UNIVERSITI TEKNOLOGI MARA

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

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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

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Thank you.

Abaidullah Mustaffa

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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.