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**THE DIRECT AND INDIRECT EFFECTS OF BRAND TRUST ON  
ATTITUDINAL AND BEHAVIORAL LOYALTY TOWARD SME BRANDS IN  
KLANG VALLEY RESTAURANT SECTOR**



**By**  
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**Thesis Submitted to  
Othman Yeop Abdullah Graduate School of Business,  
Universiti Utara Malaysia,  
in Fulfillment of the Requirement for the Degree of Doctor of Philosophy in  
Marketing**

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## ABSTRAK

Minat terhadap penjenamaan Perusahaan Kecil dan Sederhana (PKS) untuk meningkatkan prestasi perniagaan dilihat semakin meningkat. Namun begitu, cara strategi penjenamaan mempengaruhi prestasi perniagaan melalui kesetiaan pelanggan tidak banyak yang diketahui. Oleh itu, kajian ini menguji model yang dibina berdasarkan teori pertukaran sosial berkaitan dengan peranan kepercayaan jenama, (iaitu kepercayaan berasaskan emosi dan rasional) untuk merapatkan jurang antara strategi penjenamaan dalaman, (iaitu pengalaman jenama dan personaliti jenama) dengan kesetiaan pelanggan, (iaitu sikap kesetiaan dan kesetiaan tingkah laku). Bagi mencapai objektif tersebut, 242 maklum balas pelanggan telah diperolehi melalui kajian pantas di sepuluh cawangan restoran jenama PKS yang berjaya di Lembah Klang. Data telah dianalisis dengan menggunakan PLS. Dapatan kajian menunjukkan bahawa pengalaman jenama mempunyai hubungan positif yang signifikan dengan kedua-dua komponen kepercayaan jenama dan kesetiaan jenama. Walau bagaimanapun personaliti jenama mempunyai hubungan positif yang signifikan dengan kedua-dua komponen kepercayaan emosi dan rasional, dan kesetiaan tingkah laku sahaja. Manakala, kedua-dua komponen kepercayaan emosi dan rasional mempunyai hubungan positif yang signifikan dengan kesetiaan sikap dan tingkah laku. Isu berkaitan peranan pengantara kepercayaan jenama pula menunjukkan bahawa kepercayaan berasaskan rasional mengantara hubungan antara pengalaman jenama dengan kesetiaan sikap dan tingkah laku. Manakala kepercayaan berasaskan emosi hanya mengantara hubungan antara pengalaman jenama dengan kesetiaan tingkah laku. Kepercayaan berasaskan emosi dan rasional tidak menjadi pengantara hubungan antara personaliti jenama dengan kesetiaan jenama.

**Kata kunci:** Pengalaman jenama, personaliti jenama, kepercayaan jenama, kesetiaan jenama, penjenamaan PKS

## ABSTRACT

There is a rising interest in Small and Medium sized enterprises (SME) branding to boost business performance. Despite that, less is known about how branding strategies influence business performance through customer's loyalty. Hence, this study aims to test a model built based on social exchange theory on the role of brand trust (namely, emotional and rational-based trust) in bridging the gap between internal branding strategies (namely, brand experience and brand personality) on customer's loyalty (namely, attitudinal loyalty and behavioral loyalty). To achieve the following objectives, 242 customers' responses were obtained through an intercept survey at 10 restaurant outlets of successful SME brands in Klang Valley. Data were analyzed using PLS. The findings reveal that the brand experience has a significant positive relationship with both components of brand trust and brand loyalties. Brand personality, however, has a significant positive relationship with the component of emotional and rational trust, and behavioral loyalty only. Meanwhile, the component of emotional and rational trust has a significant positive relationship with attitudinal and behavioral loyalties. With regards to the mediation role of brand trust, the rational-based trust mediates the relationship between brand experience and attitudinal and behavioral loyalties. Whereas the emotional-based trust only mediates the relationship between brand experience and behavioral loyalty. No mediating effect is found of the emotional and rational-based trust on the relationship between brand personality and brand loyalty.

**Keywords:** Brand experience, brand personality, brand trust, brand loyalty, SME branding

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## LIST OF ABBREVIATIONS

SMEs	Small and Medium Enterprises
SME	Small and Medium Enterprise
SME brand	Small and Medium Enterprise brand
SME CORP	SME Corporation
GDP	Gross Domestic Product
PKS	Perusahaan Kecil dan Sederhana
PLS	Partial Least Squares



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## APPENDICES

Appendix 1: Previous studies of intercept method in restaurant context

Appendix 2: Official survey cover letter from university

Appendix 3: Questionnaire

Appendix 4: Normality Test - Skewness and Kurtosis

Appendix 5: Stop Criterion Changes

Appendix 6: Cross Loadings of Construct



# CHAPTER 1

## INTRODUCTION

### 1.1 Overview of the chapter

This chapter begins with the background of the study by discussing the need for a study to be conducted on SME brand loyalty. Particularly, brand loyalty related issues and gaps are highlighted in assisting with the development of research objectives and research questions. Next, the scope and the significance of study are explained. Lastly, this chapter ends with the definition of key terms and the outline of the whole thesis.

### 1.2 Background of the study

Due to globalization and liberalization, a much challenging market has taken place which eventually changes the economic landscape leading to opportunities and challenges for Malaysia to achieve high-income nation by 2020. Small and medium-sized enterprises (SMEs), given their huge numbers of establishment across the country, play a crucial role in their contribution toward the progression of Malaysia to achieve a high-income nation status. Accounting for more than 97% of all businesses in Malaysia, the SMEs contributed more than 35% to the national gross domestic product (GDP) and 65% to the total workforce in 2014 (SME Corp., 2015, p.19, p. 29).

Despite the positive contribution, the performance of Malaysian SMEs is still lagging behind SMEs in high-income countries. According to SME Masterplan (2013, p. 19), SMEs in Malaysia are still far from reaching the 39% average percentage of GDP in the middle-income countries. This triggers a need to improve the performance

of SMEs through a higher market share for Malaysia to shift toward a high-income nation. SMEs basically are seen as firms with a lack of resources which make them at a competitive disadvantage compared to their larger counterparts. Apart from being physically small, firm growth of SMEs is usually hindered by manpower and financial poverty (Muhammad, Char, Yasao, & Hassan, 2010). As a result, SMEs lack the aptitude to compete with tangible assets, such as advanced technologies (Silver & Berggren, 2010) and intangible asset, such as market intelligence (Reijnonen, Laukkanen, Komppula, & Tuominen, 2012).

Following this, numerous studies have been conducted to discover the competitive strategy to boost SME performance. A study by Merrilees, Rundle-Thiele, and Lye (2011) revealed that branding capability had a huge impact on the performances of Australian SMEs. Similarly, Reijnonen, Laukkanen, Komppula, and Tuominen (2012) proposed that brand orientation plays an important role in improving the profitability of a business. Consequently, scholars (e.g., Ng & Kee, 2012; Mi & Baharun, 2013) suggested that SMEs should focus on branding as one of the competitive tool to enhance their performance in the long run. However, the scenario in the practical world reveals that SME brands are still struggling to sustain in the market despite being successful. In addition, most of the SME brands are not newcomers and have been in the market for at least more than ten years (SME Corp., 2015). Moreover, some of the SME brands have been awarded SMEs Bestbrand Awards in recognition for successful branding (The BrandLaureate, 2015). Despite that, these SME brands are still facing challenges to sustain in the competitive Malaysian restaurant industry with volatile or declining market shares which warrant further investigation (Euromonitor, 2014). Following this issue, this study is

interested in investigating the branding strategies that contribute toward sustainable SME brand in the restaurant industry.

### 1.2.1 Overview of Malaysian SMEs and Restaurant Industry

Notably, a new definition for SMEs in Malaysia has been used beginning 1 January 2014. The new definition is based on two criteria, namely, the total annual sales turnover or the number of full-time employees of a firm (SME Corp., 2015). Thus, this study adopts the definition of SMEs as shown in Table 1.1.

Table 1.1  
*Definition of SMEs in Malaysia*

No.	Category	Micro-enterprise	Small enterprise	Medium enterprise
1.	Manufacturing, manufacturing-related services, and agro-based industries.	Sales turnover of less than RM300,000 <u>OR</u> full time employees fewer than five	Sales turnover between RM300,000 and RM15 million <u>OR</u> full time employees between five and 75	Sales turnover between RM15 million and RM50 million <u>OR</u> full time employees between 75 and 200
2.	Services, primary agriculture, and information and communication technology (ICT)	Sales turnover of less than RM300,000 <u>OR</u> full time employees fewer than five	Sales turnover between RM300,000 and RM3 million <u>OR</u> full time employees between five and 30	Sales turnover between RM3 million and RM20 million <u>OR</u> full time employees between 30 and 75.

Source: Adopted from SME Corp (2015): SME annual report 2014/15.

According to table 1.2 SMEs in the service sector play a major role to contribute toward the Malaysian economic development, as reflected in the increase in the number of business establishments from 86% to 90% in 2011 (SME Corp, 2015, 2012). Specifically, contribution of SMEs in the service sector are mainly driven by the largest sub-sector namely the wholesale and retail trade as well as restaurant and accommodation (62%). Meanwhile, other services sub-sector record the lowest number of SME establishments with only seven percent. Following this, the focus of this study is on SME brands within the restaurant industry in Malaysia

because SMEs in the restaurant industry play more important role in contributing toward Malaysia economic as compared to food manufacturer (SME Corp, 2015, 2012).

Table 1.2  
*Number of Establishments of SMEs by Sector*

Number of establishments	Census of Establishments and Enterprises 2005 (Reference Year 2003)			Economic Census 2011 (Reference Year 2010)		
	Total	SMEs	Percentage of SMEs over total SMEs	Total	SMEs	Percentage of SMEs over total SMEs
Services	477,525	474,706	86.6	591,883	580,985	90.0
Manufacturing	40,793	39,737	7.2	39,669	37,861	5.9
Agriculture	34,486	34,188	6.2	8,829	6,708	1.0
Construction	-	-	-	22,140	19,283	3.0
Mining & Quarrying	-	-	-	148	299	0.1
Total Establishments	552,804	548,267	100	662,939	645,136	100

Source: Adapted from SME Corp (2012): SME annual report 2011/12.

Table 1.3  
*Percentage Share of SMEs in the Services Sector by Sub-sectors*

Sub-sectors	Percentage of SMEs	
	2013	2014
Wholesale, retail trade, restaurants, and accommodation (WRRRA)	59.8	61.6
Finance, insurance, real estate, and business services (FIRB)	21.5	20.6
Transport, storage, and communication (TSC)	11.7	10.4
Other Services	7.0	7.4
Total	100	100

Source: Adapted from SME Corp (2012): SME annual report 2014/2015.

While the SME Corp (2015) report indicates that SMEs in the restaurant sector play a crucial role in their overall contribution toward the Malaysian economy, local SME brands in the restaurant sector still face challenges to capture significant market shares (see Table 1.4) in comparison to global brands, such as Kentucky Fried Chicken and McDonald's, which have been experiencing positive growth for the past years due to their long years of establishment as well as huge financial resources.

Indeed, according to Euromonitor (2014), the restaurant industry in Malaysia is mainly dominated by these two global brands.

Table 1.4  
*SME Brands and Market Share*

Brand (% value)	Firm size	2008	2009	2010	2011	2012	2013
KFC	LO	17.4	17.7	17.4	17.3	17.0	16.5
McDonald's	LO	11.0	11.4	12.8	13.7	14.5	13.4
Secret Recipe	SMEs	5.6	5.7	6.1	5.9	5.8	6.0
Marrybrown	SMEs	1.4	1.3	1.1	1.3	1.3	1.7
Pappa Rich	SMEs	0.5	0.6	0.9	0.9	1.1	1.1
Big Apple	SMEs	0.8	1.1	1.0	1.1	1.2	1.1
The Chicken Rice Shop	SMEs	0.7	0.7	0.7	0.7	0.6	0.6
1901	SMEs	0.6	0.7	0.6	0.4	0.4	0.1
Nelson	SMEs	0.2	0.2	0.2	0.2	0.2	0.1
Kyros Kebab	SMEs	0.1	0.0	0.0	0.0	0.0	0.0
:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:
Total		100.0	100.0	100.0	100.0	100.0	100.0

Source: Adapted from Euromonitor (2014; 2014a).

Note: Firm size according to SME Corp (2015) and The BrandLaureate (2014). LO = Large organization, SMEs = Small and Medium size enterprises.

However, it is not surprising that these big brands have been experiencing positive growth for the past years as compared to SME brand given its years of establishment as well as its huge financial resources. The focus of this research is rather on the performance of SME brands which had successfully practices branding into their business yet still struggles with low performance (e.g. declining or volatile market share) in the business world. Such circumstance is not in line with the literature where past researches had empirically argued that branding is capable to improve performance of SMEs (Merrilees et al., 2011; Reijnonen et al., 2012; Tuominen, Laukkanen, & Reijonen, 2009).

Table 1.4 shows that SME brands, such as 1901, Nelson, and Kyros Kebab are still facing challenges in sustaining the business enterprises in the restaurant sector with the declining market share. For example, Kyros Kebab faced challenges in

restoring its market share over the past five years from 2009 to 2013. Similarly, Nelson and 1901 also suffered a declining market share to 0.1% in 2013 (Euromonitor, 2014). Not only that the business enterprises have been in the market for more than 10 years or so, some of the SME brands (e.g., Nelson, 1901) have been awarded The BrandLaureate – SMEs Bestbrand Awards (The BrandLaureate, 2014). This award is a worldwide recognition where the winners are selected based on their branding success. Yet, despite all these achievements, the SME brands are still struggling in gaining customer loyalty. With the rising number of SME brand chain in Malaysia, such as Bangi Kopitiam, Ani Sup Utara, and Legend's Claypot Briyani House (MFA, 2014), the issue of branding success becomes ever more important.

Unsuccessful branding will lead toward an unsustainable brand and hence low competitive advantage. Consequently, both revenue and profit will be reduced. This will eventually cause the SMEs to be wiped out from the industry because a strong brand is crucial for long-term survival in the market (Agostini, Filippini, & Nosella, 2014; Gundala & Khawaja, 2014). Unsuccessful branding then threatens the survival of SME brands in the restaurant industry because the SMEs depend on the domestic market for survival (SME Corp., 2015).

Studies have empirically shown that attitudinal loyalty encourages premium price while behavioral loyalty leads to higher market share (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014). In the restaurant industry where the switching costs are said to be low, customer loyalty to a brand is problematic (Dwyer, Schurr, & Oh, 1987; Gremler & Brown, 1996; Wang, 2010). However, other researchers indicated that customers in the restaurant industry can be loyal to a brand despite the low switching cost (Sahagun & Vasquez-Parraga, 2014). But, regardless of the switching costs, it is important for the SMEs to understand the

success factors in developing customer loyalty toward their brand to strategically execute their branding strategy effectively.

Reliable industry reports, namely, Euromonitor (2014a) highlighted that established brand names, such as KFC and McDonald's manage to adapt to the economic recession and the higher cost of raw materials by diverting competition on convenience (e.g., 24-hour operation, delivery services, etc.) and pricing (e.g., value meal, discount coupon, etc.). However, such benchmarking to lower operation cost is challenging for SMEs with financial constraints (Muhammad et al., 2010). But because SMEs have been building and maintaining good rapport with customers to survive (Reijonen, 2010), it is, therefore, reasonable for SME brand to learn from successful global brands on how to establish a lasting relationship with loyal customers.

Ranked 7<sup>th</sup> of the top 100 brands in The World's Most Powerful Brands list, McDonald's is an example of a successful global brand that adapts well to the challenges in the marketplace by delivering consistent quality services for their customers (Forbes, 2013). Apart from that, McDonald's alongside with other familiar brands, such as Kentucky Fried Chicken (KFC) and Pizza Hut has also won multiple prestigious branding awards (e.g., Putra Brand Award, Superbrand, The BrandLaureate BestBrands Awards etc.), reflecting their outstanding brand management. McDonald's achievement is also shown in its consistent bullish performance of more than 200 outlets in Malaysia (Euromonitor, 2014a). Both brand experience and brand personality have played an important role in the success of McDonald's globally (Doyle, 1989; Murase & Bojanic, 2004). McDonald's exciting tagline - "I'm lovin' it!" - has built a good brand personality of providing feel good experience with value saving meals. Its brand personality is further strengthened with

innovative menus, such as Happy Meal, McValue, and McSavers as well as its Ronald McDonald's mascot. Don Thompson, the former Chief Executive Officer (CEO) of McDonald's, claimed that apart from delicious food and reasonable price, customer experience is important for continued visits (McDonald's Annual Report, 2014). The anecdotal evidence above shows that both brand experience and brand personality are crucial in establishing good customer rapport in the restaurant sector.

Despite the importance of brand experience and brand personality in contributing toward a successful business performance, a review of the literature outlines several gaps related to brand loyalty in local SME brands as discussed in problem statement section below.

### **1.3 Problem Statement**

SMEs have been generally profiled based on certain criteria related to size, such as annual sales, total employees, and capital investment, to name a few. For instance, SMEs in Malaysia is categorized based on two criteria namely the total annual sales turnover or the number of full-time employees (SME Corp, 2013). However, it is unfair to differentiate SMEs from bigger corporations by just considering the size of the firm (Hill, 2001a). According to Mendham and Bannock (1982), business objective, management style, and marketing practice should be considered as well in distinguishing between the two. This study focuses on customer perception toward SME brands for two reasons, namely: (a) a need for a clearer picture of SME branding strategy from successful SME brands, as highlighted by the literature and the industry, and (b) success factors affecting customer loyalty toward global brands and SME brands are different.

In regard to the first reason, both practitioners and scholars have acknowledged the importance of brand loyalty for SMEs to sustain in the marketplace. Former Senior Director of Exporters Development Division of Malaysia External Trade Development Corporation (MATRADE), Datuk Dzul kifli Mahmud argued that a firm foundation of branding will help to enhance the competitive edge of SMEs against other large companies in the marketplace (Bernama, 2013). Similarly, the president of Branding Association of Malaysia, Datuk Eric Chong, claimed that branding is the key to enhance SMEs capability to compete globally (Emily, 2015). Meanwhile, scholars such as Ehrenberg et al. (1990) argued that small brands are at disadvantages compared to global brands because they typically have few customers and less repeated purchase. In addition, occasional buyers also have less preference for the small brands to global brands. Such unfavorable situation for small brands also referred as double jeopardy phenomenon. Eventually, this contributes to a lower market share for the small brands.

Review of the literature suggests that most of the SME branding studies focused on internal branding on firm performance (Agostini, Filippini, & Nosella, 2014; Asamoah, 2014; Reijonen et al., 2012; Berthon et al., 2008; Krake, 2005). For instance, Merrilees, Rundle-Thiele, and Lye (2011) found that branding capability had a huge impact on the performance of Australian SMEs. Similarly, Reijonen, Laukkanen, Komppula, and Tuominen (2012) found that brand orientation played an important role in improving the profitability of a business. Besides, most studies on SME branding were conducted from the perspective of owners/managers (Eggers, O'Dwyer, Kraus, Vallaster, & Guldenberg, 2013; Merrilees, Rundle-Thiele, & Lye, 2011; Reijonen et al., 2012; Wong & Merrilees, 2008). According to Baumgarth (2010) and Centeno, Hart, and Dinnie (2013), it is also important to understand the

perceptions of customers because branding is not just an internal concept and the success of branding is measured through profits contributed by repeated purchases from loyal customers (Aaker, 1996). In other word, a success branding requires solid internal branding which contributes toward the success outcome measured by repeated purchase of loyal customer.

Brand loyalty is the ultimate goal to measure the success of a company's branding strategy (Aaker, 1996; Chaudhuri & Holbrook, 2001; Russell-Bennett, McColl-Kennedy, & Coote, 2007; Sahin, Zehir, & Kitapci, 2011; Zehir, Sahin, Kitapci, & Ozsahin, 2011). Additionally, there are two techniques to investigate brand loyalty. The composite approach includes both the attitudinal and behavioral aspects as a single unit of brand loyalty (e.g., Brakus, Schmitt, & Zarantonello, 2009; Erdogmus & Budeyri-Turan, 2012; Ha, John, Janda, & Muthaly, 2011). The second approach involves measuring attitudinal loyalty and behavioral loyalty separately (e.g., Chaudhuri & Holbrook, 2001; Kuikka & Laukkanen, 2012; Lin, 2010; Matzler et al., 2008; Rauyruen et al., 2009). Marketing literature agrees that both attitudinal and behavioral loyalty affects brand equity differently. Attitudinal loyalty is related to the willingness of a customer to pay extra for a particular brand compared to the alternative and increased of customer base through referral, but behavioral loyalty manifests in increased market shares and profits (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014). Hence, this study is interested to investigate brand loyalty from both attitudinal and behavioral loyalty in order to tackle the research issue which is to help SMEs in the restaurant industry to increase its market share and increase it customer base.

Secondly, a call was raised to examine the important factors in driving loyalty toward successful SME brands (Agostini et al., 2014; Asamoah, 2014; Krake, 2005;

Mi & Baharun, 2013; Ng & Kee, 2012). In fact, SMEs have been strongly urged to learn from the successful SME brands in the country (SME Masterplan, 2013). Following this, the focus of this study is on SME brands within the restaurant industry in Malaysia because SMEs in the restaurant industry play more important role in contributing toward Malaysia economic as compared to food manufacturer (SME Corp, 2015, 2012). Particularly, restaurant industry is part of the largest sub-sector in the service industry namely the wholesale and retail trade as well as restaurant and accommodation (62%).

A strong brand is crucial for SMEs to sustain themselves in a volatile marketplace (Abimbola, 2001; Agostini et al., 2014; Chakraborty, Deb, Moustafa, & Choudhary, 2013; Krake, 2005; Merrilees et al., 2011; Mi & Baharun, 2013; Opoku, Abratt, Bendixen, & Pitt, 2009; Wong & Merrilees, 2008). To date, studies have identified various predictors of customer loyalty, such as commitment, satisfaction, perceived quality, and perceived value in the context of global brands (Belaid & Behi, 2011; Erdogmus & Budeyri-Turan, 2012; Kim et al., 2011; Kuenzel & Halliday, 2010; Lin, 2010; Walter et al., 2013). However, there are limited studies on the predictors of customer loyalty in the context of SME brands. Consequently, literature encourages more studies to be conducted in the context of SME brands because SMEs are different compared to their larger counterpart (Agostini et al., 2014; Asamoah, 2014; Krake, 2005; Mi & Baharun, 2013; Ng & Kee, 2012; Reijonen, Laukkanen, Komppula, & Tuominen, 2012; Spence & Essousi, 2010).

Berthon et al. (2008) found that SMEs and large enterprises practiced brand management differently. Similarly, Mi and Baharun (2013) observed that branding issues are different for both large firms and SMEs. In addition, several empirical studies found that success factors influencing firm performance were different for

SMEs and large enterprises. For instance, Caloghirou, Protoyerou, Spanos, and Papagiannakis (2004) found that while large enterprises mainly depended on financial assets, SMEs depended on capabilities, such as marketing, transformation, and financial to improve their performance. In a separate study, Saini et al. (2013) found that the success factors (i.e. people, technology, organizational) influencing the performance of SMEs were different between local large firms and global large firms. Based on these empirical findings, it is speculated that the factors affecting customer loyalty may be different toward global brands and SME brands. This is in line with Rauyruen et al. (2009), who claimed that the factors influencing customer loyalty of large firms may be different to the customers of SMEs. Therefore, an empirical study is needed to validate the claim.

A review of literature reveals that most empirical studies on brand experience, brand personality, and brand trust were conducted in the context of global brands (Brakus, Schmitt, & Zarantonello, 2009; Iglesias, Singh, & Batista-Foguet, 2011; Lin, 2010; Lin & Huang, 2012; Sahin et al., 2011; Sung & Kim, 2010; Walter et al., 2013). Tan, Devinaga, and Hishamuddin (2013) also claimed that limited direction for branding strategy execution leads to unsuccessful brand equity creation among local brands in Malaysia. As such, this study responds to investigate these important variables (i.e. brand experience, brand personality, brand trust) affecting both attitudinal and behavioral loyalty formation in the context of SME brand within the restaurant sector.

According to Aaker (1978), intangible values serve as a sustainable competitive advantage for businesses due to higher barrier of imitation for competitors. Additionally, Mi & Baharun (2013) suggested that more studies on SMEs should focus on intangible value of branding to offer better insight on branding

strategy. Hence, this study focuses on the intangible values as the predictors of customer loyalty. Brand experience has been regarded as an important element in developing customer loyalty (Brakus, Schmitt, & Zarantonello, 2009; Iglesias, Singh, & Batista-Foguet, 2011). Customers today are looking for benefits from both utility and emotional perspective (Walter, Cleff, & Chu, 2013). Brand experience play important role for loyalty creation in the restaurant industry (Han & Jeong, 2013; Mohamed & Musa, 2012; Sahagun & Vasquez-Parraga, 2014). Most studies on brand experience are conducted from global brand perspective (Brakus et al., 2009; Iglesias et al., 2011; Sahin et al., 2011; Uecharoenkit, 2012; Walter et al., 2013; Rajumesh, 2014). To the researcher's knowledge, there are limited studies that investigate brand experience construct in the context of SME brand.

Another important brand loyalty predictor is brand personality, which serves as a differentiation factor in encouraging customers to continue purchasing products of a similar brand (Erdogmus & Budeyri-Turan, 2012; Kim et al., 2011; Kuenzel & Halliday, 2010; Lin, 2010; Walter et al., 2013), developing customer preference over a competitor's brand (Lin & Huang, 2012), and providing positive word of mouth among friends and family (Ismail & Spinelli, 2012). Brand personality play is a competitive tool for SME brands in restaurant sector (Opoku et al., 2009). Restaurant brand with attractive brand personality led to customer loyalty (Kim et al., 2011). Most studies on brand personality are conducted from global brand perspective (Balakrishnan et al., 2009; Kim et al., 2011; Mengxia, 2007; Ramaseshan & Stein, 2014). Consequently, Mitchell et al. (2012) and Murad et al. (2013) call for future studies consider the impact of brand personality in the context of SME brands. To the researcher's knowledge, there are limited studies that investigate brand personality construct in the context of SME brand.

The literature also reveals inconsistent findings on the relationships between brand experience, brand personality, and brand loyalty. Even though a few studies reported significant findings (Brakus et al., 2009; Hee & Myung, 2012; Kim et al., 2011; Kuenzel & Halliday, 2010; Lin, 2010; Lin & Huang, 2012; Mengxia, 2007; Sahin et al., 2011; Nysveen et al., 2013; Walter et al., 2013; Zarantonello & Shmitt, 2010), some demonstrated insignificant results (Erdogmus & Turan, 2012; Iglesias, Singh, & Batista-Foguet, 2011; Kim, Han, & Park, 2001; Liu, Li, Mizerski, & Soh, 2012). Hence, the discrepancy of findings warrants more research to examine the relationships between brand experience, brand personality, and brand loyalty in the context of SME brands for affirmation. Moreover, most of the current findings derived from composite loyalty. This study, however, is investigating loyalty separately from attitudinal and behavioral loyalty perspective because both attitudinal and behavioral loyalty affects brand equity differently. Attitudinal loyalty is related to the willingness of a customer to pay extra for a particular brand compared to the alternative and increased of customer base through referral, but behavioral loyalty manifests in increased market shares and profits (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014). Therefore, the inclusion of both brand experience and brand personality in the research model is important to achieve a better explanatory power.

Following this, there is a need for more research to fill the gaps by investigating branding strategies (i.e. brand experience and brand personality) on attitudinal loyalty and behavioural loyalty because factors influencing customer loyalty of global brand may yield different result for SMEs brand following different brand management practice and different branding issues (Mi & Baharun, 2013; Caloghirou et al., 2004; Rauyruen et al., 2009; Saini et al., 2013)

Another important variable to develop customer loyalty is brand trust. Local SME brands are too focused on consumers' perceptions of brand image in terms of service added value, such as food quality, physical environment, modern equipment, service quality, and privileges program (Tan, Devinaga, & Hishamuddin, 2013). Brand image or association is not stable and lasting as compared to the reputation of a brand which requires a long period to develop (de Chernatony, 1999; Markwick & Fill, 1997). According to Fombrun and Van Riel (1997), brand reputation is all about the overall perceptions of consumers toward a particular brand with respect to its consistency to fulfill its promises over time. In other words, a good reputation of a brand provides a sense of reliability and trustworthiness among consumers. Bowen and Shoemaker (1998) argued that trust is highly important to achieve lasting loyalty apart from the benefits provided by a product or service. Similarly, De Chernatony (1999) stressed the importance of building brand trust as the essence of corporate branding. In addition, a recent survey conducted by Readers Digest Asia (2013), a company with 16 years of experience in conducting a survey on consumers' brand trust, revealed that Malaysian consumers trust foreign brands, such as KFC and McDonald's in comparison to SME brands in the restaurant sector. Several academic publications have acknowledged the authority of Readers Digest Trusted Brand (Hegners, 2010; Leovaridis, 2010; Morris, 2011; Rai, 2013; Zulhamri, Shahrina, and Yuhanis, 2013). To be successful, it is important for SMEs to build consumer trust by creating lasting relationships with them.

Brand trust has been regarded as a vital element in relational exchanges to influence customer loyalty toward a brand (Belaid & Behi, 2011; Liu, Guo, & Lee, 2011; Sahin et al., 2011) to ensure the smoothness of sales in SMEs (Reijonen, 2010). In fact, trust is important in the restaurant sector to influence customer behavior, such

as repeat purchase (Liu, Pieniak, & Verbeke, 2014; Sahagun & Vasquez-Parraga, 2014). Many researchers have shown that when customers trust a particular brand, they will tend to develop their loyalty toward that brand (Forgas, Moliner, Sanchez, & Palau, 2010; Lee & Back, 2010; Sahin et al., 2011; Zehir et al., 2011). Hence, trust is an important variable because loyalty is the outcome of trust. In line with the emphasis on the word of mouth promotion by customers to acquire new customers for the increment in sales and profits (Reijonen, 2010), trust can explain better customer loyalty of SME brands in the restaurant sector. However, several gaps remain to be filled.

Firstly, trust has been conceptualized and measured in an inconsistent manner with ambiguous definitions (Kantsperger & Kunz 2010). Despite few definitions of trust, there is no consensus what constitutes trust (Rauyruen et al., 2009). However, most scholars agreed that trust is a multidimensional construct (Ganesan, 1994; Geyskens et al., 1998; Sirdeshmukh et al., 2002). Although some terminologies used to conceptualize trust may have similar meanings, it is conceptualized differently in different contexts. For instance, benevolence carries different conceptualization in the context of interpersonal trust, retail-vendor relationship, and brand trust (Delgado et al., 2003; Ganesan, 1994; Larzelere & Huston, 1980). As trust has to be defined according to the specific context, it follows that in the context of SME brand, trust in this study refers to two distinct components, namely, intentions and reliability as proposed by Delgado et al. (2003). Hence, this study will investigate trust in the context of brand by considering the distinct components of emotional and rational as suggested by Delgado-Ballester (2004).

Brand trust is defined as the assurance of reliable and good intention provided to consumers in unexpected circumstances by the restaurant SME brands (Delgado et

al., 2003). Brand reliability or the rational components refers to the faith consumers have in the fulfillment of promises by the brand in satisfying their needs (Delgado-Ballester, 2003; Morgan & Hunt, 1994; Doney & Cannon, 1997). On the other hand, brand intention or emotional components refers to the certainty of consumers that the brand will act in good faith should unforeseen consumption-related issues arise (Delgado-Ballester & Munuera-Aleman, 2003).

Review of literature revealed that many studies investigated brand trust as a composite construct in different research settings (Auh, 2005; Lee & Back, 2010; Morgan & Hunt, 1994; Sung & Kim, 2010; Liu et al., 2011; Nguyen et al., 2013; Zehir et al., 2011) as well as in the SME context (Eggers et al., 2013; Rauyruen & Miller, 2007; Rauyruen et al., 2009).

Secondly, brand trust has two distinct components, namely, the emotional component (i.e. brand intentions) and rational component (i.e. brand reliability), in line with how the customer perceives brand and risk. Branding scholars agree that brand and risk are perceived by customers for its emotional and functional value (Chaudhuri & Holbrook, 2001; Das & Teng, 2004; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006). In addition, risk and trust are closely related (Das & Teng, 2004; Hong & Cha, 2013; Matzler et al., 2008). Trust affects both attitudinal and purchase loyalty of a consumer (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Verhoef et al., 2002). However, the linkages between trust and customer loyalty have been investigated from the perspective of composite trust (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005; Eggers et al., 2013; Rauyruen et al., 2009).

However, to what extent (1) branding strategies: (Brand experience and Brand personality) influence both emotional and rational trust remains unknown as well as

(2) to what extent both emotional and rational trust influence attitudinal and behavioural loyalty remain unknown. Bagozzi's (1975) call to look into specific social processes that help in the creation of marketing exchanges, only a few studies (Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010) did so by examining the influence of trust dimensions (i.e. brand intentions and brand reliability) on customer loyalty.

Following this, this study will fill the gaps by investigating branding strategies (i.e. brand experience and brand personality) on emotional and rational trust because (1) customer perceive brand and trust from emotional and rational perspective (Chaudhuri & Holbrook, 2001; Das & Teng, 2004; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006) (2) emotional trust is more stable and lasting than rational trust (Das et al., 2014). Additionally, this study also fill the gap by investigating the relationships between brand trust from both emotional and rational perspective on attitudinal and behavioural loyalty because attitudinal and behavioral loyalty affects brand equity differently. Attitudinal loyalty is related to the willingness of a customer to pay extra for a particular brand compared to the alternative and increased of customer base through referral, but behavioral loyalty manifests in increased market shares and profits (Chaudhuri & Holbrook, 2001; Rauyrueen et al., 2009; Sethuraman & Gielens, 2014). Such insight will contribute better business strategy for SME managers.

Studies have also shown that trust acts as a mediator between brand loyalty, brand experience (Sahin et al., 2011), and brand personality (Sung & Kim, 2010) in the context of global brands. However, such mediation may yield different results in the context of SME brands (Caloghirou et al., 2004; Upadhyay, Jahanyan, & Dan, 2011; Saini, Nigam, & Misra, 2013). Furthermore, there are inconsistent findings on

the mediating effects of trust on customer loyalty which warrant further investigation. Some of the past studies found that brand trust acted as a mediator between attitudinal and behavioral loyalty (Matzler et al., 2006; 2008), while others discovered that brand trust only mediated the behavioral dimensions (Zhang & Bloemer, 2008) or had no mediating effect on brand loyalty (Delgado-Ballester & Munuera-Aleman, 2005; Thani, Ravi, & Nevin, 2011).

In addition, consumers develop trust on a particular brand based on the consistency of the brand in delivering its promises (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005). Morgan and Hunt (1994) argued that trust has a significant impact on brand loyalty. Despite studies showing that trust influences loyalty (Auh, 2005; Lee & Back, 2010; Morgan & Hunt, 1994; Sung & Kim, 2010; Liu et al., 2011; Nguyen et al., 2013; Zehir et al., 2011), Delgado-Ballester and Munuera-Aleman (2005) claimed that brand trust is made of specific attributes that make consumer believe in a particular brand. Chen (2013) showed that different types of trust had a distinct influence on food safety perceptions by consumers. Kantsperger and Kunz (2010) asserted that it is important to understand the different mediating effects of the specific dimensions of brand trust on satisfaction and loyalty. Consequently, scholars (e.g., Eggers et al., 2013; Gecti & Zengin, 2013; Hanzaee & Andervazh, 2012) suggested that future studies include brand trust to better understand its influence on consumer behavior.

Therefore, this study includes brand trust as the intervening variable to explain its influence on the relationships between brand experience, brand personality, and brand loyalty in the context of SME brands within the restaurant sector. Moreover, the investigation on the emotional and rational-based trust is in line with Bagozzi's (1975) urging to look into specific social processes that help create marketing

exchanges. Additionally, Kantsperger and Kunz (2010) found that emotional trust had a larger mediating effect than rational trust on the relationship between satisfaction and loyalty. Despite that, limited studies had investigated the mediating effect of both emotional and rational trust. Hence, to what extent both emotional and rational trust mediate the relationship between branding strategies: (Brand experience and Brand personality) and attitudinal and behavioural loyalty remain unknown. Following this,

Following this, this study will fill the gaps by investigating mediating effect of both emotional and rational brand trust between branding strategies: (Brand experience and Brand personality) and Attitudinal and Behavioural loyalty because SMEs have to depend heavily on good relationship with their small number of customers to ensure ongoing sales for survival and growth (Hadjimanolis, 1999; Reijonen, 2010; Quayle, 2002). Such insight will contribute better business strategy for SME managers.

In sum, based on the above discussion, the present study is structured to fill the following gaps in the literature:

1. Most of the SMEs branding studies are focused on internal branding with insights from owner/managers of SMEs while success of branding is measured through customer loyalty (Aaker, 1996; Baumsgarth (2010; Centeno et al., 2013)
2. Factors influencing customer loyalty of global brand may yield different result for SMEs brand following different brand management practice and different branding issues (Mi & Baharun, 2013; Caloghirou et al., 2004; Rauyrueen et al., 2009; Saini et al., 2013).
3. Limited studies investigate loyalty from its attitudinal and behavioral components despite attitudinal and behavioral loyalty affects brand equity differently. Attitudinal loyalty is related to the willingness of a customer to pay extra for a particular brand

compared to the alternative and increased of customer base through referral, but behavioral loyalty manifests in increased market shares and profits (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014).

4. Limited studies investigate trust and its mediating effect from emotional and rational components despite (1) customer perceive brand and trust from emotional and rational perspective (Chaudhuri & Holbrook, 2001; Das & Teng, 2004; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006) (2) emotional trust is more stable, lasting, and has larger mediating effect than rational trust (Das et al., 2014; Kantsperger & Kunz, 2010).

#### **1.4 Research Questions**

The following research questions are derived from the issues discussed in the research problem earlier.

RQ1: Is there any significant positive relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty)?

RQ2: Is there any significant positive relationship between branding strategies (i.e. brand experience and brand personality) and emotional and rational components of brand trust (i.e. intentions and reliability)?

RQ3: Is there any significant positive relationship between emotional and rational components of brand trust (i.e. intentions and reliability) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty)?

RQ4: Do emotional and rational components of brand trust (i.e. intentions and reliability) mediate the relationship between branding strategies (i.e. brand

experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty)?

### **1.5 Research Objectives**

This study investigates the role of brand experience, brand personality, and brand trust on brand loyalty among SME brands within the restaurant industry. The following objectives have been constructed to provide answers to the research questions developed earlier.

RO1: To investigate the relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty).

RO2: To investigate the relationship between branding strategies (i.e. brand experience and brand personality) and emotional and rational components of brand trust (i.e. intentions and reliability).

RO3: To examine the relationship between emotional and rational components of brand trust (i.e. intentions and reliability) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty).

RO4: To examine the mediating role of emotional and rational components of brand trust (i.e. intentions and reliability) in the relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty).

### **1.6 Scope of the study**

The focus of this study is on SME brands within the restaurant industry in Malaysia because SMEs in the restaurant industry play more important role in contributing

toward Malaysia economic as compared to food manufacturer (SME Corp, 2015, 2012). Particularly, restaurant industry is part of the largest sub-sector in the service industry namely the wholesale and retail trade as well as restaurant and accommodation (62%). As prior studies had selected established brands of more than ten years as their subject of studies (e.g. Brakus et al., 2009; Walter et al., 2013), the researcher did the same by choosing SME brands in the food and beverages industry that have been established more than ten years. The final brands involved in the data collection were Secret Recipe and The Chicken Rice Shop. These particular SME brands were chosen because they have performed well in the domestic restaurant industry over the years (Euromonitor, 2014). Furthermore, these SME brands are well known among Malaysians since they have branches around the country.

The research model is underpinned by social exchange theory. Data were collected from customers who had visited food outlets of SME brands. Multistage area sampling was used as the key sampling technique while a store intercept technique was deployed to obtain the data on the predictors of brand loyalty toward SME brands. Food outlets for the purpose of data collection were randomly selected within Klang Valley that has a high traffic of people.

## **1.7 Significance of the research**

This study is significant from the theoretical and practical perspective, especially in the area of brand loyalty in SME brands in the restaurant industry in Malaysia.

### **1.7.1 Theoretical significance**

This research hope contributes to the body of knowledge and social exchange theory on the role of brand experience and brand personality in predicting attitudinal and

behavioral loyalty toward SME brands, with the mediating influence of emotional and rational components of brand trust within the restaurant sector in the local context.

Firstly, even though past studies (e.g., Lau & Lee, 1999; Sung & Kim, 2010) showed a positive relationship between the general construct of brand trust and brand loyalty, Delgado-Ballester (2004) argued that it is important to understand trust from the emotional and rational aspects since brand provide both emotional and functional values. Kantsperger and Kunz (2010) found different mediating effects of the component of trust on satisfaction and loyalty. As such, they recommended more studies to be carried out to uncover which component of trust is more important. Hence, the result from the current study will provide an empirical evidence of the novel relationships between branding strategies (i.e. brand experience and brand personality), emotional and rational components of trust (i.e. intentions and reliability), and brand loyalty (i.e. attitudinal and behavioral loyalty). In addition, the result will also contribute to the social exchange theory among SMEs in terms on how their performance is impacted by both emotional and rational brand trust and branding strategies such as brand experience and brand personality.

Secondly, Bagozzi (1975) urged to look into specific social processes that help in the creation of marketing exchanges. Following this, the study deployed a single model of multiple mediators to test the mediation of emotional and rational trust. This multiple mediator testing enables the researcher to discover whether a mediating influence occurs between the independent and dependent variable in the presence of all other mediators as compared to the traditional model that tests separate mediators. This novel methodological testing of the trust-loyalty relationship will enhance the validity of the results of prior studies.

A review of literature indicates that many brand loyalty studies had focused on global brands as compared to SME brands (Agostini et al., 2014; Asamoah, 2014; Centeno et al., 2013; Krake, 2005; Reijonen, Laukkanen, Komppula, & Tuominen, 2012; Spence & Essousi, 2010). As such, the result of this study contributes to the limited SME branding literature, especially on the mediating role of the emotional and rational components of trust. Moreover, the outcome of this study could provide an understanding on loyalty development among SME brands' customers in the Malaysian restaurant sector since most of the past brand loyalty studies were carried out in the western countries. Therefore, it is possible to compare the Malaysian finding with the findings in the West.

### **1.7.2 Practical significance**

The findings of the present study will provide SMEs insight into the execution of a successful brand strategy. The significance path between branding strategies (i.e. brand experience and brand personality), emotional and rational components of trust (i.e. intentions and reliability), and brand loyalty (i.e. attitudinal and behavioral loyalty) will allow managers to gain a better understanding of factors contributing toward customer loyalty and trust. Understanding the influence on both attitudinal and behavioral loyalty, as well as on emotional and rational components of trust will enable managers to execute their branding strategies accordingly to the business objectives. Secondly, the findings from the mediating influence of emotional and rational components of brand trust could help practitioners develop consumers brand loyalty in the restaurant sector. Lastly, the outcome of this study could also help micro-sized enterprises stress the important branding factors in enhancing their business performance.

## 1.8 Definition of key terms

**Brand Loyalty:** Brand loyalty refers to the degree of customer loyalty toward a particular brand from both the attitudinal and behavioral perspective (Aaker, 1991; Assael, 1998; Day, 1969; Jacoby & Kyner, 1973; Oliver, 1999; Tucker, 1964). Specifically, attitudinal loyalty is defined as the degree of a consumer's commitment, willingness to pay more, and word of mouth recommendation toward a particular brand (Chaudhuri & Holbrook, 2001; Ismail & Spinelli, 2000; Lau & Lee, 1999; Zhang & Bloemer, 2008). Meanwhile, behavioral loyalty is defined as the degree of a consumer's intention to continue visiting a particular brand (Chaudhuri & Holbrook, 2001; Lau & Lee, 1999; Zhang & Bloemer, 2008).

**Brand Experience:** Brand experience is defined as subjective, inner responses of a consumer that can be categorized into sensation, emotion, perception, and physical responses evoked by brand-related stimuli (Brakus et al., 2009).

**Brand Personality:** Brand personality is defined as the set of human personalities related to a brand (Aaker, 1997).

**Brand Trust:** Brand trust refers to the degree of a consumer's belief that a particular SME brand is deemed trustworthy from both the emotional and rational perspectives reflected by two unique components, namely, brand intentions and brand reliability (Delgado-Ballester et al., 2003). Brand intentions refer to the degree of a consumer's belief that a particular SME brand will act in good faith by prioritizing the consumer's interest when unforeseen issues related to food consumption happen (Delgado-Ballester et al., 2003). Meanwhile, brand reliability refers to the degree of a

consumer's belief that a particular SME brand is reliable in fulfilling its value promise (Delgado-Ballester et al., 2003).

**SME Brand:** Small and Medium-sized Enterprise (SME) brand in this study refers to local and foreign brands owned by the SMEs, defined by SME Corp (2015) as a business meets the qualifying criteria, namely, sales turnover or a number of full-time employees, whichever is lower. An SME will be categorized as a large business when it exceeds the qualifying criteria for two consecutive years. Similarly, a large business will be converted to an SME if it fulfills the qualifying criteria for two consecutive years. Moreover, a subsidiary will be deemed as an SME when the parent company is listed in the secondary bourses either in Malaysia or in other countries and fulfills the qualifying criteria.

## 1.9 Organization of this study

This thesis consists of five chapters. Chapter 1 narrates the importance of SMEs brand loyalty in the restaurant sector. Then, it elaborates the motivation in conducting the research in determining the relationship between brand experience and brand personality (the independent variables), dimensions of brand trust (i.e. brand intentions and brand reliability as the mediating variables), and brand loyalty (i.e. attitudinal loyalty and behavioral loyalty as the dependent variable). Also included in this chapter are the problem statement, research objectives, research questions, scope, and significance of study. The chapter ends with definition of key terms. Chapter 2 reviews past literature on the potential determinants of brand loyalty. Also included in this chapter is the discussion on the underlying theory that supports the relationship between brand loyalty and its determinants. Theoretical framework and research

hypotheses are presented at the end of this chapter. Chapter 3 discusses the research approach, sampling design, measurements, data collection technique, and statistical method used for data analysis. Chapter 4 provides the result of the statistical data analyses. Lastly, Chapter 5 discusses the research findings, implications, and limitations of the study. Also included in this chapter are recommendations for future research.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses the literature in SMEs, branding, customer loyalty, and social exchange theory. The first section of this chapter elaborates brand loyalty and its importance for SMEs. The subsequent section explains the theory of social exchange that underpins this research. Also included in this chapter is the discussion on the important factors affecting brand loyalty of customers and the research gaps to be filled.

#### **2.2 Overview of Brand Loyalty**

Brand insistence is the first terminology of brand loyalty introduced by Copeland (1923). It carries the meaning of customer's decisiveness in a particular brand purchase and he or she only prefers an alternative should there be an urgent circumstance. Subsequently, brand loyalty has been used widely in marketing literature (e.g., Brown, 1952; Cunningham, 1956) and has emerged as a hot topic among researchers for more than nine decades.

Review of literature highlights three different methods to define brand loyalty. They are the attitude-based approach, the action-based approach, and the composite approach (Chaudhuri & Holbrook, 2001; Day, 1969; Dick & Basu, 1994; Jacoby & Kyner, 1973). Attitudinal loyalty is defined as the internal and psychological feeling of a consumer, such as liking, emotion, and obligation to a specific brand in the hope to engage continued buying without showing the actual purchase action (Baldinger & Rubinson, 1996; Chaudhuri & Holbrook, 2001). The attitude-based method is

interested in discovering the influencing factors on purchase behavior (Bennett & Bove, 2002). Preference, commitment, word of mouth recommendation, and customer willingness to pay a higher price are how attitudinal loyalty is commonly measured (e.g., Chaudhuri & Holbrook, 2001; Fullerton, 2003; Lin, 2010; Zeithaml, Berry, & Parasuraman, 1996; Zhang & Bloemer, 2008).

Action loyalty, on the other hand, is defined as the act of purchase or repurchase by a consumer. It is reflected, for instance, in the percentage or frequency of deliberate purchase in the past for a particular brand (Cunningham, 1956; Farley, 1964; McConnell, 1968; LeClerc & Little, 1997; Tucker, 1964). Consumer behavior is deemed logical and deliberated by the attitude-based method while the action-based method believes it to be spontaneous and impromptu (Bennet & Bove, 2002). Meanwhile, intention of continued purchase and share of expenditure are the typical indicators of behavioral loyalty (Bennet & Bove, 2002; Pan, Sheng, & Xie, 2012; Zeithaml et al., 1996). A meta-analysis by Curtis, Abratt, Rhoades, and Dion (2011) showed that repurchase intention positively linked with actual repurchase.

Lastly, the composite perspective takes both attitudinal and behavioral loyalty into account. This approach defines brand loyalty as consisting of attitudinal and behavioral dimensions. The difference between attitudinal and behavioral loyalty is that the former is a concept that involves a decision-making process that occurs prior to a consumer purchase which leads to the discovery of factors influencing loyalty formation. However, the behavioral concept disagrees and believes that a consumer purchase is unplanned. Consequently, scholars have pointed out the disadvantage of measuring loyalty by focusing on either one dimension only (e.g., Day, 1969; Dick & Basu, 1994; Mellens, Dekimpe, & Steenkamp, 1996; Pan et al., 2012).

The attitude-based approach is only concerned with the factors affecting intention to purchase decision with no interest in the outcome, such as actual purchase (Mellens, Dekimpe, & Steenkamp, 1996). On the contrary, behavioral loyalty, having no interest in understanding the development of loyalty, is criticized for its incapability to differentiate true loyalty or merely just a recurring purchase (Day, 1969; Dick & Basu, 1994; Mellens et al., 1996). This is because a customer may repetitively make a purchase yet is vulnerable towards promotions or alternative brand from competitors (Baldinger & Rubinson, 1996). Subsequently, loyalty is being seen as a multidimensional construct consisting both attitudinal and behavioral dimensions (Day, 1969; Dick & Basu, 1994; Oliver, 1999). This study agrees with the importance to measure both dimensions because attitudinal loyalty alone does not guarantee to increase profits for a firm in which repurchase action is needed (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014).

There are two techniques to investigate brand loyalty. The composite approach includes both the attitudinal and behavioral aspects as a single unit of brand loyalty (e.g., Brakus, Schmitt, & Zarantonello, 2009; Erdogmus & Budeyri-Turan, 2012; Ha, John, Janda, & Muthaly, 2011). The second approach involves measuring attitudinal loyalty and behavioral loyalty separately (e.g., Chaudhuri & Holbrook, 2001; Kuikka & Laukkanen, 2012; Lin, 2010; Matzler et al., 2008; Rauyruen et al., 2009). Marketing literature agrees that both attitudinal and behavioral loyalty affects brand equity differently. Attitudinal loyalty is related to the willingness of a customer to pay extra for a particular brand compared to the alternative, but behavioral loyalty manifests in increased market shares and profits (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014). In this research, the aim is to tackle the loyalty issues (i.e. low market shares) faced by SME brands within the

restaurant sectors by looking at how brand experience, brand personality, and brand trust contribute toward brand loyalty. Since different dimensions of brand loyalty are postulated to have different effects, this study considers the determinants of attitudinal and behavioral loyalty.

Several conceptualizations of loyalty are available in the literature, such as loyalty to store (Bloemer & De Ruyter, 1998; Bridson, Evans, & Hickman, 2008), loyalty to service (Fullerton, 2005; Rauyrueen et al., 2009), loyalty to employees (Bove & Johnson, 2000; Reynolds & Beatty, 1999), and loyalty to brand (Aaker, 1996; Keller, 1993). However, this research argues that brand loyalty is different from customer loyalty. Generally, customer loyalty is a type of loyalty where the main concern of a business is to help customers save money. To generate customer loyalty, a company usually focuses on value saving and benefits, such as redeemable points, discounts, free items, coupons, and special treatment for members through loyalty programs (Bridson et al., 2008; Dowling & Uncles, 1997; Sharp & Sharp, 1997; Yi & Jeon, 2003). Yet, loyalty programs are not always a success (Dowling & Uncles, 1997; Oliver, 1999; Yi & Jeon, 2003). The short-term benefits in a loyalty program will lead to liabilities for a business (Shugan, 2005). According to Dowling and Uncles (1997), these benefits may even become unattractive should an instant price reduction move is done by a competitor. In other words, customer loyalty formed through value saving in a loyalty program is not sustainable for SMEs because customers in such program are more concerned with saving money. Hence, they are likely to defect quickly to another alternative perceived to have a better value offered by competitors.

However, brand loyalty is loyalty formed with nothing except for the brand itself. According to Shugan (2005), a good way to create loyal customer is to make

them an asset through brand attachment. Similarly, Aaker (1996) contended that brand loyalty, being a vital element in brand equity, is regarded as one of the important measures for a business marketing strategy success. In addition, given the inferior resources of SMEs as opposed to large firms (Muhammad, Char, Mohd, & Hassan, 2010), the intangibility of brand loyalty is a valuable asset for business sustainability (Aaker, 1987). Brand loyal customers do not mind paying more because they believe competing brands will never offer the unique value they are receiving from their loyal brand (Aaker, 1996; Chaudhuri & Holbrook, 2001; Fullerton, 2003; Rauyruen et al., 2009; Zeithaml et al., 1996). Hence, loyalty in the present study is conceptualized as loyalty toward SME brand in the restaurant industry.

A review of the literature indicates various definitions of brand loyalty. However, despite this, there seems to be no consensus among scholars as to what constitute brand loyalty (Pan et al., 2012). However, they agree that brand loyalty is a multidimensional concept consisting of both attitudinal and behavioral components (Baldinger & Rubinson, 1996; Day, 1969; Dick & Basu, 1994; Jacoby & Kyner, 1973; Oliver, 1999). From the attitudinal perspective, brand loyalty is seen as the positive feelings, commitment, and intentions a person has toward a particular brand. Chaudhuri and Holbrook (2001) defined attitudinal loyalty as the level of commitment for a particular brand from consumers, while behavioral loyalty is the act of repurchase by consumers toward a particular brand. Because brand loyalty constitutes both the attitudinal and behavioral dimensions, this study adopts a similar approach. Secondly, by considering and measuring both dimensions, the shortcomings of each perspective can be addressed by the other perspective (refer to the earlier discussion) (Day, 1969; Dick & Basu, 1994; Jacoby & Kyner, 1973; Russell-Bennet et al., 2007). A meta-analysis conducted by Pan, Sheng, and Xie (2012) suggested that

loyalty study is best to deploy multi-item measures consisting of both attitudinal and behavioral measures for better results. In addition, literature shows that both dimensions of attitudinal and behavioral loyalty have a unique influence on brand equity (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014). Hence, consistently, brand loyalty in this study refers to both dimensions of attitudinal and behavioral loyalty of a consumer toward a particular SME brand in the restaurant sector. Specifically, attitudinal loyalty in refers to the degree of commitment, willingness to pay more and word of mouth referral by a consumer toward a particular SME brand in the restaurant sector (Chaudhuri & Holbrook, 2001; Gremler & Gwinner, 2000; Lau & Lee, 1999; Zhang & Bloemer, 2008). Meanwhile, behavioral loyalty is defined as the intention to maintain continued visits by a consumer toward a particular SME brand in the restaurant sector (Chaudhuri & Holbrook, 2001; Halim, 2006; Zhang & Bloemer, 2008).

### **2.3 Importance of Brand Loyalty toward SME Brand**

Customer brand loyalty is important to every firm, regardless of its size, to sustain in the competitive market landscape. Creating customer brand loyalty is important as it contributes toward a company's profits through repeated purchases of a brand. Aaker (1996) argued that brand loyalty is pre-requisite to acquire strong customer base for a business. Meanwhile, scholars (e.g., Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009) provided empirical support that attitudinal loyalty and purchase loyalty significantly influence the willingness of customers to pay a premium price as well as an increased market share of a firm.

SMEs basically are seen as firms with a competitive disadvantage compared to their larger counterparts because their performance is usually hindered by limited

financial, manpower, and technological capabilities (Armstrong et al., 2010; Cardon & Stevens, 2004; Cragg & King, 1993; Gilmore et al., 2001; Muhammad et al., 2010; Taylor & Murphy, 2004; Williamson et al., 2002). Moreover, the pricing techniques used by SMEs are rather informal, which limited their ability to compete against the price war initiated by bigger firms (Carson et al., 1998). As SMEs are exposed to higher risk and uncertainty than their larger enterprises in the marketplace (Dennis, 2000; Hill & Stewart, 2000; Smith et al., 2002; Walczuch et al., 2000), they have higher probability to fail (Cochran, 1981; DeLone, 1988). This is in line with the double jeopardy phenomenon, which argues that not only small brands have a lower market share, they also face challenges to sustain in the market as compared to global brands because they have a smaller customers base that translates into lower purchase frequency (Chaudhuri & Holbrook, 2001; Ehrenberg, Goodhardt, & Barwise, 1990). In this situation, SMEs have high risks of being eliminated from the marketplace should they fail to gain customer loyalty toward their brand.

Researchers (e.g., Aish et al., 2003; Ng & Kee, 2012; Mi & Baharun, 2013) contended that SMEs should focus on important intangible assets, such as branding as part of their marketing strategies for performance improvement in the long run. According to Hadjimanolis (1999) and Quayle (2002), SMEs have to depend heavily on their small number of customers to ensure ongoing sales. Therefore, maintaining the relationships through closer bonding and trust is vital (Gronroos, 1994; Reijonen, 2010; Sheth & Parvatiyar, 1995) because it increases customer retention, reduces business cost, increases profits, and enhances employee retention.

Goodwin and Gremler (1996) and Kandampully (1998) argued that brand loyal customers have higher tolerance and tendency to overcome an issue in the hope of retaining good rapport than instantly dismissing the relationship with the firm

should a service failure occur. Mistakes are inevitable in every business (Zhou, Tsang, Huang, Zhou, 2014) and it will be costly for SMEs (Deelmann & Loos, 2002). A service failure will affect the bonding between a customer and the company, which may result in the customer switching for the competitor's offerings (Bolton & Drew, 1991; Keavenney, 1995). Aaker (1996) and Keller (1993) contended that brand loyalty is important to maintain an ongoing business with the customers. Retaining customers during service failures through brand loyalty is vital for SMEs that already have a small customer base.

One way to develop brand loyalty is by creating awareness is through advertising which is a costly investment for SMEs with financial incapability. However, the high investment does not guarantee that success is imminent (Reichheld & Sasser, 1990; Zeithaml et al., 1996). Blatberg and Deighton (1996) argued that brand loyal customers have a higher tendency to purchase new offerings by a firm, so there is limited need to influence their decision making through awareness creation. Thus, SMEs may reduce its business cost through brand loyal customers. Furthermore, Hogarth-Scott, Watson, and Wilson (1996) suggested that SMEs practice customer referrals as way to promote their brand. It is argued that loyal customers have the tendency to support the business of a firm by providing a positive recommendation and advice (Bowen & Shoemaker, 1998). As a result, they are likely to be more willing to pay a higher price for a particular product as opposed to the offering by the competitors (Aaker, 1996; Fullerton, 2003; Rauyruen et al., 2009; Zeithaml et al., 1996). When the SMEs can create brand loyalty among their customers, not only they can charge a premium price but also increase their customer base through word-of-mouth promotion.

In terms of workforce benefits, Shetty (1993) argued that higher satisfaction and honor derived from serving loyal customers tend to reduce employee turnover in a firm. When employees have been dealing with the loyal customers over a long period of time, they are likely to be familiar with their needs and preferences. Reichheld (1993) revealed that personnel retention significantly affected customer retention due to ease of serving efficiently and effectively the latter from experiences. Lack of manpower is one of the limited resources faced by SMEs (Saleh & Ndubisi, 2006). Therefore, loyal customers will contribute, to some extent, to the retention of their workforce for better firm performance.

In sum, customer brand loyalty toward the sustainability of SMEs can be seen as a strategy to enjoy higher profit. This is because loyal customers are much more willing to pay premium price, offer positive referral, and are easier to serve (Aaker, 1996; Bowen & Shoemaker, 1998; Fullerton, 2003; Rauyruen et al., 2009; Zeithaml et al., 1996). Also, personnel retention is likely to occur resulting from ease of serving the existing loyal customers (Reichheld, 1993; Shetty, 1993). Therefore, it is justifiable for SMEs to understand factors influencing customer brand loyalty to enjoy these advantages.

#### **2.4 Previous Empirical Studies on SME Branding**

Review of the literature reveals that there is increasing number of studies in SME branding (refer to Table 2.1). Most of these studies found that branding plays crucial role to enhance SMEs which brand performance measured by brand awareness, brand image, brand reputation, and brand loyalty (Tuominen et al., 2009; Wong & Merrilees, 2008). Consequently a strong brand performance will improve SMEs performance in terms of profitability and growth (Eggers et al., 2013; Spence &

Essoussi, 2010). In addition, Mowle and Merrilees (2005) reported that intangible values in branding plays crucial role in enhancing brand performace. Meanwhile, Steenkamp and Kashyap (2010) reported that important intangible asset namely customer loyalty and reputation is vital for SMEs success. From the literature, branding in SMEs has started with investigating the relevance of branding on SMEs and found support that branding does play vital role to enhance SMEs performance. Next, research found that customer loyalty, reputation, as well as intangible values of branding are the important values of branding for SMEs sustainability (Steenkamp & Kashyap, 2010).

Table 2.1:  
*Previous studies of SME branding*

Author, Year	Branding approach	Type of study	Industry, Country	Respondent	Findings
Abimbola (2001)	Internal branding	Conceptual	-	-	Branding serve as important competitive advantage for SMEs
Aish et al. (2003)	Internal branding	Mixed mode	Services – Bank UK, Egypt	Owners/ Managers	Branding serve as important competitive advantage for SMEs
Boyle (2003)	Internal branding	Qualitative case study	Manufacturer – vacuum cleaners UK	-	Branding with focus on brand image and brand personality serve as important competitive advantage for SMEs
Inskip (2004)	Internal branding	Qualitative case study	Various service, manufacturer	Owners/ Managers	Branding serve as important competitive advantage for both SMEs and large companies.
Yakhlef & Maubourguet (2004)	Internal branding	Qualitative case study	Service - Hotels	Owners/ Managers	Branding with focus on brand affiliation serve as important competitive advantage for SMEs in terms of internationalization.
Krake (2005)	Internal branding	Qualitative	Manufacturer - Consumer goods	Owners/ Managers	Branding serve as important competitive advantage for SMEs
Mowle & Merrilees (2005)	Internal branding	Qualitative case study	Winery	Owners/ Managers	Symbolic values associated with a brand are more sustainable competitive advantage for SMEs

					compared to functional values.
Rode & Vallaster (2005)	Internal branding	Qualitative	Tourism	Owners/Managers	Entrepreneur play vital role in shaping brand management for SME.
Wong & Merrilees (2005)	Brand strategy	Qualitative case study	Various – service Australia	Owners/Managers	Brand orientation play vital role impacting brand performance
Holverson & Revaz (2006)	Internal branding	Quantitative	Hotels	Owners/Managers	Hard or soft brand strategy depends on issues to tackle.
Merrilees (2007)	Internal branding	Qualitative case study	Various service, manufacturer	-	Branding helps to boost SME performance for new venture
Opoku et al. (2007)	Brand strategy	Qualitative	Service - restaurant	-	Brand personality helps SMEs in restaurant to position itself against competitors.
Berthon et al. (2008)	Internal branding	Quantitative	Various service, manufacturer	Owners/Managers	SMEs practice different brand management to boost performance and have different branding issue compared to large company.
Wong & Merrilees (2008)	Internal branding	Quantitative	Various service, manufacturer Australia	Owners/Managers	Brand orientation improves brand performance (awareness, image, reputation, loyalty). Brand performance improve financial performance (market share, profit)
Tuominen et al. (2009)	Internal branding	Quantitative	- Finland	Owners/Managers	Brand orientation improves brand performance (awareness, image, reputation, loyalty)
Spence & Essoussi (2010)	Internal branding	Qualitative case study	Manufacturer Monaco	Owners/Managers	Branding contribute to SME growth
Steenkamp & Kashyap (2010)	Internal branding	Quantitative	Various New Zealand	Owners/Managers	Intangible asset (loyalty, reputation) important for SME success
Eggers et al. (2013)	Internal branding	Quantitative	Various Germany	Owners/Managers	Brand trust leads to SME growth (market share, profit)
Vlahvei et al. (2013)	Brand strategy	Quantitative	Various – foodservice Greece	Owners/Managers	SMEs lack focus on market communication to differentiate offerings from competitors.
Agosstini et al. (2014)	Brand strategy	Quantitative	Fashion Italy	Owners/Managers	Corporate trademark plays more important role to enhance brand performance (revenue) compared to product trademark.

However, most of these studies are mainly focus on internal branding which merely gain insight from owners/managers perspective. According to Baumsgarth (2010) and Centeno, Hart, and Dinnie (2013), it is also important to understand the perceptions of customers because branding is not just an internal concept and the success of branding is measured through profits contributed by repeated purchases from loyal customers (Aaker, 1996). In other word, a success branding requires solid internal branding which contributes toward the success outcome measured by repeated purchase of loyal customer. Following this, there is still a need to cover this gap in the literature.

Brand loyalty is the ultimate goal to measure the success of a company's branding strategy (Aaker, 1996; Chaudhuri & Holbrook, 2001; Russell-Bennett, McColl-Kennedy, & Coote, 2007; Sahin, Zehir, & Kitapci, 2011; Zehir, Sahin, Kitapci, & Ozsahin, 2011). Additionally, there are two techniques to investigate brand loyalty. The composite approach includes both the attitudinal and behavioral aspects as a single unit of brand loyalty (e.g., Brakus, Schmitt, & Zarantonello, 2009; Erdogmus & Budeyri-Turan, 2012; Ha, John, Janda, & Muthaly, 2011). The second approach involves measuring attitudinal loyalty and behavioral loyalty separately (e.g., Chaudhuri & Holbrook, 2001; Kuikka & Laukkanen, 2012; Lin, 2010; Matzler et al., 2008; Rauyruen et al., 2009). Marketing literature agrees that both attitudinal and behavioral loyalty affects brand equity differently. Attitudinal loyalty is related to the willingness of a customer to pay extra for a particular brand compared to the alternative and increased of customer base through referral, but behavioral loyalty manifests in increased market shares and profits (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Sethuraman & Gielens, 2014). Hence, this study is interested to investigate brand loyalty from both attitudinal and behavioral loyalty in order to

tackle the research issue which is to help SMEs in the restaurant industry to increase its market share and increase its customer base as mentioned earlier in problem statement.

A call was raised to examine the important factors in driving loyalty toward successful SME brands (Agostini et al., 2014; Asamoah, 2014; Krake, 2005; Mi & Baharun, 2013; Ng & Kee, 2012). In fact, SMEs have been strongly urged to learn from the successful SME brands in the country (SME Masterplan, 2013). Following this, the focus of this study is on SME brands within the restaurant industry in Malaysia because SMEs in the restaurant industry play more important role in contributing toward Malaysia economic as compared to food manufacturer (SME Corp, 2015, 2012). Particularly, restaurant industry is part of the largest sub-sector in the service industry namely the wholesale and retail trade as well as restaurant and accommodation (62%). In addition, there has been lack of quantitative SMEs branding study in the context of restaurant. Only few studies have been done in the context of restaurant for SMEs branding literature (Opoku et al., 2007; Vlahvei et al., 2013). The findings of such research will shed more light on the SMEs branding literature in the context of restaurant.

## **2.5 Previous Empirical Studies on Customer Brand Loyalty**

A review of the literature reveals several predictors frequently investigated of customer loyalty in different contexts. They are commitment (Bove & Johnson, 2002; Cater & Cater, 2010; De Wulf & Odekerken-Schroder, 2003; Ercis et al., 2012; Evanschitzky et al., 2006; Fullerton, 2005; Harrison-Walker, 2001; Iglesias et al., 2011; Zhang & Bloemer, 2008), satisfaction (Back & Parks, 2003; Bennett et al., 2005; Bougoure & Neu, 2010; Bowen & Chen, 2001; Kim et al., 2004; Taylor et al.,

2004; Olsen, 2002; Russell-Bennett et al., 2007; Sahin et al., 2011; Vesel & Zabkar, 2009), trust (Auh, 2005; Bove & Johnson, 2002; Delgado-Ballester & Munuera-Aleman, 2001; Lau & Lee, 1999; Matzler et al., 2006; Roman, 2003; Taylor et al., 2004; Lee & Back, 2010; Zehir et al., 2011; Gecti & Zengin, 2013), and product-related factors, such as perceived quality (Carter & Carter, 2010; Erdogmus & Budeyri-Turan, 2012; Fandos & Flavian, 2006; Fullerton, 2005; Garretson et al., 2002; Harrison-Walker, 2001; Ha et al., 2011; Howat & Assaker, 2013; Lai et al., 2009; Lee & Murphy, 2008; Nguyen & LeBlanc, 1998; Rauyren & Miller, 2007; Yoo et al., 2000) and perceived value (Chen & Tsai, 2006; Flint et al., 2011; Forgas et al., 2010; Garretson et al., 2002; Howat & Assaker, 2013; Lai et al., 2009; Lee & Murphy, 2008; Lin & Wang, 2006; Pura, 2005; Taylor et al., 2004; Yi & Jeon, 2003; Zhang & Bloemer, 2008). But, important predictors, such as brand experience, brand personality, and brand trust toward brand loyalty have received little attention (Brakus et al., 2009; Iglesias et al., 2011; Sung & Kim, 2010) particularly in the context of SMEs (Berthon et al., 2008; Krake, 2005; Mi & Baharun, 2013). These intangible branding factors are important because they serve as a competitive tool to achieve sustainability (Aaker, 1987). Hence, the current study is interested in examining the role of these branding factors (i.e. brand experience, brand personality, and brand trust) toward loyalty formation of SME brands.

Table 2.2:  
*Previous studies of Customer Loyalty*

Author, Year	IV	DV	Context	Country	Respondent
Auh (2005)	Trust	Loyalty	Hair care service	Australia	Students
Back & Parks (2003)	Satisfaction	Loyalty	Hotel industry	USA	Customers
Bansal et al. (2004)	Commitment	Loyalty	Auto-repair service	Canada	Customers
Belaid & Behi (2011)	Commitment, trust, satisfaction	Loyalty	Car battery brand	Tunisia	Consumers

Bennett et al. (2005)	Satisfaction	Loyalty	Directory brand	Australia	SMEs
Brakus et al. (2009)	Satisfaction	Loyalty	Brand of products	USA	Students
Bove & Johnson (2002)	Commitment, trust	Loyalty	Hair salon	Australia	Consumers
Carpenter (2008)	Satisfaction	Loyalty	Discount retail	USA	Consumers
Cater & Cater (2010)	Commitment, quality	Loyalty	B2B company	Slovenia	Managers
De Wulf & Schroder (2003)	Commitment	Loyalty	Retail clothing	Belgium	Customers
Ercis et al. (2012)	Commitment	Loyalty	Mobile brand	Turkey	Students
Fandos & Flavian (2006)	Quality	Loyalty	Food product	Spain	Consumers
Flint et al. (2011)	Satisfaction, value	Loyalty	Logistic service	USA	Managers
Franco et al. (2009)	Commitment, trust	Loyalty	Internet provider	Spain	Customers
Forgas et al. (2010)	Satisfaction, value, trust	Loyalty	Airline	Spain	Users
Fullerton (2005)	Commitment, quality	Loyalty	Clothing store	Canada	Customers
Garretson et al. (2002)	Quality, value	Loyalty	Grocery store chain	USA	Shoppers
Harrison-Walker (2001)	Commitment, quality	Loyalty	Veterinary industry	USA	Pet owners
Howat & Assaker (2013)	Satisfaction, quality, value	Loyalty	Public aquatic centre	Australia	Customers
Huang (2012)	Satisfaction	Loyalty	Beverage store	Taiwan	Customers
Kim et al. (2004)	Satisfaction	Loyalty	Telecommunication	Korea	Customers
Lai et al. (2009)	Satisfaction, quality, value	Loyalty	Telecommunication	China	Customers
Lee & Murphy (2008)	Quality, value	Loyalty	Mobile provider	Australia	Students
Lin & Wang (2006)	Value, trust, satisfaction	Loyalty	Mobile commerce	Taiwan	Users
Liu et al. (2011)	Satisfaction, trust	Loyalty	Mobile provider	Taiwan	Users
Narteh et al. (2003)	Commitment, trust	Loyalty	Hotel industry	Ghana	Customers
Olsen (2001)	Satisfaction	Loyalty	Seafood products	Norway	Buyers
Pura (2005)	Value	Loyalty	Directory service	Finland	Users
Rauryuen & Miller (2007)	Commitment, trust, satisfaction, quality	Loyalty	Courier brand	Australia	SMEs
Rauryuen et al. (2009)	Quality	Loyalty	Courier brand	Australia	SMEs
Taylor et al. (2004)	Value, trust, satisfaction	Loyalty	Heavy equipment industry	USA	Industrial customers
Yi & Jeon (2003)	Value	Loyalty	Retail (food, beauty)	Korea	Students
Yoo & Donthu (2000)	Quality	Loyalty	Brand of products	USA, Korea	Students

Table 2.2 shows that the majority of the previous research works were carried out in various research contexts, such as hotel services, telecommunication service

provider, and brand of products. Only several studies investigated customer brand loyalty in the context of SMEs (Bennett et al., 2005; Rauyruen & Miller, 2007; Rauyruen et al., 2009), echoing concerns about a lack of branding studies in the context of SMEs (Berthon et al., 2008; Wong & Merrilees, 2008; Mi & Baharun, 2013). Furthermore, many brand loyalty studies (Brakus et al., 2009; Lin, 2010; Mengxia, 2007; Nam et al., 2011; Yoo & Donthu, 2000) tended to consider well-known global brands of products, such as sneakers (e.g., Puma, Nike), television (e.g., Samsung), toys (e.g., Bandai), and laptops (e.g., Apple, Dell) or services like hotel (e.g., Marriot, Hilton) and restaurant (e.g., Kentucky Fried Chicken). Less is known about the success factors (i.e. brand experience, brand personality, and brand trust) of customer loyalty from the perspective of SME brands despite the importance of SME contribution toward the national economic growth (Muhammad et al., 2010). Furthermore, Krake (2005) also contended that many scholars seemed to ignore the fact that international brands were once a small brand, too. In addition, Berthon, Ewing, and Napoli (2008), as well as Mi and Baharun (2013) asserted that branding issues in large firms are not the same as those faced by the SMEs, implying that the effect of loyalty predictors of global brands may be different for SME brands.

Literature also indicates that customer loyalty studies were mostly done in the western countries like Australia, Canada, Spain, and the USA. A few were carried out in the non-Western contexts, such as Malaysia. Given the theoretical gaps identified, this study is designed to assess customer brand loyalty in the context of SMEs. Specifically, this study investigates the influence of predictors, such as brand experience, brand personality, brand trust on customer loyalty toward SME brands in Malaysia using theory of social exchange.

## 2.6 Predictors of SME Brand Loyalty

A review of the branding literature reveals that most studies investigating customer brand loyalty have overwhelmingly focused on famous global brands (Brakus et al., 2009; Lin, 2010; Lin & Huang, 2012; Mengxia, 2007; Nam et al., 2011; Yoo & Donthu, 2000), with less emphasis on SME brands (Berthon et al., 2008; Krake, 2005). Literature indicates that the success factors of customer loyalty on big brands and SME brands may yield different results (Berthon et al., 2008; Caloghirou et al., 2004; Mi & Baharun, 2013; Rauyruen et al., 2009; Saini et al., 2013). Consequently, Krake (2005) and Centeno et al. (2013) urged that more studies are conducted to investigate factors affecting loyalty toward SME brands. Following this recommendation, the current study hopes to contribute to both branding and SME literature by investigating the success factors of customer loyalty toward SME brands.

Brand loyalty is regarded as one of the strategies for SMEs to sustain their business (Bettman, 1973; Gordon et al., 1993). Several variables have been found to be significant in the successful creation of brand loyalty. Among them are brand experience (Brakus et al., 2009; Iglesias et al., 2011; Rajumesh, 2014), brand personality (Erdogmus & Budeyri-Turan, 2012; Sung & Kim, 2010), and brand trust (Forgas et al., 2010; Gecti & Zengin, 2013). These factors have also been found to be significant in loyalty creation in the restaurant industry (Chen, 2013; Han & Jeong, 2013; Kim et al., 2011; Matilla, 2001; Mohamed & Musa, 2012; Sahagun & Vasquez-Parraga, 2014). Yet, as mentioned above, not only were most of the previous studies done on well-known brands, their results were inconsistent.

Experience is regarded as an important predictor of loyalty in today's competitive marketplace. According to Mascarenhas et al. (2006), experience marketing works better in today's competitive business arena in which both utility and

emotional benefits are sought by customers (Walter et al., 2013). Brand experience is developed through an interaction a customer has with a brand. This interaction may be in the form of past consumptions (Lau & Lee, 1999), advertisement visualization (Hoch & Ha, 1986; Kempf & Smith, 1998) or the surroundings of an outlet and employees (Hui & Bateson, 1991; Kerin et al., 1992; Grace & O’Cass, 2004). Brakus, Schmitt, and Zarantonello (2009) reported a significant impact of brand experience and brand personality on customer loyalty in their study conducted in the United States of America. Hee and Myung (2012) also found that brand experience was important in building brand trust and brand loyalty. However, a separate study by Iglesias, Singh, and Batista-Foguet (2011) demonstrated an insignificant impact of brand experience as a predictor on brand loyalty of three products, namely, cars, laptops, and sneakers. Despite the inconsistent findings, scholars recommended more brand loyalty studies to be conducted by considering brand experience as an important predictor to achieve a better understanding of its impact (Nysveen, Pedersen, & Skard, 2013; Iglesias, Singh, & Batista-Foguet, 2011).

Brand personality is another important factor affecting customer loyalty. A review of the literature shows that brand personality affects brand trust (Lau & Lee, 1999; Lee & Back, 2010; Sung et al., 2010; Perepelkin & Zhang, 2011) and brand loyalty (Brakus, Schmitt, & Zarantonello, 2009; Ismail & Spinelli, 2010; Kim, Magnini, & Singal, 2011; Kuenzel & Halliday, 2010). A brand without personality will be in a disadvantaged position as compared to a brand with personality. This is because the personality of a brand captures the preference of the consumers due to better product evaluation (Freling & Forbes, 2005; Govers & Schoormans, 2005). Furthermore, Opoku, Abratt, Bendixen, and Pitt (2009) also showed the importance of communicating brand personality for SMEs particularly in the restaurant sector to

target their customer effectively. Zehir, Sahin, Kitapci, and Ozsahin (2011) suggested that a better framework with the inclusion of other important relational variables, such as brand experience and brand personality is required to provide a better understanding on brand loyalty development in relationship marketing.

From the discussion above, brand personality and brand experience are selected because of their important role in loyalty formation, but yet limited studies were carried on them (Brakus et al., 2009; Iglesias et al., 2011; Sung & Kim, 2010), particularly in the context of SME brands (Centeno et al., 2013; Opoku, et al., 2009). In addition, conflicting results on its significance toward brand loyalty demand for more research works to be conducted. Besides, less is known on the impact of brand experience and brand personality on each attitudinal and behavioral dimension of customer loyalty toward SME brand. It is important to know this impact because attitudinal and behavioral loyalty has different impacts on brand performance. Studies showed that attitudinal loyalty increases customer willingness to pay a higher price for a brand, while behavioral loyalty affects the organization's market share (Chaudhuri & Holbrook, 2001; Rauyrueen et al., 2009). Furthermore, both types of loyalty are an important tool for SMEs to achieve sustainable competitive advantage due to the uniqueness and intangibility of the branding constructs (Aaker, 1987). Moreover, the literature postulates that the emotional benefits of brand experience and brand personality tend to be more appealing for customers in the competitive restaurant industry (Han & Jeong, 2013; Kim et al., 2011).

This study is also interested in understanding how a strong reputation for SME brands is built because reputation is more stable and lasting than a brand image (de Chernatony, 1999; Markwick & Fill, 1997). A reputation of a corporation refers to the judgment of consumers regarding the aspect of quality, trustworthiness, and reliability

of a corporate organization (Balmer, 1998; Fombrun & Van Riel, 1997). As such, the inclusion of trust as the mediating variable is justified because it is one of the important elements of a good brand reputation. Furthermore, trust is acknowledged as one of the important elements in relational exchanges in which SMEs highly practice to ensure ongoing sales (Morgan & Hunt, 1994; Reijonen, 2010; Sirdeshmukh et al., 2002). Similarly, the trust construct has been argued as the most important variable in binding customer and brand relationship to evoke brand loyalty in the restaurant context (Delgado-Ballester & Munuera-Aleman, 2001; Han & Jeong, 2013; Nawaz & Usman, 2011; Saeed, Javed, & Lodhi, 2013; Tan et al., 2011).

Despite the importance of the brand trust construct, several gaps in the body of knowledge still exist. Firstly, past loyalty studies merely investigated trust as a composite construct (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005; Eggers et al., 2013; Rauyruen et al., 2009). This study, however, aims to investigate trust by considering the emotional and rational components in the brand context proposed by Delgado-Ballester et al. (2003) to further capture the trustworthiness and reliability aspects of a reputation. In particular, Delgado-Ballester et al. defined the emotional component of trust as brand intentions which reflect the degree of consumer's belief that a particular SME brand will act in good faith by prioritizing the consumer's interest when unforeseen issues related to food consumption happen. Meanwhile, the rational component of trust is defined as brand reliability which reflects the degree of consumer's belief that a particular SME brand is reliable in fulfilling its value promise. It is important to study these components of trust for several reasons. Firstly, there is a lack of studies that investigated the emotional component of trust despite it being more stable and lasting than the rational component of trust (Das, Dotson, & Henson; 2014; Kantsperger & Kunz, 2010;

McAllister, 1995; Schoorman, Mayer, and Davis, 2007; Williams, 2001). Secondly, the literature asserts that customers view a brand from both rational and emotional perspectives (De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998). Similarly, a risk is perceived from the rational and emotional perspective, too (Kaplan, Szybillo, & Jacoby, 1974). Understanding trust in its two components to capture customer loyalty formation is in line with Bagozzi's (1975) call to look into specific social processes that help in the creation of marketing exchanges.

Secondly, past research works have reported inconsistent findings. While some studies (e.g., Chaudhuri & Holbrook, 2001; Matzler, Grabner-Krauter, & Bidmon, 2008; Taylor, Celuch, & Goodwin, 2004) have found a positive effect of brand trust on both attitudinal and behavioral loyalty, others (e.g., Forgas, Moliner, Sanchez, & Palau, 2010; Rauyruen & Miller, 2007; Rauyruen et al., 2009; Zhang and Bloemer, 2008) failed to support the positive effect. This motivates the present study to investigate whether emotional and rational brand trust components, namely, intentions and reliability influence both dimensions of loyalty positively. Delgado-Ballester and Munuera-Aleman (2005) showed the significance of consumer's brand trust, from the perspective of its dimensions, in composite brand loyalty. In their study, both dimensions of brand trust, namely, brand intentions and brand reliability, had a positive impact on customer loyalty. However, which dimension of loyalty was affected by the dimensions of brand trust remains unknown. This is important to uncover since attitudinal and behavioral loyalty affects brand equity differently. In addition, to what extent brand experiences and brand personality influence the dimensions of brand trust have not been discovered either. The evidence from such relationships is crucial for companies to better understand ways to execute their branding strategy for effective customer segmentation (Russell-Bennet et al., 2007).

### **2.6.1 Brand Experience**

Brand experience has a direct influence on customer loyalty and is regarded as a critical success factor to differentiate brands in a highly competitive market landscape (Brakus et al., 2009; Iglesias et al., 2011). It is important for SMEs because it serves as one of the important factors in forming a long rapport with customers (Iglesias et al., 2011), and, hence, their survival (Reijonen, 2010).

The experience construct was derived initially from different fields of studies, such as philosophy and cognitive science before it was adopted in the business literature with different conceptualizations (Brakus et al., 2009). Within the business literature, brand experience was initially measured by past purchase and consumption encountered by a customer (Lau & Lee, 1999). However, its conceptualization has been broadened by including the intangible experience as well (Hoch & Ha, 1986; Kempf & Smith, 1998). The outlet, its ambiance, staff, and business policies are also part of the experience formation in the mind of consumers particularly in the service industry (Hui & Bateson, 1991; Kerin et al., 1992; Grace & O’Cass, 2004). However, the absence of an appropriate scale to measure this construct prevent researchers to fully understand what consumers actually experience (Richins, 1997). Later, Brakus, Schmitt, and Zarantonello (2009) proposed four different facets to assess brand experience. They are senses, emotions, cognition, and actions. They proposed different stimuli of branding that lead to attitudinal and behavioral reactions of a consumer when he or she has a direct or indirect contact with a specific brand. In addition, scholars contended that the positive emotional aspect of experience plays a more vital role in creating higher customer trust and loyalty in the service sector (Hee & Myung, 2012; Morrison & Crane, 2007).

The product and service differentiation strategy based on the traditional aspects a product or service, such as price, quality, and excellent care for customers is insufficient in the present competitive business (Mascarenhas et al., 2006). Today, firms need to provide benefits in the form of utility and emotion highly sought by consumers (Walter et al., 2013). Unless firms are able to provide unique and unforgettable experiences for the consumers, they will not earn their loyalty (Pine & Gilmore, 1988). However, the limited financial resource put small firms at a further disadvantage (Saleh & Ndubisi, 2006) to compete due to the high investment needed for research and development. In addition, SMEs may also not able to fight a legal challenge against big firms that steal their intellectual property (Muhammad et al., 2010). Therefore, it is vital for SMEs to create a positive emotional brand experience as a competitive tool for effective differentiation and business sustainability. Aaker (1989) stated that one of the methods to achieve a competitive edge for firm sustainability is when the asset is hard to duplicate by competitors, such as brand experience tends to be unique and stored in the mind of consumers (Brakus et al., 2009; Sahin et al., 2011; Walter et al., 2013). Moreover, by creating a favorable brand experience and subsequent brand loyalty, SMEs can reduce their advertisement costs. Although advertisements are costlier, their effectiveness may be hindered by ad clutter (Keller, 1987; Law, 2002; Unnava & Sideshmukh, 1994), leading consumers in avoiding such advertisements (Rotfeld, 2006). In these contexts, loyalty creation through brand experience can be a strategic choice for SMEs in promoting their brands. As brand experience plays a crucial role in the relationship formation for SMEs through its impact on trust (Sahin et al., 2011), commitment (Iglesias et al., 2011), and satisfaction (Walter et al., 2013), it is indeed a vital strategic tool SMEs can use.

### 2.6.1.1 The Relationship between Brand Experience and Brand Loyalty

There are limited empirical studies on the construct of brand experiences due to the newly emerging scale by Brakus, Schmitt, and Zarantonello (2009). In their study conducted in the United States of America, brand experience was reported to have a direct relationship with customer loyalty. In the context of fast food service, Mohamed and Musa (2012) found a significant relationship between experience and loyalty. Similarly, Ramaseshan and Stein (2014) demonstrated that brand experience influenced attitudinal and behavioral loyalty of consumers of various brands, such as Apple, Coca-Cola, and McDonald's. A study by Uecharoenkit (2012) in the luxury cosmetic brand revealed that consumers' behavioral loyalty was influenced by brand experience. In a separate study in China to understand the influence of brand experience on brand loyalty among dairy products consumers, Han and Li (2012) supported the positive influence of brand experience on attitudinal and behavioral loyalty. On the contrary, Iglesias, Singh, and Batista-Foguet (2011) report an insignificant relationship of brand experience and brand loyalty of automobile, laptops, and sneaker in Spain among postgraduate students. Giantari et al. (2011) also reported that customer experience did not influence behavioral loyalty of consumers.

Table 2.3

#### *The Relationship between Brand Experience and Brand Loyalty*

Author, Year	IV	DV	Context	Country	Respondent	Results
Brakus et al. (2009)	Brand Experience	Loyalty	Brand of products	USA	Students	Significant
Giantari et al. (2013)	Brand Experience	Loyalty	Online purchase	Indonesia	Consumers	Insignificant
Han & Li (2012)	Brand Experience	Loyalty	Dairy products	China	Consumers	Significant
Iglesias et al. (2011)	Brand Experience	Loyalty	Cars, laptops, sneakers	Spain	Students	Insignificant
Mohamed & Musa (2012)	Brand Experience	Loyalty	Fast food	Malaysia	Customers	Significant
Rajumesh (2014)	Brand Experience	Loyalty	Soft drink brand	Sri Lanka	Consumers	Significant
Ramaseshan &	Brand	Loyalty	Smartphone,	Australia	Consumers	Significant

Stein (2014)	Experience		restaurant and soft drink brand			
Sahin et al. (2011)	Brand Experience	Loyalty	Car brands	Turkey	Consumers	Significant
Sahin et al. (2013)	Brand Experience	Loyalty	Car brands	Turkey	Consumers	Significant
Ueacharoenkit (2012)	Brand Experience	Loyalty	Luxury cosmetic brand	Thailand	Consumers	Significant
Walter et al. (2013)	Brand Experience	Loyalty	BMW brand	Canada, Germany	Students	Significant

Table 2.3 shows that not only a few studies were conducted to investigate the relationship between brand experience and brand loyalty in different countries, but the findings were also inconsistent. This signifies that a further investigation is needed. Furthermore, most of the studies were conducted using famous brands even though the branding issue (i.e. loyalty formation) in SME brands are different from big brands (Berthon et al., 2008; Mi & Baharun, 2013). Less is known of the significance of SME brands which warrant further study to investigate the factors affecting loyalty relationships with SME brands (Berthon et al., 2008; Centeno et al., 2013; Krake, 2005). Furthermore, with the exception of a few studies (e.g., Han & Li, 2012; Ramaseshan & Stein, 2014), scientific inquiries on the influence of brand experience on the attitudinal and behavioral dimensions of loyalty are limited. Unveiling this relationship will provide better insight for SMEs to execute their branding strategy effectively. Thus, this study examines the impact of brand experience on brand loyalty in the context of SME brands.

## 2.6.2 Brand Personality

Another important factor purported to influence brand loyalty creation is brand personality, considered one of the important elements in brand equity (Aaker, 1996; Keller, 1993). Brand personality has been linked with better product evaluation

(Freling & Forbes, 2005), brand attitude (Erdogmus & Budeyri-Turan, 2012), higher brand preference (Govers & Schoormans, 2005), and customer loyalty (Walter et al., 2013; Lin, 2010). Furthermore, it has been linked to successful relational exchange factors, such as satisfaction (Brakus et al., 2009), trust (Bouhlel et al., 2009; Sung & Kim, 2010), and commitment (Eisend & Stokburger-Sauer, 2013; Fournier, 1998).

Brand personality gained its attention when Aaker (1997) linked a brand with human personalities of sincerity, excitement, competence, sophisticated, and ruggedness. However, when competency and toughness were found to be unsuitable in Japan and Spain, she replaced them with passion and peaceful (Aaker et al., 2001). Later studies (Geuens et al., 2009; Louis & Lombart, 2010; Magnini & Thelen, 2008) employed different types of brand personality measures due to cultural differences, reflecting the complexity of the construct. Despite this challenge, Polyorat (2011) urged that more research is conducted on brand personality to gain better insight on its impact on consumer behaviors around the world.

Prior studies showed that a product without brand personality exhibited lower preferences and evaluation from customers (Freling & Forbes, 2005; Govers & Schoormans, 2005). Brand personality also evokes a better perception of brand reputation from consumers (Villa-Lopez & Rodriguez-Molina, 2013). Brand personality is established from different sources, such as consumers and brand linkages, the image of a company, websites, or characteristics of a product (Lin, 2010; Opoku et al., 2009).

Given that SMEs lack influence on the market due to financial limitation (Wong & Merrilees, 2005), it is important for SME brands in the restaurant to develop brand personality as a competitive tool so that consumers can relate to a particular brand more than just the menu itself (Opoku et al., 2009). It was shown that a

restaurant brand with personality led to customer loyalty (Kim et al., 2011) because consumers tended to buy a brand for self-expression (Keller, 1993; Kotlet & Keller, 2006). Furthermore, the degree of attractiveness of brand personality also affected the loyalty of consumers (Kim et al., 2001). The importance of developing brand personality by SMEs is more pronounced given the limited financial resources they have, hinder their capability in investing in advertising (Armstrong et al., 2010; Cragg & King, 1993; Muhammad et al., 2010), which does not necessarily yield positive results (Reichheld & Sasser, 1990; Zeithaml et al., 1996).

SMEs have been relying on word of mouth referral by customers as a way to create awareness for its products as well as acquiring new customers due to its limited financial ability (Hogath-Scott et al., 1996; Reijonen, 2010). Studies found a positive relationship between brand personality and customer loyalty (Lin, 2010; Walter et al., 2013), as well as between brand personality and word of mouth communication (Ismail & Spinelli, 2012; Kim et al., 2001). Loyal customers tend to spread a positive word of mouth to show support for a particular brand (Zeithaml et al., 1996). Brand personality could also help SMEs to better segment their customers (Chiu, 2011), leading to better performance. Brand personality also has a direct positive impact on trust, commitment, and satisfaction (Brakus et al., 2009; Eisend & Stokburger-Sauer, 2013; Sung & Kim, 2010), resulting in lasting customer loyalty relationships with SMEs.

#### ***2.6.2.1 The Relationship between Brand Personality and Brand Loyalty***

The relationship between brand personality and brand loyalty has been studied for more than a decade. However, inconsistent results still exist as displayed in Table 2.4. For instance, Mengxia (2007) investigated two giant brands, Nike and Sony, and

found a significant influence of brand personality on customer loyalty. Meanwhile, Brakus, Schmitt, and Zarantonello (2009) conducted a study of brand personality in the United States of America across different ranges of product brands. They reported a positive relationship between brand personality and customer loyalty. Another research on 5000 automobile brand owner in Germany by Kuenzel and Halliday (2010) found that brand loyalty was affected by the automobile's brand personality. Kim, Magnini, and Singal (2011) provided evidence that brand personality had a positive relationship with attitudinal loyalty in the restaurant sector in the United States of America. Similarly, Ramasheshan and Stein (2014) reported brand personality influence on the attitudinal and behavioral loyalty of consumers of various brands such as Apple, Coca-Cola, and McDonald's.

In contrast, other studies failed to support the relationship between brand personality and brand loyalty. Kim, Han, and Park (2001) conducted a study to investigate the relationship of brand personality on loyalty toward mobile phone brands in Korea and found an insignificant result. In a separate study, Liu, Li, Mizerski, and Soh (2012) could not provide support for the influence of brand personality on brand loyalty toward luxury fashion brands in Australia. They reported a significance influence of brand personality on loyalty for the CK brand but not for the Chanel brand. Similarly, Lin (2010) did not find support for the influence of brand personality dimensions on brand loyalty in Taiwan. Erdogmus and Budeyri-Turan (2012) also failed to support the relationship between brand personality and brand loyalty in the fashion industry in Turkey. Vahedi et al. (2014) also found an insignificant result.

Table 2.4

*The Relationship between Brand Personality and Brand Loyalty*

Author, Year	IV	DV	Context	Country	Respondent	Results
Balakrishnan et al. (2009)	Brand Personality	Loyalty	Coffee brands	Malaysia	Consumers	Significant
Brakus et al. (2009)	Brand Personality	Loyalty	Brand of products	USA	Students	Significant
Erdogmus & Turan (2012)	Brand Personality	Loyalty	Fashion	Turkey	Consumers	Insignificant
Ismail & Spinelli (2012)	Brand Personality	Loyalty	Fashion	United Kingdom	Students	Significant
Kim et al. (2001)	Brand Personality	Loyalty	Mobile phone brands	Korea	Students	Insignificant
Kim et al. (2011)	Brand Personality	Loyalty	Restaurant chain	USA	Consumers	Significant
Kuenzel & Halliday (2010)	Brand Personality	Loyalty	Automobile	Germany	Owners	Significant
Lin (2010)	Brand Personality	Loyalty	Toys and video game	Taiwan	Consumers	Insignificant
Lin & Huang (2012)	Brand Personality	Loyalty	Coffee brands	Taiwan	Students	Significant
Liu et al. (2012)	Brand Personality	Loyalty	Luxury fashion brands	Australia	Consumers	Insignificant
Mengxia (2007)	Brand Personality	Loyalty	Brands (Nike, Sony)	China	Consumers	Significant
Ramaseshan & Stein (2014)	Brand Personality	Loyalty	Smartphone, restaurant and soft drink brand	Australia	Consumers	Significant
Uecharoenkit (2012)	Brand Personality	Loyalty	Luxury cosmetic brand	Thailand	Consumers	Significant
Vahedi et al. (2014)	Brand Personality	Loyalty	Banking	Iran	Customers	Insignificant
Walter et al. (2013)	Brand Personality	Loyalty	BMW brand	Canada, Germany	Students	Significant
Wang & Yang (2008)	Brand Personality	Loyalty	Automobile	China	Consumers	Significant

Due to the inconsistent results, further investigations are needed. In addition, most of the studies on the influence of brand personality on loyalty were conducted with famous brands. SME brands were neglected (Berthon et al., 2008; Centeno et al., 2013; Krake, 2005). Also, there is a lack of study investigating the influence of brand personality on both attitudinal and behavioral dimensions loyalty, with the exception of the study by Lin (2010) who examined the issue by considering famous brand in toys and video games of Bandai.

### 2.6.3 Brand Trust

Brand trust is one of the most important elements in creating lasting relationships with customers (Morgan & Hunt, 1994; Sirdeshmukh et al., 2002). It has been considered in branding studies as the main construct in developing customer loyalty (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005). In the context of SMEs, establishing a long-term rapport with customers is crucial in ensuring sales. Therefore, trust has been regarded as an important element in creating loyal customers and enhancing SMEs performance (Eggers et al., 2013; Rauyruen et al., 2009).

Despite ample definitions of trust, there is little agreement what constitutes trust (Rauyruen et al., 2009). In addition, the construct has been conceptualized and measured in an inconsistent manner with ambiguous definitions (Kantsperger & Kunz, 2010). Nevertheless, most scholars agree that trust is a multidimensional construct (Ganesan, 1994; Geyskens et al., 1998; Sirdeshmukh et al., 2002). Benevolence, competence, credibility, honesty, integrity, intentions, reliability, and trustworthiness are elements of trust (Butler, 1991; Delgado-Ballester et al., 2003; Gurviez & Korchia, 2003; Mayer et al., 1995; Moorman et al., 1992; Smith & Barclay, 1997).

Although some terminologies used to conceptualize trust may have similar meanings, it is conceptualized differently in different contexts. For instance, benevolence in the context of interpersonal trust between intimate partners or couples is defined as the intention of a significant other on their motivation to seek personal benefit or togetherness benefit in a relationship (Larzelere & Huston, 1980). Meanwhile, benevolence in the context of interpersonal trust between retailer-vendor is defined as the extent retailer believes vendor will have good faith on the retailer's welfare in a situation where new commitment has not made when there is a new

condition (Ganesan, 1994). On the other hand, Delgado et al. (2003) equated benevolence with intention in the context of trust in a brand. The intention in the context of brand trust refers to consumer's belief that the brand will prioritize the welfare of the consumer when unforeseen issues with product consumption happen. As trust has to be defined according to the specific context, it follows that in the context of SME brand, trust in this study refers to two distinct components, namely, intentions and reliability as proposed by Delgado et al. (2003). Hence, brand trust is defined as the assurance of reliable and good intention provided to consumers in unexpected circumstances by the restaurant SME brands (Delgado et al., 2003).

Brand reliability refers to the faith consumers have in the fulfillment of promises by the brand in satisfying their needs (Delgado-Ballester, 2003; Morgan & Hunt, 1994; Doney & Cannon, 1997). On the other hand, brand intention refers to the certainty of consumers that the brand will act in good faith should unforeseen consumption-related issues arise (Delgado-Ballester & Munuera-Aleman, 2003). Brand trust is defined in such a way in this study for several reasons. Firstly, trust is a multidimensional construct (Ganesan, 1994; Geyskens et al., 1998; Sirdeshmukh et al., 2002). However, many studies investigated brand trust as a composite construct in different research settings (Auh, 2005; Lee & Back, 2010; Morgan & Hunt, 1994; Sung & Kim, 2010; Liu et al., 2011; Nguyen et al., 2013; Zehir et al., 2011) as well as in the SME context (Eggers et al., 2013; Rauyruen & Miller, 2007; Rauyruen et al., 2009). Despite Bagozzi's (1975) call to look into specific social processes that help in the creation of marketing exchanges, only a few studies (Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010) did so by examining the influence of trust dimensions (i.e. brand intentions and brand reliability) on customer loyalty. Secondly, brand trust has two distinct components, namely, the emotional

component i.e. brand intentions) and rational component (i.e. brand reliability), in line with how the customer perceives brand and risk. Branding scholars agree that brand is perceived by customers for its emotional and functional value (Chaudhuri & Holbrook, 2001; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006). In addition, risk and trust are closely related (Das & Teng, 2004; Hong & Cha, 2013; Matzler et al., 2008).

Moreover, the definition of brand trust in this manner stresses the motivational elements largely ignored by other scholars when they examined brand trust (e.g., Dawar & Pillutla, 2000; Holbrook, 2001). Next, this definition of brand trust eliminates the behavioral elements because the behavioral intention is displayed when consumers show their faith in a brand (Morgan & Hunt, 1994). Also, scholars disagree in combining the expectancy and behavioral elements in conceptualizing trust in marketing literature (Singh & Sideshmukh, 2000). Lastly, the definition of trust is appropriate as it is less complicated as suggested by the literature.

Trust affects both attitudinal and purchase loyalty of a consumer (Chaudhuri & Holbrook, 2001; Rauyruen et al., 2009; Verhoef et al., 2002). Consumers who trust a particular brand are much willing to pay a higher price than buying from the competitors. When brand trust exists, customers will face fewer risks in the buying process (Chow & Holden, 1997) and will be more tolerant for mistakes a company makes (Harvin, 2000). Also, brand trust promotes word of mouth referral and reduces conflict handling through loyalty (Bowen & Shoemaker, 1998). Moreover, it is cheaper to serve existing customers that have higher brand trust because they are less likely to be demanding (Reichheld, 1993). In line with the emphasis on the word of mouth promotion by customers to acquire new customers for the increment in sales

and profits (Reijonen, 2010), trust can explain better customer loyalty of SME brands in the restaurant sector.

### ***2.6.3.1 The Relationship between Brand Trust and Brand Loyalty***

There have been extensive studies on trust and customer loyalty. However, they either examined the effect of trust on composite general loyalty (Delgado-Ballester & Munuera-Aleman, 2001; Lau & Lee, 1999; Lin & Wang, 2006; Sung & Kim, 2010), attitude-based loyalty of customers (Auh, 2005; Lee & Back, 2010; Lee & Murphy, 2008), or action-based loyalty (Belaid & Behi, 2011; Bove & Johnson, 2002). This study stresses the importance of studying the influence of trust on each dimension of loyalty separately following the evidence that attitudinal and behavioral loyalty has a unique impact on brand equity (Chaudhuri & Holbrook, 2001). Attitudinal loyalty is related to premium price while behavioral loyalty influences market share of a firm (Rauyruen et al., 2009).

There were studies carried out on the impact of trust on separate dimensions of loyalty. For instance, Taylor, Celuch, and Goodwin (2004) examined customer loyalty of the heavy equipment sector in the United States of America. They reported that attitudinal and behavioral loyalty was influenced by trust. Similarly, Matzler, Grabner-Krauter, and Bidmon (2008) conducted a study among 145 Austrian mobile phone users and found that attitudinal and behavioral loyalty was affected by brand trust. Gecti and Zengin (2013) also supported the significant influence of trust on brand loyalty in Turkey among 428 consumers for branded sports shoes. Sahin et al. (2013) also demonstrated a significant influence of trust on attitudinal and behavioral loyalty in the automotive industry.

In contrast, mixed findings were also reported. Bennur (2010) found that brand trust did not influence brand loyalty. Similarly, Anabila, Narteh, and Tweneboah-Koduah (2012) also found that trust did not affect customer loyalty in the banking sector. Others found that trust only influenced attitudinal loyalty but not behavioral loyalty. Rauyruen and Miller (2007), in their study of 500 SMEs in Australia, observed that trust only influenced attitudinal loyalty in regard courier services brand. Zhang and Bloemer (2008) also found attitudinal loyalty was influenced by trust but not behavioral loyalty in their study of fashion and banking consumers in Holland. Similar results were reported elsewhere (e.g., Forgas, Moliner, Sanchez, & Palau, 2010; Kuikka & Laukkanen, 2012).

Because of the conflicting results (see Table 2.5), it is important to carry out further studies. Furthermore, unlike past studies that treated trust as a single construct, this study considers trust as having rational and emotional dimensions. (Chaudhuri & Holbrook, 2001; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Kaplan et al., 1974; Matzler et al., 2006). By treating trust as a multi-dimensional construct, the findings will help SMEs develop measures and strategies on how to earn customer trust. Moreover, less is known of how each trust dimension (i.e. brand intention and brand reliability) affects attitudinal and behavioral loyalty. The study is conducted in Malaysia because most studies were carried out in the west.

Table 2.5  
*The Relationship between Brand Trust and Brand Loyalty*

Author, Year	IV	DV	Context	Country	Respondent	Results
Anabila et al. (2012)	Brand Trust	Loyalty	Banking sector	Ghana	Staff	Insignificant
Bennur (2010)	Brand Trust	Loyalty	Apparel	USA, India	Students	Insignificant
Chaudhuri & Holbrook (2001)	Brand Trust	Loyalty	Brand of products	USA	Consumers	Significant
Forgas et al.	Brand	Loyalty	Airline industry	Spain	Customers	Insignificant

(2010)	Trust					
Gecti & Zengin (2013)	Brand Trust	Loyalty	Brand (sport shoes)	Turkey	Consumers	Significant
Kuikka & Laukkanen (2012)	Brand Trust	Loyalty	Chocolate industry	Finland	Consumers	Insignificant
Matzler et al. (2006)	Brand Trust	Loyalty	Brand of products	Austria	Consumers	Significant
Matzler et al. (2008)	Brand Trust	Loyalty	Mobile phone brand	Austria	Users	Significant
Ramaseshan & Stein (2014)	Brand Trust	Loyalty	Smartphone, restaurant and soft drink brand	Australia	Consumers	Significant
Rauyrueen & Miller (2007)	Brand Trust	Loyalty	Courier service	Australia	SMEs	Insignificant
Rauyrueen et al. (2009)	Brand Trust	Loyalty	Courier service	Australia	SMEs	Insignificant
Sahin et al. (2013)	Brand Trust	Loyalty	Car brands	Turkey	Consumers	Significant
Taylor et al. (2004)	Brand Trust	Loyalty	Heavy equipment	USA	Customers	Significant
Vahedi et al. (2014)	Brand Trust	Loyalty	Banking	Iran	Customers	Significant
Zhang & Bloemer (2008)	Brand Trust	Loyalty	Brand (fashion, bank)	Holland	Consumers	Insignificant

#### 2.6.4 The Relationship between Brand Experience and Brand Trust

Brand experience indicates the senses, emotion, thinking, and behavioral responses caused by brand-related stimuli (Brakus et al., 2009). It provides a lasting and unique experience in the memory of consumers (Brakus et al., 2009; Pine & Gilmore, 1998). As such, brand experience has been argued as an important factor affecting customer trust. However, empirical studies have revealed mixed findings. In 1999, Lau and Lee studied brand experience with ad-hoc measurements by asking the frequency of past purchase of a particular non-durable good brand among 263 consumers in Singapore. They reported a significant impact of brand experience on brand trust. Similar findings of consumers of non-durables goods in South Africa were reported by Chinomona (2013). Sahin, Zehir, and Kitapci (2011) also reported a significant result of brand experience on brand trust among 258 automobile owners in Turkey. In the

restaurant industry, Mohamed and Musa (2012) also supported the significant relationship between brand experience and brand trust.

In contrast, mixed findings have also been reported. Lee and Kang (2012) conducted a study to understand the influence of brand experience on consumer's brand relationship quality in South Korea. They found significant support for the influence of attitudinal dimensions of brand experience on trust but not the behavioral dimension of brand experience. They suggested that selective experience is important for marketers to promote successful brand relationship quality. Taleghani, Largani, and Mousavian's (2011) conducted in Iran also revealed an insignificant influence of brand experience on brand trust in the automobile sector. Similarly, Ramasheshan and Stein (2014) reported that brand experience did not influence consumers' trust of various brands, such as Apple, Coca-Cola, and McDonald's.

Table 2.6  
*The Relationship between Brand Experience and Brand Trust*

Author, Year	IV	DV	Context	Country	Respondent	Results
Chinomona (2013)	Brand Experience	Brand Trust	Non-durable consumer goods	South Africa	Consumers	Significant
Giantari et al. (2013)	Brand Experience	Brand Trust	Online purchase	Indonesia	Consumers	Significant
Mohamed & Musa (2012)	Brand Experience	Brand Trust	Foodservice	Malaysia	Consumers	Significant
Lee & Kang (2012)	Brand Experience	Brand Trust	Products	South Korea	Consumers	Insignificant
Lau & Lee (1999)	Brand Experience	Brand Trust	Non-durable products	Singapore	Consumers	Significant
Ramaseshan & Stein (2014)	Brand Experience	Brand Trust	Smartphone, restaurant and soft drink brand	Australia	Consumers	Insignificant
Sahin et al. (2011)	Brand Experience	Brand Trust	Automobile	Turkey	Customers	Significant
Taleghani et al. (2011)	Brand Experience	Brand Trust	Automobile	Iran	Customers	Insignificant
Uecharoenkit (2012)	Brand Experience	Brand Trust	Luxury cosmetic brand	Thailand	Consumers	Significant

Table 2.6 shows that a few studies were carried out on the influence of brand experience on brand trust. This study adds to the literature by investigating the relationship in the context of SME given the importance of this linkage to SME sustainability. Furthermore, this study examines which aspects of trust dimensions are influenced by brand experience. Such discovery will provide a clearer picture and better guidance to SMEs on how to build brand experience.

### **2.6.5 The Relationship between Brand Personality and Brand Trust**

Brand personality refers to human personality in association with a brand (Aaker, 1997). Several studies have been conducted to examine the linkages between brand personality and brand trust. As shown in Table 2.7, while most studies found a positive significant relationship between brand personality and brand trust (Lau & Lee, 1999; Lee & Back, 2010; Sung et al., 2010; Perepelkin & Zhang, 2011), others found partial significant linkages (Louis & Lombart, 2010).

Lau and Lee (1999) investigated the relationship between brand personality and brand trust in non-durable consumer goods using a sample of 263 consumers. The result showed a significant relationship between brand personality and brand trust. Bouhlel, Mzoughi, Hadiji, and Slimane (2009) also discovered similar results. They investigated an integrative framework of trust, attachment, commitment, and purchase intention in a mobile marketing context. They found that brand personality had a positive direct influence on brand trust. In a different study, Lee and Back (2010) demonstrated that brand personality was positively related to brand trust. They investigated the relationship among brand personality, trust, and loyalty in the hotel industry. On the contrary, Louis and Lombart (2010), who examined the relationship between brand personality and brand trust in France among 348 consumers,

discovered that the linkages between brand personality and brand trust dimensions were only partially supported.

Table 2.7

*The Relationship between Brand Personality and Brand Trust*

Author, Year	IV	DV	Context	Country	Respondent	Results
Bouhlel et al. (2009)	Brand Personality	Brand Trust	Mobile marketing	Tunisia	Consumers	Significant
Lau & Lee (1999)	Brand Personality	Brand Trust	Non-durable good	Singapore	Consumers	Significant
Lee & Back (2010)	Brand Personality	Brand Trust	Hotel industry	USA	Guest	Significant
Louis & Lombart (2010)	Brand Personality	Brand Trust	Coca-Cola brand	France	Consumers	Partly significant
Perepelkin & Zhang (2011)	Brand Personality	Brand Trust	Pharmacy	Canada	Consumers	Significant
Ramaseshan & Stein (2014)	Brand Personality	Brand Trust	Smartphone, restaurant and soft drink brand	Australia	Consumers	Significant
Sorayaei & Hasanzadeh (2012)	Brand Personality	Brand Trust	Nestle brand	Iran	Consumers	Significant
Sung & Kim (2010)	Brand Personality	Brand Trust	Brand of products	Korea	Students	Significant
Sung et al. (2010)	Brand Personality	Brand Trust	Brand of products	Korea	Students	Significant

In addition to inconsistent results, most of the studies examined the relationship between brand personality and brand trust from consumer's perception of famous brands, such as Nestle, Coca-Cola, Rolex, and Levis (Louis & Lombart, 2010; Sorayaei & Hasanzadeh, 2012; Sung et al., 2010). Less is known brand personality influences the dimensions of brand trust, particularly in the context of SMEs. Literature points out that customers perceive brand and risk from both the rational and emotional perspectives (Chaudhuri & Holbrook, 2001; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Kaplan et al., 1974; Matzler et al., 2006). Therefore, this study intends to study the linkages, particularly on the relationship between brand personality on both the emotional and rational dimensions of brand trust, namely, brand intentions and brand reliability in the context of SMEs. Such

discovery will provide a better insight for SMEs to develop trust among customers. In addition, this study is carried out in Malaysia because most of the studies were conducted in the western countries.

## **2.7 Mediating Effects of Brand Trust**

A mediator is a variable that involves in explaining the interaction between the input variables and the output variables (Braon and Kenny, 1986; Hayes, 2013). This study considers brand trust as the mediator between brand experience, brand personality, and brand loyalty. Specifically, this study is interested in the effects brand trust dimensions, i.e. brand intentions and brand reliability, as mediators, as proposed by Delgado-Ballester and Munuera-Aleman (2003), on the relationships between the independent variables (i.e. brand experience and brand personality) and the dependent variable i.e. attitudinal loyalty and purchase loyalty).

Although past studies had shown significant mediating effects of trust on loyalty (Auh, 2005; Delgado-Ballester & Munuera-Aleman, 2005; Lee & Back, 2010; Morgan & Hunt, 1994; Sung & Kim, 2010; Liu et al., 2011; Nguyen et al., 2013; Zehir et al., 2011), only a few studies had examined the mediating effects of trust on attitudinal and behavioral loyalty (Bhakar, 2015; Matzler et al., 2008; Zhang & Bloemer, 2008). Hence, this study aims to fill the gap. Several reasons motivated this study. Firstly, it is important to discover whether the emotional and rational components of trust impact on attitudinal and behavioral loyalty since both affective and action loyalty has different consequences on brand equity (Chaudhuri & Holbrook, 2001). Besides, Kantsperger and Kunz (2010) revealed that emotional trust had a larger mediating effect than rational trust on the relationship between satisfaction and loyalty. In addition, literature indicates a lack of attention given on

the emotional component of trust even though it is said to be more stable and lasting than the rational component of trust (Das, Dotson, & Henson; 2014; Kantsperger & Kunz, 2010; McAllister, 1995; Schoorman, Mayer, and Davis, 2007; Williams, 2001).

Secondly, it is crucial to capture the mediating effect of both emotional and rational components of trust because customers view brand and trust from the emotional and rational perspective (De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998). Risk is perceived from the rational and emotional perspective, too (Kaplan, Szybillo, & Jacoby, 1974). Therefore, it is important to understand trust from the emotional and rational perspectives to further capture customer loyalty formation. This is in line with Bagozzi (1975) urging to look into specific social processes that help in the creation of marketing exchanges.

Next, inconsistent results on the mediating effect of trust on attitudinal and purchase loyalty were reported. Matzler, Grabner-Krauter, and Bidmon (2008) examined the relationship between risk aversion, attitudinal loyalty, and purchase loyalty through the mediating effect of brand trust. They showed that brand trust mediated the relationships between risk aversion on attitudinal and behavioral loyalty. Similarly, Bhakar (2015) found support for the role of trust as a mediator between reputation on attitudinal and behavioral loyalty. However, Zhang and Bloemer (2008) found the mediating effect of trust on behavioral loyalty but not on attitudinal loyalty.

In this study, brand experience, brand personality, attitudinal loyalty, and purchase loyalty are predicted to have a strong influence on the intention and reliable trust dimensions. Also, it is also expected that both attitudinal and behavioral loyalty is influenced by intention and reliable trust dimensions, despite the conflicting results discussed above. Moreover, there is a lack of studies examining the mediating effect of brand trust in the context of SMEs. Literature indicates that affecting customer

loyalty for a global brand and SME brands may be different (Berthon et al., 2008; Caloghirou et al., 2004; Mi & Baharun, 2013; Rauyruen et al., 2009; Saini et al., 2013). Hence, this study hopes to fill this gap.

## **2.8 Theoretical Framework**

The theoretical model of the current study examines brand experience and brand personality as the independent variables, brand trust dimensions (i.e. brand intentions and brand reliability) as the mediating variables, and brand loyalty dimensions (i.e. attitudinal loyalty and behavioral loyalty) as the dependent variables.

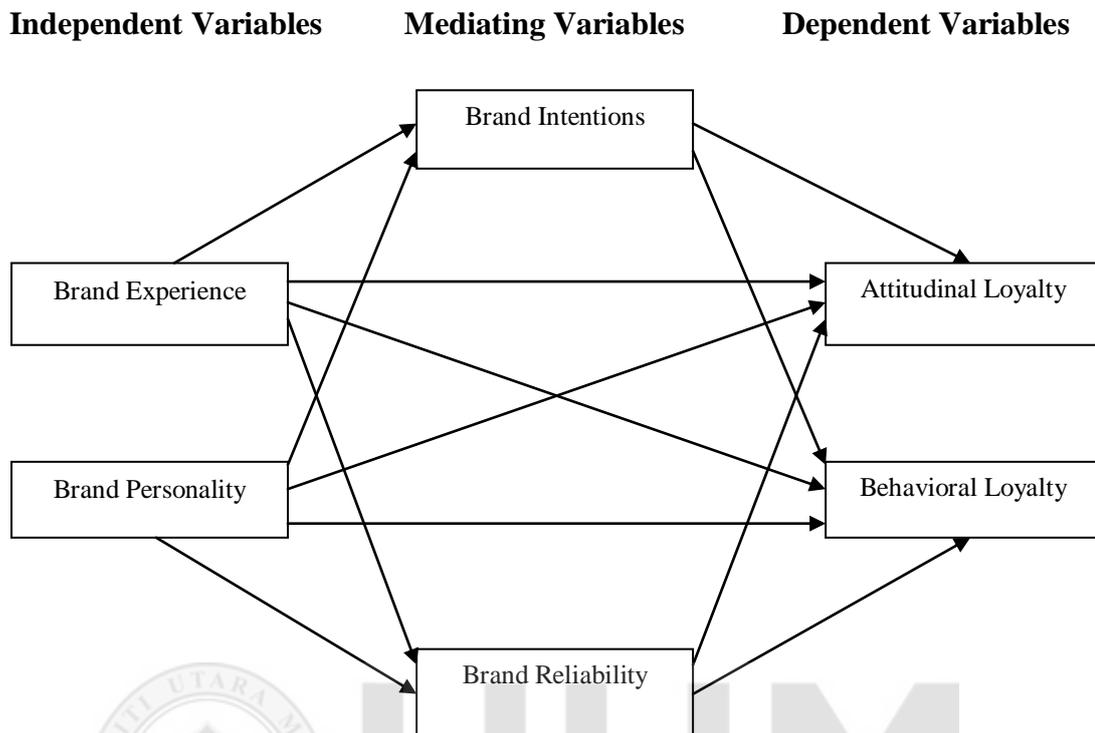
Basically, both the independent variables, namely, brand experience and brand personality, were included because they are important and relevant to customer loyalty in the restaurant industry (Doyle, 1989; Han & Jeong, 2013; Kim, Lin & Huang, 2012; Magnini, & Singal, 2011; Murase & Bojanic, 2004). This study investigated the mediator of brand trust as having two distinct components, namely, the emotional component (i.e. brand intentions) and rational component (i.e. brand reliability) for several reasons. Firstly, most branding studies showed that brand trust and brand loyalty were highly related. Past studies mainly investigated brand trust as a composite construct in different research settings (Auh, 2005; Lee & Back, 2010; Morgan & Hunt, 1994; Sung & Kim, 2010; Liu et al., 2011; Nguyen et al., 2013; Zehir et al., 2011) as well as in the SMEs context (Eggers et al., 2013; Rauyruen & Miller, 2007; Rauyruen et al., 2009). Bagozzi (1975) urged to look into specific social processes that help in the creation of marketing exchanges. However, only a few studies (Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010) attempted to provide a better insight into the relational exchanges by examining the

influence of trust dimensions (i.e. brand intentions and brand reliability) on customer loyalty.

Secondly, a brand is perceived for its emotional and functional value (Chaudhuri & Holbrook, 2001; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006). In addition, risk and trust are closely related (Das & Teng, 2004; Hong & Cha, 2013; Matzler et al., 2008). Following this, investigating trust by considering the emotional and rational components is parallel with the proposition that customers perceive risk from the rational and emotional perspectives (Kaplan et al., 1974). Brand loyalty was investigated by considering the attitudinal and behavioral components because they could provide meaningful results for managers on SME brand sustainability. In supporting such claim, studies in different settings (Chaudhuri & Holbrook, 2001) and in the context of SMEs (Rauyruen et al., 2009) showed that the attitudinal and behavioral loyalty dimensions had unique effects on brand performance – attitudinal loyalty impacted on premium price while behavioral loyalty impacted on profitability. Hence, this study posited a relationship between the distinct components of brand trust (i.e. brand intentions and brand reliability) and attitudinal and behavioral loyalty, following the study of Chaudhuri and Holbrook (2001), Delgado-Ballester and Munuera-Aleman (2005), Kuikka and Laukanen (2012), Uecharoenkit (2012), and Zuhroh et al. (2014).

Based on a review of the literature and research problem, the integrated framework of this study is shown in Figure 2.1, which is derived from the basis works of Kantsperger and Kunz (2010), Kuikka and Laukanen (2012), Uecharoenkit (2012), and Zuhroh et al. (2014).

Figure 2.1  
Theoretical Framework



The model of this study is underpinned by the theory of social exchange by Blau (1964). This theory is highly relevant, particularly for studies related to SMEs because a complicated branding theory is inappropriate for studies in the context of SMEs (Hogarth-Scott et al., 1996). Thus, complex theories, such as brand equity with various measurements are inappropriate for this research. Aaker (1996) proposed brand equity with 10 different measures, grouped into five categories, namely, loyalty, perceived quality, associations, awareness, and market behavioral measures. Keller (2003) has also noted that brand equity is a complicated multidimensional theory where numerous distinct measures are essential to achieving a precise analytical result in marketing studies. Also, this theory had been applied by past studies in the context of SMEs (Eggers et al., 2013; Heffernan et al., 2008; Lam et al., 2009; Rauyruen et al., 2009; Rauyruen & Miller, 2007). Furthermore, this theory is

relevant since SMEs have been emphasizing retaining a sincere relationship with their customers in their business practice to ensure ongoing sales for survival and growth (Hill, 2001b, p. 219; Hogarth-Scott et al., 1996, p. 18; Reijonen, 2010, p. 282).

## **2.9 Hypothesis Development**

This section discusses how SME brand loyalty are related to their predictors, namely, brand experience, brand personality, brand intentions, and brand reliability.

### **2.9.1 Relationship between Brand Experience and SME Brand Loyalty**

The first hypothesis in this study is the relationship between brand experience and SME brand loyalty. The main reason to include brand experience was to provide empirical evidence for the relationship between brand experience and brand loyalty (i.e. attitudinal and behavioral loyalty) in the restaurant industry from the perspective of SME brands. Mascarenhas, Kesavan, and Bernacchi (2006) argued that past strategy of product and service differentiation based on traditional aspects of a product/service, such as price, quality, and excellent care for customers is insufficient in the present competitive business. Moreover, Morrisson and Crane (2007) claimed that a positive memorable experience will lead to higher customer loyalty toward a particular service brand. A positive memorable experience can be categorized as sensation, feeling, thinking, and action derived from brand-related stimuli (Brakus et al., 2009).

However, Iglesias, Singh, and Batista-Foguet (2011) using various products failed to support a positive relationship between brand experience and brand loyalty. Despite this finding, most studies revealed that brand experience had a positive relationship with brand loyalty (Brakus et al., 2009; Han & Jeong, 2013; Iglesias et

al., 2011; Mohamed & Musa, 2012; Sahagun & Vasquez-Parraga, 2014; Sahin et al., 2011; Uecharoenkit, 2012; Walter et al., 2013; Rajumesh, 2014). For instance, Mohamed and Musa's (2012) study in the fast food industry of 450 adult consumers in Malaysia supported the positive relationship between brand experience and brand loyalty. Similarly, a study conducted in the United States of America by Brakus, Schmitt, and Zarantonello (2009) showed that brand experience had a direct relationship with brand loyalty. Furthermore, studies of Ramaseshan and Stein (2014) and Sahin et al. (2013) provided empirical support that brand experience exerted a positive influence on attitudinal and behavioral loyalty toward global brands. Thus, based on the arguments above the following hypothesis is offered:

H1a: Brand experience has a significant positive relationship with attitudinal loyalty.

H1b: Brand experience has a significant positive relationship with behavioral loyalty.

### **2.9.2 Relationship between Brand Personality and SME Brand Loyalty**

The second hypothesis is regarding the relationship between brand personality and SME brand loyalty. Scholars claimed that offerings with brand personality have the ability to create higher preferences, better evaluation, and create brand loyalty among customers (Freling & Forbes, 2005; Govers & Schoormans, 2005; Lee et al., 2012). Many studies seemed to support such claim. A study by Brakus, Schmitt, and Zarantonello (2009) in the United States of America with different ranges of product brands found a positive relationship between brand personality and customer loyalty. Also, similar findings were reported by Kuenzel and Halliday (2010) on their research

conducted in the German automobile industry. Furthermore, Ramaseshan and Stein (2014) found that brand personality exerted a positive influence on attitudinal and behavioral loyalty. Similarly, other studies revealed that restaurant brands with personality led to attitudinal and behavioral loyalty (Kim et al., 2011; Lin & Huang, 2012) because consumers tended to buy a brand for self-expression (Keller, 1993; Kotlet & Keller, 2006). However, some studies failed to find such relationship (Erdogmus & Budeyri-Turan, 2012; Kim et al., 2001; Liu et al., 2012). Despite that, based on the argument above the following hypothesis is offered:

H2a: Brand personality has a significant positive relationship with attitudinal loyalty.

H2b: Brand personality has a significant positive relationship with behavioral loyalty.

### **2.9.3 Relationship between Brand Experience and Brand Trust**

The third hypothesis in this study is the relationship between brand experience and brand trust. According to Chang (2013), the experience is also sold by restaurants to the customers apart from the food. The experience derived from brand-related stimuli upon consumption will eventually form a positive, negative, temporary, or lasting perception in the mind of customers. Lau and Lee (1999) claimed that the more customers experience a brand, the higher the trust they have in a brand. Empirical studies also confirmed such assertion. Chinomona (2013), as well as Lau and Lee (1999), revealed a positive relationship between brand experience and brand trust in the consumer goods industry. Similarly, Sahin, Zehir, and Kitapci (2011) found that brand experience exerted a positive influence on brand trust in the Turkish automobile

industry. Only a few studies seemed to fail to support a positive relationship between brand experience and brand trust (Ramaseshan & Stein, 2014; Taleghani et al., 2011). However, it is argued that understanding the linkages between the distinct components of trust will provide a better insight for marketing strategies given that customers perceive a brand for its emotional and functional value (Chaudhuri & Holbrook, 2001; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006). In separate studies, satisfaction was found to exert a positive influence on the benevolence and credibility component of trust (Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010). Furthermore, literature found a positive influence of brand experience on customer satisfaction (Brakus et al., 2009; Sahin et al., 2013; Uecharoenkit, 2012). Hence, based on the arguments, the following hypothesis is proposed:

H3a: Brand experience has a significant positive relationship with brand intentions.

H3b: Brand experience has a significant positive relationship with brand reliability.

#### **2.9.4 Relationship between Brand Personality and Brand Trust**

The fourth hypothesis in this study is the relationship between brand personality and SME brand loyalty. Opoku, Abratt, Bendixen, and Pitt (2007) claimed that SME brands in the restaurant industry should emphasize brand personality to build a better image for their brand. Meanwhile, Siguaw, Mattila, and Austin (1999) contended that better preference, higher trust, and loyalty resulted from a closer emotional bonding between customers and the personality of a brand. Empirical evidence seems to support the proposition that brand personality affects positively brand trust, even though a few studies showed otherwise (e.g., Louis & Lombart, 2010). Lau and Lee

(1999), for instance, showed a significant relationship between brand personality and brand trust in non-durable consumer goods using a sample of 263 consumers. Similarly, Lee and Back (2010) demonstrated that brand personality was positively related to brand trust in the hospitality industry. In a separate study using various brands of product categories, Sung and Kim (2010) found a significant relationship between brand personality and brand trust. Accordingly, social exchange theory claimed that customer will exhibit loyalty once they trust a brand (Blau, 1964).

Despite the evidence, studies on the influence of brand personality on emotional and rational components of trust (i.e. brand intentions and brand reliability) are yet to be conducted. Understanding the linkages of the distinct components of trust will provide a better insight for marketers in developing the relevant marketing strategy as customers tend to perceive a brand for its emotional and functional value (Chaudhuri & Holbrook, 2001; De Chernatony & McWilliam, 1989; De Chernatony & Riley, 1998; Matzler et al., 2006). In separate studies, satisfaction was found to exert a positive influence on benevolence and credibility of trust (Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010). Furthermore, other studies demonstrated that positive brand personality influenced customer satisfaction (Brakus et al., 2009; Lee et al., 2009). Hence, based on the arguments, the following hypothesis is proposed:

H4a: Brand personality has a significant positive relationship with brand intentions.

H4b: Brand personality has a significant positive relationship with brand reliability.

### **2.9.5 Relationship between Brand Trust and SME Brand Loyalty**

The fifth hypothesis in this study is the relationship between brand trust and SME brand loyalty. Brand trust is important for a business to establish a continued rapport with customers (Morgan & Hunt, 1994; Sirdeshmukh et al., 2002). In addition, the small customer base of SMEs makes brand trust a vital contributor to continued revenue through the creation of customer loyalty (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005; Eggers et al., 2013; Ehrenberg, Goodhardt, & Barwise, 1990; Rauyrueen et al., 2009). Furthermore, brand trust is one of the crucial factors of customer loyalty in the restaurant sector (Nezakati et al., 2011).

However, some studies did not find a positive relationship between brand trust and brand loyalty (Anabila et al., 2012; Bennur, 2010). Other studies found that brand trust influenced attitudinal loyalty only and not behavioral loyalty (Forgas et al., 2010; Kuikka & Laukkanen, 2012). Despite these contradictory findings to the theoretical proposition, findings of other studies supported that brand trust has a positive relationship with brand loyalty. Chaudhuri and Holbrook (2001) found a positive influence of brand trust on both attitudinal and behavioral loyalty in their study using various brands of products in the United States of America. Similarly, Gecti and Zengin (2013) revealed that brand trust exerted a positive influence on attitudinal and behavioral loyalty among Turkish consumers of sports shoes. Matzler, Grabner-Krauter, and Bidmon (2008) also found a positive relationship of brand trust and brand loyalty among Austrian mobile users. Delgado-Ballester and Munuera Aleman (2005), as well as Kantsperger and Kunz (2010), provided empirical support for the positive relationship between the trust components of benevolence and credibility and

customer loyalty toward big/global brands. Hence, based on the arguments, the following hypothesis is proposed:

H5a: Brand intentions have a significant positive relationship with attitudinal loyalty.

H5b: Brand intentions have a significant positive relationship with behavioral loyalty.

H5c: Brand reliability has a significant positive relationship with attitudinal loyalty.

H5d: Brand reliability has a significant positive relationship with behavioral loyalty.

#### **2.9.6 Brand Trust as a Mediator between Brand Experience and SME Brand**

##### **Loyalty**

The sixth hypothesis in this study is the mediating effect of brand trust on the relationship between brand experience and SME brand loyalty. The main reason to include brand trust as a mediator is consistent with the argument that loyalty creation is evoked by brand experience through brand trust (Iglesias et al., 2011; Sahin et al., 2011) particularly in the context of SMEs (Eggers et al., 2013). Brand trust plays a crucial factor for the survival of SMEs. This is because SME brands have a small customer base; thus, they need a brand to create a strong rapport with customers to ensure ongoing sales (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005; Eggers et al., 2013; Ehrenberg, Goodhardt, & Barwise, 1990; Rauyruen et al., 2009). In addition, customers who have a more positive experience with a brand will tend to build higher trust for the brand (Lau & Lee, 1999). Brand trust will eventually make customers loyal toward a particular brand because trust helps to lower the perceived risk of a particular purchase (Chaudhuri & Holbrook,

2001; Delgado-Ballester & Munuera-Aleman, 2005; Matzler, Grabner-Krauter, & Bidmon; 2008), and hence, repeated purchases.

Despite the theoretical propositions, empirical findings have been inconsistent. Some past studies found that brand trust acted as a mediator in the relationship between attitudinal and behavioral loyalty and its predictors (Bhakar, 2015; Matzler et al., 2008). Meanwhile, other studies discovered that brand trust had no full mediating effect on brand loyalty (Delgado-Ballester & Munuera-Aleman, 2005). Taken these together, there is yet a study to identify the mediating effect of the emotional and rational components of trust (i.e. brand intentions and brand reliability) on brand experience and brand loyalty (i.e. attitudinal and behavioral loyalty).

Jambulingam et al. (2011) found that the mediation of the benevolence and credibility components of trust depended on the type of interdependence between sellers and customers. This signifies that trust does not always mediate loyalty relationships. In a separate study, Kantsperger and Kunz (2010) revealed that benevolence and credibility mediated the relationships between satisfaction and loyalty. A review of the literature supports that brand experience is closely linked with customer satisfaction (Brakus et al., 2009; Sahin et al., 2013; Uecharoenkit, 2012). Hence, based on the arguments, the following hypothesis is proposed:

H6a: Brand intentions mediate the relationship between brand experience and attitudinal loyalty.

H6b: Brand intentions mediate the relationship between brand experience and behavioral loyalty.

H6c: Brand reliability mediates the relationship between brand experience and attitudinal loyalty.

H6d: Brand reliability mediates the relationship between brand experience and behavioral loyalty.

### **2.9.7 Brand Trust as a Mediator between Brand Personality and SME Brand Loyalty**

The seventh hypothesis in this study is the mediating effect of brand trust on the relationship between brand personality and SME brand loyalty. The main reason to include brand trust as a mediator between brand personality and brand loyalty is to provide a better insight into such linkages, as recommended by Sung et al. (2010), particularly in the context of SMEs (Eggers et al., 2013). Opoku, Abratt, Bendixen, and Pitt (2007) claimed that brand personality helps SME brands gain a favorable perception from consumers in the restaurant industry. This is because consumers tend to buy a brand for self-expression (Keller, 1993; Kotler & Keller, 2006). Furthermore, Siguaw, Mattila, and Austin (1999) contended that better preference, higher trust, and loyalty result from a close emotional bonding between customers and the personality of a brand.

Findings on the theoretical mediation of brand trust, however, are mixed. Some studies found that brand trust acted as a mediator in the relationship between attitudinal and behavioral loyalty and its predictors (Bhakar, 2015; Matzler et al., 2008), while other studies discovered that brand trust did not have a full mediating effect on brand loyalty (Delgado-Ballester & Munuera-Aleman, 2005). In general, there is yet a study to identify the mediating effect of the emotional and rational components of trust (i.e. brand intentions and brand reliability) on brand experience and brand loyalty (i.e. attitudinal and behavioral loyalty).

Jambulingam et al. (2011) found that the mediation of the benevolence and credibility components of trust depended on the type of interdependence between sellers and customers. This signifies that trust does not always mediate loyalty relationships. In a separate study, Kantsperger and Kunz (2010) revealed that benevolence and credibility mediated the relationships between satisfaction and loyalty. A review of the literature supports that brand personality is closely linked with customer satisfaction (Brakus et al., 2009; Lee et al., 2009). Hence, based on the arguments, the following hypothesis is proposed:

H7a: Brand intentions mediate the relationship between brand personality and attitudinal loyalty.

H7b: Brand intentions mediate the relationship between brand personality and behavioral loyalty.

H7c: Brand reliability mediates the relationship between brand personality and attitudinal loyalty.

H7d: Brand reliability mediates the relationship between brand personality and behavioral loyalty.

## 2.10 Research Hypothesis Summary

Table 2.8 summarizes the hypotheses of this study.

Table 2.8

### *Summary of hypotheses of this study*

Research Objective	Hypotheses Statement
Research Objectives 1: To examine the relationship between branding strategies (i.e. brand experience and brand personality) on SME brand loyalty (i.e. attitudinal and behavioral loyalty).	H1a: Brand experience has a significant positive relationship with attitudinal loyalty. H1b: Brand experience has a significant positive relationship with behavioral loyalty. H2a: Brand personality has a significant positive

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Research Objectives 2:

To examine the relationship between branding strategies (i.e. brand experience and brand personality) on emotional and functional components of brand trust (i.e. intentions and reliability).

Research Objectives 3:

To examine the relationship between emotional and functional components of brand trust (i.e. intentions and reliability) on SME brand loyalty (i.e. attitudinal and behavioral loyalty).

Research Objectives 4:

To examine whether emotional and functional components of brand trust (i.e. intentions and reliability) positively mediate the relationship between branding strategies (i.e. brand experience and brand personality) and SME brand loyalty (i.e. attitudinal and behavioral loyalty).

relationship with attitudinal loyalty.

H2b: Brand personality has a significant positive relationship with behavioral loyalty.

H3a: Brand experience has a significant positive relationship with intentions.

H3b: Brand experience has a significant positive relationship with reliability.

H4a: Brand personality has a significant positive relationship with intentions.

H4b: Brand personality has a significant positive relationship with reliability.

H5a: Intentions has a significant positive relationship with attitudinal loyalty

H5b: Intentions has a significant positive relationship with behavioral loyalty

H5c: Reliability has a significant positive relationship with attitudinal loyalty

H5d: Reliability has a significant positive relationship with behavioral loyalty

H6a: Intentions mediate the relationship between brand experience and attitudinal loyalty.

H6b: Intentions mediate the relationship between brand experience and behavioral loyalty.

H6c: Reliability mediates the relationship between brand experience and attitudinal loyalty.

H6d: Reliability mediates the relationship between brand experience and behavioral loyalty.

H7a: Intentions mediate the relationship between brand personality and attitudinal loyalty.

H7b: Intentions mediate the relationship between brand personality and behavioral loyalty.

H7c: Reliability mediates the relationship between brand personality and attitudinal loyalty.

H7d: Reliability mediates the relationship between brand personality and behavioral loyalty.

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## 2.11 Social Exchange Theory as Underpinning Theory

Social exchange theory (SET) is used to explain the exchanges between a customer and a business entity (e.g., companies, products, services). According to Blau (1964), social exchange theory assumes that satisfied customers with the offering of a business will reciprocate by showing loyal behavior (i.e. repeated purchase). According to Haas (2009), this theory focuses on long-term social exchanges between partners to develop loyal relationships rather than a single transaction of economic exchanges. In other words, the concept of this theory is that customers will make

repeated purchases and be in a loyal relationship with a business that provides more benefits and a minimal amount of cost.

This theory has contributed to the marketing literature, particularly in relationship marketing studies, organization-stakeholder relationships, commitment, trust, relationship quality (e.g., Arnett, German, & Hunt, 2003; Biggemann & Buttle, 2009; Cater & Cater, 2010; Lambe, Wittmann, & Spekman, 2001; Dwyer, Schurr, & Oh, 1987; Luo, 2002; Morgan & Hunt, 1994; Sierra & McQuitty, 2005). Even though some scholars (e.g., Gundlach, Achrl, and Mentzer, 1995; Morgan & Hunt, 1994; Rauyrueen & Miller, 2007; Wetzels, De Ruyter, & Van Bergelen, 1998) claimed that variables, such as trust, commitment, satisfaction, and relationship quality are crucial in the exchange process, Palmatier, Dant, Grewal, and Evans (2006) contended that none of the variables could possibly measure a holistic trading relationship.

Trust is postulated by both social exchange theory and relationship marketing approach as the most vital asset in any business (Luo, 2002). According to Blau (1964), the personal obligation arises from a social interaction between both exchange partners due to the feeling of gratefulness and trust in the exchange process. Morgan and Hunt (1994) also revealed that trust was a crucial mediator of a relational exchanges success. Spekman (1988) also implied that the main essence toward a lasting rapport with customers is faith. Similarly, Garbarino and Johnson (1999) proposed that earning the trust of customers is vital to promote long bonding for a business, especially SMEs (Fink & Krauss, 2007; Hoffman & Schlosser, 2001). Furthermore, the benefit of a trust is more significant in the service sector due to its intangible nature (Palmatier et al., 2006). Bagozzi (1975) also urged that researchers look into specific social processes that help in the creation of marketing exchanges. Hence, this study focuses on the trust element to understand the exchange process of

SME brands loyalty in the restaurant sector. In particular, brand trust is treated as a mediating variable, and its components of trust, namely, intentions and reliability are examined.

Brand experience and brand personality have been regarded as important factors in the creation of a strong perception in the mind of consumers leading toward brand attachment (Brakus, Schmitt, & Zarantonello, 2009; Erdogmus & Budeyri-Turan, 2012; Kim, Iglesias, Singh, & Batista-Foguet, 2011; Magnini, & Singal, 2011; Lin & Huang, 2012; Shugan, 2005). Fournier (1998) also argued that psychological affection is vital to creating customer brand loyalty. Therefore, brand experiences and brand personality are the benefits gained from the social exchanges.

This study is underpinned by social exchange theory for several reasons. Because social exchange can be conceptualized “as an exchange of goods, tangible or intangible goods, with almost similar reward or cost, between at least two persons” (Blau, 1967, p. 88; Homans, 1958, p. 606), this theory is deemed relevant to support the present study. Since social exchange theory has been applied to branding studies to investigate brand loyalty in different settings (Chen, 2000; Hass, 2009; Sierra & McQuitty, 2005; Wang, 2007), this theory is appropriate as the theoretical foundation for the development of hypotheses in this study. Furthermore, this theory is preferable to other brand loyalty theories, such as brand equity theory because the latter is somewhat complicated. Aaker (1996) proposed brand equity with 10 different measures, grouped into five categories, namely, loyalty, perceived quality, associations, awareness, and market behavioral measures. Keller (2003) has also noted that brand equity is a complicated multidimensional theory where numerous distinct measures are essential to achieving a precise analytical result in marketing studies. In support of this, Hogarth-Scott, Watson, and Wilson (1996) also argued that

the complexity of such branding theory is incompatible in the SMEs context, especially given its unique business practices (Berthon et al., 2008; Tetteh & Burn, 2001). Also, brand equity theory was developed from the traditional 4Ps perspective. (Heding, Knudtzen, and Bjerre, 2009; Krishnan & Hartline, 2001). Hence, it is more suitable for tangible goods and the manufactured goods sector. Palmatier, Dant, Grewal, and Evans (2006) concluded from their meta-analysis of more than 38,000 studies that the relationship marketing approach are more suitable in the context of the need to establish a good rapport with customers in the service sector (Gronroos, 1996; Gummesson, 1994).

Various factors of relationship marketing purported to influence brand loyalty have been proposed in the branding literature (e.g., Belaid & Behi, 2011; Das, 2009; Lee & Kang, 2012; Liu, Guo, & Lee, 2011; Rauyruen & Miller, 2007). Arnett, German, and Hunt (2003) argued that it is vital to identify factors that lead to relational social exchange because most businesses often place promises of social benefits for their offerings. Subsequently, this study aims to examine the variables of brand experience, brand personality, and brand trust components on customer loyalty toward SME brands in Malaysia using social exchange theory.

## **2.12 Chapter Summary**

Based on the discussion in this chapter, loyalty studies especially in the context of SMEs, have been neglected, perhaps because many ignored the importance of SMEs in their economic contribution. The fact that branding and SMEs have been part of the national agenda motivates this study to examine loyalty creation toward SME brands among consumers. Toward this end, social exchange theory as the underpinning theory is used because of the need for SMEs to form a lasting rapport with customers.

Moreover, this study examines the effects of trust dimensions, namely, intention and reliability, on the attitudinal and behavioral dimensions of loyalty because of the latter's unique yet significant effect on brand equity. A review of the literature shows that attitudinal loyalty leads to willing to pay a higher price by customers while behavioral loyalty leads to increased market share from repurchase action by customers. Such discovery will contribute to the expanding literature in social exchange theory and branding.

Brand experience, brand personality, and brand trust have been regard as a competitive tool in enhancing the performance of SMEs because they are not easy to be duplicated by competitors. Given the limited resources of SMEs, it is vital to compete in terms of intangible assets. Literature shows that intangible assets contribute to successful SMEs around the world. From the argument above, this study is interested in discovering the relationship between brand experience, brand personality, brand trust, and SME brand loyalty.

This chapter also elaborated on the theoretical framework of the present study. Particularly, it showed clearly in a graphical representation the integration of the independent variables, the intervening variables, and the dependent variables. A further explanation of the model development derived from past studies was also presented. The framework of this study is basically derived from four different loyalty studies of Kantsperger and Kunz (2010), Kuikka and Laukanen (2012), Ueacharoenkit (2012), and Zuhroh et al. (2014). Lastly, the hypothesized relationships between the variables were presented at the final part of this chapter. In the following chapter, a discussion on the methodology is offered to show how the study was carried out.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the research method employed in a pilot study and the final study. This chapter begins with a discussion on research design, population and sampling, the operational definition of constructs, and type of survey. Next, a further discussion focuses on the data collection process for this study and the strategies undertaken for data analysis.

#### **3.2 Research Design**

The selection of an appropriate research methodology is vital to achieve the goal of a research (Sekaran & Bougie, 2010). This study was conducted in Malaysia among customers of SME brands in the restaurant industry to investigate the relationship between brand experience, brand personality, intentions, and reliability toward attitudinal and behavioral loyalty. This study is cross-sectional in which data were collected once in providing answers to the research question. Particularly, diners were questioned to provide information about their attitudinal and behavioral loyalty toward a particular SME restaurant brand. Given that this study had difficulty in obtaining a sampling frame of consumers, the researcher employed a cross-sectional design and not a longitudinal study (Hair et al., 2006). Besides, time and cost constraints were vital limitations to this study. Thus, a cross-sectional study was deemed to be more appropriate. A quantitative approach was deployed where a survey was carried out to collect personal and social facts, beliefs, and attitudes (Keriinger &

Pedhazur, 1973). The unit of analysis was individual whereby the samples were the customers who dined in a particular SME restaurant brand in Malaysia.

### **3.3 Sample Design**

#### **3.3.1 Population**

According to Sekaran and Bougie (2010), a population in a research refers to an entire group of people or organizations that are of interest to the researcher. Hence, a research population has the data whose properties can be analyzed (Cavana, Delahaye, & Sekaran, 2001; Hair, Black, Babin, & Anderson, 2010). A sample is defined as a part of the target population of interest to be studied. In other words, a sample can be referred to as a sub-group derived from the population of interest. Population sampling is defined as the process through which any group of representative elements or individuals is selected from a given population for the primary purpose of statistical analysis. The population of this study was the Malaysian consumers aged 18 years and above living in Klang Valley. Prior intercept studies (e.g. Chang, 2013; Chebat et al., 2009; Jin et al., 2008; Lim, 2012; Weiss, Feinstein, & Dalbor, 2004) collected their data from the same consumer group. Meanwhile, the target population of this research was the walk-in customers aged 18 years and above who had dined in a particular SME restaurant brand within Klang Valley.

#### **3.3.2 Sampling Frame**

Participants of this study were the customers of a particular SME restaurant brand in Malaysia. It is important to identify the sample frame and sample size after identifying the population. According to Sekaran and Bougie (2010), random

sampling has the least bias and offers the most generalization in which every element has an equal chance of being selected as a subject from the population. A sampling frame is a formal list of the whole population where a sample is usually drawn from (Sekaran & Bougie, 2010). Hence, an ideal sampling frame of the participants in this study would be a list of all customers in the restaurant sector. However, because it was impossible to get such a list, a multistage area sampling was used. A multistage area sampling is a type of sampling method involving several probability sampling procedures (Zikmund, Babin, Carr, & Griffin, 2009, p. 402). Two reasons for adopting such a sampling technique are cost reduction and unavailability of a sampling frame (Valliant, Dever, & Kreuter, 2013, p. 257).

### **3.3.3 Sample Size**

Sampling error can be reduced through an adequate sampling size. Basically, the larger the sample size, the smaller the sampling error, and thus the higher chances the sample is representative of the target population (Hair et al., 2010). However, a partial least squares structural equation modeling (PLS-SEM) data analysis technique commonly attains a high level of statistical power with smaller sample sizes than covariance-based structural equation modeling (Henseler, 2010; Reinartz, Haenlein, & Henseler, 2009). In addition, Cohen (1988) suggested that the sample size for PLS-SEM is dependent on the statistical power to be achieved. According to Gefen, Rigdon, and Straub (2011), the minimum acceptable power in social sciences researches is 80 percent. Following this, the minimum sample size was determined based on the power analysis using the G\*Power program as recommended by Hair, Hult, Ringle, and Sarstedt (2012). The analysis of G\*Power program suggested that a minimum sample of 85 observations was required to meet the significance level of

0.05 and statistical power of 80 percent for hypothesis testing. Nevertheless, a large sample size was necessary for Structural Equation Modeling (SEM) because the estimation procedure and the estimation for model fit are based on the assumption of a large sample size (Hair et al., 2006). Kelloway (1998) suggested that the minimum sample size to conduct SEM would be at least 200 observations. In addition, a minimum sample of at least 200 observations is subjected to model complexity (Kline, 2011, p. 12). On the contrary, PLS-SEM works well with a smaller sample size even for a complex model as compared to CB-SEM which requires at least 200 observation to avoid non-convergence and improper solutions (Boomsma & Hoogland, 2001, p. 8; Hair, Sarstedt, Hopkins, & Kuppelwiesier, 2014, p. 108). Finally, the researcher decided to increase the sample size to a total of 400 observations after considering the responses in the pilot study and a higher non-response rate associated with an intercept survey method (Gates & Solomon, 1982; p 46; Hornik & Ellis, 1988, p. 539; Zikmund et al., 2009, p.213). Table 3.1 portrays the sampling size for each SME brand outlet in each district within Klang Valley.

Table 3.1  
Sampling size

Sampling area	Selected brand	Selected outlet	Sampling size
Kuala Lumpur	The Chicken Rice Shop	Tesco Extra Cheras	40
Putrajaya	Secret Recipe	Presint 4	40
Selayang	The Chicken Rice Shop	Giant Batu Caves	40
Ampang Jaya	Secret Recipe	Tesco Ampang	40
Kajang	The Chicken Rice Shop	Tesco Kajang	40
Klang	Secret Recipe	Tesco Klang	40
Petaling Jaya	The Chicken Rice Shop	Giant Kelana Jaya	40
Subang Jaya	Secret Recipe	AEON Big Subang	40
Shah Alam	The Chicken Rice Shop	Plaza Shah Alam	40
Sepang	Secret Recipe	Salak Tinggi	40

### 3.3.4 SME Brand selection

In identifying the SME restaurant brands for this study, the researcher consulted the literature. Past studies tended to select established brands that have at least operated for more than 10 years in the industry (Brakus et al., 2009; Lee et al., 2009; Lin, 2010; Lin & Huang, 2012; Mengxia, 2007; Nam et al., 2011; Yoo & Donthu, 2000). Following this, the potential SME brands to be selected initially were Old Town White Coffee, PappaRich, Secret Recipe, and The Chicken Rice Shop. These SME brands are similar as they serve the local cuisine in their menu and have a *Halal* certification. It is important to select a brand with a Halal certification because it allows the researcher to collect the data from customers of different religious backgrounds. However, Old Town White Coffee was finally excluded since this brand is no longer categorized as an SME under the new definition by SME Corp (2015). Consequently, Papparich was also excluded because of the company's policy of not allowing surveys to be done within or near its premises. For the other brands, the researcher had verbally obtained permission from the outlet managers to conduct the data collection outside their premise. Hence, the final SME brands included in this study were Secret Recipe and The Chicken Rice Shop which are both listed in SME Corp website (<http://www.smecorp.gov.my/>).

### 3.3.5 Sampling procedure

Sudman (1980, p. 424) recommended that a multistage area probability sampling is deployed to select locations for an intercept survey in a specific geographic area. As such, this study followed the guidance of Zikmund et al. (2009, p. 402) in conducting multistage area probability sampling. In the first step, every state in Peninsular Malaysia was clustered into four zones, namely, Central, East Coast, Northern, and

Southern region (Ministry of Tourism and Culture, 2014). This study only focused on peninsular Malaysia because, according to the Department of Statistics Malaysia (2013), Peninsular Malaysia contributes more than 80% toward Malaysian gross domestic product. Furthermore, it is impractical to study the whole population in Malaysia due to budget and time constraints (Saunders, Lewis, & Thornhill, 2003). Hence, Sabah and Sarawak were not included. The common goal of a research is to manually collect data that are representative of a population to be studied (Bartlett, Kotrlik, & Higgins, 2001; Cavana et al., 2001; Hau & Marsh, 2004; Krejcie & Morgan, 1970). Therefore, the central region is chosen due to the highest number of population which is 7,209,175. Table 3.2 displays the population of each state according to its regions

Table 3.2  
*Population of each state in respective region*

Region	State	Population in year 2010	Total population within region
Northern	Perak	2,352,743	6,093,318
	Perlis	231,541	
	Penang	1,561,383	
	Kedah	1,947,651	
Central	Kuala Lumpur	1,674,621	7,209,175
	Putrajaya	72,413	
	Selangor	5,462,141	
Southern	Johor	3,348,283	5,190,457
	Melaka	821,110	
	Negeri Sembilan	1,021,064	
East Coast	Kelantan	1,539,601	4,076,395
	Pahang	1,500,817	
	Terengganu	1,035,977	

Population as referred to Department of Statistics (2011).

In the second step, the central region was clustered into 10 districts according to the local authorities, namely, Kuala Lumpur City Hall, Putrajaya Corporation, Selayang Municipal Council, Ampang Jaya Municipal Council, Kajang Municipal

Council, Klang Municipal Council, Petaling Jaya City Council, Subang Jaya City Council, Shah Alam City Council, and Sepang Municipal Council. These 10 districts have the majority of the population within the central region. These districts make up the Greater Kuala Lumpur or Klang Valley. Klang Valley is the largest metropolitan in Malaysia with approximately 6 million people and contributed RM263 billion to Gross National Income (GNI) in 2010 (Economic Transformation Programme, 2012; Department of Statistics Malaysia, 2011). In other words, 20% of the total population with a contribution of 30% to the total Gross National Income (GNI) are from Klang Valley. This signifies the high purchasing power of the people, making them suitable to be the participants of this study.

The third step involved identification of the SME restaurant brands within each district. Secret Recipe has a total of 113 outlets while The Chicken Rice Shop has a total of 35 outlets as displayed in Table 3.3. Next, intercept survey was randomly conducted to one SME restaurant brand outlet in each district within Klang Valley. Sudman (1980, p. 431) argued that the major issue in selecting a particular mall or location is usually hindered by management who is reluctant to cooperate. Therefore, a substitution of other comparable locations will never eliminate, but help to reduce, the biasness. Eventually, the venue for the survey was chosen as suggested by the outlet manager due to a high customer traffic and good business volume.

Table 3.3  
*Number of outlets in respective district within Klang Valley*

Administrative	Local authority	District	Secret Recipe	The Chicken Rice Shop
Federal Territory of Kuala Lumpur	Kuala Lumpur City Hall	Kuala Lumpur	52 outlets	12 outlets
Federal Territory of Putrajaya	Putrajaya Corporation	Putrajaya	5 outlets	2 outlets
Selangor district of Gombak	Selayang Municipal Council	Selayang	2 outlets	1 outlet

Selangor district of Hulu Langat	Ampang Jaya Municipal Council Kajang Municipal Council	Ampang Jaya Kajang	7 outlet 5 outlets	1 outlet 1 outlets
Selangor district of Klang	Klang Municipal Council	Klang	6 outlets	3 outlets
Selangor district of Petaling	Petaling Jaya City Council Subang Jaya City Council Shah Alam City Council	Petaling Jaya Subang Jaya Shah Alam	14 outlets 6 outlets 14 outlets	7 outlets 2 outlet 5 outlets
Selangor district of Sepang	Sepang Municipal Council	Sepang	2 outlets	1 outlet

In the final step, the diners visiting the particular outlets were intercepted using a systematic sampling. Every five diners walking pass the exit line on the floor marking as determined by the interviewer were approached to answer the survey voluntarily. Additionally, an official survey cover letter from the university (refer to Appendix 2) was presented to both the outlet manager and the participants to avoid misunderstanding (i.e. collecting fund, selling product survey gimmick, etc.).

Generally, the result obtained from a probability sampling can be projected to the total population in the universe (Zikmund et al., 2009). However, Sudman (1980, p. 424) contended that the sample result obtained from an intercept technique can be generalized only to all diners of the particular SME brand outlet and not to all diners in Malaysia.

### **3.4 Data Collection method**

#### **3.4.1 Store intercept as data collection method**

A store intercept method was deployed to obtain the data. This data collection method is somewhat similar to a mall intercept except it is done outside the store outlet regardless the location of the store. The intercept survey was deemed appropriate because this technique is often used in marketing research. Prior marketing studies in the restaurant sector (Barringer, 2008; Chang, 2013; Kim & Kim, 2004;

Koutroumanis, 2005; Mohi, 2012; Namkung, 2007; Ryu, 2005) and studies done in other research contexts (see Appendix 1).

An intercept method is one of the popular methods to obtain data from consumers because it yields an instant response and a higher rate with the presence of an interviewer, economical, is able to control the type of participant (Lau & Lee, 1999). Bush and Hair (1985) noted that intercept participants are more knowledgeable in brand-related information and could provide more accurate response due to anonymity.

According to Butler (2008), intercept studies often neglect the probability sampling methods which limit the generalizability of the result. Hence, following past intercept studies in the restaurant sector (e.g., Koutroumanis, 2005; Mohi, 2012; Wan Halim & Hamed, 2005), a systematic intercept method was deployed in this study in that every diner had a known and equal chance of being selected into the sample (Burns and Bush, 2010). While care was taken to ensure that every diner was not excluded, the result of the intercept survey should be extrapolated to all diners of the particular SME brand outlet and not to the whole Malaysian population (Sudman, 1980, p. 424).

### **3.4.2 Store intercept procedure in actual survey**

The interception was conducted when customers made their way out from the restaurant after dining. As indicated earlier, every first five customers who walked pass the line marked by the tiles on the floor upon exiting the food outlet were approached to complete the survey. When there were two or more people walking out together side by side, they would be counted starting from left to right of the researcher. (i.e. the left customer would be the first while the right the second

customer). Such sampling technique helped to minimize participant selection bias by ensuring that every diner had a known and equal chance of being selected into the sample (Burns and Bush, 1998; Hair, Wolfinbarger, Ortinau, & Bush, 2008; Nowell & Stanley, 1991; Sudman, 1980).

This study collected data from participants aged 18 years and above. To reduce sampling errors and biases, data were collected at different times of the day and on different days of weekdays and weekends as suggested by Sudman (1980). Hence, three days were allocated to collect the data in each outlet in the particular district. For instance, Monday, Wednesday, and Saturday were the days spent in one district (e.g. Petaling Jaya) while Tuesday, Thursday, and Sunday were spent in another district (e.g. Subang Jaya) within Klang Valley. The survey was not conducted on Friday in order to avoid bias among respondents (e.g. possibility of getting more female than male respondents, especially Muslims, as the latter will rush for Friday prayers).

The data collection was carried out during peak times for lunch (12 pm – 3 pm) and dinner (6 pm – 9 pm). Similar technique was deployed by past studies using the intercept survey in the restaurant industry (Barringer, 2008; Chang, 2013; Koutroumanis, 2005; Mohi, 2012).

### **3.5 Operational Definitions**

An operational definition refers to the specific items that will be used in the questionnaire to measure the meaning of the variables (Burns, Bush, & Chen, 2003; Hair, Bush, & Ortinau, 2003). There are altogether four variables in this study. The independent variables are brand experience and brand personality, the mediating

variable is brand trust, and the dependent variable is brand loyalty. The operational definition of each variable used is as follows:

- **Brand loyalty.** Brand loyalty refers to the degree of customer loyalty toward a particular brand from both the attitudinal and behavioral perspective (Aaker, 1991; Assael, 1998; Day, 1969; Jacoby & Kyner, 1973; Oliver, 1999; Tucker, 1964).
- **Attitudinal Loyalty.** Attitudinal loyalty is defined as the degree of a consumer's commitment, willingness to pay more, and word of mouth recommendation toward a particular brand (Chaudhuri & Holbrook, 2001; Ismail & Spinelli, 2000; Lau & Lee, 1999; Zhang & Bloemer, 2008).
- **Behavioral Loyalty.** Behavioral loyalty is defined as the degree of a consumer's intention to maintain continued visits toward a particular brand (Chaudhuri & Holbrook, 2001; Lau & Lee, 1999; Zhang & Bloemer, 2008).
- **Brand Experience.** Brand experience is defined as a consumer's subjective, inner responses that can be categorized into sensation, emotion, perception, and physical responses evoked by a brand-related stimuli (Brakus et al., 2009).
- **Brand Personality.** Brand personality is defined as the set of human personalities related to a brand (Aaker, 1997).
- **Brand Trust.** Brand trust is defined as the positive belief about the reliability and intentions of a brand in a risky situation affecting consumption (Delgado-Ballester et al., 2003).
- **Brand Reliability.** Brand reliability refers to the degree of a consumer's belief that a particular SME brand is reliable in fulfilling its value promise (Delgado-Ballester et al., 2003).

- **Brand Intentions.** Brand intentions refer to the degree of a consumer's belief that a particular SME brand will act in good faith by prioritizing the consumer's interest when unforeseen issues related to food consumption happen (Delgado-Ballester et al., 2003).

### **3.6 Instrumentation and Measurement of Variables**

#### **3.6.1 Research instruments**

A set of questionnaire was developed to obtain data from consumers regarding their loyalty toward an SME brand. The questionnaire had six sections: Section 1 – Brand Personality, Section 2 - Brand Experience, Section 3 - Brand Trust, Section 4 - Brand Loyalty, and Section 5 - Personal Profile. A cover letter explaining the objective of the study was also included in the questionnaire.

#### **3.6.2 Translation of Research instruments**

The measurement items were adapted from past researches. Notably, the items were all originally in the English language. However, because the current study was conducted in Malaysia and the Malay language is the official language of the country, the items had to be translated for ease of understanding. Brislin (1970) suggested a few key translation methods namely one-way translations, bilingual techniques, the committee approach, and pre-testing. According to Brislin (1970), however, the process of translation into the target language has several problems. For instance, some technical words easily understood in English but may have no meaning in another language and the translator may have zero knowledge of the research field. To address these problems, this research used two translation methods – one way translation and back translation, explained below:

- First, the questionnaire was translated from English into Malay by a bilingual language teacher with 23 years of teaching experience at a secondary school in SMK Hamid Khan.
- Second, the researcher applied the back-translation approach by giving the Malay version questionnaire to another bilingual language teacher with 13 years of teaching experience from the same school to translate it back into English to check the content and the meaning of the research items. As suggested by Brislin (1970), the back-translation method requires a minimum of two independent translators.
- Third, the semi-finalized translated version was then handed to some academics with expertise in branding to refine the words used to ensure the translation was accurate.

### **3.6.3 Measurement Scales**

One of the issues in instrumentation or measurement is the scaling used. In a quantitative research, four types of scaling are often used. They are nominal, ordinal, interval, and ratio scales. However, this study only applied the nominal, interval, and ratio scales. The nominal scales were used in Section 5 to collect personal information of the participants. The purpose of nominal scale is to allow the researcher to categorize the subjects into certain groups. On the other hand, the interval scale was used to measure personality or behavior, such as attitude, perception, and belief. The interval scale allows researchers to measure the magnitude of the differences in preference between individuals (Sekaran & Bougie, 2010). The interval scale was applied to items in Section 1, 2, 3, and 4.

### **3.6.4 Scaling Design**

Items in Section 1 to Section 4 were measured on a six-point Likert scale, ranging from '1' "strongly disagree" to '6' "strongly agree". The reason for using the six-point Likert scale was to ensure that participants did not simply check the "indifference" choice, as commonly happen with a five-point scale. According to Garland (1991), the presence of a five-point Likert scale with a middle point of '3' "neither agree nor disagree" will interfere with the findings of the study due to social desirability bias. He further argued that the participants will answer based on the content of the questions when given an even number of a response scale. Additionally, participants from Asian countries tend to choose the middle category response than those from Western countries (Mitchell, 1999; Si & Cullen, 1998). It was also found that the validity and reliability of the findings tend to be higher for the even number response scale when compared to the odd number response scale (Birkett, 1986; Coelho & Esteves, 2007). As indicated earlier, a nominal scale was used for questions in Section 5.

The following elaborates each section of the questionnaire.

#### **3.6.4.1 Section 1**

In this section, 15 items that represent the five dimensions of Aaker's (1997) Brand Personality Scale, namely, sincerity, excitement, competence, sophistication, and ruggedness was used. The researcher acknowledged the cultural sensitivity of the brand personality scales. However, the use of this scale was justified because there have been studies deploying Aaker's (1997) brand personality scale in the context of SMEs in the restaurant sector (Murad et al., 2011; Opoku et al., 2007) as well as studies conducted in Malaysia (Ahmad et al, 2013; Ariff et al., 2012; Ariffin et al.,

2014; Balakrishnan et al., 2009; Lada & Sidin, 2012; Mustamil et al., 2014; Othman & Rahman, 2014). Table 3.4 displays the items.

Table 3.4

*Measurement items of Brand Personality Scale*

---

1.	<b>This restaurant brand</b> is family oriented.
2.	<b>This restaurant brand</b> is honest.
3.	<b>This restaurant brand</b> is decent
4.	<b>This restaurant brand</b> is cheerful.
5.	<b>This restaurant brand</b> is exciting.
6.	<b>This restaurant brand</b> is young.
7.	<b>This restaurant brand</b> is unique
8.	<b>This restaurant brand</b> is independent
9.	<b>This restaurant brand</b> is reliable.
10.	<b>This restaurant brand</b> is intelligent.
11.	<b>This restaurant brand</b> is successful.
12.	<b>This restaurant brand</b> is glamorous.
13.	<b>This restaurant brand</b> is charming.
14.	<b>This restaurant brand</b> is western.
15.	<b>This restaurant brand</b> is tough.

---

Source: Aaker (1997)

### 3.6.4.2 Section 2

In this section, there were 12 questions on brand experience. The items were adapted from Brakus et al. (2009). Brand experience was measured by four dimensions, namely, sensation, emotion, perception, and physical response. Table 3.5 displays the items.

Table 3.5

*Measurement items of Brand Experience Scale*

---

1.	<b>This restaurant brand</b> is interesting in a sensory way. (e.g. sight on attractive environment, tasty food)
2.	<b>This restaurant brand</b> makes a strong positive impression on my senses. (e.g. sight, taste)
3.	<b>This restaurant brand</b> focuses on experience through positive senses.
4.	<b>This restaurant brand</b> induces positive feelings.
5.	I have strong positive feelings for <b>this restaurant brand</b> .
6.	<b>This restaurant brand</b> focuses on experience through positive emotions. (e.g. KFC – So Good)
7.	<b>This restaurant brand</b> tries to remind me of activities I can do. (e.g. friends or family gathering).
8.	<b>This restaurant brand</b> tries to make me think about lifestyle. (e.g. hang out, dining out)
9.	<b>This restaurant brand</b> focuses on experience through activities.
10.	I engage in a lot of positive thinking when I encounter <b>this restaurant brand</b> . (e.g. delicious food, moments with friends or family).
11.	<b>This restaurant brand</b> stimulates my curiosity. (e.g. food recipe).
12.	<b>This restaurant brand</b> focuses on experience through positive thoughts.

---

Source: Brakus et al., (2009)

### 3.6.4.3 Section 3

In this section, there were eight questions regarding brand trust. The items were adapted from Delgado-Ballester et al. (2003). Brand trust was measured by two distinct dimensions, namely, brand reliability and brand intentions. Table 3.6 displays the items.

Table 3.6

#### *Measurement items of Brand Trust Scale*

- 
1. **This restaurant brand** is a brand name that meets my expectations.
  2. I feel confidence in **this restaurant brand**.
  3. **This restaurant brand** is a brand name that never disappoints me.
  4. **This restaurant brand** guarantees satisfaction.
  5. **This restaurant brand** would be honest in addressing my concerns (i.e. halal, hygiene).
  6. I could rely on **this restaurant brand**.
  7. **This restaurant brand** would compensate me in some way if there is a problem with the food.
  8. **This restaurant brand** would make any effort to satisfy me.
- 

Source: Delgado-Ballester et al., (2003)

### 3.6.4.4 Section 4

In this section, there were 12 questions on brand loyalty. The items for attitudinal loyalty were adapted from Chaudhuri and Holbrook (2001), Ismail and Spinelli (2000), Lau and Lee (1999), and Zhang and Bloemer (2008). Meanwhile, the items for behavioral loyalty were adapted from Aaker (1996), Chaudhuri and Holbrook (2001), Lau and Lee (1999), and Zhang and Bloemer (2008). Table 3.7 displays the items.

Table 3.7

#### *Measurement items of Brand Loyalty Scale*

- 
1. I am committed to **this restaurant brand**.
  2. I would be willing to pay a higher price for **this restaurant brand** over other brands.
  3. I would continue dine at **this restaurant brand**, even if its prices increase.
  4. If **this restaurant brand** been mentioned in a conversation, I would recommend it.
  5. I have actually recommended **this restaurant brand** to my friends or family.
  6. If someone makes a negative comment about **this restaurant brand**, I would defend it.
  7. I would dine at **this restaurant brand** the next time I look for places to dine with friends or family.
  8. I intend to keep dining at **this restaurant brand** in the future.
-

9. If **this restaurant brand** is not available here when I need it, I will have it another time.
10. If **this restaurant brand** is not available here when I need it, I will have it somewhere else.
11. I consider **this restaurant brand** as my first choice compared to other brands.
12. If I had to reconsider my option again, I will still choose **this restaurant brand**.

Source: Aaker (1996), Chaudhuri & Holbrook (2001), Ismail & Spinelli (2000), Lau & Lee (1999), and Zhang & Bloemer (2008)

### 3.6.4.5 Section 5

In this section, there were six questions on participant's personal profile, such as, gender, age, marital status, ethnicity, education level, occupation, and monthly income. The questions were asked on a dichotomous scale. Table 3.8 summarizes all the variables and measurement scales used in this study.

Table 3.8  
*Summary of the Variables and Measurement Scales*

No.	Variables	Operational Definition	Dimensions	No. of items	Source
1.	Brand Experience	Refers to consumer's subjective, inner responses that can be categorized into sensation, emotion, perception, and physical responses evoked by brand related stimuli	Sensation Emotion Perception Physical	3 3 3 3	Brakus et al. (2009)
2.	Brand Personality	Refers to a set of human personalities related with a brand	Sincerity Excitement Competence Sophistication Ruggedness	4 4 3 2 2	Aaker (1997).
3.	Brand Trust	Refers to the degree of consumer's belief that a particular SME brand is deemed trustworthy from both emotional and functional perspective reflected by two unique components namely brand intentions and brand reliability	Brand Reliability  Brand Intentions	4  4	Delgado-Ballester et al. (2003)
4.	Brand Loyalty	Refers to the degree of customer loyalty toward a particular brand from both attitudinal and behavioral perspective	Attitude Loyalty	6	Chaudhuri & Holbrook (2001), Ismail & Spinelli (2000), Lau & Lee (1999), Zhang & Bloemer (2008).

Behavior Loyalty	6	Chaudhuri & Holbrook (2001), Lau & Lee (1999), Zhang & Bloemer (2008).
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### 3.7 Pilot Test

Prior to conducting the actual survey, a pilot test was carried out. A pilot test helps the researcher to identify possible challenges (i.e. research protocol, instrument complicated) that might be encountered during the actual survey (Tejjilingen van & Hundley, 2001). Also, because this study adapted the measurement from several sources, especially for the constructs of attitudinal and behavioral loyalty, a pre-test is required to screen items for appropriateness (Hair et al., 2010, p. 655). Malhotra et al. (2002) suggested that a sample size between 15 and 30 participants is required for a pilot test. Therefore, 30 sets of questionnaire were distributed to diners of both SME brand (i.e. Secret Recipe and The Chicken Rice Shop) in Penang. According to the Department of Statistics Malaysia (2014), Penang is the state with the second highest Gross domestic product (GDP) per capita in Peninsular Malaysia, implying that the consumers there have a high purchasing power. In addition, the service sector including the restaurant is the largest contributor towards Penang economy (Penang Economic Indicators, 2015). Consequently, 15 sets of questionnaire were allocated to each brand. Twenty participants were selected conveniently while 10 participants were chosen using a systematic sampling.

Based on the pilot study feedback, certain words were reconstructed to provide a better understanding. Besides, the questionnaire cover letter was made simpler to reduce the redundancy in the oral and written explanation related to the research. Table 3.9 shows that the result ranges from .894 to .994 suggested that all the Cronbach's alpha values were greater than .70 thresholds, which indicate that the

measurements were reliable (Nunnally, 1978). The final English and Malay versions of the questionnaire used in the field study are attached in Appendix 3.

Table 3.9  
*Pilot Study Measurement Reliability*

Construct	Crobach Alpha
Brand Experience	.960
Brand Personality	.969
Brand Intentions	.894
Brand Reliability	.949
Attitudinal Loyalty	.969
Behavioral Loyalty	.946

### **3.8 Technique for Data Analysis**

The following subsection discusses the data analysis technique used for this study.

#### **3.8.1 Descriptive Statistics**

This study used Statistical Packages for the Social Sciences (SPSS) version 21 to provide descriptive statistics of the data. Pallant (2010) explained that the statistical tools are used to describe the characteristics of the sample, to check the variables for any violation of the assumptions underlying inferential statistics; and to address particular research questions.

Firstly, descriptive statistics was conducted to identify errors in data entry and missing values in the data and to get statistical values, such as means and standard deviation, which are needed for use in discussion support or further analyses, such as correlation and regression (Sekaran & Bougie, 2010). Should there be any missing value; a new value was replaced using the mean method as suggested by Hair et al. (2014). Generally, the descriptive analysis of 242 respondents shows that the mean

score for all variables ranged from 4.01 to 4.48. The result indicates that the respondents generally somewhat agreed to the statement asked.

Table 3.10  
*Descriptive Analysis*

Construct	Min	Max	Mean	Std. Deviation
Brand Experience	1.58	6.00	4.3230	.74960
Brand Personality	1.87	6.00	4.0212	.76530
Brand Intentions	1.00	6.00	4.4814	.82785
Brand Reliability	1.00	6.00	4.3977	.90848
Attitudinal Loyalty	1.00	6.00	4.1915	.77497
Behavioral Loyalty	1.00	6.00	4.0055	.86993

Table 3.10 shows that the average score of the independent variables (brand experience and brand personality) ranged from 4.02 to 4.32. These show that the customers perceived that these successful SMEs restaurants does have favorable brand experience and brand personality. The average score of the mediator (brand intentions and brand reliability) ranged from 4.40 to 4.48. These indicate that customers trust both emotionally and rationally toward the offerings of these SMEs restaurants. Lastly, the average score of the dependent variable (attitudinal loyalty and behavioral loyalty) ranged from 4.01 to 4.19. Such score indicate that customers somewhat agree that they are loyal both attitudinally and behaviorally toward these SMEs restaurants.

Next, an independent t-test was conducted to examine the non-response bias as suggested by Armstrong and Overton (1977). This method assumes that participants who answered in an unprepared condition are similar to non-participants. Hence, a comparison of mean differences between early and late responses was conducted to check the presence of non-response bias. If there is no mean difference in both groups, it is safely assumed that the data are free from non-response bias (Pallant,

2010). Then, data normality for PLS-SEM was assessed through skewness and kurtosis as suggested by Hair et al. (2014). Skewness evaluates whether the distribution of variables is symmetrical or skewed while kurtosis measures whether the distribution of variables is too peak or too low as compared to a normal distribution (Hair et al., 2014; Kline, 2009). According to Kline (2011), an absolute value should not be greater than three for skewness and greater than eight for kurtosis to indicate that the data are normal.

### **3.8.2 Partial Least Squares – Structural Equation Modeling (PLS-SEM)**

To test the hypothesis and analyze the data, this study deployed Partial Least Squares-Structural Equation Modeling (PLS-SEM). As a rule of thumb, according to Hair et al. (2014, p19), Partial Least Squares- Structural Equation Modeling (PLS-SEM) is suitable when a research goal is to predict target constructs and data are not normally distributed. In addition, PLS-SEM also helps to avoid problems with a small sample size and is widely used in marketing studies (Henseler, Ringle, Sinkovic, 2009).

The two-step approach in PLS-SEM that separately examines the measurement and structural models as recommended by Anderson and Gerbing (1988) was used. Anderson and Gerbing argued that the two-step method is better because it helps provide meaningful inferences than the one-step method. Firstly, convergent validity, discriminant validity, and reliability were evaluated of the measurement model. To achieve convergent validity, loadings must be greater than 0.5 (Bagozzi & Yi, 1991), composite reliability must be greater than 0.7 (Gefen et al., 2000), and the average variance extracted (AVE) must be greater than 0.5 (Fornell & Lacker, 1981). Next, to achieve discriminant validity, the average variance shared

between each construct and its measures should be greater than the variance shared between the construct and other constructs (Fornell & Lacker, 1981).

Then, the structural model was tested after the measurement model. Bootstrapping was used to determine the significance level for loadings and path coefficients with a minimum bootstrap sample not less than the number of observations of the significance level for loadings and path coefficients (Chin, 1998; Hair et al., 2014). The  $R^2$  value as predictive accuracy indicates how well the modeled variables explain the endogenous construct. Meanwhile, the blindfolding procedure helps explain how well the model has predictive relevance,  $Q^2$ . The model has predictive relevance if the value of  $Q^2$  is greater than zero (Fornell & Cha, 1994). The blindfolding procedure is only applicable for reflective and single item endogenous construct (Hair et al., 2014).

### **3.8.3 Test of mediation**

This study tested the mediating effect using a single-multiple mediation model rather than a separate mediation model. The main reason was because such model enables the researcher to understand to what extent the mediator mediates the relationship between the independent variable and the dependent variable with the presence of every mediator in the model (Preacher & Hayes, 2008). Next, this study used the bootstrapping approach over other methods (e.g., casual steps approach, the product of coefficients approach, distribution of the product approach) to assess the indirect effect of multiple mediators. In support of this, scholars (e.g., Hayes, 2013; Preacher & Hayes, 2008; Williams & MacKinnon, 2008) suggested the bootstrap method because it can produce a higher power for a precise inferential test and minimize Type 1 error for a complex framework with multiple mediators and multiple dependent

variables. Hence, this study followed the percentile bootstrap confidence interval method suggested by Hayes (2013). In addition, the mediating effect only occurs when the indirect effect and bootstrapping confidence interval (Boot CI) does not fall in a between zero condition.

### **3.9 Chapter Summary**

This chapter discussed the methodology applied for this research. This study collected data from customers of a particular SME restaurant brand within Klang Valley. Klang Valley is chosen because it has the largest metropolitan in Malaysia with approximately 6 million people and contributed RM263 billion to Gross National Income (GNI) in 2010 (Economic Transformation Programme, 2012; Department of Statistics Malaysia, 2011). This research collected data from the consumers in shopping malls in the selected district in Klang Valley, Malaysia. Meanwhile, the study used existing measurements whose validity and reliability have been established. However, some modifications were made to the items to help participants better understand them. This study used PLS-SEM to analyze the data to achieve the research objective. In addition, the bootstrapping approach was conducted to test the mediating effect in a single multiple mediation model.

## CHAPTER 4

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

This chapter elaborates the findings of the study based on the procedure of data analysis presented in chapter 3.

#### 4.2 Participation and Response rate

The data collection for this study was carried out in a total of five weeks (3<sup>rd</sup> November to 7<sup>th</sup> December 2014). Approximately 600 diners were approached and 247 agreed to participate via the systematic intercept method, yielding a response rate of 41.17%. Some participants were reluctant to participate either because they were not interested or did not have the time. In addition, five responses were discarded because they were incomplete. According to Tabachnick and Fidell (2007), incomplete questionnaires are not suitable to use for data analysis. Hence, the remaining usable 242 responses, yielding a usable response rate of 40.33%, were included for the data analysis. The response rate was deemed adequate given that prior studies deploying the intercept approach among consumers reported a usable response rate ranging from 30% to 50%. (e.g., Babin, Lee, Kim, & Griffin, 2005; Frank, 2012; Kim & Kim, 2004; Kim, Yoo, & Lee, 2012; Wong, 2004). Notably, the number of usable responses was larger than the minimum sample size required, i.e. 85 to achieve the significance level of 0.05 and the statistical power of 80% for hypothesis testing. Besides, the total number of complete responses also exceeded the minimum 200 observations suggested for SEM (Kelloway, 1998; Kline, 2011).

#### 4.2.1 Data Screening and Non-response Bias

Data screening was conducted to check for possible errors that may occur in the dataset. Descriptive statistics (e.g., minimum and maximum values) was run to identify errors in data entry and missing values. Data screening revealed a small number of missing values (i.e. five cases) which were replaced using the mean method as suggested by Hair et al. (2014).

Next, non-response bias was checked. Non-response bias is the difference in the response between participants and non-participants (Lambort & Harrington, 1990, p. 5).

One way to estimate the non-response bias is through the extrapolation method as suggested by Armstrong and Overton (1977). This method assumes that the participants who answered in an unprepared condition (e.g. require more persuasion in answering) are similar to the non-participants. The unprepared condition in this study refers to the late participants in the data collection period (Armstrong & Overton, 1977, p. 397). Moreover, they suggested an independent t-test with the assumption of equal and unequal group variances to test the mean score differences between early and late participants. In support, non-response bias check has been similarly applied in other studies deploying intercept survey among restaurant diners (e.g. Mohi, 2012; Kim et al., 2012; Frank, 2012). Lindner, Murphy, and Briers (2001) suggested that the statistical power will be reduced if unequal sizes of early and late participants are used in the comparison. They recommended a minimum of 30 late participants for the comparison. Therefore, the early batch of 100 responses were compared with the last batch of 100 responses to test whether their mean score differs.

Table 4.1 displays the composite variable of all the constructs, namely, brand personality, brand experience, intentions, reliability, attitudinal loyalty, and

behavioral loyalty for the purpose of comparison between two groups using t-test. The result reported in Table 5.1 indicates no difference between both groups because the mean for every variable was significant at 0.05 (Pallant, 2010). Therefore, the issue of non-response bias did not occur in this study.

Table 4.1  
*Independent sample t-test for non-response bias*

Construct		Levene's Test for Equality of Variances		T-test for Equality of Means Significant at 5%		
		F	Sig.	T	df	Sig. (2-tailed)
Brand personality	Equal variances assumed	0.774	0.380	1.829	198.000	0.069
	Equal variances not assumed			1.829	197.283	0.069
Brand experience	Equal variances assumed	11.683	0.001	-0.008	198.000	0.994
	Equal variances not assumed			-0.008	181.192	0.994
Intentions	Equal variances assumed	3.330	0.070	-1.024	198.000	0.307
	Equal variances not assumed			-1.024	190.153	0.307
Reliability	Equal variances assumed	3.128	0.079	-1.870	198.000	0.063
	Equal variances not assumed			-1.870	187.428	0.063
Attitudinal loyalty	Equal variances assumed	5.190	0.024	-0.031	198.000	0.975
	Equal variances not assumed			-0.031	185.325	0.975
Behavioral loyalty	Equal variances assumed	20.730	0.000	-1.893	198.000	0.060
	Equal variances not assumed			-1.893	164.820	0.060

#### 4.2.2 Profile of Participants

All of the participants in this study were Malaysian. Table 5.2 displays that more than half of the participants visited the particular SME outlet a few times a month (55%). Of 242 participants, 175 were female (72%) while 67 were male (28%). This result is consistent with other restaurant surveys (Chang, 2013; Kim et al., 2012; Lee et al., 2009). Female participants were dominant perhaps because they were more likely to respond as compared to men (Gannon et al., 1971; Green, 1996). In terms of age, those in the age group of 21 to 30 years (35%) and 31 to 40 years (38%) accounted for the biggest portion of the sample followed by the age group of 41 to 50 years (13%). In terms of marital status, the participants who were married were the majority (63%) while the participants who were single were 37%. Such finding is consistent with

prior studies that found that married people tended to participate more in surveys than unmarried people (Baur, 1947; Zimmer, 1956). Also, because the SME restaurants tend to cater for families, married participants than non-married participants responded to the survey.

In terms of ethnicity, the majority of the participants were Malay (73%), followed by Chinese (15%), Indian (8%), and others (4%). According to Department of Statistics Malaysia (2010), the composition of the ethnic groups living in Kuala Lumpur, Putrajaya, and Selangor is as follows: Malay (54%), Chinese (32%), Indian (13%), and others (1%). In addition, such finding is consistent with prior studies in the restaurant industry in the Klang Valley (Talib et al., 2012).

With regards to education level, most of the participants had their bachelor degree (41%) and 34% a diploma. Only 3% had primary school certificates. The finding is consistent with the studies of Chang (2013) and Talib et al. (2012). In addition, Baur (1947) and Green (1996) noted that better educated people had a high tendency to participate in a survey. In terms of occupation, the participants were employed (72%). Lastly, the majority of the participants had a monthly income above RM2000 (82%). Both these findings are similar to previous studies that observed that employment status, income, and socioeconomic status was positively related to a higher response rate in a survey (Ognibene, 1970; Pavalko & Lutterman, 1973). The profile of participants is summarized in Table 4.2.

Table 4.2  
*Profile of Respondents*

No.	Demographic characteristics	Frequency, N	Percentage (%)	
1.	Dine frequency	Few times a week	20	8
		Few times a month	132	55
		Few times a year	90	37

2.	Gender	Male	67	28
		Female	175	72
3.	Age	Less than 21 years	9	4
		21 to 30 years	85	35
		31 to 40 years	91	38
		41 to 50 years	33	13
		More than 50 years	24	10
4.	Marital status	Single	90	37
		Married	152	63
5.	Ethnic	Malay	178	73
		Chinese	36	15
		Indian	19	8
		Other	9	4
6.	Education	Primary school	7	3
		Secondary school	40	16
		College (Certificate/ Diploma/ Advanced Diploma)	82	34
		Bachelor degree	99	41
		Postgraduate degree (Master/ PhD)	14	6
7.	Occupation	Student	20	8
		Employee	175	72
		Self-employed	24	10
		Unemployed/ Housewife	23	10
8.	Monthly income	Below RM2000	44	18
		RM2000 to RM3999	107	44
		RM4000 to RM5999	71	30
		RM6000 and above	20	8

### 4.3 Test of normality

Even though data non-normality has a less serious impact on the result of PLS-SEM, Hair et al. (2014) suggested that researchers should still examine the normality of the data using skewness and kurtosis. Skewness evaluates whether the distribution of the variables is symmetrical or skewed while kurtosis measures whether the peak of the variables is too high or too low (Hair et al., 2014; Kline, 2009). According to Hair et al. (2014), a value of skewness and kurtosis that fall beyond the range of +1 and -1 indicates non-normality of data distribution. Meanwhile, Kline (2011) recommended a higher threshold value. The data distribution should not be considered normal when

the absolute value is greater than three for skewness and greater than eight for kurtosis. The result revealed that the maximum absolute values of skewness and kurtosis were -1.086 and 2.458, respectively (refer to Appendix 4). The data, hence, satisfied the normality assumptions based on Kline's recommendation.

#### **4.4 Evaluation of PLS-SEM results**

This study deployed the partial least squares structural equation modeling (PLS-SEM) technique to test the research hypotheses. SmartPLS software version 2.0.M3 developed by Ringle, Wende, and Will (2005) was used. Meanwhile, a bootstrapping technique was applied to determine the significance levels for loadings and path coefficients (Hair et al., 2014). A two-stage analytical approach suggested by Anderson and Gerbing (1988) and Hair et al. (2010) were used to evaluate the result of PLS-SEM. In the first stage, the measurement model was examined for the internal and external consistency of the measurement model. In the second stage, the structural model was examined to test the hypotheses. Prior to data analysis, the data were run in the algorithm PLS software to check whether the algorithm converged. According to Hair et al. (2014, p.108) and Wong (2013, p.19), the PLS-SEM algorithm usually converge the data within 300 iterations or it indicates problems of data abnormality such as inadequate sample size, occurrence of outliers or too many similar values in measurement items. The PLS-SEM algorithm converged the data after five iterations falling within 300 iterations as shown in the stop criterion changes table (refer to Appendix 5), which indicated that the data estimation was good for data analysis.

#### 4.4.1 Measurement model assessment

In the first stage, the reflective measurement model was evaluated for its internal consistency reliability indicated by composite reliability. The convergent validity of the model was examined by considering the outer loadings and average variance extracted (AVE). The discriminant validity was checked against the Fornell-Larcker's (1981) criterion and cross-loadings.

##### 4.4.1.1 Internal Consistency Reliability and Convergent Validity

Internal consistency reliability is a reliability test to check whether the correlations between items are large. To achieve internal consistency reliability, composite reliability (CR) must be greater than 0.70 (Gefen et al., 2000; Hair et al., 2010). Secondly, to achieve convergent validity, the indicator reliability represented by the outer loadings must be greater than 0.50 (Bagozzi & Yi, 1988) and the average variance extracted (AVE) must be greater than 0.50 (Barclay et al., 1995; Fornell and Lacker, 1981). Table 4.3 displays the result of the measurement model for composite reliability and convergent validity.

Table 4.3:

*Result of measurement model for composite reliability and convergent validity*

<b>Model construct</b>	<b>Measurement item</b>	<b>Loading</b>	<b>CR<sup>a</sup></b>	<b>AVE<sup>b</sup></b>
Attitudinal loyalty	AL 1	0.823	0.919	0.656
	AL 2	0.885		
	AL 3	0.885		
	AL 4	0.839		
	AL 5	0.773		
	AL 6	0.624		
Behavioral loyalty	BL 1	0.848	0.917	0.649
	BL 2	0.839		
	BL 3	0.809		
	BL 4	0.648		
	BL 5	0.819		

	BL 6	0.852		
Brand experience	BEX 1	0.803	0.947	0.619
	BEX 2	0.816		
	BEX 3	0.834		
	BEX 4	0.818		
	BEX 5	0.786		
	BEX 6	0.788		
	BEX 7	0.757		
	BEX 8	0.733		
	BEX 9	0.758		
	BEX 10	0.787		
	BEX 12	0.767		
Brand personality	BP 2	0.716	0.915	0.519
	BP 3	0.729		
	BP 4	0.766		
	BP 5	0.729		
	BP 7	0.712		
	BP 9	0.715		
	BP 10	0.770		
	BP 11	0.753		
	BP 12	0.648		
	BP 13	0.656		
Intentions	INT 1	0.847	0.916	0.733
	INT 2	0.866		
	INT 3	0.807		
	INT 4	0.901		
Reliability	REL 1	0.885	0.936	0.786
	REL 2	0.892		
	REL 3	0.858		
	REL 4	0.912		

Note: Items BEX 11, BP 6, BP 14, and BP 15 were deleted due to loadings not greater than 0.50; Items BP 1 and BP 8 were deleted to achieve average variance extracted (AVE) greater than 0.50; <sup>a</sup>Composite Reliability (CR) = (square of the summation of the factor loadings)/{(square of the summation of the factor loadings) + (square of the summation of the error variances)}; <sup>b</sup>Average Variance Extracted (AVE) = (summation of the square of the factor loadings)/{(summation of the square of the factor loadings) + (summation of the error variances)}

As shown in Table 4.3, the composite reliability ranged from 0.915 to 0.947, which is greater than the recommended value of 0.70 (Gefen et al., 2000; Hair et al., 2010). In addition, the loadings were all above the recommended value of 0.50 (Bagozzi & Yi, 1988). Next, the average variance extracted (AVE) ranged from 0.519 and 0.786, which are also greater than the recommended value of 0.50 (Barclay et al., 1995; Fornell & Lacker, 1981). Following this, the measurement model analysis

achieved sufficient composite reliability and convergent validity because it satisfied the criterion stated above.

#### 4.4.1.2 Discriminant validity

Next, discriminant validity was evaluated using the cross-loadings and Fornell-Larcker's (1981) criterion. Cross loadings provide evidence for the item's level discriminant validity while the Fornell-Larcker's criterion is used to check the discriminant validity at the construct level. According to Gefen and Straub (2005), there is no definite threshold value for discriminant validity. However, most scholars agreed that the measurement item's loadings of a construct should be higher than their cross loadings with other constructs (Chin, 1998; Gregoire & Fisher, 2006; Hair et al., 2014, p. 105). As shown in Appendix 6, the loadings of all constructs in bold satisfied this criterion. In other words, every item loaded higher on its own constructs than to other constructs. Next, the Fornell-Larcker's criterion states that the square root of each construct's average variance extracted (AVE) values should be greater than the correlations with other constructs to achieve discriminant validity (Fornell & Cha, 1994; Fornell & Lacker, 1981). Table 4.4 displays the Fornell-Larcker's criterion discriminant validity of constructs.

Table 4.4:  
*Fornell-Larcker criterion discriminant validity of constructs*

	<b>AL</b>	<b>BL</b>	<b>BEX</b>	<b>BP</b>	<b>INT</b>	<b>REL</b>
<b>AL</b>	<b>0.810</b>					
<b>BL</b>	0.796	<b>0.806</b>				
<b>BEX</b>	0.682	0.742	<b>0.787</b>			
<b>BP</b>	0.534	0.601	0.681	<b>0.720</b>		
<b>INT</b>	0.638	0.706	0.727	0.572	<b>0.856</b>	
<b>REL</b>	0.666	0.758	0.777	0.589	0.816	<b>0.887</b>

Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty; Value on the diagonals represents square root of the average variance extracted (AVE) while the other entries represent the correlations value.

As shown in Table 4.4, the result revealed that the square root of AVEs for all the reflective measurements, namely, Attitudinal Loyalty (0.810), Behavioral Loyalty (0.816), Brand Experience (0.787), Brand Personality (0.720), Intentions (0.856), and Reliability (0.887) were all greater than the variance shared between the construct and other constructs. Therefore, discriminant validity was achieved. Figure

In sum, based on the results, there was sufficient support for the reliability and validity of the reflective measurement model.

#### **4.4.2 Structural model assessment**

In the second stage, the structural model was tested for its significance of path coefficients, coefficients of determination ( $R^2$ ), predictive relevance ( $Q^2$ ), and the effect sizes of  $f^2$  and  $q^2$ . Note that collinearity issues are applicable for formative measurements only because the items in the reflective measurement are mutually interchangeable (Hair et al., 2014).

##### **4.4.2.1 Significance of path coefficients**

Firstly, the significance of structural model path coefficients was tested with a 500 resample bootstrapping procedure to generate the t-values as suggested by Hair et al. (2014). Using a one-tailed t-test at the significance level of 0.05, the path coefficient is significant if the t-values exceed the value of 1.645. Table 4.5 displays the results of all the direct relationships (H1a, H1b, H2a, H2b, H3a, H3b, H4a, H4b, H5a, H5b, H5c, and H5d).

Table 4.5:  
*Hypothesis testing on direct relationships*

Hypothesis	Relationship	Std Beta	Std Error	T-value	Result
H1a	Brand experience → Attitudinal loyalty	0.328	0.099	3.300**	Supported
H1b	Brand experience → Behavioral loyalty	0.284	0.066	4.274**	Supported
H2a	Brand personality → Attitudinal loyalty	0.081	0.068	1.192	Rejected
H2b	Brand personality → Behavioral loyalty	0.119	0.052	2.265**	Supported
H3a	Brand experience → Intentions	0.628	0.053	11.853**	Supported
H3b	Brand experience → Reliability	0.702	0.061	11.445**	Supported
H4a	Brand personality → Intentions	0.145	0.060	2.413**	Supported
H4b	Brand personality → Reliability	0.111	0.062	1.785*	Supported
H5a	Intentions → Attitudinal loyalty	0.170	0.099	1.717*	Supported
H5b	Intentions → Behavioral loyalty	0.152	0.060	2.534**	Supported
H5c	Reliability → Attitudinal loyalty	0.225	0.095	2.353**	Supported
H5d	Reliability → Behavioral loyalty	0.343	0.082	4.204**	Supported

Note: \* $p < 0.05$  (1.645); \*\* $p < 0.01$  (2.33) one-tail

As shown in Table 4.5, there was a positive relationship between brand experience and attitudinal loyalty ( $\beta = 0.328$ ,  $p < 0.01$ ). Brand experience was also positively related to behavioral loyalty ( $\beta = 0.284$ ,  $p < 0.01$ ). Thus, H1a and H1b were supported. Hence, customers agreed that these SMEs resutrants does provide them favorable experiences which earn their loyalty attitudinally and behaviorally. In support, Brand experience can be created directly or indirectly through various stimuli of branding from logo to packaging or even from promotional activities to the atmosphere setting (Brakus et al., 2009; Mohamed & Musa, 2012; Ramaseshan & Stein, 2014). Following this, the more positive encounter the customers have with the SME brand, it is high likely that they will spread a positive word of mouth among friends and family, pay a premium price, and return for future dining.

There was a lack of evidence to support the positive relationship between brand personality and attitudinal loyalty ( $\beta = 0.081$ ,  $p > 0.05$ ). Therefore, H2a was not supported. Customers agreed that they exhibit behavioral loyalty due to favorable brand personality of these SMEs restaurant. However, they did not talk about the brand personality of these SMEs restaurant among their friends or family. One reason

might due to lack resources to invest in their advertising leading to lack of hedonic values and weaker brand personality on these SMEs restaurants. Eisend and Stokburger-Sauer (2013) asserted that hedonic benefits claimed in promotional advertising is essential to create a strong brand personality. Contrary, brand personality was positively related to behavioral loyalty ( $\beta = 0.119$ ,  $p < 0.01$ ). This result provided support for H2b. This indicates that the more favorable the perception of brand personality customers has with the SME brand, the more likely they will return for future dining. These might due to the Halal certificate where Ahmad (2015) found that the *halal* certificates reflected four dimensions namely Safety, Excitement, Purity, Sophistication, which is consistent with Aaker (1997) brand personality measurement used in this study. In addition, Aaker (1999) contended that customers spend on products whose personality is congruent with their personality.

A positive relationship was found between brand experience and intentions ( $\beta = 0.628$ ,  $p < 0.01$ ). Brand experience also exerted a positive influence on reliability ( $\beta = 0.702$ ,  $p < 0.01$ ). Thus, H3a and H3b were supported. Customers agreed that they trust these SMEs restaurant emotionally and rationally due to due positive experience. In support, trust derived from prior favorable experience with a brand (Kantsperger & Kunz, 2010). Hence, assurance of food safety and quality enhance the brand intentions and customers will trust emotionally on these SMEs restaurant (Chen, 2013). Similarly, consistency in fulfilling promise made by these SMEs restaurant enhances brand reliability and customer will trust rationally on the future promotion advertised. In support, Mohamed and Musa (2012) which claimed that reliability of promotions determine favorable experience.

There was a positive relationship between brand personality and intentions ( $\beta = 0.145, p < 0.01$ ), as well as between brand personality and reliability ( $\beta = 0.111, p < 0.05$ ). Hence, H4a and H4b were supported. Customers agreed that they trust these SMEs restaurant emotionally and rationally due to due favorable brand personality. Favorable brand personalities are potrayed through Halal certification. In support, Halal certification restaurant are obliged to followed strict practices of doing business which includes hygiene process of getting ingredients until the meal preparation stage (JAKIM, 2011). Such strict practices required by the Halal certification ensures that the restaurant will always provide safe and hygiene meal in doing business. Hence, such assurances tend to make customers trusting these SMEs restaurant both emotionally and rationally.

Next, intentions were positively related to attitudinal loyalty ( $\beta = 0.170, p < 0.05$ ) and behavioral loyalty ( $\beta = 0.152, p < 0.01$ ). Therefore, H5a and H5b were supported. Meanwhile, reliability was also found to exert a positive influence on attitudinal loyalty ( $\beta = 0.225, p < 0.01$ ) and behavioral loyalty ( $\beta = 0.343, p < 0.01$ ), supporting H5c and H5d. Customer agreed that they exhibit attitudinal and behavioral loyalty when they trust a brand both emotionally and rationally following the moment of truth experience (Kantsperger & Kunz, 2010). Assurance of honesty and reliable will make customers come back to dine in future as well as spreading positive referrals among friends and family.

Prior to testing the mediation, several issues were addressed. Basically, one can test a mediator either in a single multiple mediation model or a separate mediation model. This study opted for the single model of multiple mediators over the separate model of mediation for several reasons. According to Preacher and Hayes (2008), the multiple mediation model enables the researcher (1) to find out whether an overall

effect exists to decide the existence of a mediation in the model, (2) to understand to what extent the mediator mediates the relationship between the independent variable and the dependent variable with the presence of every mediator in the model, (3) reduce the probability of parameter bias as a result of deleting variables, and (4) to find out the relative magnitude of specific indirect effects related to every mediator.

There are few approaches proposed in the literature to assessing the indirect effects in a multiple mediator model, namely, the casual steps approach, the product of coefficients approach, the distribution of the product approach, and the bootstrapping approach. The bootstrapping approach was chosen because of its ability to produce higher power for a precise inferential test and to minimize Type 1 error for a complex framework with multiple mediator and multiple dependent variables (Hayes, 2013; Preacher & Hayes, 2008; Williams & MacKinnon, 2008). Besides, the bootstrapping approach also makes no assumptions of the shape of the sampling distribution and does not require large samples (more than 400 samples) which are needed for the causal steps approach and the product of coefficients approach (Hair et al., 2006; Hayes, 2013, p.106; Preacher & Hayes, 2008).

Following the argument above, this study used the percentile bootstrap confidence interval method as suggested by Hayes (2013) to test the hypotheses on mediation. Firstly, the coefficients of path a and path b were obtained. Secondly, the value of the indirect effect was obtained from the product of  $a*b$ . Next, the path coefficients table resulted from the 500 bootstrap analyses in the report generated from the structural model were posted on to the Microsoft Excel worksheet to calculate the standard error (SE). The standard deviations of all the 500 bootstrap indirect effects were calculated to obtain the value of SE. Following Hair et al. (2014), the t-value was obtained by dividing the indirect effects over standard error

(SE). Next, the following formula,  $t = ab / se_{ab}$ , was used to calculate the t-value (Hair et al., 2014), which was obtained by dividing the indirect effect with standard error (SE). Lastly, Hayes (2013) stated that mediation only occurs when the indirect effect and bootstrapping confidence interval (Boot CI) do not fall in between zero. The  $Z_{ci\%}$  in this study was 1.96 given the confidence interval of 95%. The following formula explained the condition for mediation to happen:

$$ab - Z_{ci\%}se_{ab} \leq a_T b \leq ab + Z_{ci\%}se_{ab}$$

Table 4.6 displays the results of all the hypotheses of the mediating effect (H6a, H6b, H6c, H6d, H7a, H7b, H7c, and H7d). The bootstrapping analysis revealed that for H6a, the indirect effect  $\beta = 0.107$  ( $0.628 \times 0.170$ ) was significant at t-value of 1.660. However, the indirect effect 0.107, 95% Boot CI: [LL = -0.019, UL = 0.232] fell in between zero, indicating no mediation. Therefore, H6a was rejected. This result suggests that customer will not exhibit attitudinal loyalty despite they encounter favorable brand experience in relation to the brand good intentions of providing safe and hygienic food when dining in these SMEs restaurants. Such notion might due to business policy of the SMEs restaurant. For instance, business policy which do not allowed customer to request additional plates for outside food to be eaten in their premise despite customers did make orders from the restaurant. In addition, overall satisfaction has a positive effect on brand reliability (Delgado-Ballester & Munuera-Aleman, 2005). In this circumstance, customer satisfaction will be reduced despite the favorable experience if the restaurant could not comply with their request due to business policy. According to Kantsperger and Kunz (2010), brand intentions only mediate toward loyalty when customers are satisfied.

On the contrary, the bootstrapping result for H6b showed that the indirect effect  $\beta = 0.095$  ( $0.628 \times 0.152$ ) was significant at t-value of 2.446. The indirect effect 0.095, 95% Boot CI: [LL = 0.019, UL = 0.172] did not straddle in between zero, indicating mediation. Hence, intentions act as a mediator between brand experience and behavioral loyalty. Therefore, H6b was supported. This result suggests that customer tend to exhibit behavioral loyalty only when they encounter favorable brand experience in relation to the brand good intentions of providing safe and hygienic food when dining in these SMEs restaurants. In addition, overall satisfaction has a positive effect on brand reliability (Delgado-Ballester & Munuera-Aleman, 2005). This is in line with Kantsperger and Kunz (2010) which reported that brand intentions mediate toward loyalty when customers are satisfied.

Next, the bootstrapping result for H6c showed that the indirect effect  $\beta = 0.158$  ( $0.702 \times 0.225$ ) was significant at t-value of 2.225. The indirect effect 0.158, 95% Boot CI: [LL = 0.021, UL = 0.295] did not straddle in between zero, indicating mediation. Hence, reliability acted as a mediator between brand experience and attitudinal loyalty. Therefore, H6c was supported. H6d showed that the indirect effect  $\beta = 0.241$  ( $0.702 \times 0.343$ ) was significant at t-value of 3.950. The indirect effect 3.950, 95% Boot CI: [LL = 0.121, UL = 0.360] did not straddle in between zero, providing evidence to support that brand experience influenced behavioral loyalty through reliability. Hence, H6d was supported. This result suggests that customer tend to exhibit both attitudinal and behavioral loyalty only when they encounter favorable brand experience in relation to the brand reliability in fulfilling its promise made in its advertisement when dining in these SMEs restaurants. In addition, overall satisfaction has a positive effect on brand reliability (Delgado-Ballester & Munuera-Aleman, 2005). This is in line with Kantsperger and Kunz (2010) which reported that brand

reliability mediate toward loyalty when customers are satisfied. In sum, the mediating effect of reliability on the relationship between brand experience and behavioral loyalty was supported. However, brand experience was found to influence behavioral loyalty only through intentions.

The bootstrapping analysis revealed that for H7a, the indirect effect  $\beta = 0.025$  ( $0.145*0.170$ ) was insignificant at t-value of 1.422. The 95% Boot CI: [LL = -0.009, UL = 0.058] straddled between zero, suggesting no mediation. Therefore, H7a was rejected. Meanwhile, for H7B, the indirect effect  $\beta = 0.022$  ( $0.145*0.152$ ) was significant at t-value of 1.691. However, the 95% Boot CI is -0.003 to 0.047 fell in between zero. Therefore, H7b was rejected, indicating no mediating effect of intentions on the relationship between brand personality and attitudinal loyalty. For H7c, the analysis revealed the indirect effect  $\beta = 0.025$  ( $0.111*0.225$ ) was insignificant at t-value of 1.367. There was also no mediation occur between reliability on brand personality and behavioral loyalty since the 95% Boot CI: [LL = -0.011, UL = 0.061] straddled between zero. Thus, H7c was rejected. Lastly, for H7d, the indirect effect  $\beta = 0.038$  ( $0.111*0.343$ ) was insignificant at t-value of 1.599. The 95% Boot CI: [LL = -0.009, UL = 0.085] straddled between zero, indicating that brand personality did not influence behavioral loyalty through reliability. Hence, H7d was rejected.

Overall, the results revealed no mediation effect of both intentions and reliability on the relationship between brand personality and attitudinal and behavioral loyalty. Such result might due to lack of action taken by these SME restaurants to portray the intentions and reliability to align its brand personality to its customers through media. Additionally, lack of resources among SMEs might contribute to the lack of action that could be taken to enhance the brand intentions and reliability to

mediate customer loyalty from both attitudinal and behavioral (Muhammad et al., 2010).

Table 4.6:  
*Hypothesis testing for mediating relationships*

Hypothesis	Relationships	Path a	Path b	Indirect effect	Std Error	t-value	Bootstrapped Confidence Interval		Mediate
							95% Lower	95% Upper	
							H6a	BEX→ INT→ AL	
H6b	BEX→ INT→ BL	0.628	0.152	<b>0.095</b>	0.039	<b>2.446**</b>	<b>0.019</b>	<b>0.172</b>	Yes
H6c	BEX→ REL→ AL	0.702	0.225	<b>0.158</b>	0.017	<b>2.225*</b>	<b>0.021</b>	<b>0.295</b>	Yes
H6d	BEX→ REL→ BL	0.702	0.343	<b>0.241</b>	0.013	<b>3.950**</b>	<b>0.121</b>	<b>0.360</b>	Yes
H7a	BP→ INT → AL	0.145	0.170	<b>0.025</b>	0.070	<b>1.422</b>	<b>-0.009</b>	<b>0.058</b>	No
H7b	BP→ INT → BL	0.145	0.152	<b>0.022</b>	0.061	<b>1.691*</b>	<b>-0.003</b>	<b>0.047</b>	No
H7c	BP→ REL → AL	0.111	0.225	<b>0.025</b>	0.018	<b>1.367</b>	<b>-0.011</b>	<b>0.061</b>	No
H7d	BP→ REL → BL	0.111	0.343	<b>0.038</b>	0.024	<b>1.599</b>	<b>-0.009</b>	<b>0.085</b>	No

Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty; \*p < 0.05 (1.645); \*\*p < 0.01 (2.33) one-tail

#### 4.4.2.2 Assessment of Coefficients of Determination (R<sup>2</sup> value)

The next step in the structural model evaluation was to assess the coefficients of determination (R<sup>2</sup> value). In PLS-SEM, the main objective is to predict how well the independent variables explain the dependent variable by maximizing the R<sup>2</sup> value (Hair et al., 2014). Therefore, a higher R<sup>2</sup> value indicates a higher level of predictive precision by the constructs in the structural model on the endogenous variable. Generally speaking, the R<sup>2</sup> value of 0.75, 0.50, and 0.25 can be explained as sufficiently large, moderate, and weak (Hair, Ringle & Sarstedt, 2011; Henseler, Ringle & Sinkovic, 2009). Table 4.7 displays the coefficients of determination (R<sup>2</sup> value) of the endogenous variable.

Table 4.7:  
Coefficients of determination ( $R^2$  value) for the endogenous variable

Endogenous latent variable	$R^2$ value
Attitudinal loyalty	0.525
Behavioral loyalty	0.649
Intentions	0.540
Reliability	0.611

The  $R^2$  value of 52.5% indicates that the variance in attitudinal loyalty and 64.9% variance in behavioral loyalty was explained by the constructs in the model, namely, brand experience, brand personality, intentions, and reliability. Meanwhile, both brand experience and brand personality explained 54.0% of the variance in intentions and 61.1% in reliability. Overall, based on the coefficients of determination,  $R^2$ , moderate predictive accuracy of the structural model was found.

#### 4.4.2.3 Assessment of effect sizes of $f^2$

Upon assessing the  $R^2$  value, this study also tested how each latent variable impacts on the endogenous variable through the effect size,  $f^2$ . The effect size examines the extent of impact a particular deleted latent variable has on the endogenous variable (Hair et al., 2014). Table 4.8 displays the effect size,  $f^2$  of this study. The following formula was used to calculate the effect size,  $f^2$ :

$$f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}}$$

Table 4.8:  
Effect size,  $f^2$  calculation for the model

Latent variable	Endogenous variable	$R^2_{included}$	$R^2_{excluded}$	$f^2$	Effect size
BEX	AL	0.528	0.493	0.074	Small
BP		0.528	0.524	0.001	None
INT		0.528	0.518	0.021	Small
REL		0.528	0.516	0.025	Small
BEX	BL	0.651	0.626	0.072	Small
BP		0.651	0.645	0.017	None
INT		0.651	0.644	0.020	Small
REL		0.651	0.621	0.086	Small
BEX	INT	0.543	0.328	0.471	Large
BP		0.543	0.532	0.241	Small
BEX	REL	0.614	0.351	0.681	Large
BP		0.614	0.607	0.018	None

Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty.

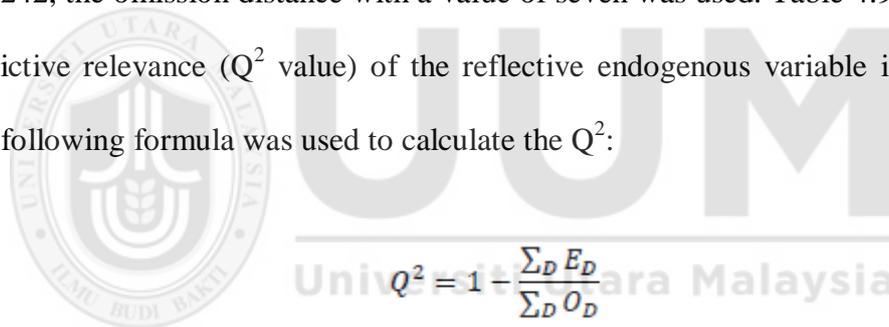
According to Cohen (1988), the effect size,  $f^2$ , values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects of the predictor on the endogenous variable. Based on the result, the effect size of brand experience, intentions, and reliability were small, respectively, on both attitudinal and behavioral loyalty. Meanwhile, brand experience had a large effect on both intentions and reliability. Lastly, brand personality had a small effect on intentions.

In sum, the analysis revealed that brand experience significantly explained the coefficients of determination,  $R^2$  for attitudinal loyalty, brand intentions, and brand reliability. Meanwhile, the coefficient of determination,  $R^2$  for behavioral loyalty was mainly explained by brand reliability.

#### 4.4.2.4 Assessment of Predictive Relevance ( $Q^2$ )

This section assesses the predictive relevance of the model which is measured by the  $Q^2$  values. There are two approaches to calculating the  $Q^2$  values, namely, cross-validated redundancy approach and cross-validated communality approach. This study opted for the cross-validated redundancy approach over the cross-validated

communality approach as suggested by Hair et al. (2014) because the cross-validated redundancy approach includes the information about the measurement model and the structural model to predict the eliminated data points in getting the  $Q^2$  values as compared to cross-validated communality approach which uses the measurement model information only. Basically, a model has predictive relevance when the reflective endogenous variable shows  $Q^2$  values larger than zero, whereas, the value of zero and below signifies lack of predictive relevance (Fornell & Cha, 1994; Hair et al., 2014). To calculate the  $Q^2$  values, the blindfolding procedure that uses omission distance,  $D$ , was run.  $D$  must be a value from five to ten that will not produce an integer when the final usable data is divided by  $D$ . Given that the final useable data was 242, the omission distance with a value of seven was used. Table 4.9 displays the predictive relevance ( $Q^2$  value) of the reflective endogenous variable in this study. The following formula was used to calculate the  $Q^2$ :



$$Q^2 = 1 - \frac{\sum_D E_D}{\sum_D O_D}$$

Table 4.9  
*Predictive relevance ( $Q^2$  value) for the reflective endogenous variable.*

<b>Endogenous latent variable</b>	<b><math>Q^2</math> value</b>
Attitudinal loyalty	0.219
Behavioral loyalty	0.220
Intentions	0.378
Reliability	0.470

Based on the  $Q^2$  values of attitudinal loyalty ( $Q^2 = 0.219$ ), behavioral loyalty ( $Q^2 = 0.220$ ), intentions ( $Q^2 = 0.378$ ), and reliability ( $Q^2 = 0.470$ ), respectively, the model had sufficient predictive relevance.

#### 4.4.2.5 Assessment of effect sizes of $q^2$

Upon assessing the  $Q^2$  values, this study tested how each latent variable's predictive relevance influences the endogenous variable through effect size,  $q^2$ . The effect size examines the extent of the impact predictive relevance of a particular latent variable which was deleted had on the endogenous variable (Hair et al., 2014). Table 4.10 displays the effect size,  $q^2$  for this study. The following formula is used to calculate the effect size,  $q^2$ :

$$q^2 = \frac{Q^2_{\text{included}} - Q^2_{\text{excluded}}}{1 - Q^2_{\text{included}}}$$

Table 4.10:  
*Effect size,  $q^2$  calculation for the model*

Latent variable	Endogenous variable	$Q^2_{\text{included}}$	$Q^2_{\text{excluded}}$	$q^2$	Effect size
BEX	AL	0.330	0.308	0.031	Small
BP		0.330	0.328	0.003	None
INT		0.330	0.325	0.008	None
REL		0.330	0.322	0.012	None
BEX	BL	0.417	0.393	0.041	Small
BP		0.417	0.412	0.009	None
INT		0.417	0.413	0.007	None
REL		0.417	0.397	0.034	Small
BEX	INT	0.389	0.240	0.244	Medium
BP		0.389	0.386	0.005	None
BEX	REL	0.475	0.275	0.381	Large
BP		0.475	0.474	0.002	None

Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty.

According to Hair et al. (2014), the effect size,  $q^2$ , values of 0.02, 0.15, and 0.35 indicate small, medium, and large predictive relevance of the predictor toward the endogenous variable. Based on the result, the effect size of brand experience was small on attitudinal loyalty and behavioral loyalty. Meanwhile, reliability had a small effect size on behavioral loyalty. Lastly, brand experience had a medium effect size

on intentions and a large effect size on reliability. In sum, the analysis revealed that brand experience played an important role in explaining the predictive relevance  $Q^2$  of the endogenous variable in the model.

#### 4.4.2.6 Summary of structural model analysis

This study had performed all the necessary evaluations on the structural model as suggested by Hair et al. (2014). Table 4.11 summarizes the results of the hypotheses testing. Figure 4.1 and figure 4.2 summarize the results of the measurement model and structural model of this study.

Table 4.11

*Summary of hypotheses testing according to research objectives of this study*

Research Objective	Hypotheses Statement	Result
Research Objectives 1: To examine the relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty).	H1a: Brand experience has a significant positive relationship with attitudinal loyalty.	Supported
	H1b: Brand experience has a significant positive relationship with behavioral loyalty.	Supported
	H2a: Brand personality has a significant positive relationship with attitudinal loyalty.	Not supported
	H2b: Brand personality has a significant positive relationship with behavioral loyalty.	Supported
Research Objectives 2: To examine the relationship between branding strategies (i.e. brand experience and brand personality) and emotional and functional components of brand trust (i.e. intentions and reliability).	H3a: Brand experience has a significant positive relationship with intentions.	Supported
	H3b: Brand experience has a significant positive relationship with reliability.	Supported
	H4a: Brand personality has a significant positive relationship with intentions.	Supported
	H4b: Brand personality has a significant positive relationship with reliability.	Supported
Research Objectives 3: To examine the relationship between emotional and functional components of brand trust (i.e. intentions and reliability) and SME restaurant brand loyalty (i.e. attitudinal and behavioral	H5a: Intentions has a significant positive relationship with attitudinal loyalty	Supported
	H5b: Intentions has a significant positive relationship with behavioral loyalty	Supported
	H5c: Reliability has a significant	Supported

loyalty).	positive relationship with attitudinal loyalty	
	H5d: Reliability has a significant positive relationship with behavioral loyalty	Supported
Research Objectives 4:	H6a: Intentions mediate the relationship between brand experience and attitudinal loyalty.	Not supported
To examine the mediating role of emotional and functional components of brand trust (i.e. intentions and reliability) on the relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty).	H6b: Intentions mediate the relationship between brand experience and behavioral loyalty.	Supported
	H6c: Reliability mediates the relationship between brand experience and attitudinal loyalty.	Supported
	H6d: Reliability mediates the relationship between brand experience and behavioral loyalty.	Supported
	H7a: Intentions mediate the relationship between brand personality and attitudinal loyalty.	Not supported
	H7b: Intentions mediate the relationship between brand personality and behavioral loyalty.	Not supported
	H7c: Reliability mediates the relationship between brand personality and attitudinal loyalty.	Not supported
	H7d: Reliability mediates the relationship between brand personality and behavioral loyalty.	Not supported



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Figure 4.1:  
Measurement model

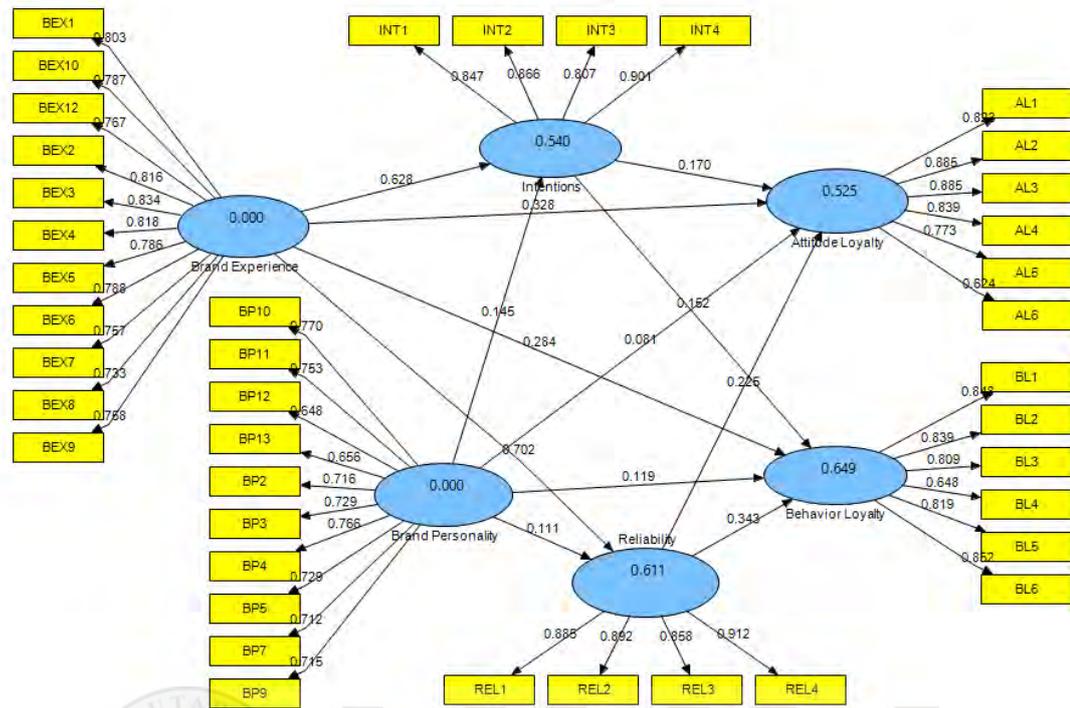
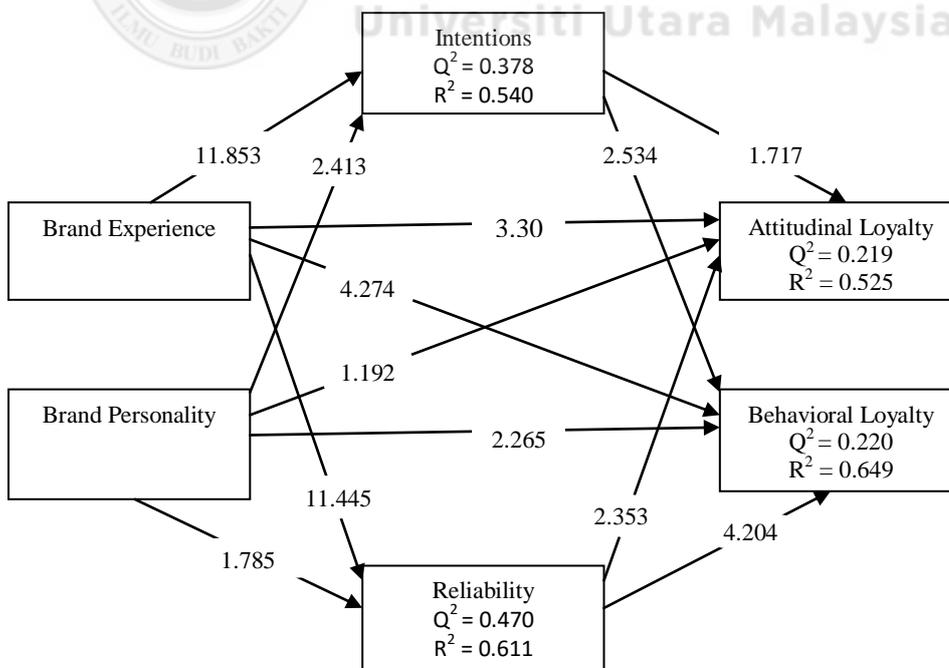
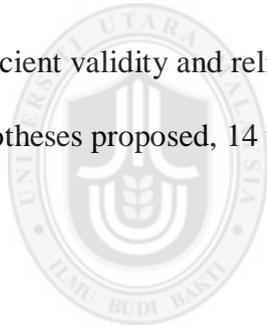


Figure 4.2:  
Structural model



#### **4.5 Conclusion**

The data analysis started with calculating the response rate and examining the non-response bias. The useable responses were sufficient for the significance level of 0.05 and the statistical power of 80% for hypothesis testing. The analysis of mean difference indicated no issue of response bias from the data collected. Next, the profile of participants was developed from SPSS. The data showed a skewed female response, which was normal as indicated by the literature that female participants tended to be more helpful than male participants. Next, the normality test of skewness and kurtosis was performed. The result indicated that the data were normally distributed. Next, a two-stage analysis was conducted where the measurement model and the structural model were analyzed separately. The measurement model achieved sufficient validity and reliability. Meanwhile, the hypothesis testing showed that of 20 hypotheses proposed, 14 were supported.



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## CHAPTER 5

### DISCUSSION AND CONCLUSION

#### 5.1 Introduction

This chapter recapitulates the overall findings of the study by relating them to past studies and the underpinning theories. Consequently, elaborations on the implication of this study on both theoretical and practical are offered. The chapter ends with the limitations of the study and some suggestions for future studies.

#### 5.2 Recapitulation of the Research Findings

The findings of this study are divided into two parts. The first part answers the direct relationships between the variables while the second part answers the indirect relationships through the mediating effect of brand trust.

For the direct relationships, this study empirically found that of the 12 hypothesized relationships, 11 were supported. The study found that brand experience had significant positive relationships with attitudinal loyalty and behavioral loyalty. Brand personality was found to have a significant positive relationship with behavioral loyalty. Meanwhile, brand experience and brand personality were found to have significant positive relationships with intentions and reliability components of brand trust. This study also found that intentions and reliability significantly exerted positive influences on attitudinal loyalty and behavioral loyalty. However, the study did not find sufficient evidence to support the significant positive relationship between brand personality and attitudinal loyalty.

For the indirect relationships, this study empirically found that of the eight hypothesized relationships, only three were supported. This study found that

reliability mediated the relationships between brand experience and attitudinal loyalty and behavioral loyalty. Customer's trust on good intentions of a brand only mediated the relationship between brand experience and behavioral loyalty. No significant mediating effect of a brand good intention on the relationship between brand experience and attitudinal loyalty was found. Similarly, the study did not find sufficient evidence to support the mediating effect of the emotional and rational components of trust on the relationships between brand personality and attitudinal loyalty and behavioral loyalty.

### **5.3 Discussion of Findings**

The discussions of the results are presented according to the research objective. As such, this section first elaborates the relationships between branding strategies, namely, brand experience and brand personality on SME brand loyalty (i.e. attitudinal and behavioral loyalty). Next, the discussion focuses on the branding strategies and brand trust (i.e. intentions and reliability), followed by the influence of brand trust on SME brand loyalty. Lastly, this section elaborates the mediating effect of the emotional and rational components of brand trust.

#### **5.3.1 Branding Strategies and SME Brand Loyalty**

The first research objective was to examine the relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty). The following subsection further elaborates the findings.

### ***5.3.1.1 Brand Experience and SME Brand Loyalty***

The attitudinal and behavioral loyalty of customers was found to be influenced by the presence of a positive brand experience in the dining outlet. The more positive encounter the customers have with the SME brand, it is high likely that they will spread a positive word of mouth among friends and family, pay a premium price, and return for future dining. Brand experience refers to subjective inner response that can be created directly or indirectly through various stimuli of branding from logo to packaging or even from promotional activities to the atmosphere setting (Brakus et al., 2009; Mohamed & Musa, 2012; Ramaseshan & Stein, 2014). In addition, Verhoef et al. (2009) proposed that such factors as social environment, service interface, retail environment, assortment, and price may help to create a positive customer experience.

The significant and positive link found between brand experience and attitudinal loyalty and behavioral loyalty can be explained in many ways. Customers might be satisfied due to the value for money they obtained when they enjoyed a delicious meal which met their expectation or even exceeded their expectation at an affordable price. Besides, a relaxing dining moment created by the soft music in the background might also enhance their satisfaction through positive emotions. They might also be satisfied because of the attractive design and ambiance in the restaurant. All in all, these cues (i.e. sight, smell, taste, hear, and touch) might trigger the customers' positive emotions, leading to a positive experience. A customer's experience derived from a positive emotion has been found to be associated with attitudinal and behavioral loyalty (Morrison & Crane, 2007). The positive influence of brand experience on both attitudinal and behavioral loyalty is consistent with the findings of Ramaseshan and Stein (2014) and Sahin et al. (2013). Additionally, the justification is consistent with the brand experience measurement used in this study

where brand experience is measured with items related to senses, feeling, thinking, and behavioral.

The finding enlarges the body of knowledge since most studies on brand experience and loyalty linkages were conducted on global brands (Brakus et al., 2009; Iglesias et al., 2011; Sahin et al., 2011; Ueacharoenkit, 2012; Walter et al., 2013; Rajumesh, 2014). Besides, Chaudhuri and Holbrook (2001), as well as Rauyrueen et al. (2009), showed that customer tolerance to pay a premium price was predicted by attitudinal loyalty while market share performance was predicted by behavioral loyalty. Hence, the result suggests that brand managers must take note of the importance of a strong brand experience in order to evoke both the attitudinal and behavioral loyalty of diners.

#### ***5.3.1.2 Brand Personality and SME Brand Loyalty***

The present study found that brand personality influenced behavioral loyalty, but not attitudinal loyalty. The more favorable the perceptions of brand personality customers have with the SME brand, the more likely they will return for future dining. However, they will not develop attitudinal loyalty, such as spreading a positive word of mouth or even paying a premium price. Brand personality can be created and modified directly or indirectly through consumer exposure with the brand (Plummer, 1985). The insignificant and significant findings may be explained as follows.

On the insignificant relationship, this finding lends support to the study of Lin (2010), who also failed to find a direct relationship between brand personality and attitudinal loyalty. Kim et al. (2001) argued that the degree of brand personality attractiveness is influenced by self-expressive value and uniqueness. Consequently, brand personality will have a positive influence on attitudinal loyalty, leading

customers to spread a positive referral and pay a premium price (Kim et al., 2001; Kim et al., 2011). Similarly, Eisend and Stokburger-Sauer (2013) asserted that hedonic benefits claimed in promotional advertising are essential to create a strong brand personality. However, Figure 5.1 portrays that there was an absence of such hedonic claim in the promotional advertisement of SME brands, such as Secret Recipe and The Chicken Rice Shop when compared to global brands, namely, McDonald's and KFC which make a hedonic claim to trigger a sensory pleasure of the customers with words, such as joy or chewy in their advertisement. The hedonic claim is intended to enhance the attractiveness of the brand personality by invoking the customers' positive emotions of fun and joy when eating these restaurant brands. When the hedonic claim is absent from the promotional advertisements of the SME brands, customers may develop a weak perception toward the brand personality. It is argued that the expressive value and uniqueness are a clear indication of a strong brand personality (Aaker, 1996). The customers may find that the SME brand promotional advertisements are simple and common and do not have enough self-expressive value cues to motivate them to spread a positive referral or pay a premium price.

Figure 5.1  
 Advertisement comparison between SME brands and global brands for hedonic claims



Advertisement of SME Brands



Advertisement of Global Brands

Secondly, the insignificant finding found for brand personality and attitudinal loyalty indicates that the SME brands might not have the same brand personality

enjoyed by global brands (Caloghirou, Protogerou, Spanos, & Papagiannakis, 2004; Upadhyay, Jahanyan, & Dan, 2011; Saini, Nigam, & Misra, 2013). Prior studies (e.g. Balakrishnan et al., 2009; Kim et al., 2011; Mengxia, 2007; Ramaseshan & Stein, 2014) showed that the two variables were significantly related for global brands with already a strong brand personality (e.g., Apple, Coca-Cola, Coffee Bean, McDonalds, Nike, Sony, and Starbucks. While such explanation may be probable, the researcher urges that more studies need to be carried out in the context of SMEs to validate this proposition.

On the significant relationship between brand personality and behavioral loyalty, the finding of the present study is in line with prior studies (e.g., Lin & Huang, 2012; Mengxia, 2007; Ramaseshan & Stein, 2014; Wang & Yang, 2008). Ramaseshan and Stein (2014) argued that appropriate stimuli can be used to enhance brand personality. Customers develop behavioral loyalty in this study may be because the brand personality is derived from the *halal* certification in the SME restaurant brands. A recent study of Ahmad (2015) found that the *halal* certificates reflected four dimensions namely Safety, Excitement, Purity, Sophistication, which is consistent with Aaker (1997) brand personality measurement used in this study. While Excitement and Sophistication dimensions remain the same with measurement of Aaker (1997), the Safety dimension was derived from Competence dimensions and Purity was derived from Sincerity in Aaker's measurement.

The *halal* certification does not only serve as a benchmark for consumption among the Muslim customers but also the non-Muslims customers. Golnaz et al. (2010) showed that the non-Muslim customers were aware that *halal* is not merely related to the method of butchering the animal but also as a benchmark for food safety benefits. Aziz and Vui (2012) also provided empirical evidence claiming that non-

Muslims' purchase intentions were positively influenced by *halal* awareness and certification. In other words, non-Muslim customers who are health conscious might dine in a *halal* restaurant because they are more confident in the food quality and safety. Furthermore, Aaker (1999) contended that customers spend on products whose personality is congruent with their personality. Hence, the customers in the present study exhibit behavioral loyalty may be because they feel that the SME restaurant brand success is congruent with their belief of success. Therefore, the customers, regardless of religion, may return to dine at the SME restaurant brands because their personality is congruent with the brand personality reflected by the *halal* certification. This is in line with Eisend and Stokburger-Sauer's (2013) claim that the use of a tangible tool (e.g., *halal* certificate) in the service industry will help to create a stronger perception of a brand personality in the mind of customers. Notably, the significant relationship is derived from the brand personality measurement involving only personality traits dimensions of Sincerity, Excitement, Sophistication, and Competence.

Prior studies examined the relationship of brand personality on composite loyalty (Brakus et al., 2009; Erdogmus & Budeyri-Turan, 2012; Iglesias et al., 2011; Lee et al., 2009; Uecharoenkit, 2012; Vahedi et al., 2014; Walter et al., 2013). However, this study provides a new insight into the relationship of brand personality and attitudinal and behavioral loyalty. In addition, both attitudinal and behavioral loyalty have different roles to play in business sustainability where the customer tolerance to pay premium price and positive referral is predicted by attitudinal loyalty while the latter one helps to increase profits and market share of a business (Chaudhuri and Holbrook, 2001; Rauyruen et al., 2009). The result implies that brand

managers must take note of the importance of a strong brand personality to evoke behavioral loyalty of diners.

### **5.3.2 Branding Strategies and Brand Trust**

The second research objective was to examine the relationship between branding strategies (i.e. brand experience and brand personality) and the emotional and rational components of brand trust (i.e. intentions and reliability). The following subsection further elaborates the findings.

#### ***5.3.2.1 Branding Experience and Brand Trust***

It was found that the emotional trust and rational trust derived from the good intentions and reliability of the brand were influenced by the presence of a positive brand experience in the dining outlet. The more positive encounter the customers have with the SME brand, the more likely they will trust the brand for its emotional and functional value. Walter, Cleff, and Chu (2013) stressed that customers today are looking for utility and emotional benefits when purchasing a brand. Similarly, Delgado-Ballester (2004) pointed out that customers tend to trust a brand emotionally (i.e. customer priority) as well as rationally (i.e. reliability). In addition, customers' trust is formed as a result of their prior experience with a brand (Kantsperger & Kunz, 2010).

Brand experience was found to enhance the good intentions of a brand for several reasons. Firstly, customers believe that the brand has delivered its promise of food safety. Such promise may serve as an assurance for the customers to dine without worrying of food safety. By assuring that the food is safe to consume through the installation of food safety procedures, they may develop the perception that the

brand has good intentions in putting food safety a priority for customers. Researchers stressed that trust is formed as a result of the favorable emotions and brand experience derived from a good quality of food served as well as food safety in the foodservice industry (Chen, 2013; Lee & Kang, 2012; Mohamed & Musa, 2012). This finding is in line with the findings reported by Delgado-Ballester and Munuera Aleman (2005), as well as Kantsperger and Kunz (2010), who found that customers had the tendency to trust a brand for its benevolence when they were satisfied.

With regards to the significant relationship between brand experience and brand reliability, customers may find that the brand is able to deliver its promise of value for money made by the brand. For instance, customers are promised to receive a set of lunch consisting of a main dish, dessert, and drinks at an affordable price via promotion made by the restaurant brand. The promised delivery helps customers to develop their trust for the brand reliability. A favorable or unfavorable customer's experience with the brand depends on the credibility of promotions (Mohamed & Musa, 2012). This finding is in line with that of Delgado-Ballester and Munuera Aleman (2005), as well as Kantsperger and Kunz (2010), that customers had the tendency to trust a brand for its reliability when satisfied. Additionally, the justification is consistent with the brand experience and brand trust measurement used in this study. Notably, brand experience is measured with items related to senses, feeling, thinking, and behavioral. Similarly, brand trust is measured with both emotional and rational component with items consistent with the conceptualization where reliability is measured with confidence gained from consistency in fulfilling promise made while good intentions of a brand is measured with honesty in addressing consumer concern such as hygiene or halal as well as other unforeseen circumstances related to consumption.

The findings of the present study are different from those of the past studies which examined brand experience and trust as a composite form (Chen, 2013; Chinomna, 2013; Giantari et al., 2013; Lee & Kang, 2012; Mohamed & Musa, 2012; Uecharoenkit, 2012). Delgado-Ballester and Munuera Aleman (2005), as well as Kantsperger and Kunz (2010), provided evidence that customer trust in a brand was represented by two distinct components, namely, intentions and reliability, which had different antecedents. While brand intention was influenced by the brand's emotional value, brand reliability was influenced by the brand's functional value (Delgado-Ballester & Munuera Aleman, 2005). The result implies that brand managers must take note of the importance of a positive brand experience to earn their customers' trust through the brand's emotional value and the brand's good intentions, as well as through the functional value derived from brand reliability. By doing so, the intangibility of customer trust earned by a brand may serve as a sustainable competitive tool because it cannot be easily replicated by competitors (Aaker, 1989). Moreover, a strong brand trust is vital in the restaurant industry where there is less likely for a personal bonding between customers and employees (Kantsperger & Kunz, 2010).

#### ***5.3.2.2 Branding Personality and Brand Trust***

The present study revealed that the emotional and functional trust derived from the good intentions and reliability of the brand was influenced by the presence of a strong brand personality in the dining outlet. The stronger the brand personality of an SME brand, the more trusting the customers will be in the brand due to its emotional and functional value. Ahmad (2015) argued that the *halal* certificates reflected four dimensions namely Safety, Excitement, Purity, Sophistication, which is consistent

with Aaker (1997) brand personality measurement used in this study. While Excitement and Sophistication dimensions remain the same with measurement of Aaker (1997), the Safety dimension was derived from Competence dimensions and Purity was derived from Sincerity in Aaker's measurement. Hence, the *halal* certificate may reflect the brand personality, explaining the significant relationship. Eisend and Stokburger-Sauer (2013) stresses that the use of a tangible tool (e.g. *halal* certificate) in the service industry will help create a stronger perception of a brand personality in the mind of customers. According to JAKIM (2011), a food outlet with *halal* certification does not only concern the source of the ingredients used in the process of food preparation, but also the hygienic practice in its business operation. Eventually, customers will trust the restaurant brand for having good intentions in ensuring food safety and hygiene (Chen, 2013). This finding is in line with Delgado-Ballester and Munuera Aleman (2005), as well as Kantsperger and Kunz (2010), who found customers' tendency to trust a brand when satisfied. In other words, the *halal* certificate may serve as a promise regarding a brand's good intentions and reliability.

Because the intentions of a brand influence customer trust due to its emotional value while the reliability of a brand influences customer trust due to its functional value (Delgado-Ballester & Munuera Aleman, 2005), brand managers should emphasize the *halal* certificate as one of their brand personality strategies for their food outlet. Moreover, the *halal* certificates help to portray a brand personality, such as honesty, uniqueness, and reliability. Therefore, the ability of a food premise to obtain a *halal* certificate will heighten its competitive advantage as compared to its competitors without such a certificate. Additionally, the justification is consistent with the brand personality and brand trust measurement used in this study. Notably, the significant relationship is derived from the brand personality measurement involving

only personality traits dimensions of Sincerity, Excitement, Sophistication, and Competence. Similarly, brand trust is measured with both emotional and rational component with items consistent with the conceptualization where reliability is measured with confidence gained from consistency in fulfilling promise made while good intentions of a brand is measured with honesty in addressing consumer concern such as hygiene or halal as well as other unforeseen circumstances related to consumption.

### **5.3.3 Brand Trust and SME Brand Loyalty**

The third research objective was to examine the relationship between emotional and rational components of brand trust (i.e. intentions and reliability) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty). The following subsection further elaborates on the findings.

The study demonstrated that attitudinal and behavioral loyalty was influenced by the brand's good intentions and reliability in fulfilling its promise. The stronger the emotional and functional value of a brand, the more loyal the customers will be attitudinally and behaviorally. According to Kantsperger and Kunz (2010), trust is earned from the customers after they encounter the so-called moment of truth. Intentions in the restaurant industry mean that the brand will not take advantage of the customer's vulnerability, especially in a dining situation. A brand with good intentions will ensure their sources of ingredients are fresh. The ability of the brand to provide clean, fresh and safe food will lead to customers exhibiting attitudinal and behavioral loyalty. Also, customers will perceive a brand as being reliable when the brand offers something that is value for money. In other words, when a restaurant brand offers a valuable set lunch, the offer actually serves as a promise. Eventually,

satisfied customers will exhibit attitudinal and behavioral loyalty when the brand fulfills its promise. This finding is in line with study of Delgado-Ballester and Munuera-Aleman (2005) as well as Kantsperger and Kunz (2010) who reported that both intentions and reliability of a brand had a positive significance influence on customer loyalty.

Additionally, the justification is consistent with the brand trust measurement used in this study. Notably, brand trust is measured with both emotional and rational component with items consistent with the conceptualization where reliability is measured with confidence gained from consistency in fulfilling promise made while good intentions of a brand is measured with honesty in addressing consumer concern such as hygiene or halal as well as other unforeseen circumstances related to consumption. Based on the result, brand managers must take note of the importance of a strong brand trust derived from its emotional and functional value to evoke both attitudinal and behavioral loyalty of diners.

#### **5.3.4 The Mediating Effect of Brand Trust on the Relationship between Branding Strategies and SME Brand Loyalty**

The fourth research objective was to examine the mediating role of emotional and rational components of brand trust (i.e. intentions and reliability) on the relationship between branding strategies (i.e. brand experience and brand personality) and SME restaurant brand loyalty (i.e. attitudinal and behavioral loyalty). The following subsection further elaborates on the findings.

#### ***5.3.4.1 Mediating Effect of Intentions on the Relationship between Brand Experience and SME Brand Loyalty***

The result revealed that a brand perceived to have good intentions did not mediate the relationship between brand experience and attitudinal loyalty but did mediate between brand experience and behavioral loyalty. Customers display attitudinal loyalty, such as by willing to pay a higher price and recommending the product to relatives and friends because of the brand experience and not of the perceived brand's intentions. However, customers return for future dining is affected by the perceptions they have about the brand's good intention, which is the result of them having a favorable brand experience.

The insignificant mediating effect of brand good intentions between brand experience and attitudinal loyalty may be because the customers in the study experienced a less favorable experience. Delgado-Ballester and Munuera-Aleman (2005) argued that customers will have more trust in a particular brand when they encounter a more favorable experience with the brand. The customers might have a bad experience because they were not satisfied with the way the employees handled their request. Such notion might due to business policy of the SMEs restaurant. For instance, business policy which do not allowed customer to request additional plates for outside food to be eaten in their premise despite customers did make orders from the restaurant. In such circumstances, the particular SME brand outlet might be perceived as having a selfish intention to focus on profit only at the expense of customer satisfaction. Customers who are satisfied with the appropriate response given in handling their complaint will tend to make a positive recommendation to their friends and family (Dos Santos & Der Heyde Fernandes, 2008).

In addition, overall satisfaction has a positive effect on brand reliability (Delgado-Ballester & Munuera-Aleman, 2005). In this circumstance, customer satisfaction will be reduced despite the favorable experience if the restaurant could not comply with their request due to business policy. Besides, an unfavorable experience also reduces customer trust because the perception of benevolence is built upon a good experience with a brand (Kantsperger & Kunz, 2010). The finding of the present study also supports Jambulingam et al.'s (2011) study which reported that the mediating effect of benevolence happens in a symmetrical relationship where both customers and retailers equally depend on each other. It also supports Kantsperger and Kunz's (2010) study which found that the mediating effect of benevolence on customer loyalty happened when customers were satisfied.

The significant mediating effect of a brand's good intention on brand experience and behavioral loyalty could be explained by the *halal* certificate accorded to the SME brand. As mentioned earlier, the *halal* certificate is a formal recognition of the brand's good intention in serving the customers by implementing hygienic practices in food preparations. When customers perceive that the SME brand acts in good faith, they are likely to return for future dining. This explanation is also supported by a prior study which reported that the mediating effect of benevolence only happens in a symmetrical relationship where both customers and retailers equally depend on each other (Jambulingam et al., 2011). This finding is also consistent with that of Kantsperger and Kunz (2010), who found that benevolence of a brand mediated the relationship between satisfaction and customer loyalty.

Additionally, the justification is consistent with the brand experience and brand trust measurement used in this study. Notably, brand experience is measured with items related to senses, feelings, thinking, and behavioral. Similarly, brand trust

is measured with both emotional and rational component with items consistent with the conceptualization where reliability is measured with confidence gained from consistency in fulfilling promise made while good intentions of a brand is measured with honesty in addressing consumer concern such as hygiene or halal as well as other unforeseen circumstances related to consumption.

#### ***5.3.4.2 Mediating Effect of Reliability on the Relationship between Brand Experience and SME Brand Loyalty***

The mediating effect of reliability on the relationship between brand experience and attitudinal loyalty and between brand experience and behavioral loyalty was found. When customers are willing to pay a higher price or make a recommendation to relatives and friends (i.e. attitudinal loyalty) and return for future dining (i.e. behavioral loyalty), their perception is influenced by the ability of the brand in keeping its promise due to their favorable experience with the brand.

The significant mediating effect of brand reliability may be because the customers perceive the SME brand as being reliable as a result of their prior brand experience (i.e. the brand fulfill its promises of a food refund if the customers are not satisfied). A reliable brand will ensure customer satisfaction to fulfill their value as promised in its advertisement. Therefore, a reliable brand will replace a set of meal with a new one if a customer is unsatisfied with the meal received. The ability of a brand to fulfill its promise will motivate the customer to spread the positive word of mouth, make them willing to pay a higher price, and return for future dining. This finding is consistent with finding of Kantsperger and Kunz (2010) who revealed that the credibility of a brand mediated the relationship between satisfaction and customer loyalty. This finding also supports a prior study which reported that the mediating

effect of credibility only happens in a symmetrical relationship where both customers and retailers equally depend on each other (Jambulingam et al., 2011).

Additionally, the justification is consistent with the brand experience and brand trust measurement used in this study. Notably, brand experience is measured with items related to senses, feelings, thinking, and behavioral. Similarly, brand trust is measured with both emotional and rational component with items consistent with the conceptualization where reliability is measured with confidence gained from consistency in fulfilling promise made while good intentions of a brand is measured with honesty in addressing consumer concern such as hygiene or halal as well as other unforeseen circumstances related to consumption.

#### ***5.3.4.3 The Mediating Effect of Intentions and Reliability on the Relationship between Brand Personality and SME Brand Loyalty***

The study found no mediating effect of brand intention and brand reliability on brand personality and brand loyalty. Customers display attitudinal and behavioral loyalty because of the *halal* brand personality and not because of the brand's good intentions to prioritize its customers or because of the brand's reliability.

The insignificant finding on the mediating effect of brand intentions could be explained by the unclear positioning of the brand personality and brand intentions in the company's mission and vision statement. For instance, there is no mission or vision statement of Secret Recipe and The Chicken Rice Shop brand on their respective website. Abdullah et al. (2013) found that majority of Malaysian listed companies did not position themselves successfully in accordance to their organization mission and vision statement. As a result of the unclear positioning of brand personality, customers do not perceive the unique personality of the brand,

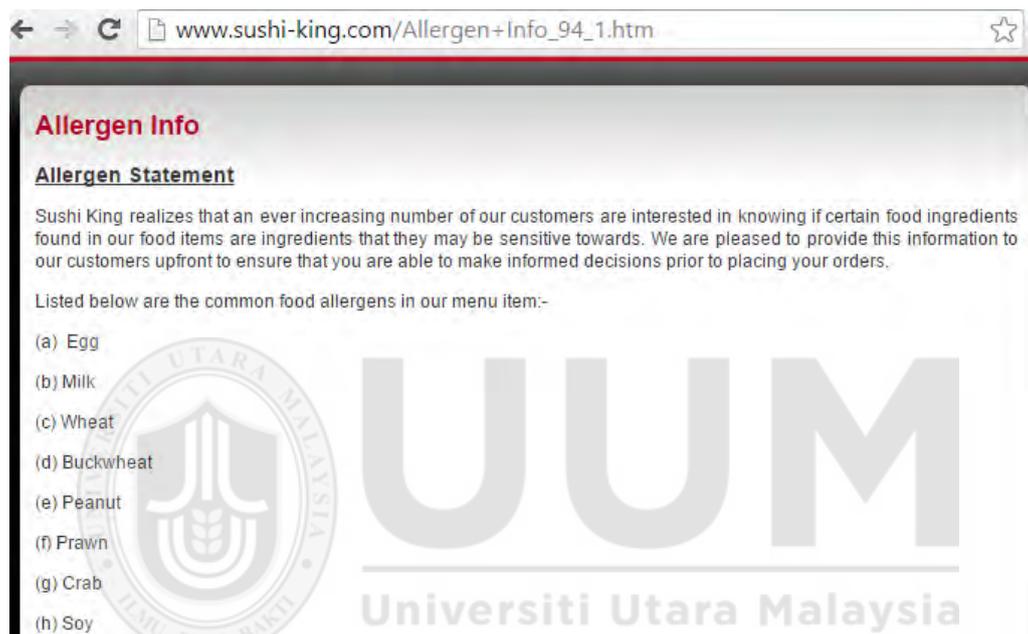
leading them not to trust the brand and develop brand loyalty. A good example of a brand portraying good intentions via its website is Sushi King and McDonald's which reveals the sources of their ingredients so that the consumers can make an informed choice on food safety (i.e. avoid food allergy). Meanwhile, McDonald's and KFC are example of brands portraying reliability (i.e. their ability to fulfill its food quality) via its website. McDonald's reveals how they preserve the quality of the source of ingredients, such as eggs and potatoes. Similarly, KFC have a quality assurance section on their website that educates customers how they monitor their food, restaurant, and supplier quality. By advertising very clearly on their website about their product quality, these global brands are promising customers that their brand is reliable, which will further enhance the brand personality, leading customers to share a positive word of mouth regarding the brand with their friends and family, have a high tolerance to a pay premium price, and return for future dining. Besides, lack of resources among SMEs might contribute to the lack of action that could be taken to enhance the brand intentions and reliability to mediate customer loyalty from both attitudinal and behavioral (Muhammad et al., 2010).

Figure 5.2 shows how big brands in the restaurant industry communicate their brand intentions to earn customer emotional trust via their corporate website. Figure 5.3 portrays a good example of a brand portraying its ability to fulfill its food quality via its website to earn rational trust. Additionally, the justification is consistent with the brand personality and brand trust measurement used in this study. Notably, brand personality is measured with personality traits dimensions of Sincerity, Excitement, Sophistication, and Competence. Similarly, brand trust is measured with both emotional and rational component with items consistent with the conceptualization where reliability is measured with confidence gained from consistency in fulfilling

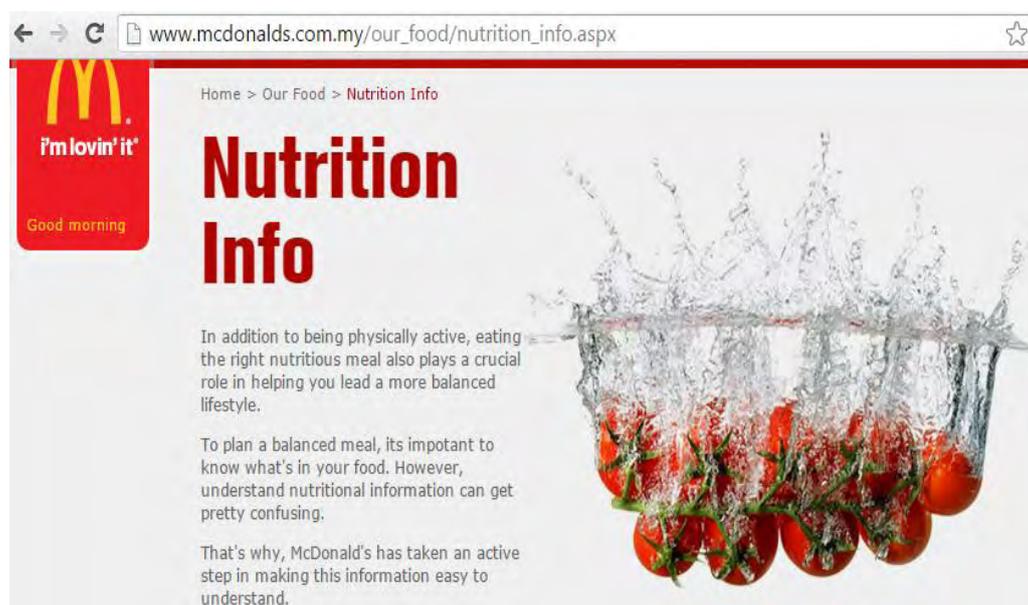
promise made while good intentions of a brand is measured with honesty in addressing consumer concern such as hygiene or halal as well as other unforeseen circumstances related to consumption.

Figure 5.2

*Example of restaurant brand communicating its brand good intentions via its own corporate website*



Sushi King allergen info (source: [http://www.sushi-king.com/Allergen+Info\\_94\\_1.htm](http://www.sushi-king.com/Allergen+Info_94_1.htm))



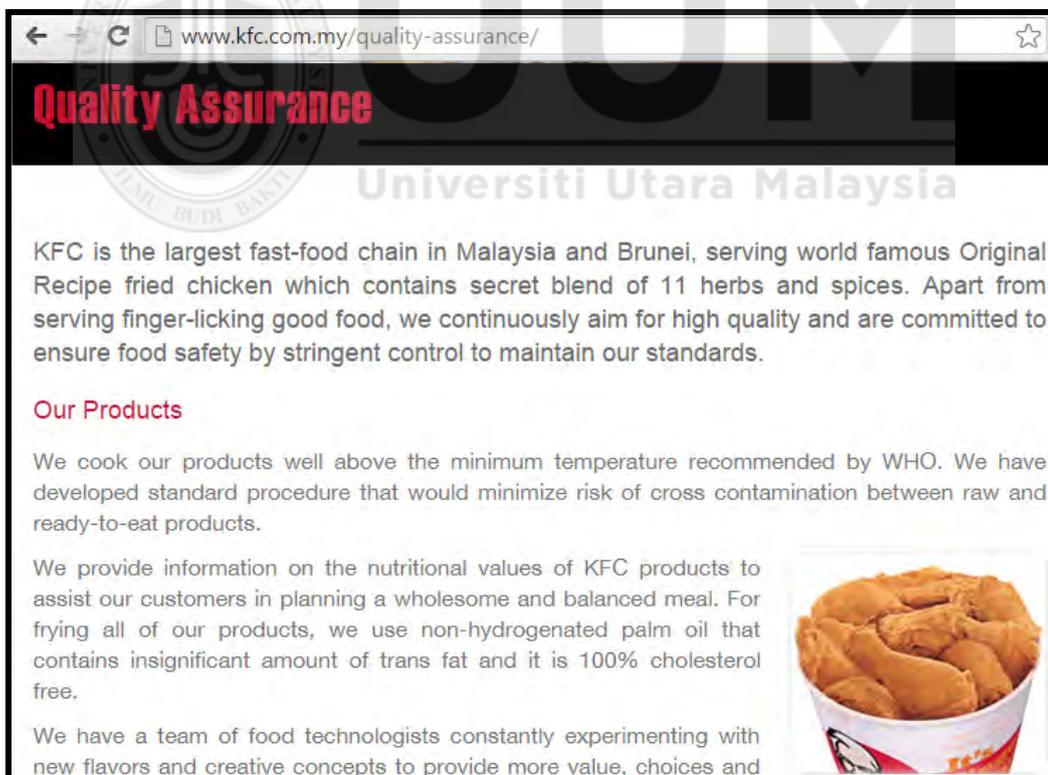
McDonald's nutrition info (source: [http://www.mcdonalds.com.my/our\\_food/nutrition\\_info.aspx](http://www.mcdonalds.com.my/our_food/nutrition_info.aspx))

Figure 5.3

Example of restaurant brand communicating its brand reliability via its corporate website



McDonald's quality information (source: [http://www.mcdonalds.com.my/our\\_food/quality.aspx](http://www.mcdonalds.com.my/our_food/quality.aspx) )



KFC quality information (source: <http://www.kfc.com.my/quality-assurance/>)

## **5.4 Implications of the study**

### ***5.4.1 Theoretical Implications***

The framework in this study is guided by social exchange theory. Generally, the findings of this study support the proposition of social exchange theory in that satisfied customers with the brand experience and brand personality will tend to reciprocate by showing loyalty because they develop trust in the brand (Blau, 1964). This study has also contributed to the growing literature by expanding the boundary of knowledge in the context of SME branding by investigating the components of brand trust, namely, intentions and reliability. Past studies (Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010) tested the components of brand trust (i.e. intentions and reliability) with satisfaction as the independent variable and loyalty as the dependent variable. This study, however, extends our current knowledge by providing support for the positive relationships between the components of trust (i.e. intentions and reliability), brand experience, and brand personality as independent variables; as well as the positive relationships between the components of trust and attitudinal and behavioral loyalty as the dependent variable.

In addition, this study is different from previous studies by considering SME brands. The significant results in the current study also support prior studies that focused on global brands, such as Apple, Coca-Cola, and McDonald's (Ramaseshan & Stein, 2014; Sahin et al., 2013). Although scholars postulate that the success factors for global brands and SME brands could be different (Caloghirou, Protogerou, Spanos, & Papagiannakis, 2004; Upadhyay, Jahanyan, & Dan, 2011; Saini, Nigam, & Misra, 2013), the findings of this study showed that those factors tended to be similar. Hence, the results of the present study can be used as a reference to the SME brands' success factors in gaining market share through customer retention.

#### **5.4.2 Methodological Implications**

The single model of multiple mediators testing with PLS-SEM also enhances better understanding of the current body of knowledge by discovering whether a mediating influence occurs between the independent and dependent variables in the presence of all other mediators as compared to the traditional model that tests mediators separately. Following this method, the study found that the intention component of trust was the only significant mediator on the relationships between brand experience and customer's behavioral loyalty, while the reliability component of trust mediated significantly brand experience and customer's attitudinal and behavioral loyalty. Unlike the findings of the previous study that reported that brand trust mediated the link between brand experience and customer loyalty (e.g., Giantari et al., 2013), this study found that brand experience influenced customer loyalty through a specific component of trust. However, no mediation of the trust component on brand personality and customer loyalty. The contradictory findings with prior studies (i.e. Bouhlel et al., 2011; Lee & Back, 2010; Zuhroh et al., 2014) may be due to the multiple mediator testing. Kantsperger and Kunz (2010) used a single mediator model and found the mediating effect of intentions and reliability components of trust between satisfaction and loyalty. Preacher and Hayes (2008) argued that the indirect effect obtained from testing multiple mediators will not be the same with that obtained from testing a single mediator. Hence, future studies need to further validate this finding.

Lastly, this study also further validates the instruments used in this study for its measurement validity and reliability in the multicultural country, such as Malaysia. All of the modified items used for this study satisfy the criteria of reliability (outer loadings and composite reliability), convergent validity, and discriminant validity.

Hence, the current study also contributes by providing modified scales to be used in the context of Malaysian restaurant SME brands.

#### ***5.4.3 Practical Implications***

The results derived from successful SME brands having been in the industry more than 10 years may also help to reduce the uncertainty faced by SMEs when making a decision to invest on brand management. In addition, the findings of this study provide meaningful knowledge to SME brand managers in the restaurant industry about the significance of branding strategy, namely brand experience and brand personality toward business performance. On managing brand experience and brand personality, SME managers must take note that customer trust and loyalty are influenced by prior experience with the brand. Following this, they are advised to minimize the poor experience encountered by customers.

Brand experience of SME brand in the restaurant industry was found to influence customers' attitudinal and behavioral loyalty. Brand experience can be created directly or indirectly through various stimuli of branding from logo to packaging or even from promotional activities to the atmosphere setting (Brakus et al., 2009; Mohamed & Musa, 2012; Ramaseshan & Stein, 2014). Customer will be reluctant to return for future dining if the food outlet does provide good quality of service or food due to the unwelcoming dining atmosphere (Ha et al., 2012). Hence, SME brand managers should consider creating an attractive and welcoming outlet setting to evoke customers' good dining experience by, for instance, considering an attractive interior design, layout, and music. A positive dining setting will generate positive emotions, encouraging customers to exhibit attitudinal and behavioral loyalty (Haghihi et al., 2012; Ja & Namkung, 2009; Morrison & Crane, 2007).

Next, trust is formed as a result of favorable brand experience derived from a good quality of food served especially in the restaurant industry (Lee & Kang, 2012; Mohamed & Musa, 2012). Besides, customers' trust in a retailer is closely associated with the perception of food safety which is associated with the benevolent act of the brand in their past encounter (Chen, 2013; Kantsperger & Kunz, 2010). Therefore, managers should take great care in handling food quality, especially for takeaway meals. This is because a meal quality served instantly for consumption in the restaurant is not the same as the one to be taken away. Managers could show benevolence to customers by informing them about the strict takeaway policy to protect them from possible food poisoning from a take-away meal. It is also important to note that customers' trust is formed as a result of their prior experience with a brand's ability to fulfill its promise (Kantsperger & Kunz, 2010; Mohamed & Musa, 2012). Hence, it is vital that food outlets offer their products a value for money to the customers as promised in the advertisements. When the promise is perceived to have been met, the customers will be motivated to recommend the restaurant or pay a higher price or return for future dining.

Because brand personality of SME brand in the restaurant industry was found to influence customers' behavioral loyalty, SME brands should strive to differentiate themselves from their competitors. SME managers should understand that unique and attractive brand personalities are key to retaining loyal customers in the long run because it is not easy for the competitors to produce the same brand personality (Aaker, 1978; Lin, 2010). Meanwhile, marketing activities, such as advertising and promotion can help develop the personality intended for the business (Kim, 2001). For instance, the promotion of a family value combo meal will help inform the customers that the food outlet has a family-oriented personality. One way to enhance

the brand personality is by obtaining a *halal* certification. The *halal* certifications play a significant role in earning customers' trust from both the rational (i.e. reliable) and emotional perspectives (i.e. good intentions). The *halal* certificate serves as a promise about a brand's good intentions and reliability in its business operation. Thus, managers can use the *halal* certificate as one of their brand personality strategies for the food, leading to a better competitive advantage. However, care must be taken to align the brand personality consistently with the business mission, vision, and objectives.

### **5.5 Limitations of Study and Future Research**

A few caveats need to be observed when interpreting the results.

This was a cross-sectional study where the data were collected at particular SME food outlets (Secret Recipe and The Chicken Rice Shop) in Klang valley at a particular period of time. The intercept method of data collection may limit the generalizability of the results. Generally, the result obtained from probability sampling can be projected to the total population (Zikmund et al., 2009). However, Sudman (1980, p. 424) contended that the sample result obtained from the intercept technique can be generalized only to all the diners of the particular SME brand outlet and not to all diners in Malaysia. The result could be different if other successful SME brands, such as ABX, G-Force and Infinity Logistic in the logistic industry (The BrandLaureate, 2014) are studied. Future studies should consider studying SME brands in other industry to further validate our findings. Besides, the dearth of branding studies in the context of SME brand in comparison to global/big brands (Agostini et al., 2014; Asamoah, 2014; Reijonen, Laukkanen, Komppula, & Tuominen, 2012; Spence & Essousi, 2010) justifies more studies to be done on SME

brands to contribute to the SME branding literature. A comparison between the performance of a local SME brand and a foreign SME brand in Malaysia is one possibility of future research.

The small sample size derived from the intercept approach may explain the insignificant result of the mediating variables even though the sample size was adequate to meet the significance level of 0.05 and statistical power of 80 percent for hypothesis testing (Gefen et al., 2011). The small sample size was due to the low response rate as customers were reluctant to participate in the survey. Even though the drop-off-and-collect survey method has been reported to drive a higher response rate in studies in different research settings (Denstadli, 2000; Han & Jeong, 2013; Mohamed & Borhan, 2014), this data collection technique was ruled out in this study because the outlet manager permitted researcher to approach potential participants only when they were outside the premise. Therefore, future studies may consider different data collection techniques to obtain a higher response rate.

Next, this study only considered the effect of brand experience and brand personality on the emotional and rational trust components and attitudinal and behavioral loyalty because these factors are considered crucial factors to loyalty in the restaurant industry. Yet, there are still gaps in the branding literature that need to be filled. For instance, to the researcher's knowledge, there is a lack of studies that consider the emotional and rational components of trust as distinct constructs except a few (e.g., Delgado-Ballester & Munuera-Aleman, 2005; Kantsperger & Kunz, 2010). Hence, the current model could be expanded with the inclusion of other predictor variables or moderators to discover interesting insight.

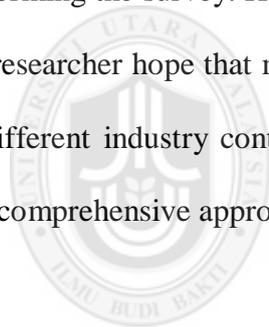
## 5.6 Conclusion

In conclusion, this study was conducted to bridge the gap between the academia and practice. From the academic perspective, this study contributed towards the social exchange theory in the context of small and medium-sized branding. Specifically, this study had expanded the knowledge of brand trust by providing empirical evidence on the influence of the emotional and rational components of trust to bridge the gap between branding strategies and brand loyalty in the context of SME brands. Also, this study had answered the call from industry to research on successful domestic SMEs to provide a better insight for the government to assist SMEs in the development of their brand as outlined in the SME Masterplan 2012-2020. The findings reported in this study derived from successful SME brands can serve as a guideline for SMEs in the restaurant industry for a better brand strategy to enable them to survive in the competitive industry.

This study found that both branding strategies namely brand experience plays a more vital role over brand personality in influencing customer loyalty both attitudinally and behaviorally as well as trust both emotionally and rationally. Hence on managing brand experience, SME managers must take necessary action to induce more favorable experience to attract customers. Therefore, managers must focus more on bringing out the symbolic values in its branding strategy to gain customer loyalty. Also, this study found that both emotional and rational component of trust influence customer loyalty. Despite that, rational component of trust play a more vital role in influencing customer purchase behavior. Such novel findings is beneficial toward the SME branding literature since prior studies had merely focus on trust as composite variable. The study also reveals the role of trust in mediating between brand experience and loyalty. Trust does not always mediate to loyalty because customer

has to encounter satisfying experience prior fully trusting the brand and exhibit loyalty attitudinally. As such, managers should not sacrifice customer satisfaction by any means in the process of earning customer trust. With the additional knowledge gained from this study, managers and researchers will be able to explore more on the brand trust variable particularly on understanding the factor affecting both emotional and rational trust component.

In sum, this study had contributed to the body of knowledge in terms of both trust components in the context of SMEs. However, no research is perfect from limitation. This study had gained this novel insight from only the restaurant industry in Klang Valley. In addition, there are more approach that could be taken in performing the survey. Hence, due to the importance of trust and rising SMEs studies, the researcher hope that more studies will be given to explore the brand trust variable in different industry context between SMEs and large company in a more rigorous and comprehensive approach.



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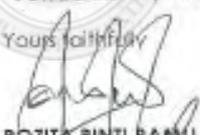
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## APPENDICES

### APPENDIX 1: Previous studies of intercept method in restaurant context

Authors	Research setting	Objective of the study	Sample size	Sampling method
Kim & Kim (2004)	1 mall, Seoul, Korea.	To investigate the relationship between brand equity and corporate performance in restaurant brands.	394	Convenience intercepts customers entering mall between 1pm-6pm on Monday, Wednesday, and Saturday for two weeks.
Koutroumanis (2005)	6 restaurants, Florida & Connecticut.	To investigate the relationship between organizational culture, service quality, and behavioral intention in the full service, casual dining restaurant.	293	Intercept every 10 <sup>th</sup> customers dining in the restaurant. Dessert for participant as incentive to increase response rate. Respondent must be over age 18.
Ryu (2005)	3 restaurants, Midwest & Northwest states, US.	To investigate the causal relationship between DINESCAPE, emotions, and behavioral intention in upscale restaurant.	319	Convenience intercepts customers after completing their meal in the restaurant. Dessert or cash voucher for participant as incentive to increase response rate.
Namkung (2007)	2 restaurants, Midwest & Eastern states, US.	To investigate the causal relationship between perceive fairness, emotions, and behavioral intentions in casual dining restaurants.	326	Convenience intercepts customers after completing their meal in the restaurant for three weeks. Chocolates for participant as incentive to increase response rate.
Barringer (2008)	2 restaurants, Florida, US.	To investigate the relationship between service quality and customer intent to return and willingness to recommend in full service restaurant industry in urban and rural Florida.	392	Convenience intercepts customers upon exiting the restaurant for four weeks each location (rural and urban). Respondent must be over age 18.
Mohi (2012)	4 restaurants, Klang Valley, Malaysia	To investigate the relationship between service quality, satisfaction, image, value, and behavior intent in moderate upscale restaurant.	535	Intercept every 5 <sup>th</sup> customer upon exiting the restaurant during lunch (12pm-3pm) and dinner (6pm-9pm). Duration of three months. Respondent must be over age 18.
Chang (2013)	2 restaurants, Taiwan	To investigate the causal relationship between trust, value, satisfaction, and corporate reputation in the restaurant sector.	600	Convenience intercepts customers upon exiting the restaurant for two peak time (11am-3.30pm) and (5pm-9.30pm) on everyday basis over two months period. Respondent must be over age 18.

## APPENDIX 2: Official survey cover letter from university

	<b>OTHMAN YEOP ABDULLAH</b> <b>GRADUATE SCHOOL OF BUSINESS</b> Universiti Utara Malaysia 06010 UUM SINTOK KEDAH DARUL AMAN MALAYSIA							
		Tel: 604-928 7118/71187130 Faks: (tdg) 604-928 7193 Laman Web (Web): <a href="http://www.oyagsb.uum.edu.my">www.oyagsb.uum.edu.my</a>						
<hr/> <b>KEDAH AMAN MAKMUR • BERSAMA MEMACU TRANSFORMASI</b> <hr/>								
		<b>UUM/OYAGSB/K-14</b> 19 October 2014						
<b>TO WHOM IT MAY CONCERN</b>								
Dear Sir/Madam								
<b>DATA COLLECTION</b>								
<b>PROGRAMME: DOCTOR OF PHILOSOPHY</b>								
<b>SUPERVISOR: ASSOC. PROF. DR. SALNIZA MD. SALLEH</b>								
This is to certify that the following is a postgraduate student from the OYA Graduate School of Business, Universiti Utara Malaysia. He is pursuing the above mentioned course which requires him to undertake an academic study and prepare an assignment. The details are as follows:								
<table border="1"><thead><tr><th>NO.</th><th>NAME</th><th>MATRIC NO.</th></tr></thead><tbody><tr><td>1.</td><td>ONG CHUAN HUAT</td><td>94687</td></tr></tbody></table>			NO.	NAME	MATRIC NO.	1.	ONG CHUAN HUAT	94687
NO.	NAME	MATRIC NO.						
1.	ONG CHUAN HUAT	94687						
In this regard, I hope that you could kindly provide assistance and cooperation for him to successfully complete the assignment given. All the information gathered will be strictly used for academic purposes only.								
Your cooperation and assistance is very much appreciated.								
Thank you.								
<hr/> <b>"SCHOLARSHIP, VIRTUE, SERVICE"</b> <hr/> <b>Universiti Utara Malaysia</b>								
Yours faithfully								
								
<b>ROZITA BINTI RAMLI</b> Assistant Registrar for Dean Othman Yeop Abdullah Graduate School of Business								
c.c : Student's File (94687)								
<hr/> <b>Universiti Pengurusan Terkemuka</b> <i>The Eminent Management University</i>								
								
								

## APPENDIX 3: Questionnaire

### ENGLISH VERSION

Ref no:

# Questionnaire Booklet: Customer's Restaurant Brand Loyalty

Dear participants,

My name is Ong Chuan Huat, a PhD student at Universiti Utara Malaysia (UUM). I'm currently conducting a research project to better understand customer's loyalty toward local restaurant brand in Malaysia. This is an anonymous survey whereby all responses will remain confidential and will be used strictly for academic purpose only. It will take only 5 minutes to complete this questionnaire.

Thank you for your thoughtfulness, honesty, and participation.

Yours sincerely,  
Ong Chuan Huat  
PhD candidate - Marketing  
Mobile: 011- 2420 0373  
Email: [koch2u@gmail.com](mailto:koch2u@gmail.com)

## ENGLISH VERSION

Please answer the all the questions **based on the restaurant brand you just dined in.**

### Section 1: Brand Personality

Please **tick ( / )** on the number that best reflects your opinion.

<b>Strongly disagree</b>	<b>Disagree</b>	<b>Somewhat disagree</b>	<b>Somewhat agree</b>	<b>Agree</b>	<b>Strongly agree</b>
1	2	3	4	5	6

Instruction: I would like you to think of **this restaurant brand** as if it is carrying human personality traits (e.g. KFC – Family oriented, western, etc.).

**This restaurant brand is...**

1.1	Family oriented.	1	2	3	4	5	6
1.2	Honest.	1	2	3	4	5	6
1.3	Decent.	1	2	3	4	5	6
1.4	Cheerful.	1	2	3	4	5	6
1.5	Exciting.	1	2	3	4	5	6
1.6	Young.	1	2	3	4	5	6
1.7	Unique.	1	2	3	4	5	6
1.8	Independent.	1	2	3	4	5	6
1.9	Reliable.	1	2	3	4	5	6
1.10	Intelligent.	1	2	3	4	5	6
1.11	Successful.	1	2	3	4	5	6
1.12	Glamorous.	1	2	3	4	5	6
1.13	Charming.	1	2	3	4	5	6
1.14	Western.	1	2	3	4	5	6
1.15	Tough.	1	2	3	4	5	6

## ENGLISH VERSION

### Section 2: Brand Experience

Please tick ( / ) on the number that best reflects your opinion.

	Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
	1	2	3	4	5	6
2.1						
2.2						
2.3						
2.4						
2.5						
2.6						
2.7						
2.8						
2.9						
2.10						
2.11						
2.12						

## ENGLISH VERSION

### Section 3: Brand Trust

Please tick ( / ) on the number that best reflects your opinion.

Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
1	2	3	4	5	6

- 3.1 **This restaurant brand** is a brand name that meets my expectations. 1 2 3 4 5 6
- 3.2 I feel confidence in **this restaurant brand**. 1 2 3 4 5 6
- 3.3 **This restaurant brand** is a brand name that never disappoints me. 1 2 3 4 5 6
- 3.4 **This restaurant brand** guarantees satisfaction. 1 2 3 4 5 6
- 3.5 **This restaurant brand** will be honest in addressing my concerns. (e.g. halal, hygiene) 1 2 3 4 5 6
- 3.6 I could rely on **this restaurant brand**. 1 2 3 4 5 6
- 3.7 **This restaurant brand** would compensate me in some way if there is a problem with the food. 1 2 3 4 5 6
- 3.8 **This restaurant brand** would make any effort to satisfy me. 1 2 3 4 5 6

## ENGLISH VERSION

### Section 4: Brand Loyalty

Please tick ( / ) on the number that best reflects your opinion.

Strongly disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
1	2	3	4	5	6

- 4.1 I am committed to **this restaurant brand**. 1 2 3 4 5 6
- 4.2 I would be willing to pay a higher price for **this restaurant brand** over other brands. 1 2 3 4 5 6
- 4.3 I would continue dine at **this restaurant brand**, even if its prices increase. 1 2 3 4 5 6
- 4.4 If **this restaurant brand** been mentioned in a conversation, I would recommend it. 1 2 3 4 5 6
- 4.5 I have actually recommended **this restaurant brand** to my friends or family. 1 2 3 4 5 6
- 4.6 If someone makes a negative comment about **this restaurant brand**, I would defend it. 1 2 3 4 5 6
- 4.7 I would dine at **this restaurant brand** the next time I look for places to dine with friends or family. 1 2 3 4 5 6
- 4.8 I intend to keep dining at **this restaurant brand** in the future. 1 2 3 4 5 6
- 4.9 If **this restaurant brand** is not available here when I need it, I will have it another time. 1 2 3 4 5 6
- 4.10 If **this restaurant brand** is not available here when I need it, I will have it somewhere else. 1 2 3 4 5 6
- 4.11 I consider **this restaurant brand** as my first choice compared to other brands. 1 2 3 4 5 6
- 4.12 If I had to reconsider my option again, I will still choose **this restaurant brand**. 1 2 3 4 5 6

## ENGLISH VERSION

### Section 5: Personal Profile

Please **tick ( / )** to answer the following question about yourself.

- 5.1 How often do you dine in **this restaurant brand**?  
 Few times a week       Few times a year  
 Few times a month
- 5.2 Gender?  
 Male       Female
- 5.3 Your age?  
 Less than 21 years  
 21 to 30 years  
 31 to 40 years  
 41 to 50 years  
 51 years and above
- 5.4 Your marital status  
 Single       Married       Divorced       Other
- 5.5 Your ethnic is  
 Malay       Chinese       Indian       Other
- 5.6 Your highest level of education is  
 Primary School  
 Secondary School  
 College (Certificate/ Diploma/ Advanced Diploma)  
 Bachelor degree  
 Postgraduate degree (Master/ PhD)
- 5.7 What is your current occupation?  
 Student       Self-employed  
 Employee       Unemployed
- 5.8 Your monthly income is?  
 Below RM 2000       RM 4000 to RM 5999  
 RM 2000 to RM 3999       RM 6000 and above

**Thank you for participating in this survey.**

Ref no:

**Borang Selidik:**  
**Kesetiaan Jenama Restoran Pelanggan**

Peserta yang budiman,

Nama saya Ong Chuan Huat, seorang siswa PhD di Universiti Utara Malaysia (UUM). Saya sedang menjalankan sebuah projek penyelidikan untuk lebih memahami kesetiaan pelanggan terhadap jenama restoran tempatan di Malaysia. Ini adalah kajian tanpa nama di mana semua jawapan akan kekal sulit dan akan digunakan untuk tujuan akademik sahaja. Anda cuma perlu meluangkan masa 5 minit sahaja untuk melengkapkan soal selidik ini.

Terima kasih atas keprihatinan, kejujuran, dan penyertaan anda.

Yang Ikhlas,  
Ong Chuan Huat  
Calon PhD - Pemasaran  
Telefon: 011- 2420 0373  
E-mel: [koch2u@gmail.com](mailto:koch2u@gmail.com)

## VERSI BAHASA MELAYU

Sila jawab semua soalan berikut berdasarkan jenama restoran yang anda baru makan.

### Bahagian 1: Keperibadian Jenama

Sila tanda (/) pada nombor yang mencerminkan pendapat anda.

Amat tidak setuju	Tidak setuju	Agak tidak setuju	Agak setuju	Setuju	Amat setuju
1	2	3	4	5	6

Arahan: Saya ingin anda fikirkan **jenama restoran ini** seperti memiliki sifat-sifat keperibadian manusia (cth: KFC – berorientasikan keluarga, kebaratan, etc.).

#### Jenama restoran ini...

1.1	berorientasikan keluarga.	1	2	3	4	5	6
1.2	ikhlas.	1	2	3	4	5	6
1.3	tertib.	1	2	3	4	5	6
1.4	ceria.	1	2	3	4	5	6
1.5	menarik.	1	2	3	4	5	6
1.6	muda.	1	2	3	4	5	6
1.7	unik.	1	2	3	4	5	6
1.8	bebas.	1	2	3	4	5	6
1.9	boleh dipercayai.	1	2	3	4	5	6
1.10	bijak.	1	2	3	4	5	6
1.11	berjaya.	1	2	3	4	5	6
1.12	glamor.	1	2	3	4	5	6
1.13	menawan.	1	2	3	4	5	6
1.14	kebaratan.	1	2	3	4	5	6
1.15	kuat.	1	2	3	4	5	6

## VERSI BAHASA MELAYU

### Bahagian 2: Pengalaman Jenama

Sila tanda (/) pada nombor yang mencerminkan pendapat anda.

Amat tidak setuju	Tidak setuju	Agak tidak setuju	Agak setuju	Setuju	Amat setuju
1	2	3	4	5	6

- |      |   |   |   |   |   |   |   |
|------|---|---|---|---|---|---|---|
| 2.1  | <b>Jenama restoran ini</b> menarik melalui panca deria. (cth: melihat suasana yang menarik, makanan sedap)  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.2  | <b>Jenama restoran ini</b> memberi tanggapan positif yang kuat kepada panca deria saya. (cth: lihat, rasa)  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.3  | <b>Jenama restoran ini</b> memberi fokus kepada pengalaman melalui panca deria.   | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.4  | <b>Jenama restoran ini</b> mendorong perasaan positif.  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.5  | Saya mempunyai perasaan positif yang kuat untuk <b>jenama restoran ini</b> .  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.6  | <b>Jenama restoran ini</b> memberi fokus kepada pengalaman melalui emosi yang positif. (cth: KFC – So Good)                                       | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.7  | <b>Jenama restoran ini</b> cuba untuk mengingatkan saya tentang aktiviti yang boleh dilakukan. (cth: makan bersama keluarga atau rakan)           | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.8  | <b>Jenama restoran ini</b> membuat saya berfikir tentang gaya hidup. (cth: bersosial, makan di luar)  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.9  | <b>Jenama restoran ini</b> memberi fokus kepada pengalaman melalui aktiviti.  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.10 | Saya mempunyai banyak pemikiran positif apabila ternampak <b>jenama restoran ini</b> (cth: makanan yang sedap, waktu bersama kawan atau keluarga) | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.11 | <b>Jenama restoran ini</b> mengungkitkan perasaan ingin tahu saya. (cth: resipi makanan)  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2.12 | <b>Jenama restoran ini</b> memberi fokus kepada pengalaman melalui pemikiran positif.   | 1 | 2 | 3 | 4 | 5 | 6 |

## VERSI BAHASA MELAYU

### Bahagian 3: Kebolehpercayaan Jenama

Sila **tanda (/)** pada nombor yang mencerminkan pendapat anda.

Amat tidak setuju	Tidak setuju	Agak tidak setuju	Agak setuju	Setuju	Amat setuju
1	2	3	4	5	6

- 3.1 **Jenama restoran ini** adalah jenama yang memenuhi jangkaan saya. 1 2 3 4 5 6
- 3.2 Saya berasa yakin dengan **jenama restoran ini**. 1 2 3 4 5 6
- 3.3 **Jenama restoran ini** adalah jenama yang tidak pernah mengecewakan saya. 1 2 3 4 5 6
- 3.4 **Jenama restoran ini** menjamin kepuasan. 1 2 3 4 5 6
- 3.5 **Jenama restoran ini** ikhlas dalam menangani kebimbangan saya (cth: halal, kebersihan). 1 2 3 4 5 6
- 3.6 Saya boleh bergantung kepada **jenama restoran ini**. 1 2 3 4 5 6
- 3.7 **Jenama restoran ini** akan membayar ganti rugi melalui sesuatu cara sekiranya terdapat masalah dengan makanannya. 1 2 3 4 5 6
- 3.8 **Jenama restoran ini** akan berusaha untuk memberi kepuasan kepada saya. 1 2 3 4 5 6

## VERSI BAHASA MELAYU

### Bahagian 4: Kesetiaan Jenama

Sila tanda (/) pada nombor yang mencerminkan pendapat anda.

Amat tidak setuju	Tidak setuju	Agak tidak setuju	Agak setuju	Setuju	Amat setuju
1	2	3	4	5	6

- |      |  |   |   |   |   |   |   |
|------|--|---|---|---|---|---|---|
| 4.1  | Saya komited dengan <b>jenama restoran ini</b> .   | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.2  | Saya sanggup membayar harga yang lebih tinggi untuk <b>jenama restoran ini</b> berbanding jenama lain.                             | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.3  | Saya masih akan terus menjamu selera di <b>jenama restoran ini</b> walaupun harganya meningkat.                                    | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.4  | Jika <b>jenama restoran ini</b> disebut dalam perbualan, saya akan mengesyorkannya.  | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.5  | Saya pernah mencadangkan <b>jenama restoran ini</b> kepada kawan atau keluarga.  | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.6  | Jika seseorang membuat komen yang negatif terhadap <b>jenama restoran ini</b> , saya akan mempertahankannya.                       | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.7  | Saya akan menjamu selera di <b>jenama restoran ini</b> pada masa lain saya mencari tempat untuk makan bersama kawan atau keluarga. | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.8  | Saya berniat untuk terus menjamu selera di <b>jenama restoran ini</b> pada masa akan datang.                                       | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.9  | Jika <b>jenama restoran ini</b> tidak terdapat di sini apabila saya memerlukannya, saya akan makannya pada masa lain.              | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.10 | Jika <b>jenama restoran ini</b> tidak terdapat di sini apabila saya memerlukannya, saya akan makannya di tempat lain.              | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.11 | Saya beranggapan <b>jenama restoran ini</b> sebagai pilihan nombor satu saya berbanding jenama lain.                               | 1 | 2 | 3 | 4 | 5 | 6 |
| 4.12 | Jika saya perlu mempertimbangkan pilihan saya semula, saya masih akan pilih <b>jenama restoran ini</b> .                           | 1 | 2 | 3 | 4 | 5 | 6 |

## VERSI BAHASA MELAYU

### Bahagian 5: Profil Peribadi

Sila **tanda (/)** untuk jawab soalan-soalan berikut mengenai diri anda.

- 5.1 Sekerap manakah anda menjamu selera di **jenama restoran ini**?  
 Beberapa kali seminggu       Beberapa kali setahun  
 Beberapa kali sebulan
- 5.2 Jantina?  
 Lelaki       Perempuan
- 5.3 Umur anda?  
 Kurang daripada 21 tahun  
 21 hingga 30 tahun  
 31 hingga 40 tahun  
 41 hingga 50 tahun  
 51 tahun dan ke atas
- 5.4 Status perkahwinan  
 Bujang       Sudah kahwin       Bercerai       Lain-lain
- 5.5 Etnik anda  
 Melayu       Cina       India       Lain-lain
- 5.6 Tahap tertinggi akademik anda  
 Sekolah rendah  
 Sekolah menengah  
 Kolej (Sijil / Diploma / Diploma lanjutan)  
 Sarjana muda  
 Pasca siswazah (Sarjana/ PhD)
- 5.7 Pekerjaan anda sekarang?  
 Pelajar       Bekerja sendiri  
 Pekerja       Menganggur
- 5.8 Pendapatan bulanan anda?  
 Kurang daripada RM 2000       Rm 4000 hingga Rm 5999  
 Rm 2000 hingga Rm 3999       RM 6000 dan ke atas

**Terima kasih kerana sudi melibatkan diri dalam kajian ini.**

#### APPENDIX 4: Normality Test - Skewness and Kurtosis

Item No.	Skewness	Kurtosis	Item No.	Skewness	Kurtosis
BEX1	-.667	1.253	BL1	-.821	.776
BEX2	-.627	1.152	BL2	-.963	1.699
BEX3	-.311	.382	BL3	-.529	-.078
BEX4	-.562	1.165	BL4	-.029	-.822
BEX5	-.493	1.044	BL5	-.468	-.184
BEX6	-.150	.338	BL6	-.835	.947
BEX7	-.400	-.226			
BEX8	-.286	-.222			
BEX9	-.066	-.131			
BEX10	-.500	.513			
BEX11	-.157	-.761			
BEX12	-.268	.448			
BP1	-.950	1.023			
BP2	-.893	2.228			
BP3	-.889	1.990			
BP4	-.738	.975			
BP5	-.535	-.376			
BP6	.246	-.951			
BP7	-.079	-.896			
BP8	-.027	-.935			
BP9	-.610	.733			
BP10	-.410	-.514			
BP11	-.887	.547			
BP12	-.518	-.512			
BP13	-.200	-.846			
BP14	-.023	-.975			
BP15	.110	-.835			
INT1	-.923	1.577			
INT2	-.802	1.658			
INT3	-.512	-.112			
INT4	-1.086	1.568			
REL1	-.732	1.582			
REL2	-.521	.401			
REL3	-.741	.735			
REL4	-.792	.706			
AL1	-.437	.197			
AL2	-.924	1.605			
AL3	-.908	1.664			
AL4	-1.071	2.458			
AL5	-1.073	2.315			
AL6	-.264	-.653			

Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty; Skewness and Kurtosis (< 3 and < 10) indicate data normality as suggested by Kline (2011).

### APPENDIX 5: Stop Criterion Changes

Item No.	Iteration 0	Iteration 1	Iteration 2	Iteration 3	Iteration 4
BEX1	1.000000	0.119998	0.120166	0.120186	0.120186
BEX2	1.000000	0.116154	0.116436	0.116458	0.116459
BEX3	1.000000	0.113617	0.113884	0.113902	0.113902
BEX4	1.000000	0.121864	0.122166	0.122188	0.122189
BEX5	1.000000	0.115079	0.115576	0.115602	0.115603
BEX6	1.000000	0.107134	0.107094	0.107103	0.107103
BEX7	1.000000	0.107400	0.106954	0.106925	0.106924
BEX8	1.000000	0.094473	0.094412	0.094386	0.094385
BEX9	1.000000	0.100621	0.100548	0.100539	0.100538
BEX10	1.000000	0.122661	0.122764	0.122776	0.122776
BEX11	1.000000	0.067283	0.066271	0.066204	0.066201
BEX12	1.000000	0.109847	0.109439	0.109415	0.109413

Item No.	Iteration 0	Iteration 1	Iteration 2	Iteration 3	Iteration 4
BP1	1.000000	0.099818	0.100267	0.100322	0.100325
BP2	1.000000	0.131096	0.131700	0.131766	0.131769
BP3	1.000000	0.122344	0.122871	0.122906	0.122907
BP4	1.000000	0.126945	0.126967	0.126986	0.126986
BP5	1.000000	0.114619	0.114983	0.115013	0.115014
BP6	1.000000	0.045727	0.045113	0.045042	0.045039
BP7	1.000000	0.104642	0.104402	0.104384	0.104383
BP8	1.000000	0.070107	0.068671	0.068566	0.068562
BP9	1.000000	0.140159	0.140932	0.141008	0.141011
BP10	1.000000	0.112586	0.112215	0.112195	0.112194
BP11	1.000000	0.118008	0.117853	0.117848	0.117848
BP12	1.000000	0.107196	0.107668	0.107699	0.107700
BP13	1.000000	0.088101	0.088351	0.088341	0.088341
BP14	1.000000	0.042294	0.041823	0.041749	0.041746
BP15	1.000000	0.054714	0.053949	0.053870	0.053867

Item No.	Iteration 0	Iteration 1	Iteration 2	Iteration 3	Iteration 4
INT1	1.000000	0.283667	0.283883	0.283891	0.283892
INT2	1.000000	0.300285	0.299794	0.299776	0.299774
INT3	1.000000	0.251727	0.251078	0.251021	0.251018
INT4	1.000000	0.328854	0.329704	0.329766	0.329769
BL6	1.000000	0.217992	0.218853	0.218893	0.218895

Item No.	Iteration 0	Iteration 1	Iteration 2	Iteration 3	Iteration 4
REL1	1.000000	0.276982	0.277122	0.277158	0.277160
REL2	1.000000	0.278822	0.278641	0.278631	0.278631
REL3	1.000000	0.270425	0.270056	0.270015	0.270014
REL4	1.000000	0.300856	0.301243	0.301257	0.301258

Item No.	Iteration 0	Iteration 1	Iteration 2	Iteration 3	Iteration 4
AL1	1.000000	0.251681	0.250760	0.250745	0.250743
AL2	1.000000	0.205779	0.206400	0.206416	0.206418

AL3	1.000000	0.203723	0.204167	0.204177	0.204179
AL4	1.000000	0.194261	0.194503	0.194520	0.194521
AL5	1.000000	0.196373	0.196840	0.196857	0.196858
AL6	1.000000	0.185115	0.183924	0.183862	0.183858

Item No.	Iteration 0	Iteration 1	Iteration 2	Iteration 3	Iteration 4
BL1	1.000000	0.228881	0.230090	0.230139	0.230142
BL2	1.000000	0.227632	0.229072	0.229138	0.229142
BL3	1.000000	0.208609	0.206824	0.206758	0.206754
BL4	1.000000	0.150767	0.147524	0.147402	0.147395
BL5	1.000000	0.198744	0.199472	0.199474	0.199475

Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty; If PLS-SEM algorithm converge data in less than 300 iterations indicate data normality as suggested by Hair et al. (2014, p.108) and Wong (2013, p.19).



### APPENDIX 6: Cross Loadings of Construct

	<b>AL</b>	<b>BL</b>	<b>BEX</b>	<b>BP</b>	<b>INT</b>	<b>REL</b>
AL 1	<b>0.823</b>	0.690	0.673	0.492	0.605	0.657
AL 2	<b>0.885</b>	0.654	0.537	0.453	0.516	0.537
AL 3	<b>0.885</b>	0.653	0.536	0.449	0.500	0.530
AL 4	<b>0.839</b>	0.612	0.522	0.373	0.474	0.520
AL 5	<b>0.773</b>	0.648	0.516	0.349	0.513	0.530
AL 6	<b>0.624</b>	0.589	0.488	0.461	0.463	0.419
BL 1	0.733	<b>0.848</b>	0.682	0.484	0.637	0.679
BL 2	0.755	<b>0.839</b>	0.678	0.461	0.647	0.681
BL 3	0.571	<b>0.809</b>	0.573	0.537	0.578	0.596
BL 4	0.494	<b>0.648</b>	0.414	0.416	0.401	0.397
BL 5	0.599	<b>0.819</b>	0.565	0.525	0.520	0.590
BL 6	0.657	<b>0.852</b>	0.627	0.488	0.587	0.665
BEX 1	0.583	0.636	<b>0.803</b>	0.544	0.600	0.647
BEX 2	0.541	0.605	<b>0.816</b>	0.542	0.563	0.676
BEX 3	0.527	0.588	<b>0.834</b>	0.545	0.574	0.646
BEX 4	0.532	0.622	<b>0.818</b>	0.490	0.660	0.688
BEX 5	0.508	0.569	<b>0.786</b>	0.505	0.624	0.667
BEX 6	0.496	0.534	<b>0.788</b>	0.471	0.579	0.588
BEX 7	0.575	0.595	<b>0.757</b>	0.607	0.497	0.532
BEX 8	0.488	0.496	<b>0.733</b>	0.551	0.454	0.501
BEX 9	0.533	0.509	<b>0.758</b>	0.559	0.505	0.520
BEX 10	0.582	0.670	<b>0.787</b>	0.508	0.628	0.640
BEX 12	0.528	0.567	<b>0.767</b>	0.592	0.568	0.582
BP 2	0.457	0.499	0.514	<b>0.716</b>	0.426	0.461
BP 3	0.391	0.409	0.497	<b>0.729</b>	0.436	0.483
BP 4	0.398	0.500	0.517	<b>0.766</b>	0.422	0.451
BP 5	0.381	0.481	0.491	<b>0.729</b>	0.361	0.383
BP 7	0.325	0.396	0.400	<b>0.712</b>	0.362	0.374
BP 9	0.487	0.483	0.581	<b>0.715</b>	0.493	0.512
BP 10	0.356	0.414	0.499	<b>0.770</b>	0.429	0.369
BP 11	0.361	0.396	0.500	<b>0.753</b>	0.451	0.440
BP 12	0.368	0.358	0.473	<b>0.648</b>	0.379	0.403
BP 13	0.259	0.350	0.379	<b>0.656</b>	0.321	0.303
INT 1	0.518	0.557	0.643	0.501	<b>0.847</b>	0.686
INT 2	0.561	0.623	0.628	0.499	<b>0.866</b>	0.757
INT 3	0.466	0.526	0.520	0.444	<b>0.807</b>	0.580
INT 4	0.625	0.695	0.684	0.513	<b>0.901</b>	0.753
REL 1	0.582	0.664	0.676	0.490	0.695	<b>0.885</b>
REL 2	0.595	0.649	0.684	0.508	0.713	<b>0.892</b>
REL 3	0.573	0.632	0.658	0.544	0.693	<b>0.858</b>
REL 4	0.612	0.737	0.736	0.545	0.786	<b>0.912</b>

Note: Note: BEX = Brand Experience, BP = Brand Personality, INT = Intentions, REL = Reliability, AL = Attitudinal loyalty, BL = Behavioral loyalty; Measurement item's loadings of a construct should be higher than every of its cross loadings with other constructs in order to achieve sufficient discriminant validity at the item level in PLS-SEM analysis (Hair et al., 2014, p. 105).