

UNIVERSITI TEKNOLOGI MARA

**ATTITUDINAL LOYALTY, BRAND
VALUE AND BRAND LOYALTY
IN THE AGRICULTURE PRODUCE
RETAIL INDUSTRY**

AB Aidullah Bin Mustaffa

Thesis submitted in fulfilment
of the requirement for the degree of
Doctor of Philosophy

Faculty of Business Management

June 2017

ABSTRACT

This research analyzed brand loyalty of customers towards hypermarkets or retail stores of agriculture produce. Brand loyalty was studied using attitudinal loyalty and brand value to address the issue of fierce competition among retail stores of agriculture produce. Retaining loyal customers, attracting new customers and moulding them into brand loyal customers could generate accumulative sales growth and volume over time. Attitudinal loyalty comprises of three dimensions: cognitive loyalty, affective loyalty and conative loyalty. Brand value comprises of four component: value, quality, satisfaction and image. Quantitative approach using self-administered questionnaires with 5-point Likert scale was distributed to 420 respondents who were the customers of agriculture produce retailers. Quota sampling design has been chosen because probability sampling criteria cannot be met. Statistical analysis was conducted by SEM using AMOS for structural model that has been tested for reliability and validity leading to hypotheses testing. This study had revealed that attitudinal loyalty has positive effect on brand loyalty and all components of brand value has a positive mediating effect on brand loyalty except value. Value does not mediate positive effect of attitudinal loyalty on brand loyalty. The issue of brand loyalty customers are important in the era of globalization and trade liberalization for repurchase, greater sales, barrier to entry, reduce switching behavior for sustainable business growth.

Keywords: Attitudinal loyalty, brand value, brand loyalty, agriculture produce, retail industry

ACKNOWLEDGEMENT

I would like to acknowledge the support given to me either directly or indirectly by the managements of Universiti Teknologi MARA (UiTM), University Utara Malaysia (UUM), Ministry of Higher Education Malaysia (MOE) and Ministry of Work Malaysia (MOW) for rendering me the most needed assistance that make the completion of this thesis possible. I would like to express my sincere gratitude to the participating agriculture produce retailers and respondents (retailers' customers) of my questionnaires for providing assistance to facilitate my surveys and questionnaires. My sincere gratitude is also due to the Ministry of Education Malaysia for awarding the most needed scholarship to finance my research, journal publications and other related financial matters during my study tenure at Universiti Teknologi MARA (UiTM). I am also indebted to the State Government of Sarawak and Lebuhraya Borneo Utara Sdn. Bhd. for their kind and generous hospitality and assistance. My sincere appreciation is also due to the various journal editors and reviewers who had thoroughly studied my articles for indexed refereed journal publications. Sincere thanks also due to Dr. Abdul Kadir Othman and En. Mohd Khirzan for their assistance with the technicality of Structural Equation Modelling (SEM) and Analysis of Moment Structures (AMOS).

The completion of this thesis is made possible with the conceptual and theoretical guidance from my main supervisor Prof. Dr. Faridah Hassan and second supervisor Prof. Dr. Rosidah Musa who had thoroughly scrutinised the systematic process of this research. Finally, my sincere appreciation goes to my family for their endless moral support and encouragement. They have been extremely accommodative to my tight schedule throughout this study duration. Without their consistent support and continuous faith in me, I certainly would never made it this far.

Thank you.

Abaidullah Mustaffa

TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLES OF CONTENTS	vi
LIST OF TABLES	xii
LIST OF FIGURES	xiv
LIST OF SYMBOLS	xvi
LIST OF ABBREVIATIONS	xvii
CHAPTER ONE: INTRODUCTION	1
1.1 Background Of Study	1
1.2 Attitudinal Loyalty	3
1.3 Brand Value	6
1.4 Brand Loyalty	11
1.5 Agriculture Produce Retailing In Malaysia	18
1.5.1 Chicken Consumption In Malaysia	21
1.5.2 Production Of Chicken For Retail Industry In Malaysia	21
1.6 Problem Statement	29
1.7 Research Questions	31
1.8 Research Objectives	32
1.9 Scope Of Work	32
1.10 Significance of Study	34

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

Attitudinal loyalty, brand value and brand loyalty studies are important for agriculture produce retail industry in Malaysia for several reasons like retaining customers' repeat purchase, generating greater sales for increase profitability, acting as barrier to new entry and reducing switching behaviour for sustainable growth (Dawes, Meyer-Waarden and Driesener, 2015). In addition, retailing is an important industry in Malaysia which has been included in the National Key Result Areas (NKRA) by the Government of Malaysia, thus a research for agriculture produce retail industry in Malaysia is relevant. Since Malaysia is a multi-racial country with different religions then the choice of agriculture produce for this research should be acceptable to all Malaysians. Hence, chicken has been selected compared to beef or pork where there is no religious restriction on its consumption. Attitudinal loyalty (AL), brand value (BV) and brand loyalty (BL) studies are not new but rather an ancient concept viewed in new perspectives for the benefit of managing change with time (Chai, Malhotra, & Alpert, 2015).

About 92 years ago, Copeland (1923) had studied attitudinal loyalty, brand value and brand loyalty and his study had initiated further research to understand the concept of brand loyalty for the advantage of ever changing business scenario (Jang, Kim, & Lee, 2015; T.-C. Lin, Huang, & Hsu, 2015). Today, attitudinal loyalty, brand value and brand loyalty research had undergone evolutionary process in an effort to understand consumer loyalty behaviour in various industries. Retailing of agriculture produce is an important sector in the agriculture retail industry because it supplies food and raw materials to the Malaysian population and mankind (D. Huang & Drescher, 2015; Javorcik & Li, 2013; Lakatos & Fukui, 2014). Thus making this study exceptionally important to pursue. Agriculture produce retailing covered in this research is predominantly chicken however generalization could include vegetables, fruits, meat and seafood which are classified as agricultural produce.