SUPERVISOR VERIFICATION

I / We* hereby declare that have read this work and in

My / our* view this work is sufficient in terms of scope and quality for the award of

Bachelor of Technopreneurship with honors

Signature   --------------------------

Supervisor Name   --------------------------

Date   --------------------------

Signature   --------------------------

Panel Name   --------------------------

Date   --------------------------

THE IMPACT OF BRAND IMAGE TOWARD CONSUMER LOYALTY IN
CONTEXT OF MALAYSIA LOCAL FRANCHISE IN MELAKA

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DECLARATION

I declare that this project entitled "The Impact of Brand Image toward Consumer Loyalty in context of Malaysia Local Franchise in Melaka." is the result of my own research except as cited in the references. The project paper has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature   :

Name   :

Date   :

DEDICATION

I would like to dedicate this research to my beloved parents and my siblings and to my lecturer. Their unconditioned love and encouragement have allowed me to strive and push myself beyond limits that I never thought would be possible. With their support, I was able to complete this research paper smoothly. I will give this thesis as a special gift for my parents especially to my father and mother for their support, this also as feedback for what they have done for me during my whole life.

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ABSTRACT

The growth and important of brand image in the business entity such as franchise show an increasing concern. A variety of brand image element that exist as an approaches in recent years owing to the complexity of the concept, the large range of attribute that required to evaluate the customer loyalty. This study seeks to summarize the evolution of research and current thinking as it related to the different methodological approaches for brand image to the customer loyalty and to provide a discussion of future directions. The objective of this study to determine the factor of brand image that contribute to customer loyalty in context of Malaysia local franchise and explain the feedback from the customer which buying at the local franchise premise. This research conducted by quantitative method to identify the impact of brand image toward customer loyalty in Malaysia local franchise. In this research, data collection are based on the questionnaire, the research strategy with a survey of 380 respondent and the analysis is carrying out using the Statistical Package for Social Sciences (SPSS) and Microsoft Excel. The questionnaire are distributed among the customer of local franchise in Melaka urban areas. The finding of this research show all the four variable are positively significant by using simple and multiple regression analyses. The result show the symbolic is the highest variables that impact to the customer loyalty. This result show, marketer in Malaysia local franchise should concern about the important of their brand image benefit to get more loyal customers and well design toward their experiential, symbolic, appearance and functional for high exposure.

ABSTRAK

Pertumbuhan mampan dan juga kepentingan imej jenama di dalam entiti perniagaan seperti francais di Malaysia menunjukkan betapa pentingnya jenama di dalam entiti perniagaan. Pelbagai unsur-unsur imej jenama yang telah wujud sebelum ini dijadikan pendekatan dalam kajian beberapa tahun kebelakangan ini, lalu satu julat yang diperlukan untuk menilai kesetiaan pelanggan. Sebahagian besar pendekatan ini berdasarkan kepuasan pelanggan dan kajian kesetiaan pelanggan. Kajian ini bertujuan untuk meringkaskan evolusi penyelidikan dan pemikiran semasa di dalam kajian lepas kerana ia berkaitan dengan pendekatan metodologi yang berbeza untuk digunakan dalam kajian ini. Kepentingan imej jenama akan memberi impak kepada kesetiaan pelanggan, lalu pengkaji akan menyediakan satu perbincangan mengenai hala tuju masa depan kajian ini. Objektif kajian ini adalah untuk menentukan faktor imej jenama yang menyumbang kepada kesetiaan pelanggan dalam konteks francais tempatan di Malaysia dan menjelaskan pandangan daripada pelanggan yang mana membeli di premis francais tempatan. Kajian ini dijalankan dengan menggunakan kaedah kuantitatif untuk mengenal pasti kesan imej jenama ke arah kesetiaan pelanggan di dalam francais tempatan di Malaysia. Dalam kajian ini, pengumpulan data adalah berdasarkan kepada soal selidik, strategi penyelidikan kajian meliputi 380 responden dan analisis itu dijalankan dengan menggunakan Statistical Package for Social Sciences(SPSS) dan Microsoft Excel Dapatan kajian ini menunjukkan kesemua pembolehubah positif kepada pembolehubah dengan dibuktikan melalui regresi mudah dan pelbagai analisis. Factor simbolik telah menunjukkan factor ini adalah yang paling banyak mempengaruhi berbanding factor lain. Lalu, pengurus pemasaran dalam francais tempatan di Malaysia perlu menitikberatkan tentang kepentingan imej jenama untuk mendapat lebih banyak pelanggan setia dan mereka bentuk dengan baik faktor simbolik, rupa dan fungsian untuk mendapatkan hasil yang baik kepada organisasi mereka.

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B	=	Beta
$_0$	=	Null
%	=	Percentage
R	=	Point of estimate
R_2	=	Point of estimate Square
P	=	Value

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CHAPTER 1

INTRODUCTION

1.1   Background of Study

Brand image are considered as very powerful tool in the field of marketing. This constraint has been studied previously also respectively in the abroad and within the nation also. The current study also focuses on brand image and customer loyalty intention. According to Bennett & Rundle-Thiele (2004) these constraints are used as a marketing benchmark for the company outcome & performance. Besides, brand image is the perception of the customer which is perceived by customers while buying product and service but brand image cannot be treated as a benchmark or guarantee for giving satisfaction to the customer.

It is likely to be said that customer satisfaction can be considered as the powerful tools in the marketing by which an image of an organization which is perceived by customers. If the customer is having satisfaction, certainly it have a strong effect on brand image. Furthermore, according to Schultz (2005) generally said and believed that a satisfied customer is more likely to display loyalty behavior such as repeats purchase and willingness to give positive word of mouth.

This study focused on the effect of brand image toward customer loyalty in context of local franchise in Malaysia and this types of business is among the most famous among the customer because of their convenient system. Here, it was tried to

find out the effect of customer satisfaction through brand image and also on customer loyalty respectively. The current study also throws a light on direct effect or indirect effect of brand image on customer satisfaction and indirect effect of brand image on loyalty intention via customer satisfaction and   direct effect of brand image on loyalty intention.

Furthermore, in term of local franchise in Malaysia, our local need to increase the reputation of local franchise in Malaysia to compete with the well-known franchise, the important of franchise brand image need to be measure. Brand image can be defined as the meaning that the consumers identify with the product or as the sum of their understanding of the product. Brand image is the result of impressions of consumers gained from various sources about the brand. Many factors such as trying out the branded product, the franchise reputation, product packaging, brand name, the ads format used and its content and the type of media where the ads is presented are among these sources.

The selecting of Malaysia local franchise is always a very serious affairs for the customer because if the selection of brand, consumer would not prefer and never repurchase those brand products if the brand a not in their mind. Therefore the benefits of brand image are perceived by the customer always, whether the customer is male or female. It has no effect because both class customers keep good awareness in the context of the outcome of product.

Lastly, Malaysia local franchise brand image is seen as the sum of the emotional and aesthetic impressions that occur in the consumers about the product. Various characteristics such as what that the brand reminds, what it evokes in the eyes of the consumer as well as the buying behavior of the consumer must be dealt with in order to determine the brand image (Karpat, 2000). Brand image appears in the mind of the customer through perceptions of brand that emerge by means of the brand associations kept in memory. Brand image is the entire of beliefs regarding the brand and it may include product identity, emotions, and mind association.

1.2   Problem statement

According to Harif (2011), franchising has developed rapidly because of the changing lifestyle of the Malaysian society over the last decade. Its emergence as a significant force was influenced by a variety of economic, demographic and social factors, such as the increasing difficulty faced by independent small businesses, the ageing of baby boom generation, the emergence of double income families, the changing attitudes to convenience and product quality, and the increasing reliance on technology.

The rapid spread of the western influence on the younger Malaysian population has resulted in the increase in demand for higher quality foods and services, presented in a quality high-uniform standard across the country. These factors as well, are essential features of franchising. This trend has set a conducive environment for franchising. The knowledge of brand image benefit to the local franchise in Malaysia are still low. In Malaysia, the knowledge about the brand image to their business especially local franchise and small medium enterprise are low, this is because they are more to focus on product and customer. The first aim and objective in the early of establishment is more to product oriented and focus on profit. When the brand image of some business low, then the reputation among the customer are down. Besides, new local franchise failed in attempt to communicate with complex and intangible messages as part of their brand image.

Furthermore, the current status of the franchise business sector in Malaysia in terms of its development and economic contribution is still unsatisfactory as it only contributed approximately 5% to the domestic retail sales. Thus, under the Eighth Malaysia Plan, the government has allocated a big budget amounting of RM100 million via the Franchise Development Programme to develop another 60 new franchisors in order to achieve a target of 1,000 franchisees (News Straits Times 2002).

According to McCosker (1995) and Mendelsohn (1999), poor service rendered to customers is one of the main reasons for franchisee failure even if the franchise business is well recognized. Franchise attitude Mullner, Bernardi Glattz and Schnedlitz (2003) stated that lack of entrepreneurial initiative and responsibility of the franchisee,

lack of commercial knowledge as well as negligent behavior were part of the franchise attitude that contributed to franchisee failure. McCosker (1995) and Mendelsohn (1999) also supported this factor and added that franchisee who experienced difficulty in adhering the format or the business formula fixed by the franchisor are those with high potential to fail. Sometimes, franchisee might developed attitudes of a maverick and become non-conformist, thus disrupting the franchise chain (Miranda, 1995).

1.3 Research Questions

The research question is related to the problems that facing by local franchise. There are several research questions as below:

i. What is the effect of symbolic towards affect customer loyalty of Malaysia local franchise?
ii. What is the effect of appearance towards affect customer loyalty of Malaysia local franchise?
iii. What is the effect of functional towards affect customer loyalty of Malaysia local franchise?
iv. What is the effect of experiential towards affect customer loyalty of Malaysia local franchise?
v. What are the brand image that affect customer loyalty of Malaysia local franchise?

1.4 Research Objectives

From the concept of brand, objective of this research are to measuring customer loyalty based on benefit of brand image element in local franchise at Malacca. The objectives of this study are as below:

i. To measure the effect of symbolic towards customer loyalty

ii. To measure the effect of functional towards customer loyalty

iii. To measure the effect of appearance towards customer loyalty

iv. To measure the effect of experiential towards customer loyalty

v. To investigate the most influencing factor of brand image that affect customer loyalty of customer loyalty

1.5   Hypothesis of the Study

A research hypothesis is the statement created by researchers when they are forecast upon the outcome of a research. The hypothesis is generated via a number of means, but usually the result of a process of inductive reasoning where observations lead to the formation of a theory. The hypothesis is an acceptable statement to give a researcher focus on constructing a research experiment (Martyn, 2008). There are several hypothesis are as below.

Symbolic:

H0: There is no significant relationship between symbolic and customer loyalty

H1: There is a significant relationship between symbolic and customer loyalty

Functional:

H0: There is no significant relationship between functional and customer loyalty

H1: There is a significant relationship between functional and customer loyalty

Appearances:

H0: There is no significant relationship between appearances and customer loyalty

H1: There is a significant relationship between appearances and customer loyalty

Experiential:

H0: There is no significant relationship between experiential and customer loyalty

H1: There is a significant relationship between experiential and customer loyalty

1.6   Scope

This research is aimed to determine what kind of brand image that can affect the customer loyalty among Malaysian franchise and the element of brand image in this research are experiential, functional, appearances and symbolic. The result of the objective make the researcher focused on the scope of the research. The scope focused on the geographical areas in Malacca which have a unique composition of many local franchises in Malaysia and more focused to the customer that loyal to the product. Besides, analysis is on the brand image and consumer loyalty among the local franchise in Melaka. The respondents can be range in different ages, occupation, gender, and salary. All of them are available to shop direct and indirect. The information collected from several methods which are online survey and questionnaires.

1.7   Project Significant

1.7.1   Organization

This research is relevant to management in organization practitioner especially the marketers in organization because the finding may reveal the important aspects in brand image about the factor contribute to the consumer behavior especially their loyalty to the brand. This research is expected to be valuable to the other researcher for future research and also the local franchise in Malaysia to attract the loyal customer. This study hopefully can contribute to those businesses who want to start the local franchise by doing the right plan in term of branding.

1.7.2   Researcher

Since local franchise in Malaysia is growing up, therefore research in this area are increased and be up to date. Branding in the digital era is very dominant and study about it is really most favored since there are many gaps can be explored by researchers. The finding of this study hopefully can fill the gaps and contributes to the other researchers who want to do the study in more in depth.

1.8   Limitations

The limitation of this study are the number of Malaysia local franchise are limited to the 8 franchise based on the higher number of branch in Melaka and the followed by the well-known franchise among the population in Melaka. Besides, the other limitation that researcher faced are the small sample in Melaka only rather than whole population in Malaysia.

1.9   Summary

Customer response is the ultimate test of whether a brand image strategy are succeed. Thus, local franchise base in Melaka should incorporate knowledge about customer especially for regular users. Data about customer buying behavior help Malaysia local franchise and related organization such as SME to define the need and identify threats to and opportunities to attract customer and make sure they are loyal customer. From the point view, customer loyalty measurement can be useful to increase the sales of business.