BRAND IMAGE, SATISFACTION, AND LOYALTY AMONG MALAYSIAN FEMALE CONSUMERS: THE MODERATING EFFECTS OF PERSONALITY AND DWELLING AREA.

by

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IMej Jenama, Kepuasan, dan Kesetiaan Di Kalangan Pengguna Wanita Malaysia: Kesaran Penyederhanaan Personaliti dan Kawasan Kediaman

Abstrak

Kajian ini bertujuan untuk mengkaji kesan imej jenama terhadap kepuasan keseluruhan dan niat kesetiaan pelanggan berdasarkan produk kosmetik perwarna. Tujuan kedua kajian ini adalah untuk mengkaji kesan kepuasan keseluruhan pelanggan sebagai pencelahan di antara imej jenama dan niat kesetiaan. Kajian terhadap kesan penyederhanaan ciri-ciri personaliti dan kawasan kediaman ke atas hubungan di antara imej jenama dan kepuasan keseluruhan pelanggan juga telah dilaksanakan. Di dalam penyelidikan ini, imej jenama dikonsepkannya sebagai konstruk bersifat pelbagai dimensi yang mengandungi lapan dimensi imej atribut (iaitu nilai harga wang, reputasi jenama, asal jenama, kredibiliti pengiklanan, jurujual bagi jenama, saluran reputasi, khidmat selepas jualan dan kandungan bahan produk) dan empat dimensi daripada kebaikan imej (iaitu fungsi, sosial, simbolik dan emosi).

Responden bagi kajian ini ialah wanita yang telah membeli dan menggunakan produk kosmetik pewarna secara peribadi. Data dari 583 responden telah digunakan untuk analisis statistik. Data dikumpul dari pelbagai kawasan yang berbeza contohnya di Selangor, Kuala Lumpur, Pulau Pinang, Johor Bahru dan Sabah dengan menggunakan pendekatan persampelan berangkai. Analisis regresi pelbagai peringkat telah digunakan untuk menguji hubungan di antara imej jenama, kepuasan keseluruhan pelanggan dan niat kesetiaan. Keputusan kajian yang diperolehi menunjukkan bahawa imej jenama yang berkaitan seperti reputasi jenama, asal jenama, khidmat selepas jualan, jurujual, kandungan produk, kebaikan fungsi, kebaikan simbolik dan kebaikan pengalaman mempunyai kesan signifikan terhadap niat kesetiaan. Tambahan pula, hasil kajian juga mendapati bahawa imej jenama...
BRAND IMAGE, SATISFACTION, AND LOYALTY AMONG MALAYSIAN FEMALE CONSUMERS: THE MODERATING EFFECTS OF PERSONALITY AND DWELLING AREA.

ABSTRACT

The purpose of this study is to examine the effect of brand image on overall customer satisfaction and consumer loyalty intention in the context of colored cosmetic products (i.e. makeup). The study also examines the mediating effect of overall customer satisfaction on the relationship between brand image and loyalty intention. Additionally the moderating effect of personality traits and dwelling areas on the relationship between brand image and overall customer satisfaction has also been explored. In this study, brand image is conceptualized as a multidimensional construct which consists of eight dimensions of image attributes (i.e. price-value for money, brand reputation, brand’s origin, advertising credibility, brand’s sales personnel, channel reputation, after-sales service and product ingredients) and four dimensions of image benefits (i.e. functional, social, symbolic and experiential benefits).

Women who had purchased and personally used colored cosmetics products were participants in this study. Data from 583 women were used for the statistical analysis. The data were collected from different territories in Selangor, Kuala Lumpur, Penang, Johor Bahru and Sabah using the snowballing sampling approach. Multiple regression analyses were employed to test the relationships between brand image, overall customer satisfaction and loyalty intention. The results show that brand images related to brand reputation, brand origin, after-sales service, sales personnel, product ingredients, functional benefits, symbolic benefits, and experiential benefits have a significant influence on loyalty intention. In addition, there is evidence that brand images related to price-value for money, brand
reputation, brand origin, product ingredients, functional benefits, symbolic benefits and experiential benefits also have a significant effect on overall customer satisfaction. It is also evident that overall customer satisfaction does influence loyalty intention. The hierarchical regression analysis results show that overall customer satisfaction fully mediates the relationships between the brand’s country of origin image and loyalty intention and between symbolic benefits and loyalty intention. Overall customer satisfaction likewise partially mediates the relationship between four dimensions of brand image (brand reputation, product ingredients, functional benefits, experiential benefits) and loyalty intention. In addition, dwelling area and personality moderate the relationship between several dimensions of brand image and overall customer satisfaction. Specifically, the study found that the perceived level of brand reputation, advertising credibility, brand origin and experiential benefits of the cosmetic brand generates higher levels of satisfaction effects for urban women consumers than for rural women consumers in Malaysia. The effect of sales personnel on overall satisfaction is slightly greater for rural consumers than for urban consumers. In terms of the moderating role of personality traits, the findings suggest that high dominance consumers are more satisfied with a brand that has high symbolic benefits, whereas low dominance and low defiance consumers are more satisfied with a brand that has high social value. Furthermore, low dominance and high social compliance consumers are satisfied with the brand that has high experiential values. The results imply that marketers should focus on brand image attributes and benefits in their effort to achieve customer satisfaction and loyalty. By maintaining and strengthening the brand images and values, it will position the brand positively in the minds of consumers. Limitations of the study and recommendations for future researchers are also are included in this study.
CHAPTER 1
INTRODUCTION

1.1 Background of the Study

The ultimate marketing goals and objectives for any business are to create, maintain and improve customer loyalty toward their brands, products or services (Dick & Basu, 1994). It has been suggested that those companies who are focusing on identifying customer loyalty would generate profitability, long term/high customer retention, reduce marketing costs and increase competitive advantage (Reichheld & Sasser, 1990; Reichheld, Markey, & Hopton, 2000; Aaker, 1991). Therefore, it is very important for companies to understand the development process of customer loyalty in today’s competitive environment.

Much research has been conducted in an attempt to understand the important factors that determine customer loyalty. One of the most important factors that contribute to the formation of customer loyalty is customer satisfaction. Consumer satisfaction has been widely accepted as an important issue for many marketing managers. It is commonly used as a benchmark of a company’s success (Bennett & Rundle-Thiele, 2004). In addition, measuring customer satisfaction allows the company to reap numerous benefits (Evans & Lindsay, 2008). According to Evans and Lindsay (2008), these benefits assist a company to (a) discover customer perceptions of how well the business is doing in meeting customer needs and identify causes of dissatisfaction and failed expectations as well as drivers of delight, (b) compare the company’s performance relative to competitors to support planning and better strategic initiatives, (c) discover areas for improvement in the design and delivery of products and services and areas for training and coaching of employees (d) track trends to determine whether changes actually result in improvements (p.
Furthermore, it is generally believed that a satisfied customer is more likely to make repeat purchases and be willing to spread positive messages by word of mouth (Taylor, 1998; Bennett & Rundle-Thiele, 2004; Schultz, 2005). Taylor (1998), however, stated that “companies began to notice that they often were losing customers despite high satisfaction levels” (p. 41). Other scholars argued that the relationship between satisfaction and customer retention is slightly weak (e.g., East, Gendall, Hammond, & Lomax, 2005; Jones & Sasser, 1995; East & Hammond, 1999; Hennig-Thurau & Kee, 1997).

Reichheld (1994) argued that satisfied customers are not necessarily loyal. Evidently, Reichheld, Markey, and Hopton, (2000) noted that those customers said to be satisfied or very satisfied in their survey, showed that between 60% to 80% will defect from most businesses. In addition, Jones and Sasser (1995) contended that “even though the results of customer satisfaction surveys are an important indicator of the health of the business, relying solely on them can be fatal” (p. 91). The criticisms of relying solely on consumer satisfaction surveys (Jones & Sasser, 1995; Reichheld, 1994) have deliberately called for a paradigm shift from the emphasis on satisfaction to the pursuit of loyalty as a strategic business goal (Oliver, 1999). Oliver (1999) noted the shift “appeared to be a worthwhile change in strategy for most firms because business understood the profit of having a loyal customer base” (p. 33). Therefore, it was suggested that those who are measuring customer satisfaction should not stop there (Reichheld, 1994). The shift to measure loyalty is based on a desire to better understand customer retention, a component of loyalty which has a direct link to a company’s profit (Taylor, 1998; Reichheld et al., 2000).

Brand loyalty is a marketers’ Holy Grail (Kapferer, 2005) and ideally it measures the health of a company (Bennett & Rundle-Thiele, 2005). Studies have
reported that a 5% increase in consumer retention can generate a profit of 25%-95% over 14 industries, for example in auto service chains, software, bank deposits and credit card industries (Reichheld & Detrick, 2003; Reichheld & Sasser, 1990). Furthermore, the relative costs of retaining existing customers are generally much lower than the costs of generating new customers (Rosenberg & Czepiel, 1983; Fornell & Wernerfelt, 1987). Additionally, those loyal customers are more likely to become advocates for the brand and recommend it to relatives, friends and other potential consumers (Schultz, 2005).

Brand loyalty can be operationalized either based on behavioral, attitudinal or a composite approach (Jacoby & Chestnut, 1978). Behavioral loyalty has been considered as purchase sequence (e.g., Brown, 1952; Tucker, 1964; McConnell, 1968), proportion of purchases devoted to a particular brand (e.g., Cunningham, 1956; Charlton & Ehrenberg, 1979) or probability of purchase (e.g., Frank, 1962), while attitudinal brand loyalty refers to “stated preferences, commitment or purchase intentions of the customers” (Mellens, Dekimpe, & Steenkamp, 1996, p. 513). In addition, a few academics suggest that using the composite approach (attitudinal and behavioral approach) provides a more powerful definition of brand loyalty (Day, 1969; Jacoby & Chestnut, 1978; Dick & Basu, 1994). However, all of the above aforementioned approaches have been argued by several scholars and have several limitations. Jacoby and Chestnut (1978) argued that the behavioral measures simply represent the static outcome of a dynamic decision process (i.e. solely on overt behavior). Therefore, this approach makes no attempt to understand the factor underlying brand loyalty purchasing and is insufficient to clarify the causative factors that determine how and why brand loyalty develops or is modified (Jacoby & Chestnut, 1978).
The attitudinal measures are concerned with consumer feelings toward the brand and stated intention such as likelihood to recommend and likelihood to repurchase the product (Jacoby & Chestnut, 1978; Mellens et al., 1996; Schiffman & Kanuk, 2007). However, the entire brand loyalty phenomenon cannot be assessed if the attitudinal loyalty is not extended over the action behavior (Amine, 1988; Dick & Basu, 1994; Oliver, 1999). In relation to loyalty, the linkages between attitude and behavior approach were found to be weak (East et al., 2005). For instance, Hennig-Thurau and Khee (1997) indicated that those studies that used actual behavior outcomes, showed weak associations or negative relationships with satisfaction. Noting this, the present study will adopt an attitudinal approach as suggested by Rundle-Thiele and Bennett (2001) in conceptualizing the subject matter. Rundle-Thiele and Bennett (2001) suggests that attitudinal loyalty measures should be appropriate to predict future brand loyalty under these circumstances: (1) where the market is not stable, (2) where there is a propensity towards sole brands, and (3) where there is a high involvement and high perceived risk.

Following the recent development in loyalty literature, it is noted that companies are concerned that today’s consumers tend to be less loyal than in times past (Dekimpe, Steenkamp, Mellens, & Abeele, 1997; Bennett & Rundle-Thiele, 2005; Kapferer, 2005). Schriver (1997) added that in U.S., “loyalty cannot be assumed as it was 50 years ago”. The glory of brand loyalty seems to decline slightly particularly in reference to some of the major national brands. In fact, there is a growing acceptance of private label brands in today’s market (Howell, 2004; Dekimpe et al., 1997). Furthermore, the present environment of increased competition and rapid market entry of new products and services into the market place leads consumers to experience product knowledge in terms of a wider choice of
better alternatives and opportunities (Ballantyne, Warren, & Nobbs, 2006). Therefore, it is crucial for companies and manufacturers to focus on differentiating their product from that of the competitors, in order to create inclination and preference for their products and services (Bennett & Rundle-Thiele, 2005).

This problem is further aggravated by the increasing number of superior alternatives in the market. Many competing products have a similar standard in terms of product quality, price, performance, etc. Rosenberg and Czepiel (1983) argued that “customer loyalty erodes when there is a wide range of similar nationwide products and retailers” (p. 46). In addition, Bennett and Rundle-Thiele (2005) came up with two reasons why the decline of brand loyalty occurs. The first is due to the rising quality of products that have risen to a standard where there is no longer a clear difference in the quality of competing brands within the same category. Thus, consumers risk in switching brands is considerably lower today as the quality of substitute brands is no longer a concern. Another reason is related to the positioning of the brands. Many brands still position themselves on the basis of quality and risk reduction, which does not greatly resonate with the modern consumer. Brands have different and wider meanings for modern consumers compared with consumers of past eras. Brands are no longer judge according to quality and risk factors alone.

Table 1.1 summarizes some of the important characteristics and the implications for brand loyalty in the present era (i.e. declining loyalty era). Based upon this era, Bennett and Rundle-Thiele (2005) suggest that in today’s market environment those brands that produce favorable images in the consumers’ mind generated more loyal consumers. Therefore, it is vital to understand the concept of brand image and the important nature of a brand’s image that can create strong brand satisfaction and improve customer loyalty.
A number of researchers have highlighted several important issues pertaining to the increased interest in brand image in marketing (Park, Jaworski, & MacInnis, 1986; Gardner & Levy, 1955; Bennett & Rundle-Thiele, 2005; Nandan, 2005; Aaker, 1991; Keller, 1993; Graeff, 1996; Dobni & Zinkhan, 1990; Roth, 1995; Barich & Kotler, 1991). Understanding the underlying concept and structure of brand image is crucial since it plays a significant role in influencing consumer decision making such as brand choice (Graeff, 1996; Dolich, 1969), purchase intentions (Fairecloth, Capella, & Alford, 2001; Poiesz, 1989; Reynold & Gutman, 1984) brand purchase behavior (Hsieh, Pan, & Sentiono 2004; Foxall & Goldsmith, 1999), brand preference (Salciuviene, Lee, & Yu, 2007), customer loyalty (Hung, 2008; Kandampully & Suhartanto, 2000), brand performance (Roth, 1995), brand equity (Fairecloth et al.,
2001; Biel, 1992; Aaker, 1991; Keller, 1993) and brand extensions (Aaker & Keller, 1990). Furthermore, it has been noted that brand’s image generates value to the company and its customers in terms of assisting consumers to process or retrieve information, differentiating the brand, generating reasons to buy, creating positive attitudes and/or feelings towards the brand, and providing a basis for extensions (Aaker, 1991).

In Malaysia, **MATRADE** (Malaysian External Trade Development Corporation) in highlighting the importance of brand image to the SMEs commented:

> As products and services are so easily replicable in today's environment the biggest challenge for companies to compete in the market place is how to differentiate their products from the competitors. All other things being equal, the only feature that will help consumers identify and differentiate the product in the market is the brand. Product quality and price are no longer product differentiators. A strong brand image is the only asset a company can develop that cannot be copied. Companies must thus make serious commitment to investing in developing a brand strategy for their products and services”. ([http://www.matrade.gov.my/exportsupport/bpg.htm](http://www.matrade.gov.my/exportsupport/bpg.htm)).

Corresponding to the issues above, it is very important for any business organization to evaluate their consumers’ perception towards the image of their brand or services offered (Roth, 1995; Lawson & Balakkrisnan, 1998; Barich & Srinivasan, 1993; Keller, 1993). Measuring brand image based on consumer’s perceptions helps a company to identify the strengths and/or diagnose the weaknesses of their company image, company’s product or brand image (Barich & Kotler, 1991) and its position in the market (Park et al., 1986). It is also important to understand that a brand has many images (Barich & Kotler, 1991; Barich & Srinivasan, 1993; Martinez & de Chernatony, 2004) which are generally in the form of brand attributes and/or brand benefits (Keller, 1993). Analyzing consumers’ perceptions of these image attributes and benefits is a strategic way to identify the strength of a brand’s quality and the meaning that consumers associate with the brand.
It is vitally important to note that the image of a brand, company and store are not static (Martinez & de Chernatony, 2004; Keller, 2000; Oh, 1995). The brand’s image is subjected to change over a period of time, this is the consequence of several changes and adjustments. For example, changes and modification of branding strategies and policies, in consumer perceptions, the effects of operating in a competitive situation or in the market environment (Martinez & de Chernatony, 2004; Oh, 1995; Kapferer, 1992). Therefore, marketing managers should evaluate the brand’s image on a regular basis to identify what changes may have occurred over a period of time (Oh, 1995; Barich & Kotler, 1991; Barich & Srinivasan, 1993).

In reviewing the literature, most image studies have dealt with retail/store image (e.g., Koo, 2003; Bloemer & de Ruyter, 1998; Burt & Carralero-Encinas, 2000; Porter & Claycomb, 1997; Mazursky & Jacoby, 1986; Chang & Tu, 2005), bank image (Bloemer, de Ruyter, & Peeters, 1998; Lewis & Soureli, 2006; Cengiz, Ayyildiz, & Er, 2007), financial institution (Nguyen & LeBlanc, 1998), higher learning institutions (e.g., Palacio, Meneses, & Perez, 2002; Nguyen & LeBlanc, 2001), insurance (Hung, 2008), hotel (e.g., Kandampully & Suhartanto, 2000), laptop computer (e.g., Salciuviene, Lee, & Yu, 2007), clothing products (e.g., Faircloth et al., 2001; Kim & Han, 2000; Chen-Yu & Kincade, 2001), automobiles (e.g., Hsieh, Pan, & Sentiono, 2004) and sport shoes (e.g., del Rio, Vazquez, & Iglesias, 2001). However, there is a lack of research examining the images of colored cosmetic brands. The image of a brand, product and company plays a key role in contributing towards the success of the beauty business industry (Threlfall & Ritz, 1994). Most researchers agree that brands with distinctive and positive brand image would definitely gain a better position in the market. They will also have a sustainable competitive advantage, and an increase of market share performance (Park et al.,
1986; Martinez, Polo, & de Chernatony, 2008; Salciuviene, Lee, & Yu, 2007; Aaker, 1991). In addition, the ability to create a strong brand image in the consumers’ mind allows them to differentiate among competing brands (Martinez & de Chernatony, 2004; Hsieh et al., 2004; Aaker, 1991). In the case of cosmetic brands, its “brand’s point of difference lies in its inherent benefits, ingredients, technology and innovativeness” that creates positive brand image in cosmetic consumers’ minds (Long & Czajkowski, 2007, p. 58). Furthermore, a cosmetic brand’s image will reflect the quality of a product (e.g., product assurance, good reputation, reliability, providing solutions etc.). This is because the cosmetic companies are sources of hope for consumers (i.e. promoting secrets, tools, tips, and tricks to better looks, a more alluring body, improved romantic relationships, and enhanced self-esteem) (MacInnis & de Mello, 2005, p.1).

The image of beauty products is important because it reflects the buying of hope that follows the purchase of the product (Kotler & Armstrong, 2001; MacInnis & de Mello, 2005). In other words, consumers buy this particular product with the hope that it will enhance their appearances. Apart from that consumers experience not only the direct function of the product but also other benefits and values that are indirectly packaged together in the product (self-actualization, giving more self-confidence, social approval and positive feelings about themselves). Therefore, the cosmetic brand’s image attributes and benefits play a part in meeting the consumers’ needs and desires.

In Malaysia, sales of color cosmetic products in 2006 grew by 6.4% in current value terms reaching RM342 million (Euromonitor, 2007, see Table 1.2 and 1.3). The increasing demand for color cosmetic products in Malaysia is due to a greater awareness of beauty issues and personal grooming, increasing numbers of working
women, rising income levels among urban women, the increasing influence of western fashion trends and the fact that Malaysian women are becoming increasingly more knowledgeable in the use and application of makeup products (Euromonitor, 2007).

Table 1.2

Sales of Cosmetics and Toiletries by Sector: Value 2001-2006

<table>
<thead>
<tr>
<th>RM million</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby care</td>
<td>134.1</td>
<td>140.2</td>
<td>147.4</td>
<td>155.1</td>
<td>162.9</td>
<td>170.7</td>
</tr>
<tr>
<td>Bath and shower products</td>
<td>416.5</td>
<td>427.6</td>
<td>440.9</td>
<td>454.5</td>
<td>466.4</td>
<td>479.1</td>
</tr>
<tr>
<td>Deodorants</td>
<td>65.8</td>
<td>68.6</td>
<td>72.0</td>
<td>75.6</td>
<td>79.5</td>
<td>83.9</td>
</tr>
<tr>
<td>Hair care</td>
<td>525.6</td>
<td>542.4</td>
<td>570.9</td>
<td>602.7</td>
<td>630.9</td>
<td>660.2</td>
</tr>
<tr>
<td>Color cosmetics</td>
<td>254.6</td>
<td>268.5</td>
<td>284.7</td>
<td>302.5</td>
<td>321.4</td>
<td>341.9</td>
</tr>
<tr>
<td>Men's grooming products</td>
<td>181.4</td>
<td>183.0</td>
<td>193.0</td>
<td>205.3</td>
<td>220.8</td>
<td>238.8</td>
</tr>
<tr>
<td>Oral hygiene</td>
<td>400.6</td>
<td>399.2</td>
<td>407.4</td>
<td>419.3</td>
<td>430.8</td>
<td>442.0</td>
</tr>
<tr>
<td>Fragrances</td>
<td>171.8</td>
<td>183.2</td>
<td>196.4</td>
<td>205.4</td>
<td>214.6</td>
<td>224.1</td>
</tr>
<tr>
<td>Skin care</td>
<td>587.9</td>
<td>625.1</td>
<td>671.9</td>
<td>721.0</td>
<td>788.1</td>
<td>865.3</td>
</tr>
<tr>
<td>Depilatories</td>
<td>11.5</td>
<td>12.0</td>
<td>12.7</td>
<td>13.4</td>
<td>14.4</td>
<td>15.4</td>
</tr>
<tr>
<td>Sun care</td>
<td>8.0</td>
<td>8.6</td>
<td>8.7</td>
<td>8.8</td>
<td>8.9</td>
<td>9.1</td>
</tr>
<tr>
<td>Premium cosmetics</td>
<td>440.3</td>
<td>461.4</td>
<td>494.7</td>
<td>531.1</td>
<td>578.0</td>
<td>637.4</td>
</tr>
<tr>
<td>Cosmetics and toiletries</td>
<td>2,649.7</td>
<td>2,747.6</td>
<td>2,884.6</td>
<td>3,029.9</td>
<td>3,190.3</td>
<td>3,365.4</td>
</tr>
</tbody>
</table>


Table 1.3

Sales of Color Cosmetics by Subsector: % Value Growth 2001-2006

<table>
<thead>
<tr>
<th>% current value growth</th>
<th>2005/06</th>
<th>2001-06 CAGR</th>
<th>2001/06 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facial make-up</td>
<td>6.9</td>
<td>6.6</td>
<td>37.3</td>
</tr>
<tr>
<td>Eye make-up</td>
<td>9.4</td>
<td>8.1</td>
<td>47.5</td>
</tr>
<tr>
<td>Lip products</td>
<td>5.0</td>
<td>5.1</td>
<td>28.0</td>
</tr>
<tr>
<td>Nail products</td>
<td>4.3</td>
<td>5.2</td>
<td>28.8</td>
</tr>
<tr>
<td>Color cosmetics</td>
<td>6.4</td>
<td>6.1</td>
<td>34.3</td>
</tr>
</tbody>
</table>


In spite of the increasing demand for color cosmetic products among Malaysian women, there is little knowledge about the formation of customer loyalty towards cosmetic brands, customers’ perceptions of the brand image attributes and benefits that they derive from using the cosmetic product as well as feelings of satisfaction toward cosmetic brands.
In addition to the above issues, researchers suggest that there are other potential factors that may influence the formation of image and satisfaction such as socioeconomic characteristics i.e. age, sex, social class, income, and psychographic factors such as personality traits and lifestyle (Palacio et al., 2002; Guthrie, Kim, & Jung, 2008). More recently, Guthrie et al. (2008) suggested that further research should investigate the differences between age groups, cultures, and residential areas (i.e. urban vs. rural dwellers) in order to understand cosmetic consumers purchase behavior. Furthermore, the researchers also suggested examining whether consumers choose cosmetic brands that match their own personalities or whether they choose cosmetic brands that portray the personality they desire to achieve (Guthrie et al., 2008). Based upon reviews of the literature, there are limited studies examining the urban and rural dwellers purchase behavior and the role of consumers’ personality traits with regard to cosmetic brand choice.

It is important to note that all of the above suggested factors are considered as external factors. It was suggested that hypothesizing the direct effect of external factors on perceptions or attitudes is practically redundant, it is more significant to examine these external factors as having moderating rather than the causative effects (Dabholkar & Bagozzi, 2002). Recently, the moderating role of consumer differences such as personality traits have been considered as a new area of study, particularly in consumer personality research (Bosnjak, Bratko, Galesic, & Tuten, 2007).

The above discussions led the current study to explore the role of interpersonal orientation of personality as constructed by Karen Horney (1946) and also dwelling area as moderating variables. These constructs may strengthen or weaken (modify) the relationship between brand image and overall customer satisfaction. In other words, it is assumed that compliant, aggressive, detached
individuals and urban and rural consumers may have different views in terms of perceptions, attitudes, product expectations and level of satisfaction with regard to colored cosmetic brands.

1.2 Problem Statement

As a consequence of today’s competitive environment, low levels of product differentiation, consumers’ perception of product quality performing at a similar standard, increased numbers of superior brands and alternatives, more acceptances of generic and private label brands, low risk in brand switching and high customer expectations (Bennett & Rundle-Thiele, 2005) put companies in a challenging position where there is a decline of loyal customers (Rosenberg & Czepiel, 1983; Bennett & Rundle-Thiele, 2005; Kapferer, 2005; Dekimpe et al., 1997). To address this issue, several researchers suggest that brands that are perceived as a having highly rated image may generate more loyal consumers (Nandan, 2005; Bennett & Rundle-Thiele, 2005; Martenson, 2007).

A number of researchers have examined the relationships between image, satisfaction and loyalty in the retail (e.g., Koo, 2003; Chang & Tu, 2005; Martenson, 2007) and service industry (e.g., Bloemer et al., 1998; Nguyen & LeBlanc, 1998; Hung, 2008; Kandampully & Suhartanto, 2000; Cengiz, Ayyildiz, & Er, 2007; Lewis & Soureli, 2006), but there are a limited number of studies focusing on product markets (in explaining the abovementioned relationships). The impact of image on satisfaction, however, requires a more complete validation, since some contradictory results are found in image literature (Palacio et al., 2002). Similarly, Bloemer et al. (1998) point out that the literal relationship between image and loyalty remains a matter of debate. For example, in a study of retail store image, Bloemer and de
Ruyter (1998) found that image towards the store has an indirect effect on store loyalty through store satisfaction. In contrast, Bloemer et al. (1998) found that image has an indirect impact on loyalty through perceived quality but not through customer satisfaction in a retail bank context. On the other hand, Kandampully and Suhartanto (2000) found that the image attributes and image holistic have significant effects on customer loyalty in the hotel setting. Similarly, Koo (2003) found that some of the store image attributes have direct impact on store loyalty, while the impact of store satisfaction on store loyalty was not significant.

In addition, several studies found that satisfaction mediates the relationships between perceived service quality and customer loyalty (e.g., Caruana, 2002; Bei & Chiao, 2001; Chiou & Droge, 2006) and between perceived value and customer loyalty (e.g., Caruana & Fenech, 2005; Yang & Peterson, 2004). However, studies attempting to determine the mediating role of satisfaction on the relationship between image and loyalty have been inconclusive.

Although the findings above showing the relationship between image, satisfaction and loyalty are inconclusive, it is important to note that the multidimensional construct of store image, bank image, higher learning institutions and automobile images differ from each other as they each have unique characteristics of image attributes which cannot be generalized to other products or service categories. Therefore, the effect of image on customer satisfaction and loyalty stills need to be further validated in other product or services categories.

In terms of operationalization of the image construct, most researchers measure the image construct based on consumers’ perceptions of attributes (e.g., Bloemer & de Ruyter, 1998; Koo, 2003; Kandampully & Suhartanto, 2000). Na, Marshall, and Keller (1999) on the other hand, argued that “image cannot be
measured by attribute measurements alone but must include measurements of consumers’ perceptions of the value and benefits attainable from using the brand” (p. 171). Although a few studies have operationalized image based on benefits, these studies did not address the issue of satisfaction and loyalty. For instance, Hsieh et al. (2004) used image benefits measurement as an indicator of product image construct. However, the researchers only examined the impact of product image on brand purchase behavior. Similarly, Salciuviene et al. (2007) examined the effects of brand image benefits (functional, symbolic and experiential) on brand preference with respect to laptop computers. More recently, Hung (2008) examined the relationship between brand image benefits and customer loyalty with regard to insurance services. However, the researcher measured the brand image benefits construct using a single item for each image benefits (i.e. functional, symbolic and experiential) in contrast to other researchers that used more than a single item to measure each of the dimensions of brand image benefits (e.g., Salciuviene et al., 2007; Hsieh et al., 2004; Bhat & Reddy, 1998). Despite the efforts toward examining the relationship between brand image, satisfaction and loyalty, there are limited studies that incorporate both image based attributes and benefits as a construct of brand image and also consider how these two concepts of images effect the level of overall customer satisfaction and loyalty intention, especially in the beauty product industry.

Important issues have, however, been raised about the possible impact of personality factors and socio-demographic factors on the formation of image and satisfaction (e.g., Palacio et al., 2002; Guthrie et al., 2008). Several researchers have suggested the importance of understanding how consumers perceive the images of a product, brand, service or company, the meaning that consumers attach to the brand, consumer expectations and beliefs associated with the product/brand (Reynolds,
Therefore, it is noteworthy to investigate whether certain types of consumer personality traits cause different perceptions towards the image of cosmetic brand attributes and benefits. It is also worth asking, do they have different levels of satisfaction towards the cosmetic brands? It is also vital to understand whether there are significant differences to be found in these perceptions between city and rural dwellers. However, as noted earlier these factors are considered external factors. Several researchers suggest that these external factors should be more meaningful functioning as moderating variables (Dabholkar & Bagozzi, 2002; Moore, 1995; Haugtvedt, Petty, & Cacioppo, 1992; Engel, Kollat, & Blackwell, 1969). Based upon the above discussion, the present study will examine whether the impact of brand image perception on satisfaction is moderated by interpersonal orientation of personality (i.e. compliant, aggressive, and detached personality traits) and location of dwelling areas.

In addition, the idea of considering the above moderating factors stemmed from the work of Hsieh et al. (2004). Hsieh et al. (2004) examined the moderating effects of cross national cultures (i.e. Hofstede’s cultural dimensions: individualism, power distance and uncertainty avoidance), level of economic development, and socio-demographic characteristic on the relationship between product image dimension (functional, symbolic and sensory image appeals) and brand purchase behavior in the cross-cultural context.

Unfortunately, the present study disagrees with Hsieh et al.’s (2004) work particularly where the researchers used Hofstede’s national cultural dimension to determine consumer behavior in various countries. For instance, one must view with skepticism the concept of Malaysia or other Asian countries being one collectivistic nation. This is due to the fact that not all Malaysian exhibit collectivism (patterns of
group conforming or collective thinking) since each individual has a different personality structure and self identity (Ismail, 1996). Additionally, by taking into consideration the existence of both aggressive and detached individuals we can readily see that it would be unrealistic to accept the concept of one complete collectivistic population. Therefore, instead of using Hofstede’s cultural dimensions it would seem to be more appropriate to use consumer personality traits to characterize consumers and predict their purchasing behavior when examining a particular country’s consumer behavior.

However, Hsieh et al.’s (2004) work provides insight in terms of the moderating effects of national cultures, level of economic development and socio-demographic characteristics on the relationship between brand image and brand purchase behavior. Therefore, for the purpose of the present study, Horney’s (1946) tripartite interpersonal orientation model and Cohen’s (1967) compliant, aggressive and detached (CAD) personality instrument will be used as the moderating variable. The CAD personality instrument of Cohen (1967) was designed specifically for marketing application purposes (not for a clinical psychology application) as a way to characterize consumers and predict their purchase behavior (e.g., product use, brand preference and choice). Furthermore, it has been suggested that the CAD personality scale should be examined as a moderating variable and not as a predictor variable (Sullivan & O’Connor, 1984).

Based upon the above discussion, the present study will look into whether personality traits based on Karen Horney’s tripartite personality and Cohen’s (1967) compliant, aggressive and detached individual, as well as dwelling area, have a moderating effect on the relationship between brand image perceptions and overall.
customer satisfaction towards the brand. To date, there are no studies that have attempted to empirically examine these relationships.

In summary, there is a gap in the identification of the effect of brand image on customer satisfaction and customer loyalty. Another gap identified is on the role of moderating effects of personality type and dwelling area on the relationship between brand image and customer satisfaction. Due to these gaps, the present study aims to identify the effect of brand image based on attributes and benefits on both overall customer satisfaction and loyalty intention in the context of colored cosmetic products. The moderating effects of personality types and dwelling areas on the relationship between brand image and overall customer satisfaction are also investigated.

1.3 Research Objectives

The specific objectives of this study are as follows:

a. To examine the effect of brand image perception (i.e. image based attributes and image based benefits) on loyalty intention in the context of colored cosmetic products in Malaysia.

b. To examine the relationship between brand image and overall customer satisfaction.

c. To examine the role of overall customer satisfaction as a mediating factor in the relationship between brand image and consumer loyalty intention.

d. To investigate the moderating effects of personality type and dwelling area on the relationship between brand image and overall customer satisfaction.
1.4 Research Questions

The research questions this study addresses in line with above research objectives are as follows:

a. Does brand image (attributes and benefits) have a positive relationship with loyalty intention?

b. Does brand image (attributes and benefits) have a positive relationship with overall customer satisfaction?

c. To what extent is the relationship between brand image and loyalty intention is mediated by overall customer satisfaction?

d. To what extent is the relationship between brand image and overall customer satisfaction moderated by personality type and dwelling area?

1.5 Significance of the Study

The findings of the study should benefit both academics and practitioners to understand the relationships between brand image, customer satisfaction and loyalty in the beauty product market setting. From the theoretical perspective, this study will contribute to consumer behavior and loyalty literature by providing empirical evidence to support the relationships between brand image, overall customer satisfaction and consumer loyalty intention in the context of colored cosmetic products in Malaysia. Moreover, this study conceptualizes brand image as a multi-dimensional construct that consists of both image attributes and benefit elements. The integration of both image based attributes and benefits should provide more substantial knowledge in understanding how consumers perceive the brand’s image and the psychological values/benefits that consumers attach to the brand.
This study also contributes to the existing consumer behavior literature by examining the mediating role of overall customer satisfaction on the relationship between brand image and consumer loyalty intention. In addition, the inclusion of moderating effects of personality traits and dwelling area on the relationship between brand image (cognitive response) and overall satisfaction (affective response) will contribute to the body of knowledge in extending the cognitive-affective-conative loyalty model of Oliver (1997; 1999).

In terms of managerial implications, the findings of this study will be beneficial to marketing practitioners especially those involved with brand management and in the beauty product industry. This study should help marketing managers gain a better understanding of the important factors that contribute to the formation of customer loyalty. Effectively developing and improving customer loyalty towards the brand is crucial in today’s competitive markets. Therefore, the findings of the study should provide valuable insights to marketing managers in the beauty product industry by identifying the significant dimensions of image attributes and benefits that affect customer satisfaction and consumer intent to repurchase and recommend the brand to others. The identification of the brand image attributes and benefits (consumer derived from using the brand) may help managers or companies to develop effective marketing strategies that could increase the brand’s appeal, increase customer satisfaction levels and create, maintain and improve customers’ loyalty towards brands in Malaysia.

1.6 Scope of Study

In 2006, sales of color cosmetic products in Malaysia experienced a growth of 6.4%, which is estimated as being worth about RM342 million (Euromonitor, 2007).
Despite the increasing demand for color cosmetic products among Malaysian women, there is not much information as to whether this phenomenon is the result of high customer loyalty, high level of customer satisfaction or the images of the cosmetic brands. Therefore, this study will focus on women’s colored cosmetic brands. Color cosmetic products include foundation, powders, concealers, lipsticks, blush, eye shadows, eye liner and mascaras (Euromonitor, 2007). This type of product category is considered a high involvement product market (Chiou & Droge, 2006; Suh & Yi, 2006; Whelan & Davies, 2006).

1.7 Definitions of Terms

Definitions and description of terminologies used in the study are illustrated below.

**Loyalty** is defined as a deep held commitment to rebuy or repatronize a preferred product/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 behavior (Oliver, 1997).

**Loyalty intention** is considered as intention behavior (conative behavior) i.e. intention to repurchase the brand and intention to recommend the brand to others.

**Attitudinal brand loyalty** refers to statement of preferences, commitment or purchase intentions of the customers (Mellens et al., 1996, p. 513; Jacoby & Chestnut, 1978)

**Satisfaction** is defined as the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is
providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment (Oliver, 1997, p. 13).

**Overall satisfaction** refers to the customer’s feelings in response to evaluations of one or more experiences with a product (Woodruff, 1997, p. 143)

**Personality** Personality explains a person’s perception of his social environment and his action tendencies toward the objects in his life space (Karen Horney, 1946). Horney proposed that individuals can be classified into three personality groups:

1. **Compliant personality** (those who move toward people). Compliant-oriented people want to be part of the activities of others. They wish to be loved, wanted, appreciated, and needed.

2. **Aggressive personality** (those who move against people). Aggressive-oriented people want to excel, to achieve success, prestige, and admiration.

3. **Detached personality** (those who move away from people). Detached-oriented people want to put emotional “distance” between themselves and others.

**Dwelling area**

Urban areas are defined as “gazetted areas with their adjoining built-up areas having a combined population of 10,000 or more at the time of the 2000 Population Census” (Malaysia, Census, 2000). Rural areas would have less than a population of 10,000 people.

**Brand image** is defined as a set of perceptions about a brand as reflected by brand associations in consumer’s memory (Keller, 1993).
**Image attributes** refer to descriptive features that characterize a product or service—what a consumer thinks the product or service is or has and what is involved with its purchase or consumption (Keller, 1993).

**Non product-related attributes** refer to external aspects of the product or services that relate to its purchase or consumption (Keller, 1993).

**Price-value for money** refers to customer perception of whether or not the amount of money paid for the product was reasonable (Sweeney & Soutar, 2001).

**Brand reputation** is defined as the estimation of the consistency over time of an attribute of an entity. This estimation is based on the entity’s willingness and ability to repeatedly perform an activity in a similar fashion (Herbig & Milewicz, 1993, p. 18).

**Country image** is considered as the overall perception that consumers form on products from a particular country, based on their prior perceptions of the country’s production and marketing strengths and weaknesses (Roth & Romeo, 1992).

**Advertising credibility** is defined as the perception of whether advertisements or claims made by a manufacturer are truthful, believable, reliable and the product performs according to the stated information in the advertisement (Herbig & Milewicz, 1993; Shavitt, Lowery & Haefner, 1998).

**Channel reputation** relates to customers’ perceptions of the store that sells/carries the cosmetic brands. This dimension is concerned with whether the store is perceived as having such qualities as high image, selling high quality products and well-known brands, an attractive product display with an appealing shopping environment.
Sales personnel relates to customer perception of the brand’s sales personnel as being knowledgeable, understanding customer needs, helpful, friendly, and presentable (Huang & Tai, 2003; Chiou & Droge, 2006).

Product ingredient relates to the customer’s perception of the ingredients of the cosmetic products in terms of color, safety of the ingredients, natural and durable (long lasting wear).

Image benefits are considered the personal value consumers attach to the product or service attributes -- that is, what consumers think the product or service can do for them (Keller, 1993).

Functional benefit is defined as something that motivates consumers to search for products that solve consumption-related problems (Park et al., 1986).

Symbolic benefits refers to the desire for products that fulfill internally generated needs for self-enhancement, role position, group membership, or ego-identification (Park et al., 1986).

Experiential benefit refers to “a brand designed to fulfill consumers’ desires for a product that provides sensory pleasure, variety, and/or cognitive stimulation” (Park et al., 1986).

Social benefits refer to the utility derived from the product’s ability to enhance social-concept (Sweeney & Soutar, 2001).

1.8 Organization of Thesis

This thesis is organized in a five chapter format. Chapter I of this study provides an overview of the importance and phenomenon of loyalty, customer satisfaction and brand image. This chapter presents the background of the study, problem statements, the research objectives of the study, the contributions and scope of the study and
relevant definitions and terms. Chapter II includes a detailed literature review about brand image, customer satisfaction, loyalty, personality, dwelling areas (urban and rural), theoretical foundation of this study, conceptual framework and research hypotheses.

Chapter III of this study provides a discussion on research methodology, which includes research design, population and sampling plan, research instruments, product selection, pretest study, data collection procedures and data analysis procedures used. Chapter IV describes the data analysis undertaken to assess the results of the study. This chapter reports the results of the sample characteristics, factor analysis, reliability for each of the studied constructs and descriptive results of the study. The chapter also reports the results of the correlation analysis, regression analysis and hypotheses testing.

Chapter V summarizes the study and discusses the findings. In addition, this chapter considers the implications of the findings as well as theoretical and managerial contributions. Finally, the chapter concludes with a discussion of the limitations of the study and some recommendations for future research.