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# The Influence Of Product Credibility On Customer Loyalty: The Effect Of Perceived Value And Customer Satisfaction In Hangzhou

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**ABSTRACT**

Because revenue is based on long-term client ties, client churn is a big problem in relational services. This includes industries like retail banking and telecoms. Retaining customers in this industry has traditionally revolved around ensuring their happiness and providing them with top-notch service. In an effort to lower the customer turnover rate of relational service, this study investigates the significant supplementary function of the brand. According to the researcher's information economics perspective, the brand's credibility is a key factor in the brand's potential engagement in this process. The study's findings shed light on the importance of the brand in maintaining long-term customer connections, the correlation between customer happiness and service quality—two popular CRM indicators—and more. Customers who were happy and loyal were less inclined to move brands, according to research. Customers of both retail banks and long-distance telephone companies were affected by this. The Researchers go over the study's theoretical and practical implications. This information is derived from a survey of Taiwanese mobile phone users. First things first: according to the study's findings, customers do not place a high value on tangibles or punctuality when evaluating service quality and value. Quality of the network, assurance, and dependability, however, do. Secondly, perceived value moderates, to a lesser extent, the association between total service quality and brand equity. Finally, there are a number of ways in which the overall quality of service mediates the connections between the value that customers perceive and the factors that contribute to that value. To conclude, brand equity is directly affected by empathy and network quality.

***Keywords:*** *Product honesty, Client Loyalty, Recognized Quality, Satisfying Customers.*

## 1. INTRODUCTION

Executives in service sectors like retail banking and telecommunications place a premium on minimizing client attrition, often known as turnover. There is a school of thought among marketers that says it's better to keep in touch with current clients than to try to attract new ones. Since the services provided by industries such as banking and telecommunications require the formation of a formal link between client and firm, customer churn is an important concern for these businesses. There is growing consensus that customer churn significantly affects a company's bottom line, and these sectors give ample proof of that. Among them are: Reportedly, this is a concern for US bankers: "Prevention of customer loss is the key competition issue for American bankers in 2004," read the results of a poll of 101 bank executives from institutions with $25 billion or more in assets. Client attrition forecast may be challenging, which has become an important issue for the telecom industry as a whole and for cellular operators in particular. Studies in these fields have shown that studying employee retention and turnover is important. There is a lot of curiosity in the telecom and retail banking businesses' customer retention and attrition rates, even though previous research has shown that switching costs keep both sectors relatively steady (Beaumont et al., 2022). Customer franchise management within the framework of retail services is examined from a strategic and macro level in this article, which takes a step back. The main goal is to figure out how the brand can keep customers and get them to do things that are good for the company in the long run. Brands gradually shape consumers' perceptions of service providers. One way of looking at a brand is as a "summary statistic" that sums up the full client-provider dynamic. This is why the researcher sees this perspective as fundamentally strategic. The brand stands for the company's credibility from this vantage point. The only surefire way to build and keep credibility is for the organization and its clientele to repeat themselves. But trust may be swiftly eroded if the company betrays it. Establishing credibility for the brand is, therefore, a continuous focus for the entire organization. People see a company's efforts to build its brand's credibility as a bond that, if not fulfilled, would be considered forfeited (Barakat et al., 2021).

## 2. BACKGROUND OF THE STUDY

In today's cutthroat business climate, the credibility of a brand has a substantial influence on how customers perceive and act. One of the most important factors for customers when making a purchase is the company's credibility, or how much faith they have in the company's capacity to fulfill their needs. This study seeks to investigate the connection between brand reputation and consumer loyalty with an emphasis on Hangzhou, a significant cultural and economic center in China. More and more businesses are competing for the attention and allegiance of consumers in Hangzhou's ever-changing consumer market. Consequently, companies must understand the effect of brand credibility on consumer loyalty if they want to build and maintain long-term connections with their customers (Kumar, 2021). True loyalty goes beyond simply doing business as usual; it also demands active participation on a personal level and the determination to remain steadfast in one's convictions regardless of the temptation to compromise. The study zeroes in on perceived quality and customer pleasure as crucial mediators to gain a deeper understanding of this link. Customer satisfaction is an indicator of how successfully a product or service meets or exceeds expectations in general, while perceived quality is a measure of how well it meets or exceeds expectations in particular. Few studies have investigated the link between brand credibility and loyalty, or the moderating roles played by perceived quality and customer happiness. (Soepatini & Utilitarian, 2023)In order to address this gap in our understanding, this study will investigate how consumer enjoyment and perceived quality mediate the relationship between brand credibility and customer loyalty in Hangzhou. In order to help businesses strengthen their brands, improve the quality of their goods or services, and generate loyal customers, this research seeks to answer concerns about customer happiness. A better grasp of customer decision-making and the necessity of constructing a robust brand identity are two potentially valuable insights that marketers and brand managers in Hangzhou and other vibrant Chinese markets might glean from this study (Lavuri et al., 2022).

## 3. PURPOSE OF THE STUDY

The study's findings shed light on the importance of the brand in maintaining long-term customer connections, the correlation between customer happiness and service quality—two popular CRM indicators—and more. "The Effect of Brand Credibility on Consumer Loyalty: The Mediating Role of Perceived Quality and Consumer Satisfaction in Hangzhou" aims to examine the connection between brand credibility and customer loyalty within the setting of Hangzhou's aggressive and competitive market. The overarching goal of this research is to determine what makes customers stick with a reliable and skilled business. Along with that, it plans to look into the ways in which customer happiness (how well a brand meets expectations) and perceived quality (how great a customer thinks a brand is) play a mediating role in this connection. The research has the potential to aid firms in responding to shifting market conditions by enhancing consumer interactions, building trust in the brand, and, ultimately, loyalty, by investigating these mediating aspects.

## 4. LITERATURE REVIEW

The four steps that comprise a customer's purchasing journey are browsing, purchasing, receiving, and using. The goal of both advertising and companies is to establish connections that are trusted, fruitful, and sustainable. A company's market experience is its ability to advise its business clients based on its services and commodities. Positivity about the brand is associated with a satisfying buying experience. A shift occurs in the customer's mental state whenever they enjoy themselves while shopping. In addition, the halo effect is greatly affected by the attitude that clients acquire as an emotional response to a positive marketing interaction. Treatment and consequences have a significant impact on consumers' attitudes (Sosanuy et al., 2021). For example, if a customer has a negative experience with a product, they could grow to despise it. Excited anticipation for a project is a sign of a brand's mastery of its target demographic. A "brand reaction" is an assessment of a company by its customers that is based on their experiences with the company in the past. A reliable brand is one that consumers have a positive perception of, according to the link. Customers are more loyal to a brand after receiving helpful content from it. Even if there is no clear relationship between happiness and brand loyalty, consumers' favorable perceptions of the brand are boosted when they are happy. Businesses should strive for client pleasure and trust since they are essential to establishing a loyal consumer base. Customers' faith in the business and loyalty to the brand are both bolstered by an optimistic outlook (Kumar & Meena, 2023).

## 5. RESEARCH QUESTION

What is the relationship between brand credibility and consumer loyalty through consumer satisfaction?

## 6. RESEARCH METHODOLOGY

### *6.1 Research Design:*

The analysis of quantitative data used SPSS version 25. The odds ratio and 95% confidence interval were used to assess the magnitude and direction of the statistical link. The researchers determined a statistically significant criterion of $p < 0.05$. A descriptive analysis was performed to identify the main characteristics of the data. Quantitative methods are frequently employed to assess data acquired from surveys, polls, and questionnaires, along with data altered by computational tools for statistical analysis.

### *6.2 Sampling*

A straightforward sampling method was utilized for the investigation. The study utilized questionnaires to collect its data.

The Rao-soft program calculated a sample size of 1263. A grand total of 1456 questionnaire were distributed; 1357 were returned, and 52 were rejected due to incompleteness. A total of 1305 questionnaires were utilized for the investigation.

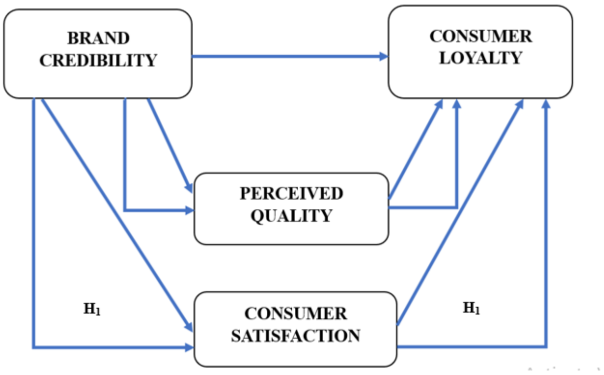
***6.3 Data and Measurement:***

A questionnaire survey served as the primary data collection instrument for this research. Part A of the survey solicited fundamental demographic information, whereas Part B employed a 5-point Likert scale to gather responses regarding attributes associated with online and offline channels. A multitude of sources, particularly internet databases, supplied the secondary data.

**6.4 Statistical Software:** The statistical analysis was conducted using SPSS 25 and MS-Excel.

**6.5 Statistical Tools:** To grasp the fundamental character of the data, descriptive analysis was used. The researcher is required to analyse the data using ANOVA.

## 7. CONCEPTUAL FRAMEWORK




## 8. RESULT

- **Factor Analysis**

One typical use of Factor Analysis (FA) is to verify the existence of latent components in observable data. When there are not easily observable visual or diagnostic markers, it is common practice to utilise regression coefficients to produce ratings. In FA, models are essential for success. Finding mistakes, intrusions, and obvious connections are the aims of modelling. One way to assess datasets produced by multiple regression studies is with the use of the Kaiser-Meyer-Olkin (KMO) Test. They verify that the model and sample variables are representative. According to the numbers, there is data duplication. When the proportions are less, the data is easier to understand. For KMO, the output is a number between zero and one. If the KMO value is between 0.8 and 1, then the sample size should be enough. These are the permissible boundaries, according to Kaiser: The following are the acceptance criteria set by Kaiser:

A pitiful 0.050 to 0.059, below average 0.60 to 0.69

Middle grades often fall within the range of 0.70-0.79.

With a quality point score ranging from 0.80 to 0.89.

They marvel at the range of 0.90 to 1.00.

Table1: KMO and Bartlett's Test

Testing for KMO and Bartlett's

Sampling Adequacy Measured by Kaiser-Meyer-Olkin .863

The results of Bartlett's test of sphericity are as follows: approx. chi-square

df=190

sig.=.000

This establishes the validity of assertions made only for the purpose of sampling. To ensure the relevance of the correlation matrices, researchers used Bartlett's Test of Sphericity. Kaiser-Meyer-Olkin states that a result of 0.863 indicates that the sample is adequate. The p-value is 0.00, as per Bartlett's sphericity test. A favourable result from Bartlett's sphericity test indicates that the correlation matrix is not an identity matrix.

Table 1: KMO and Bartlett's

| KMO and Bartlett's Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .863 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 3252.968 |
| | df | 190 |
| | Sig. | .000 |

The Bartlett Test of spherical confirmed the overall significance of the correlation matrices. The Kaiser-Meyer-Olkin metric of sampling adequacy is 0.863. Researchers calculated a p-value of 0.00 using Bartlett's sphericity test. The researcher recognizes the correlation matrix's invalidity, as Bartlett's sphericity test yielded a significant result.

- **INDEPENDENT VARIABLE**
  - **Brand Credibility**

The totality of the confidence, competence, and truthfulness that customers have in a brand is its credibility. Being competent and reliable are the cornerstones of it. Credibility is shown by customers' trust in a brand's honesty, openness, and reliability; their confidence in the brand's capacity to provide top-notch goods and services is evidence of their competency. An important factor in determining whether a customer would purchase the product or remain loyal to it over time is the degree to which the customer believes the brand can reliably fulfil their demands (Goyal & Dutta, 2021).

- **DEPENDENT VARIABLE**
  - **Consumer Loyalty**

"Consumer loyalty" is a term used to explain how consumers have an emotional and psychological connection to a specific brand, product, or service, which leads to strong preferences and recurrent purchases. Loyal customers are more than just repeat buyers; they're emotionally committed, they rave about your business, and they won't even consider your competitors' offerings. It is usual practice to increase customer loyalty by focusing on aspects like contentment, trust, the credibility of the business, and pleasant previous experiences. Why? Because a company's capacity to make money and thrive in the long run hinges on how devoted its consumers are (Allam & Dinana, 2021).

- **MEDIATING VARIABLE**
  - **Consumer Satisfaction**

When a service or product completely satisfies a customer's needs, The Researchers say that the customer is satisfied. Customer satisfaction is the degree to which a product or service meets the requirements, wants, and expectations of the buyer. When customers are satisfied with their purchases, they are more inclined to return, recommend the business to others, and remain brand loyal. On the other hand, dissatisfied customers are more prone to complain, post negative reviews, and even quit the firm completely (Ganesan, 2023).

- **Relationship between Brand Credibility and Consumer Loyalty through Consumer Satisfaction**

Trust and pleasant experiences form the basis of the link between a credible brand and customer loyalty, which is achieved via consumer happiness. Customers' expectations for a product's quality and performance are shaped by their perceptions of the brand's credibility, which is defined as the degree to which they believe the brand to be reliable and knowledgeable. When consumers trust a brand and believe it will deliver as promised, they are more likely to be satisfied buyers. Satisfied customers are more loyal customers because they are more inclined to make repeat purchases and recommend the business to others. Credibility of the brand creates an atmosphere of trust, which in turn increases customer happiness and, eventually, their commitment to the brand over the long run (Vaidya et al., 2023).

Subsequent to the above debate, the researcher posited the following hypothesis, which aims to analyse the correlation between Brand Credibility and Consumer Loyalty through Consumer Satisfaction.

***"$H_{01}$: There is no significant relationship between Brand Credibility and Consumer Loyalty through Consumer Satisfaction."***

***"$H_1$: There is a significant relationship between Brand Credibility and Consumer Loyalty through Consumer Satisfaction."***

**Table 2: $H_1$ ANOVA Test**

| ANOVA | | | | | |
|---|---|---|---|---|---|
| Sum | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 39588.620 | 578 | 5653.497 | 1035.059 | .000 |
| Within Groups | 492.770 | 726 | 5.462 | | |
| Total | 40081.390 | 1304 | | | |

In this investigation, the results will be substantial. The F value is 1035.059, achieving significance with a p-value of .000, which is below the .05 alpha threshold. The hypothesis ***"$H_1$: There is no significant relationship between Brand Credibility and Consumer Loyalty through Consumer Satisfaction."*** The alternative hypothesis is accepted, whereas the null hypothesis is rejected.

## 9. DISCUSSION

The study "The Effect of Brand Credibility on Consumer Loyalty: The Mediating Role of Perceived Quality and Consumer Satisfaction in Hangzhou" provides valuable insights into the relationship between brand credibility, consumer loyalty, and practical applications. It also suggests avenues for further research. Having faith in the brand is the most important thing for consumers to keep coming back, according to the survey. The results demonstrate that customers are more inclined to stay loyal to a company over the long term if they see it as trustworthy, knowledgeable, and reliable. Consistent with other studies, this finds that credibility and dependability are key factors in attracting and retaining customers. Establishing and maintaining trust is crucial for companies to stand out and keep customers in highly competitive regions like Hangzhou. Perceived quality and happiness moderate the association between customer loyalty and trust in a brand. Legitimacy isn't the only component that contributes to customer pleasure and the perception of high-quality items in building brand loyalty. Customer loyalty is increased when customers have faith in a company and are satisfied with the things they buy. This lends credence to the idea that consumers' devotion to a brand depends on factors outside the legitimacy of the business itself, such as the importance they place on the brand and their overall impressions of it.

## 10. CONCLUSION

The results of this research show that in order for a brand to gain trust and loyalty from its target audience, factors like perceived quality and customer happiness play a mediating role. Businesses may be able to improve customer retention rates and forge deeper connections with customers if they study and implement these elements. This study demonstrates, via the use of Hangzhou as an example, that customer satisfaction and perceived quality mediate the relationship between brand credibility and customer loyalty. If consumers have faith in a company's reliability, competence, and honesty, the study found that they are more likely to become loyal customers. But there is a roundabout way to get there; crucial middlemen include things like customer happiness and quality judgments. Customers are more likely to buy from a company again and be happy when they have trust in the product or service. To stand out in Hangzhou's cutthroat market, companies must maintain high standards of product quality, communicate honestly, and build a solid reputation for their brand. Increasing the bar for perceived quality and maintaining high levels of customer satisfaction may strengthen customer ties, leading to more likely repeat business and positive word of mouth. Companies that succeed in building reliable brands and satisfying customers' needs via outstanding service will ultimately enjoy continuous consumer loyalty, which will fuel their growth over the long run.

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