

DETERMINANT FACTORS THAT AFFECT TO
BRAND LOYALTY OF MALAYSIA PRODUCTS

NUR SAKINAH BINTI AMER HAMZAH

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISOR DECLARATION

I, hereby declare that have read this project paper. This project paper is submitted to Universiti Teknikal Malaysia Melaka as a requirement for completion and reward of Degree Bachelor of Technology Management (High Technology Marketing).

Signature :

Name of Supervisor : IR BUDIONO HARDJONO

Date :

Signature :

Name of Panel : DR. NORAIN ISMAIL

Date :

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MALAYSIA PRODUCTS**

NUR SAKINAH BINTI AMER HAMZAH

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DECLARATION

“I hereby declare that this project paper is result of my independent work except the summary and experts that have been specifically acknowledgement”

Signature :

Name of Author : NUR SAKINAH BINTI AMER HAMZAH

Date :

DEDICATION

I would like to dedicate the appreciation for my beloved mother, Mariya Binti Ahmad and beloved father Amer Hamzah Bin Saedin who are strongly give moral support and motivation in order to complete this research study. Next, I would to thank my great supervisor Ir. Budiono Hardjono for their valuable guidance and for the valuable knowledge in complete this research.

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ABSTRACT

In this study are focus on brand loyalty is the main thing in an organization is influenced by customer satisfaction for products and services. This study aims to identify factors that affect the product brand loyalty Malaysia. Four main factors used in this study that the quality, credibility, and reliability and superiority. The study used a survey method with a total of 150 survey forms will be distributed to the users of the fashion field including accessories (handbag), cloth and shoes. The theoretical framework has been drawn out and questionnaire was designed based on the element chosen. The entire hypotheses were successfully tested with Statistical Package for the Social Sciences (SPSS) and three hypotheses were accepted while another one hypotheses were rejected. The regression analysis result shown that the most significant variable that given effected and positive influence relationship to brand loyalty were brand quality, brand credibility and brand reliability.

ABSTRAK

Dalam kajian ini dapat memberi tumpuan kepada kesetiaan jenama adalah perkara utama dalam sesebuah organisasi dipengaruhi oleh kepuasan pelanggan untuk produk dan perkhidmatan. Kajian ini bertujuan untuk mengenal pasti faktor-faktor yang mempengaruhi kesetiaan jenama produk Malaysia. Empat faktor utama yang digunakan dalam kajian ini bahawa kualiti, kredibiliti, dan kebolehpercayaan dan keunggulan. Kajian ini menggunakan kaedah tinjauan dengan sejumlah 150 borang kaji selidik akan diedarkan kepada pengguna bidang fesyen termasuk aksesori (beg tangan), pakaian dan kasut. Rangka kerja theoretical telah dihasilkan dan soal selidik telah direka berdasarkan elemen yang dipilih. Seluruh hipotesis telah berjaya diuji menggunakan Statistical Package for the Social Sciences (SPSS) dan tiga hipotesis telah diterima manakala satu hipotesis lagi ditolak. Hasil analisis regresi menunjukkan bahawa pembolehubah yang paling penting yang diberi dilaksanakan dan pengaruh hubungan positif untuk kesetiaan jenama adalah kualiti jenama, kredibiliti jenama dan kebolehpercayaan jenama.

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TABLE FOR ABBREVIATIONS

<u>ABBREVIATIONS</u>	<u>DEFINITION</u>
UTeM	Universiti Teknikal Malaysia Melaka
VS	Versus
MBQ	Mean Brand Quality
MBC	Mean Brand Credibility
MBR	Mean Brand Reliability
MBS	Mean Brand Superiority
MBL	Mean Brand Loyalty

CHAPTER 1

INTRODUCTION

This chapter are consist of the introduction and background of research then following by problem statement, research question, research objective, limitation, scope key assumption and summary of research.

1.0 INTRODUCTION

Brand can defines as a product or service to which human beings attach a bundle of tangible (functional product and service characteristics) and intangible (emotional and/or symbolic) meanings that add value. A brand has one strategic purpose and that is to differentiate itself from competitors. (Gordon 1999: 324). The brand encompasses all the emotions, associations, perceptions and expectations that a logotype, trademark or campaign evokes.

The above definition shows that company's brand is what consumers individually and collectively perceive it to be. It is everything that a buyer knows, feels and says about that company as true or false, good or bad. Ultimately, the brand resides

in the mind of the buyer, not in the company or its products. That is why brands, like products, have to be engineered, developed and nurtured. Brand building can be regarded as the development of the intangible part of the product. Helping to build a brand is part of every employee's job, whether they are in research, management, sales or manufacturing, because all aspects of what a company does, and how it does it, influence its reputation, the market's perception of the company, and ultimately the brand itself.

There are some differences between local brand and international brand;

- Local brand is a brand marketed and managed on only one country.
- An international brand is a brand normally present and managed at the international level, but with possible adaptations relating to its name and its marketing strategy.

These definitions consider two criteria: the degree of geographical coverage and the degree of standardization regarding to the management of the brand. (ed. Dunod, 2013)

Malaysia has many brands that are made in local even they have good reputation as international brand. The example such are Bonia, Jimmy Choo, PETRONAS, Secret Recipe and many more. Bonia the name comes from Norman word bonnie, a common nickname for an attractive person. This word possibly derives from the Old French bon, which means good or fine, although the movement is not clear. Bonia still exist until now because of the variety product like wholesales leather goods, menswear, watches, and eyewear under the Bonia. It also knows the high quality product and Bonia have their own customer loyalty. So, this research is to study the field of fashion that including accessories (handbag), cloth and shoes.

1.1 BACKGROUND

Brand loyalty is the one of the important thing in the business organization. This study is focus to explore the determinant factors that effect to brand loyalty of Malaysia product.

Brand loyalty can be defined as the extent of consumer faithfulness towards a specific brand and this faithfulness is expressed through repeat purchases and other positive behaviors such as word of mouth advocacy, irrespective of the marketing pressures generated by the other competing brands (Kotler & Keller, 2006; Kotler, et al., 2008). Brand loyalty may exist when a consumer is unwilling to switch from a brand that he or she is familiar with. From that we can conclude, the brand loyalty occurs when a customer chooses to repeatedly purchase a product produced by the same company instead of a substitute product produced by a competitor. For example, some people will always buy Coke at the grocery store, while other people will always purchase Pepsi.

Brand loyalty occurs when a consumer uses the services or products of a brand repeatedly for years without replacing it by other brands in the same segment. Loyal customers bring to the company a major source of value for several reasons, among them the low price sensitivity, the low cost of the company before advertising to win those customers, disclosing the brand beyond them mouth-mouth, thus bringing customers and isolation of potential competitors because when the client has a high level of loyalty, it does not change the brand even if competitors obtain a variety of incentives. Brand loyalty is important for several reasons (Grewal and Levy, 2011, p.193). First, it reduces the cost of production because the sales volume is higher. Second, companies with brand-loyal customers don't have to spend as much money on marketing the product, which will permit the company to either retain more earnings or to invest resources elsewhere. Third, companies may use premium pricing that will increase profit margins. Finally, loyal customers tend to recommend products that they like.

Brand loyalty is often based upon perception. A consumer will consistently purchase the same product because she perceives it as being the superior product among the choices available. We should note that brand loyalty usually relates to a product, not a company.

Brand loyalty plays an important role in the purchase of products, where customers will be loyal with their brand exactly sure of the image, quality, satisfaction, trust and promotion loyalty of their cause will continue to buy these products again and again. Therefore, this research is done to investigate the factors that affect brand loyalty of Malaysia local product.

Businesses have to exert significant effort to facilitate brand loyalty. Researcher need to convince potential customers that product has a significant advantage over other products to justify consistent purchases of the product. Businesses also will attempt to leverage brand loyalty developed for a product to other products offered by the company. The hope is to create brand loyalty for as many products as possible

1.2 PROBLEM STATEMENT

In Malaysia, most of people do not know there are a lot of local branded products that have gained same level with the international brand. Among the local products are at the same level with the international brand like Bonia, Jimmy Choo, secret recipe and more. Brand loyalty is the one of important thing in an organization. This study is to explore the main factors that contribute brand loyalty of Malaysia local brand. It also to determinant factors that effect to brand loyalty of Malaysia product.

Due to tight competition among the brands in the market, either local or overseas brands, some of local bands owners need to strategize their brand portfolio in order to be able to stand at the same level with the overseas brands.

The problem is how can they attract as many as possible their potential customers to become customers who loyal customer to their brands. Understanding on what determinant factors that affect to the brand loyalty of Malaysian products can help the local producers to sustain in the competition.

Branding exists in Malaysia marketing industry brought with it many problems that are influenced by several factors. Among the problems that exist is a matter of maintaining brand loyalty of local brands comparing international. It can be shown that the locals prefer the products produced by foreign countries compared to local products.

In addition, problems exist due to the failure of most of local brand products to achieve the standard features of a good product branding than products from abroad.

Finally, the negative perception that exists in the minds of consumers to the local product brands to create a gap between domestic brands and foreign brands. Local the population regards it as a product from the outside has the advantage over local products. As examples quality, design and many more

1.3 RESEARCH QUESTION

1. What are the determinant factors that effect to the brand loyalty?
2. What is the impact of brand quality to brand loyalty of Malaysian products?

3. What is the impact of brand credibility to brand loyalty of Malaysian products?
4. What is the impact of brand reliability to brand loyalty of Malaysian products?
5. What of the impact of brand superiority to brand loyalty of Malaysian products

1.4 RESEARCH OBJECTIVE

1. To find out the determinant factors that effect to the brand loyalty.
2. To investigate impact of brand quality to brand loyalty of Malaysian products.
3. To identify impact of brand credibility to brand loyalty of Malaysian products.
4. To investigate the impact of brand reliability to brand loyalty of Malaysian products.
5. To identify the impact of brand superiority to brand loyalty of Malaysian products.

1.5 LIMITATION

In this research involving brand loyalty to the field of fashion as clothing, accessories (handbag) and shoes will used in this research to measure the brand loyalty of Malaysia local brand product.

This research will cover Malacca only. So it probably cannot be generalized to all over the country since the characteristic of Melaka people is different with other area of the country.

Research cannot be done to all over country because of limitation of time, cost, and limited resources availability.

1.6 SCOPE

The scope of this study is to examine the factors that have an effect on the brand loyalty of Malaysian products which have high competition in the market. Therefore from this study, some of factors that effect to brand loyalty can be investigated further. The variables that are used include brand quality, brand credibility, brand reliability and brand superiority.

1.7 KEY ASSUMPTION OF STUDY

This study shows that there are several factors that influence brand loyalty. Through a survey shows users are honest and sincere in answering the questionnaire. This research also, runs statistical tests, the design research, and limitation of study to further strengthen the results.

1.8 SIGNIFICANT OF STUDY

By doing this research, some of the findings which it result from this research can be used for any other researchers who want to conduct the future research in this area. On the other side, the result also can be used by the business players who concern about their brands, especially Malaysian brand, as a reference on how we should handle our brand if they want to achieve at the resonance level for their brand, locally or even globally.

1.9 CHAPTER SUMMARY

In regards to the coverage area of the current research, the large domain of loyalty has allowed to highlight a number of opinions related to this subject without the current presentation becoming exhaustive. As it follows we intended to put into mark few elements important in the definition of loyalty, to identify the measuring methods most often used in defining the loyalty concept and correlate loyalty with the brand concept. Last but not least, the intended to present a summary of various factors that can determinant factors that affect to brand loyalty of Malaysia products.