

**THE EFFECT OF BRAND IMAGE AND BRAND  
PERSONALITY TOWARDS SATISFACTION AND  
LOYALTY INTENTION IN THE CONTEXT OF SABAH  
BEVERAGE PRODUCT**

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**DISSERTATION SUBMITTED IN PARTIAL  
FULFILLMENT FOR THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION**

**PERPUSTAKAAN  
UNIVERSITI MALAYSIA SABAH**

**FACULTY OF BUSINESS, ECONOMICS AND  
ACCOUNTING UNIVERSITI MALAYSIA SABAH  
2016**

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**UNIVERSITI MALAYSIA SABAH**

**2016**

# UNIVERSITI MALAYSIA SABAH

## BORANG PENGESAHAN TESIS

JUDUL KAJIAN: The effect of brand image and brand personality towards satisfaction and loyalty intention in the context of Sabah beverage product.

IJAZAH: Degree of Master of Business Administration

SAYA Augustina Chang Mei Xiu SESI PENGAJIAN 2015/2016

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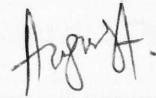
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## DECLARATION

I hereby declare that the material in this thesis is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledged.

10<sup>th</sup> AUGUST 2015



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PERSONALITY TOWARDS SATISFACTION AND LOYALTY INTENTION  
IN THE CONTEXT OF SABAH BEVERAGE PRODUCT

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A handwritten signature in black ink, appearing to read 'AHR', is written over a horizontal dashed line.

## ACKNOWLEDGEMENT

First of all, I would like to thank to God for letting me complete this research. I would like to express my humble gratitude to my supervisor, Associate Prof. Dr. Hj. Amran Hj. Harun of the Faculty of Business, Economics and Accountancy, University Malaysia Sabah for his patience and encouragement, and also for his insightful comments, time, assistance and generous help. His continuous encouragement provided to me as my motivation to complete this research. I feel appreciate of having a good advisor in guiding me for my study.

I would like to express my deepest gratitude to my parents, Chang Lain Wah and Chin Chon Len for their understanding, continuous support, and encouragement all the way towards the completion of this research. Besides that, I also want to express my gratitude to my siblings who always have my back. Not to forget, I would like to thank my MBA friends, colleagues and friends who were always there for me throughout the semester. Last but not least, I would like to thank you to all of the respondents that participated in answering the questionnaire.

I am sincerely and gratefully thankful to all of you.

Augustina Chang Mei Xin

10<sup>th</sup> AUGUST 2016

## ABSTRACT

The purpose of this study is to study the effect of brand image and brand personality on satisfaction and loyalty intention in the context of Sabah beverage product. The study also examines the mediating effects of satisfaction between brand image and loyalty intention as well as between brand personality and loyalty intention. In this study, the dimensions of brand image consist of three dimension attributes (e.g. quality, uniqueness and brand origin). A total of 293 set of questionnaires were used for the statistical data requirement. The statistical method adopted in this study is by using the SmartPLS software version 2.0. Bootstrapping is conducted and from the statistical data that collected show there is partial mediating effect between brand image and loyalty intention and brand personality and loyalty intention. SmartPLS is used to assess the convergent validity, discriminant validity, cross loading and hypothesis testing in matter to examine and justify the findings for this study. This research conducted is applied to a more specific to investigate the relationship between brand image and brand personality towards satisfaction and loyalty intention. The findings of the study also showed no mediating effect between uniqueness and loyalty intention whereas quality and brand origin were mediated by satisfaction towards loyalty intention of consumers. As for brand personality, excitement and ruggedness showed no mediating effect of satisfaction towards loyalty intention while sincerity, competence and sophistication had mediation relationship. Limitation of the study, implication of the study and future research are also included in this study.



## ABSTRAK

### **KESAN IMEJ JENAMA DAN PERSONALITI JENAMA TERHADAP KEPUASAN DAN NIAT KESETIAAN DALAM KONTEKS PRODUK MINUMAN SABAH**

Tujuan kajian ini adalah untuk mengkaji kesan imej jenama dan personaliti jenama terhadap kepuasan dan niat kesetiaan dalam konteks produk minuman Sabah. Kajian ini juga mengkaji kesan pengantara kepuasan antara imej jenama dan niat kesetiaan serta antara personaliti dan niat kesetiaan. Dalam kajian ini, dimensi imej jenama terdiri daripada tiga ciri - ciri dimensi (contohnya kualiti, keunikan, dan asal jenama). Sebanyak 239 set soal selidik digunakan untuk keperluan data statistik. Kaedah statistik yang diguna pakai dalam kajian ini adalah dengan menggunakan perisian SmartPLS versi 2.0. Bootstrap dijalankan dan daripada data statistik yang dikumpul menunjukkan terdapat kesan perantara separa antara imej jenama dan niat kesetiaan serta personaliti jenama dengan niat kesetiaan. SmartPLS digunakan untuk menilai kesahan menumpu, kesahihan diskriminan, memuatkan silang dan ujian hipotesis bagi memeriksa dan menjustifikasikan dapatan kajian ini. Kajian ini dijalankan dikenakan kepada yang lebih khusus untuk mengkaji hubungan antara imej jenama dan imej personaliti terhadap kepuasan hati pengguna dan niat kesetiaan. Hasil kajian menunjukkan tiada kesan pengantara antara keunikan dan niat kesetiaan manakala kualiti dan asal jenama telah diantarakan oleh kepuasan terhadap niat kesetiaan. Bagi imej personaliti, keseronokan dan kelasakan menunjukkan tiada kesan pengantara kepuasan terhadap niat kesetiaan manakala keikhlasan, kecekapan dan sofistikasi mempunyai pengantaraan. Batasan kajian, implikasi kajian dan penyelidikan masa hadapan adalah juga termasuk dalam kajian ini.

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# CHAPTER 1

## INTRODUCTION

### 1.0 Introduction

In this chapter, there are few things to be discussed such as the background of this study, the problem statement, research questions, research objectives, scope of the study, examined the significant of this study, and lastly defining the important key terms that used in the study.

### 1.1 Background of Study

The manufacturing sector has an important role to the economy. It can be seen from its role to the gross domestic product (GDP), and also creating jobs for people. In the second quarter of 2014, the manufacturing area of Malaysia experienced constant growth along the years. Due to the stable growth, manufacturing sector has contributed 7.3 percent to the Malaysian economy (Bank Negara Malaysia, 2014). As a result of constant growth and the need of external products, the manufacturing industry can generates a better performance in the future. Moreover, in the article of Business Circle by Cushman and Wakefield (2014), the top ranking in favour of world's manufacturing location for new suitability index is chosen to be Malaysia.

Based on the Table 1.0, it is showed that the Malaysia GDP by kind of economic activity at constant prices from the year 2010 to 2015. In this table shown that the number of manufacturing activities in Malaysia is increasing year by

year which indicates that manufacturing sector is a fast rising sector and very significant for the growth experience of Malaysia. The structural transformation in the economy sector has changed Malaysia into an exporter of high value added manufactured products as previously is an exporter of primary commodities.

**Table 1.0 Malaysia GDP by kind of economic activity at constant prices, 2010 to 2015**

Rm (Million)					
Period	Agriculture	Mining and Quarrying	Manufacturing	Construction	Food and Beverage
2010	82,882	89,793	192,493	28,213	16,309
2011	104,424	95,905	212,618	30,892	18,140
2012	95,122	101,474	224,730	37,9093	19,844
2013	92,754	103,484	232,720	42,764	21,890
2014	98,150	109,123	253,392	48,741	24,481
2015	97,537	103,336	263,810	54,240	27,337

Source: Annual National Product & Expenditure Accounts, 2010 – 2015, Department of Statistic (2016).

Malaysia is located in the centre of Association of South-East Asian Nations (ASEAN). It is formed by two regions which are the Peninsula and the states of Sabah and Sarawak where it divided by the South China Sea. (SEDIA Annual Report, 2013). For this study, it will be focusing on the beverage industry in Sabah. Sabah is well situated among the promising markets of North Asia and the rapid development regions of Southern Philippines, Kalimantan and Brunei. Table 1.1 shows the gross domestic product by kind of economic Activity at constant price, 2010-2014 for Sabah. The manufacturing industry is growing constantly and the strategic location of Sabah in between the regions is an advantage to transform Sabah into manufacturing ideal location.

**Table 1.1 The Gross Domestic Product By Kind Of Economic Activity At  
Constant Price, 2010-2014.**

<b>Sabah</b>					
<b>Agriculture</b>	15,889	16,989	16,004	16,334	16,797
<b>Mining and Quarrying</b>	14,092	12,094	13,286	13,648	14,433
<b>Manufacturing</b>	4,823	5,147	5,091	5,328	5,721
<b>Construction</b>	1,870	2,009	2,271	1,963	2,046
<b>Services</b>	21,259	33,957	24,385	25,693	27,116

Source: The Statistics Department of Malaysia.

On 29 January 2008, Sabah Development Corridor (SDC) was launched in order to improve the people's quality life by increasing the growth of Sabah's economy, supporting regional balance and attaching the rural-urban divide while ensuring sustainable management of the state's resources (SEDIA Annual Report, 2013). The SDC initiative intends to triple Gross Domestic Product (GDP) per capita of Sabah and increase the amount by four times throughout the execution of the priority programmes. One of the Six Key Focus areas is manufacturing. For the Sabah's manufacturing sector, the vision is to be the location of choice in Asia for resource-based manufacturing by 2025 (SEDIA Annual Report, 2013). Therefore, along with the strategic location of Sabah and the implementation to enhance the key focus area – manufacturing, it can improved the state's economy growth as well as provide job opportunity.

Malaysia's food and beverage industry is flourishing where abundant resources of tropical and agricultural can be found in diverse cultures of Malaysian Malay, Chinese and Indian society. It has resulted in a mesmerizing variety of processed food and beverage with the Asian taste. The Malaysian food and beverage market is growing more and more sophisticated. The industry is supplied by both local and imported products. In the article of "Market Watch 2012, The Malaysian Food Industry", it stated that the main changes of consumer purchases

and consumption patterns are caused by the strong economic growth in the late 80's and early 90's.

According to Hussin (2011) from the interview in The Report Sabah 2011, he mentioned that Sabah has a competitive edge that could help it become a leading producer of halal products for the BIMP-EAGA region and the ASEAN market. Besides that the report also stated that Sabah is the top milk producer in the country and contributed the biggest share to the 1Malaysia school milk programme. Sabah also exports fresh milk to retail markets in other states and to neighbouring countries such as Brunei. Therefore, Sabah beverage product has the potential in delivering the demand of beverage market in the state and also to other countries.

## **1.2 Problem Statement**

Customer loyalty is one of the key factors in order to get competitive advantages in the beverage industry. It is also an important issue to be applied by the marketing managers. A loyal customer brings benefits to the organization. It allows continuing of profit stream, trim down marketing and operation costs, increase recommendation and is immune to competitor's promotion efforts (Reicheld and Teal, 1996). It is important to the organization to have loyal customers as they provide a long-term business activity.

According to Jani and Han, (2014), due to the culminating impact on future behaviour of customers, customer satisfaction has become one of the frequent variables in the studies. For example, customers repurchase and telling positive feedbacks about the product or service to the potential customers. In which customer satisfaction can be seen as a fulfilment of consumers' consumption goals as experienced and described by consumers (Oliver, 2006). Thus, it can be seen

that a satisfied customer will bring positive mouth of word to the products and successively promote to the potential buyers.


When a consumer receives a good products or services, aside from the profit of the product, the positive impacts to the market can contribute to organization market share. Defined as repurchase as well as willingness to give positive word of mouth, it is assumed that loyalty is an implication of satisfied customer (Schultz, 2005). Thus, the act of a satisfied customer that will repurchase the product is commonly believed. Moreover, it is shown that customer satisfaction and loyalty has a highly associated relationship, but it is not the only variable that can impact towards loyalty.

Satisfied customers are not compulsory to be loyal (Reichheld, 1994). Even though the customers have good product or service experiences, they are not obligated to repurchase the same product. Besides that, the tough competition and rapid introduction of product lines and facilities in the industry attract consumers to gain familiarity with the details of the product-ranging choice and customer's friendly substitutes (Ballantyne, Warren and Nobbs, 2006). For that reason, the manufacturers need to make sure that the product produced is different in terms of quality and other features when compared to the competitors. By that way, it can create attraction and affection to the products or services (Bennett and Rundle-Thiele, 2005).

There are two explanations for declining the loyalty of a brand (Bennett and Rundle-Thiele, 2005). The first reason is because of the quality of the products can no longer clearly differentiate as the quality levels of the products have risen to the standard among the competing brands. Thus, consumers have a considerably low of risk in switching brands as the quality of the brands is not a concern anymore. The second reason is related to the brand positioning. With the present consumers, brand does not indicate quality and risk reduction. To create brand positioning in

the market, companies try to build up a variety of ways through which consumer's perception develops. The perception is called as brand image (Keller, 1993). Moreover, Bloemer and Ruyter (1998) stated that image can influence satisfaction in which can lead to loyalty in the context of retailing.

On the other hand, brand personality also gaining much attention from the scholars in the past years. Aaker (1997) had developed the first systematic study regarding brand personality. The traits of the brand personality bring emotional value or symbolic meaning which be able to help towards brand preferences of customers which as compared to functional attributes, brand personality is more enduring (Rajagopal, 2006). This can associate between the relationship of the customers and the brand. Moreover, Hawkins et al. (2001) stated that each customer would buy a product where its personalities matched to their individual personalities. Thus, it can give impact to overall satisfaction and loyalty to the brand.



Several studies that focused on the impact of personal factors, such as personality on satisfaction (Jani and Han, 2014 & Gountas and Gountas, 2007). Still there is no sufficient verification and coverage on the relationship. Abidin et al (2016) stated that initiative should be taken by Malaysian designers to promote Malaysian product design identity. It also said that research on brand image and identity and user perception of local products should be carried out at largest setting. From the previous study, it helps to indicate that what brand image and identity that local product need to have and suggested to study more on it.

Furthermore, the relationship of brand image, brand personality, satisfaction and loyalty in Malaysia has limited studies. Customer loyalty intention is an important element in measuring how much the product is success in the market. It is also believed that a customer that satisfied will become loyal to the brand. Consequently, brand image and brand personality will be the indicators in finding

out the customer satisfaction and customer loyalty in this paper. Thus, it is necessary for this study to carry out study that related to the topic. By that, it can identify the brand image and brand personality of the products that lead to satisfaction and loyalty intention. It also can provide better understanding of the concept as well as guidance to the marketers and manufacturers in Sabah.

### **1.3 Research Questions**

This study identified the factors influencing the loyalty intention which are mediated by overall satisfaction of beverage products in Sabah. The research questions addressed are:

- (1) Does Brand Image (Quality, Uniqueness, Brand Origin) affect overall satisfaction?
- (2) Does Brand Personality (Sincerity, Excitement, Competence, Sophistication, Ruggedness) affect overall satisfaction?
- (3) Does Brand Image ((Quality, Uniqueness, Brand Origin) affect loyalty intention?
- (4) Does Brand Personality (Sincerity, Excitement, Competence, Sophistication, Ruggedness) affect loyalty intention?
- (5) Does overall satisfaction affect loyalty intention?
- (6) Is there mediating effect of overall satisfaction between brand image and loyalty intention?
- (7) Is there mediating effect of overall satisfaction between Brand Personality and loyalty intention?

## **1.4 Research Objectives**

The general objective for this research is to identify the antecedents of overall satisfaction which affects the loyalty intention towards the Sabah beverage products. Specific objectives are as follow:

- i. To examine the relationships between brand image (Quality, Uniqueness, Brand Origin) and overall satisfaction.
- ii. To examine the relationships between brand personality (Sincerity, Excitement, Competence, Sophistication, Ruggedness) and overall satisfaction.
- iii. To examine the relationship between brand image (Quality, Uniqueness, Brand Origin) and loyalty intention.
- iv. To examine the relationships between Brand Personality (Sincerity, Excitement, Competence, Sophistication, Ruggedness) and loyalty intention.
- v. To examine the effects of overall satisfaction on loyalty intention.
- vi. To examine the mediating effects of overall satisfaction on the relationship between brand image and loyalty intention.
- vii. To examine the mediating effects of overall satisfaction on the relationship between brand personality and loyalty intention.

## **1.5 The Scope of Study**

The scope of the study is to examine the effect of brand image and brand personality on loyalty intention towards local beverage products in Sabah. The brand images included are quality, brand origin and uniqueness. These attributes are found to be determinants of satisfaction. As for brand personality, five attributes studied which are sincerity, excitement, competence, sophistication and ruggedness. This study will also examine the mediating effect of overall satisfaction on the relationship between brand image and brand personality towards the loyalty intention of local beverage products in Sabah.

The study that will be conducted is a quantitative study. In quantitative research, it involves the use of a set of question that is structured and designed in