

An Analysis between Customer satisfaction and brand loyalty across different types of brands

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ABSTRACT:

This investigation examines the correlation between consumer happiness and brand loyalty across several brand categories, including luxury, mid-range, and budget companies. Employing a mixed-methods approach, we collect quantitative data via surveys assessing consumer happiness and loyalty measures, alongside qualitative insights from focus group discussions. The research indicates that whereas elevated customer satisfaction consistently corresponds with brand loyalty, the intensity of this association differs by brand category. Luxury companies have a stronger correlation, since superior service and product quality bolster loyalty, while mid-range firms depend on constant satisfaction to encourage repeat purchases. Conversely, budget companies demonstrate that price competition may eclipse pleasure in fostering loyalty. This study highlights the need of customized tactics for various brand sectors, indicating that businesses should emphasize pleasure to foster long-term loyalty while also adjusting their methods according to their market placement. The results provide significant insights for marketers aiming to improve client retention in various brand environments.

Keywords: *Customer Satisfaction, Brand Loyalty, Brand Categories, Luxury Brands, Mid-Range Brands*

Introduction

As a key factor in fostering client loyalty, marketers and academics have focused on ensuring consumer happiness. Recent research has shown that customer joy may lead to more loyalty than customer contentment alone. For the purpose of consumer segmentation and the development of focused tactics, academics and marketers have taken an interest in loyalty as a multi-phase notion. Producing joy for the consumer is also a prerequisite for their commitment to the company[1].

Many studies have looked at what makes people loyal to a business or service. Five factors have been identified as precursors to brand loyalty: emotional conviction, believability, attitude strength, cognitive conviction, and commitment. Within the framework of brand loyalty, researchers in this social media age have also investigated the moderating effect of social media communication. Researchers have shown that the effect of social media communication on brand loyalty might be mediated by two factors: brand trust and brand equity[2][3].

Premium loyalty, inertia loyalty, covetous loyalty, and no loyalty are the four forms of consumer loyalty that are determined by the interaction between consumer traits such as risk aversion, variety seeking, brand reputation, availability of replacement goods, social group influences, and peer recommendations. The requirements and wants of customers might vary greatly. Consequently, every business strives to meet the demands of each and every one of its prospective clients[4].

It might be challenging to meet the needs of certain demographics of consumers in the service sector. Reason being, consumers often meet and engage with one another, shaping one another's opinions. Segmentation among clients is crucial for relationship management. Even if they are a part of a bigger group, clients who have established relationships with service providers frequently need personalized acknowledgment and care. Customers may also be treated uniquely thanks to contemporary technologies. An excellent place to start when providing individualized service is with direct client connections in the service organization[5].

For the connection to flourish, the service the consumer buys must meet their requirements. Emphasizing the importance of the consumer is crucial when designing for relationships. Customer loyalty is not an accident; it is the result of consistent, high-quality service and product offerings[6][7]. A company's foundation rests on its relationship infrastructure, which is crucial for attracting and retaining consumers. Loyal customers increase sales and revenue. Substructure pieces are stacked one on top of the other to form an ever-expanding framework. Complementing each other's textures and touches is essential in a partnership. When it comes to building relationships, there are times when the service business just can't deliver[8].

The modern client demands that service providers be adaptable, accessible, creative, and competitively priced. Customers' wants, preferences, behavior, and loyalty are just as important as their purchases in today's fast-paced business environment, necessitating new qualities for organizations to thrive. While most businesses are aware of what it takes to bring in new customers, they have no idea what it takes to lose them. Customer churn may occur for a variety of reasons, including subpar service, subpar products, and quality that falls short of expectations[9][10]. Here, value refers not to monetary cost but to the intangible advantages thought to be gained from that cost. A thorough comprehension of the customer's condition, traits, and wants should precede the development of any marketing strategy.

There is a common conflation of customer value with customer value of the customers. According to them, it means something different. In contrast to the value that customers get from a product or service, a company's ability to continue operations is directly proportional to the value that customers provide to the firm. An organization's primary objective should be to give excellent and superior value to its consumers via the creation of customer value, which in turn should attract and retain customers[11].

What we call "online shopping" is really purchasing products and services from vendors over the World Wide Web. Merchants have attempted to sell their wares to Internet users since the inception of the World Wide Web. A consumer's online shopping experience may include the purchase of apparel, books, home appliances, toys, hardware, and software. Many individuals prefer to purchase online since it is convenient. The significance of consumers in the modern market has been emphasized by several academics and researchers. A company's success is heavily dependent on the happiness of its customers. So, although happy customers won't necessarily buy from a firm again, they will be more loyal if they are satisfied. A key component of growth and value creation is attracting new clients. A company's brand value will rise if its industry experiences an uptick in consumer interest.

Most individuals now own some kind of electronic device that allows them to purchase online; this includes smartphones, tablets, laptops, and PCs. As a result, buying everyday items from stores is a breeze. Customers are happy when they purchase products from retailers online, which is referred to as "etailing" or "electronic-retailing" in the retail industry, because online shopping offers several benefits, such as a variety of products, a time-saving process, and the ability to compare prices. Electronic trading, in which products are supplied to consumers for personal use rather than being resold, need robust branding in order to achieve commercial success[13][14]. In order to keep up with the ever-evolving demands of their customers, websites are always being updated with new info and made more user-friendly. Affordable costs, on the other hand, may both please current and potential consumers. E-tailers must provide efficient distribution so that clients are not kept waiting for extended periods to get their ordered items. In order to build trust with consumers, it is crucial for the organization to maintain openness in its business procedures. The company's income may be increased by retaining current customers and attracting new ones via consistently improving the satisfaction level with excellent services offered at competitive price. People are more likely to rely on an internal search when trying to remember a specific brand or product they bought in the past if they had a positive experience with that purchase. In their published works, academics have said that what really matters to customers is the whole experience[15]. When a consumer is completely satisfied with the service they get, they are more likely to remain loyal to the business. According to the study's authors, client loyalty is achieved when customers consistently get service that goes above and beyond their expectations. Several studies came to the conclusion that, in the absence of strong evidence, pleasure is preferable than contentment.

Customer Satisfaction

A company's success hinges on its ability to keep its customers happy. It is one of the most important tools for running a successful company and is based on an assessment of the whole buying and using experience of the product or service. Along with marketing comes customer satisfaction, which determines the consumer's expectations about the organization's facilitation of products and services. Actually, it's a barometer that can foretell how customers will behave in the future.

Establishing marketing methods and developing marketing operations are now guided by the guiding concept of customer satisfaction. It is thought of as a way to boost the efficiency of the business. Price transparency, trade-off quality, and other formal relationships between brands and their consumers are the boundaries within which this may be assessed. It provides a clear picture of how people buy a certain product. Customer satisfaction must be met or exceeded by the product and all of its features, functionalities, dependability, sales activity, and customer support. Customers who are happy with their purchases often return for more. In addition to increasing sales, they also serve as a network to attract new clients by recommending products and services to others. Improving customer satisfaction and retaining customers may be achieved by an organization's adoption of a "customer-centric" strategy. But if rivals manage to boost consumer happiness, the company can see a decline in business. Because of the obvious correlation between customer happiness and factors like service quality, product quality, and value for money, businesses pay close attention to these areas. Since workers are also clients of the company, their happiness has a direct impact on the level of satisfaction that customers feel[16]. There are a lot of things that might cause a person's level of satisfaction to change over time. Particularly when using a product or experiencing a service over time, happiness levels may vary greatly depending on where one is in the cycle of use or experience.

Increased customer satisfaction is the result of meeting or exceeding the client's key expectations. In reality, consumer happiness drops when poor experiences are contrasted to expectations. Service enhancement, or improving the customer experience, and expectation management, or lowering the expected level, are two methods in which firms may increase customer satisfaction. Having said that, many businesses make advantage of service enhancement. The consumer is happy when the delivery satisfies or beyond his or her expectations; customer satisfaction is the result of comparing the expectations and experience. Customer happiness and devotion are the two most important factors in a company's financial performance. If a service provider meets or exceeds a client's expectations, that consumer will be satisfied and likely to buy from them again. Many definitions of customer satisfaction center on the relevance of the gap between expected and actual performance to a company's bottom line[17].

Customer Delight

A consumer is delighted when you go above and beyond their expectations, which makes them feel good about themselves. Positive word of mouth results from this emotional response. A company's revenues and profitability are impacted by how well its goods and services stand out from the competition. There was a time when happy customers were considered a good sign of success. When a client's expectations are fulfilled or surpassed, the level of customer satisfaction is measured. Still, studies reveal that in today's oversaturated market, satisfied customers don't always become loyal customers or spread the word about your business.

Customer Ecstasy

Creating and marketing a product or service is no assurance of financial success. Customers are the reason for a company's existence. The secret to a successful company is a growing client base that is happy and well-served by prompt response on their most pressing concerns. These days, customers care more about the service or product's quality and the means by which it is delivered than about any other factor. The magic term that puts a company ahead of the competition is customer ecstasy. An organization's ability to provide its customers with surprises they never anticipated is a source of great joy for them[18].

Building trust, providing answers, ensuring continual, boundless enjoyment, and making the client feel most valued are all parts of a customer-centric corporate culture, which is a strategy for customer relationship management. The goal should not be only to meet but to surpass the expectations of the customer. To succeed in today's internet-driven market, this is your only option. To make this a reality, process management has embraced the merging of marketing and logistics trends made possible by advances in information and communication technology. To achieve customer ecstasy, it is necessary to go above and beyond what the client has requested in terms of service. The old ways of gauging service quality don't work anymore. Discussions on the merits of various services are necessary, as is the formulation of strategies for raising the bar of service in a way that benefits the client. It's all about taking action instead than just responding to what consumers require. Customers experience ecstasy, a feeling of profound enjoyment, when they purchase a product or service, which in turn ensures their loyalty.

Brand Loyalty

A loyal customer is one who has already committed to buying the same brand's goods and services again and again. Two steps are involved. Loyalty begins with the consumer's promise to place further orders. Second, being loyal to a brand is more than just saying you will, it's really doing things like buying more of that item. Customer repeat purchases are a common indicator of brand loyalty[19]. These buyers often tell their friends and family about the product. The general public views loyalty as fundamental to a company's prosperity because of the positive effect it has on the steady flow of money into the firm over time. Because it increases productivity and boosts performance, loyalty is an excellent component of every successful business plan. There are many tiers of loyal customers that may be defined by their mentality and buying habits. Greater brand loyalty indicates that customers care profoundly about the product and are willing to go to great lengths to promote it to their friends and family. Brand loyalty is a key idea that helps to understand why people choose certain brands. As far as the stochastic approach is concerned, brand loyalty boils down to nothing more than making repeat purchases in the absence of any discernible motivating reasons. Companies will not get any actionable insights about how to strengthen customer loyalty from this method. The deterministic approach, on the other hand, considers brand loyalty to be an attitude or desire to buy, which opens the door for businesses to investigate what makes customers loyal[20].

Role of Brand in Online Environment

The visual communication of search characteristics occurs when the brand name in a virtual environment undergoes the brand value process, which transforms experience attributes. The more data needed to turn a product into a searchable category, the more dependent on the brand people are. Additionally, the product brand name has a greater influence due to the perceived higher risk of online transactions.

So, bigger businesses can tell you enough about their products to have you buy them without ever touching them. In addition, 82% of those who took the survey said that the reputation of the company matters when they shop online. Also, compared to cheaper brands, consumers are less devoted to more expensive ones, according to the survey. Internet shoppers are more likely to exercise restraint when compared to their in-store counterparts, according to the findings. Brands that are well-known and have a solid physical presence tend to fare even better in the online space when it comes to customer loyalty. The term "brand equity" refers to the mental processes, both active and passive, that influence consumers to buy a certain brand again. Rational and irrational are two possible descriptions.

- **Confidence:** When there are gaps in the available data, trust is crucial. As a practical matter, it aids in lessening the impression of danger of loss. In its most basic form, trust increases the probability that a good result will be achieved by the client. Elements like business or brand name take on more significance early on in a relationship. They stand in for more accurate measures of expected performance. In order to develop brand loyalty, customers must have faith in the seller or product they are purchasing. It is important to build trust early on and continue to do so throughout the consumer relationship. Incorporating customer profitability levels and placing an emphasis on lifelong customer value is a smart way to increase success and profitability while developing online client loyalty.

- **Positive Perceived Value:** A higher perceived value than that offered by rivals is necessary for the transaction or connection to be considered valuable. The term "perceived value" refers to how a consumer rates the advantages of a product or service relative to its price. Perceived value, in this context, is best understood as an overarching concept that contrasts the prices, costs, and advantages offered by one business with those of its rivals.

- **Customer Connect:** By focusing on the first two aspects, businesses may establish a favorable emotional connection with their customers. They may get emotionally attached to their brands to the point that they are reluctant to change. Loyalty to a brand goes beyond just a series of discrete, repeated purchases; it encompasses a far broader relationship between customers and brands. Both the act of making frequent purchases and the reasons behind those purchases are part of it. Those considerations may aid in differentiating between fake loyalty, which is best defined as passivity, and real loyalty, which indicates dedication to the business or brand. By differentiating between the two, we may learn if a customer's recurring purchases are indicative of genuine loyalty or of inertia in response to changes in the store's inventory or market circumstances.

It has been shown that customer satisfaction is proportionally increased by pleasant surprises and decreased by negative ones. As e-commerce grows in popularity, consumers develop stronger emotional ties to the brands they support; once they have an opinion about a brand, it's difficult to alter their minds. Companies like Amazon, Flipkart, Snapdeal, Big Basket, and many more adhere to certain standards and strive to please clients to the best of their abilities. Although the likelihood of a consumer being deceived is low, it is not necessarily nonexistent. Attracting new clients and keeping the ones you already have are our top priorities. Finding new clients is easier than keeping the ones you already have, according to the research.

One key to keeping current consumers is earning their trust. Due to the abundance of rivals offering comparable products and services, customer satisfaction strategies used by businesses cannot guarantee client retention over the long term. Since there are several competitors in the market, buyers find it simpler to switch. When thinking about his outputs, the organization or service provider should aim for joy and ecstasy, not just contentment. Companies in the modern digital age need to do more to remain competitive. The importance of customer satisfaction, delight, and ecstasy as strategies to harness client loyalty has grown in recent years due to rising global competition and increasing economies. We set out to investigate how three different states of mind—customer satisfaction, delight, and ecstasy—influence brand loyalty. In addition, the research will investigate the elements that influence customer satisfaction, delight, and ecstasy as they relate to brand loyalty.

In this exploratory study, we look at the relationship between brand loyalty and variables including customer satisfaction, delight, and ecstasy, with an emphasis on online shopping. Brand loyalty is the dependent variable in this research, whereas customer satisfaction, delight, and ecstasy are the independent variables.

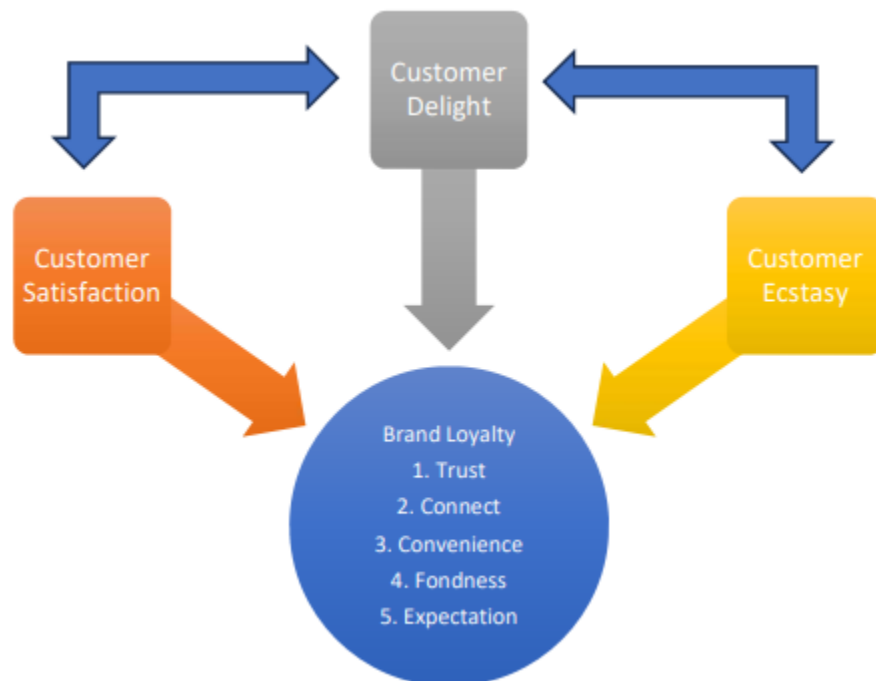


Figure 1 Diagrammatic representation of conceptual model used in the study

The present study found that Customer satisfaction impacts brand loyalty. Customer satisfaction is a customer's overall feeling about the quality of a product or service, based on his/her experience with it. It is widely accepted that customer satisfaction is a key factor in developing brand loyalty.. Consumers seek to depict themselves through their brand choices and tend to approach products with images that enhance their self-concept.

Online shopping behavior is also governed by quality, the price offered and the seller's reputation. They also attempt to describe themselves through the personality traits associated with prestige brands. It is in line with the findings that customer is attached to particular shopping site over others due to brand value. Repetitive purchases in online shopping occurs when a customer has a good experience in terms of ease of ordering, product availability and timely delivery. Ecstasy provides a distinct advantage to the company that does it first and does it consistently. The literature has shown that attributes like post purchase touch, free shipping, exceeding the expectation, cancellation without charges, quick response, free trial at home, ease of navigation have high potential to increase the Brand loyalty. Further studies have shown that web stores that offer distinct benefits such as a wider range of products, better organisation of product information like images, specifications, options and reviews, search and browse tools, and greater customisation options create an overwhelming customer experience and leads to loyalty.

Customer satisfaction and brand loyalty are fundamental concepts in marketing and consumer behavior theory. Customer satisfaction is defined as the extent to which a product or service meets or exceeds consumer expectations. It is often measured through feedback mechanisms, such as surveys and reviews, reflecting the emotional and cognitive responses of customers following their experiences with a brand[21].

Brand loyalty, on the other hand, refers to a consumer's commitment to repurchase or continue using a brand. It manifests as repeat purchases, brand advocacy, and a resistance to switching to competing brands. Loyalty can be driven by emotional connections, perceived quality, and overall satisfaction. The interplay between these two constructs is critical for brands seeking sustainable growth and competitive advantage.

Expectancy-Confirmation Theory posits that customer satisfaction is influenced by the confirmation or disconfirmation of prior expectations. When a product or service meets or exceeds expectations, customers are likely to report high satisfaction levels. Conversely, unmet expectations can lead to dissatisfaction. This theory emphasizes the importance of managing customer expectations, particularly for luxury brands where perceived value and experience play pivotal roles in shaping satisfaction and subsequent loyalty.

The Brand Equity Model emphasizes that brand loyalty is influenced by brand perception, which is shaped by customer satisfaction. Positive experiences can enhance brand equity, leading to higher customer loyalty. This model is particularly relevant for mid-range and budget brands, where brand equity can be built through consistent quality and value for money. These brands must focus on delivering satisfaction that aligns with customer expectations to cultivate loyalty.

The relationship between customer satisfaction and brand loyalty is not static; it varies significantly across different brand categories. Luxury brands, mid-range brands, and budget brands each present unique contexts that shape customer perceptions and experiences. Understanding these contexts is crucial for marketers. For luxury brands, where emotional and experiential elements are paramount, strategies that enhance customer satisfaction can lead to stronger brand loyalty. In contrast, mid-range brands must consistently deliver value and quality to retain customers, while budget brands can capitalize on price advantages, even if satisfaction levels are not as high.

Conclusion

One way to better understand the relationship between customer happiness and brand loyalty is to look at the theoretical frameworks that deal with these topics. These ideas stress the significance of knowing what customers want, controlling their experiences, and tailoring tactics to different types of brands. Marketers may use these findings to create more personalized strategies that increase happiness and loyalty across all types of brands. The goal of this research is to delve into these dynamics and help us understand customer behavior in a more complicated market.

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