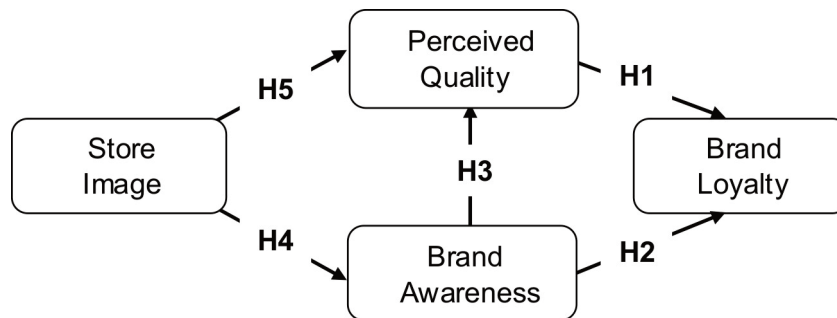
quality exists (e.g., Zeithaml, 1988; Aaker, 1996). This is because consumers often have difficulty in evaluating the actual quality of the brand due to several reasons, such as an experience of poor quality of the brand in the past. They lack information in order to make objective judgment on quality, or they do not know how best to evaluate the quality of the brand because they are, in general, not skillful in the product (Aaker, 1996). In conclusion, perceived quality is perhaps a factor that reaches a high agreement among researchers for evaluating the strength of a brand and it plays a key role in consumers' purchasing and repurchasing decisions (Aaker, 1996; Lassar et al., 1995). Therefore, when consumers perceive that a brand has high quality compared to other brands in a competitive set, they are likely to be loyal to

Figure 1: Conceptual model

a. Perceived quality:

Quality is always the central focus of customers when they consider buying the brand. Generally, there are two forms of quality, objective quality and perceived quality. Zeithaml (1988, p. 4-5) defines objective quality as "the actual technical superiority or excellence of [a] product" and perceived quality as "the consumer's judgment about the superiority or excellence of [the] product". Aaker (1991, p. 85) defines perceived quality as "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives". In general, perceived quality is based on the judgment of customers about the attributes of a brand that are meaningful to them, i.e., it is a perception. Researchers have argued that all quality evaluations are subjective, i.e., only perceived

it. Therefore,

H1: There is a positive relationship between perceived quality and brand loyalty.

b. Brand awareness:

Brand awareness is defined as "the strength of a brand's presence in the consumer's mind" (Aaker, 1996, p. 10). Brand awareness is a necessity for consumers to differentiate the brand attributes from its competing brands. Consumers are unable to perceive the quality of the brand if they are not aware of it. Consequently, when consumers evaluate the brand in relation to other brands in its competitive set, they recognize the differences among them. A brand with a high level of awareness is an advantage because the salient, strength, and uniqueness of the brand associations are identified and perceived, leading to a differentiated response by consumers (Aaker, 1991). The interactions between brand behaviors and con-

sumer behaviors will make a strong affective tie with the brand (Fournier, 1998). Therefore, brand awareness is expected to be an antecedent of perceived quality and brand loyalty. Accordingly,

H2: There is a positive relationship between brand awareness and brand loyalty.

H3: There is a positive relationship between brand awareness and perceived quality.

c. Store image:

The selection of distribution channels plays an important role in building a strong brand. Depending on product categories, a variety of channel alternatives have been used by marketers. For example, intensive distribution is suitable for convenience goods whereas selective channels are required for shopping goods (Frazier and Lassar, 1996) such as televisions and motorbikes. Consumers often relate the quality of a brand with the quality of the stores it is sold (Yoo et al., 2000). When consumers recognize that the brand is distributed in several high quality stores, they form a positive image of the brand. If this is the case, the quality of the relationship between the brand, resellers and consumers will be established and the value of the brand will increase (Webster, 2000). This is because distributing a shopping brand in high quality stores will alert consumers to the quality of the brand (Dodds et al., 1991). Accordingly,

H4: There is a positive relationship between store image and brand awareness.

H5: There is a positive relationship between store image and perceived quality.

3. Method

a. Sample:

The study examined two product categories: televisions and motorbikes. Televisions were chosen because they are products for almost all families in the urban areas of Vietnam. Motorbikes are a means of transportation in Vietnam and are relatively expensive products for average Vietnamese consumers. In addition, the markets for these products are very competitive. Television brands include Sony, Toshiba, Samsung, JVC, Sharp and LG. Motorbike brands include Attila, Dream, Viva, Longcin, and Wavealpha. These brands were chosen because they are the most popular in the market.

A sample of 650 consumers in HCMC was sur-veyed to test the models. Face-to-face interviews were used to collect the data. The sample included 302 television users and 348 motorbike users. In terms of age, 165 consumers age from 18 to 24; 228 consumers from 25 to 31; and 257 consumers more than 31. In terms of income, 191 consumers have a monthly income less than US$60; 267 earn from US$60 to US$120 a month; and, 182 earn more than US$120 a month.

b. Measurement:

There were four constructs used in this study: brand loyalty; brand awareness; perceived quality; and, store image. Brand loyalty was measured by three items assessing the overall commitment of being loyal to a specific brand (Yoo et al., 2000). These items were: I consider myself to be loyal to X; I would not buy other brands if X is available at the store; and, I try to find X rather than buy other brands. Brand awareness was measured by four items, addressing the degree of brand recognition (Yoo et al., 2000). These items were: I can recognize X among other brands; I know what X looks like; some characteristics of X come to my mind quickly; and, overall, I have no difficulty in imaging X in my mind. Perceived quality was measured by four items, asking consumers about their perception of the brand quality (Aaker, 1996). These items were: X is reliable; the packaging of X is very attractive; X would be convenient for use; and, overall, the quality of X is high. Finally, store image was measured by two items, which asked consumers about their perception of the stores where the brand was distributed (Frazier and Lassar, 1996). These two items were: X is sold in several high quality stores; and, the stores that sell X are high quality stores. All items were measured using a five-point Likert scale, anchored by 1 (strongly disagree) and 5 (strongly agree).

4. Data Analysis and Results

a. Measurement validation:

Confirmatory factor analysis (CFA) was used to assess the measures. The data exhibited slight deviations from normal distribution, however, all univariate kurtoses and skewnesses were within the range of [-1, 1]. Therefore, the maximum likelihood estimation method was used (Muthen and Kaplan, 1985). The results indicate that the CFA model received a good fit to the data: $\chi^2(59) =$

178.21 (p = .000); GFI = .957; CFI = .971; and, RMSEA = .056. All factor loadings were substantial (≥.50) and significant (p < .001) and all factor correlations were significantly below unity (p < .001), thus, supporting convergent and discriminant validity between the constructs. Further, all measures satisfied the requirement for composite reliability ($\rho_c \geq$ .68) and variance extracted ($\rho_{vc} \geq$ .50).

b. Structural results:

Structural equation modeling (SEM), via the AMOS 16 program, was used to test the hypotheses. SEM was used because it "provides a test of the theoretical structure of the measurement instrument, i.e., the relationships of the construct with its measures, and that the relationships between the construct and other constructs can be tested without the bias that measurement error introduces" (Steenkamp and van Trijp, 1991, p. 284). The results indicate that the model received a good fit to the data: $\chi^2(60)$ = 181.07 (p =.000); GFI = .957; CFI = .971; and, RMSEA = .056. The structural coefficients are presented in Table 1.

5. Discussion and Conclusions

This study examines the role of store image in brand loyalty. In so doing, it contributes to the literature on branding in emerging markets. Using a data set collected from 650 users of international brands (television and motorbikes) in HCMC, the major business center in Vietnam, we found that store image assists brand awareness and perceived quality in enhancing customers' brand loyalty. This finding confirms the role of store image and perceived quality in building loyal consumers found in advanced economies (e.g., Aaker, 1991; Keller, 1993; Yoo et al., 2000). Nevertheless, a difference found in this study is the role of brand awareness. Previous researches in advanced economies found that brand awareness has a direct effect on brand equity. For example, Yoo et al. (2000) find a positive relationship between brand awareness and brand equity. Aaker (1991) and Keller (1993) conceptualize that brand awareness is a component of brand equity (in which

Table 1: Structural coefficients

Hypothesis	Structural path	B	SE	b	CR	p-value
H1	Perceived quality --> Brand loyalty	0.77	0.058	0.68	13.34	0.000
H2	Brand awareness --> Brand loyalty	0.05	0.042	0.05	1.16	0.245
H3	Brand awareness --> Perceived quality	0.28	0.038	0.34	7.42	0.000
H4	Store image --> Brand awareness	0.51	0.074	0.37	6.98	0.000
H5	Store image --> Perceived quality	0.56	0.067	0.48	8.42	0.000

Note: B: unstandardized estimate; b: standardized estimate; SE: standard error; CR: critical ratio.

Consistent with H1, a positive relationship between perceived quality and brand loyalty was found (β = .68, p < .001). H2 posits a positive relationship between brand awareness and brand loyalty. This hypothesis was not supported (β = .05, p > .24). H3 proposes a positive relationship between brand awareness and perceived quality. This hypothesis was supported (β = .34, p < .001). H4 proposes that store image is positively related to brand awareness. This relationship was found to be significant (γ = .37, p < .001). Finally, H5 postulates a positive relationship between store image and perceived quality. This hypothesis was also supported (γ = .48, p < .001).

brand loyalty is a key component). We find that brand awareness has no significant relationship with brand loyalty at large. However, brand awareness affects the perception of consumers on the quality of a brand, i.e., it plays an indirect role in building the loyalty of consumers. This reminds managers of international brands that awareness is a necessity; however, the key ingredient of a strong brand is the quality of the brand perceived by consumers.

Secondly, we found significant positive effects of store image on both brand awareness and perceived quality. These findings are consistent with

previous research in advanced economies (e.g., Yoo et al., 2000) and they confirm that a good store image signals a good quality brand. The findings suggest that managers of international brands should be prepared to distribute shopping brands in good image stores to signal customers about the quality of the brands. In addition, good image stores can attract attention, visits, contacts and visits of potential customers (Yoo et al., 2000).

This study has a number of limitations. Firstly, the survey was undertaken only in the major business center of Vietnam. A more representative sample of the country is expected in future research. In addition, further researches should investigate different types of product categories, such as tangible versus intangible and low involvement versus high involvement, products. Finally, several concepts for a strong brand have been introduced in the literature, such as brand equity, brand attachment and brand relationship quality, which should be investigated in future research in Vietnam■

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