The Impact of Trust and Brand Relationship Quality on Perceived Value and Loyalty in a Consumer Goods Environment

Carol F. Gwin
Pepperdine University, Marketing Department
Graziadio School of Business and Management
6100 Center Drive, Los Angeles, CA 90045
Phone: 310-574-9242; Fax: 310-568-5778
E-mail: carol.gwin@pepperdine.edu

ABSTRACT

Relationship marketing has been shown to benefit consumers as well as companies in business-to-business and business-to-consumer services markets. This research investigates the impact of relationship marketing in the business-to-consumer goods context by addressing how trust and brand relationship quality (BRQ) impact consumer’s perceived value of the brand and brand loyalty. This paper contributes to the marketing discipline by showing that trust is an important antecedent for relationships, and that building strong relationships increases customers’ perceived value for and ultimately loyalty to the brand. As such, building strong brand relationships does have the potential to create a competitive advantage for a firm – even for consumer goods.

INTRODUCTION

Consumers look for value in the brands that they buy. Typically, value is defined based on the benefits received relative to the costs. In consumer goods, benefits that have historically been considered include product quality, features or attributes of the product, and convenience. Companies invest in these attributes to increase customer’s perceived value and loyalty for the brand. One area that has been largely overlooked is the potential for consumers to have an affinity for, or a relationship with, a brand of soda or athletic footwear or computer. However, even in our everyday conversations, we often allude to these relationships with comments such as “I’m dying for a Pepsi” or “I love these Air Jordans” or “I don’t know what I’d do without my MacBook.” In an interpersonal context, we would take these statements to be exclamations of love for the other individual. In a consumer goods context, these statements are often ignored or merely taken as expressions of loyalty.

Building strong brand relationships has been cited as one way to increase customer value and loyalty. In fact, relationship marketing is considered to be “probably the best approach to creating value for the customer” (Crosby et al. 2002, p. 10). In turn, customer value is perceived as a critical source for competitive advantage – with companies competing on other elements of perceived value beyond merely product quality (cf. Woodruff 1997).

In her seminal research in this area, Fournier (1994, 1998) finds support that consumers do have relationships with tangible goods and that this impacts their feeling of loyalty for these goods. Building on prior research in the business-to-business arena, this research extends Fournier’s
(1994, 1998) qualitative research by proposing a model of the impact of trust and brand relationship quality (hereafter called BRQ) on perceived value and loyalty.

Across multiple studies, this research empirically tests whether consumers develop relationships with specific brands of consumer goods, and if so, how these relationships impact perceived value and loyalty for the brand. As such, the contribution of this research to the marketing literature is threefold. First, it provides a conceptual model of the relationships between perceived brand share, two components of trust (benevolence and competence), quality, BRQ, perceived value, and two components of loyalty (attitude and purchase). Second, the model brings together research in the business-to-business context with the literature on value and loyalty in the business-to-consumer context. Third, this conceptual model is empirically tested to determine the validity of the hypothesized relationships.

LITERATURE REVIEW

The Importance of BRQ and Relationship Marketing

Brand relationship quality has its roots in the burgeoning literature on relationship marketing. While relationship marketing has been defined in different ways, most definitions center on the definition that “relationship marketing concerns attracting, developing, and retaining customer relationships (Berry and Parasuraman 1991, p. 133).” Companies are changing from short-term orientations to a focus on building long-term relationships to attain better profits through customer retention, cross-selling, and lower costs related to customer acquisition. In fact, relationship marketing can become a source of differentiation and increase customer switching costs for businesses. Benefits accrue to customers as well in the form of social benefits (through customer contact in service organizations), reduced consumer stress (as the customer learns to trust the company and perceived risk is reduced), the lack of a need to change (due to predictability and investment in a relationship), a simplification of a consumer’s life (as search and decision making needs are reduced), economic savings (discounts and special pricing), and special treatment or services (cf. Gwinner et al.). These benefits to the business and the consumer make relationship marketing an important area of study for the discipline.

Due to more complex purchases and the high dependence on personal selling, the genesis of relationship marketing occurred in business-to-business markets (e.g., Moorman et al. 1992). More recently, relationship marketing has been evaluated in consumer service markets due to the extensive customer contact and ambiguity/uncertainty related to these markets. Understanding the implications for relationship marketing in business-to-consumer goods (tangible products) is still in its infancy (cf. Fournier 1998). Recently, research into the importance of relationships for business-to-consumer goods (e.g., soda, shoes, cars) has emerged. This research has explored consumer relationships with goods through qualitative and quantitative research, the effects on brand extensions, direct mail purchases, and potential gender differences (e.g., Fournier 1994, 1998; Veloutsou 2007). However, no one has proposed a conceptual model of the consequences of brand relationships in this environment.

The Effect of BRQ Factors on Customer Value

Zeithaml (1988, p. 14) defines perceived value as “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given.” This definition incorporates the benefits received by the tangible good (e.g., quality) as well as those intangible
benefits that may result from a relationship with or affinity for the brand. As discussed previously, brand relationships offer a unique way to create value for a brand since it increases switching costs for the consumer and is hard for competitors to duplicate.

Fournier (1994, 1998) shows the importance of brand relationship quality and its effects on perceived value and brand loyalty through qualitative research delving into feelings and relationships between consumers and brands. She establishes seven dimensions for brand relationship quality:

- **Brand partner quality**: The consumer’s perceptions of the brand’s performance in the partner role as well as whether the consumer wants to partner with the brand.
- **Self connection**: The extent to which the consumer sees the brand as a reflection or extension of his or her centrally held identity.
- **Intimacy**: The knowledge and understanding of the relationship partner.
- **Nostalgia**: Attachment due to fond memories or experiences with the brand.
- **Love and passion**: The affect or extent of liking for the brand.
- **Commitment**: The enduring desire to continue the relationship.
- **Interdependence**: Reliance on and use of the brand.

This research tests the impact of each of these factors except interdependence and commitment on perceived value. These last two factors are outcomes of a strong relationship, with interdependence reflecting the expectation of continued use of the brand (measured in this study as purchase loyalty) and commitment showing the stability of the consumer’s relationship with the brand (measured as attitudinal loyalty). As a result, they are modeled as outcomes of the BRQ-value relationship. As shown in Fournier’s qualitative research (1998), higher levels of brand partner quality, love and passion, etc. increase the relationship quality between the consumer and the brand. As a result, it is expected that increased levels for each of these factors of brand relationship quality will increase the brand’s perceived value for the customer.

**H1a-e**: Higher levels of (a) love and passion, (b) brand partner quality, (c) self connection, (d) intimacy, and (e) nostalgia will lead to a higher perceived value for the brand.

**The Role of Trust and BRQ in Building Customer Value and Loyalty**

Figure 1 presents a model for the impact of brand relationship quality on future actions of the consumer with respect to the brand. This model builds on theoretical and empirical research in the business-to-business and consumer services context exploring relationship marketing.

**Relationships with Trust**

Moorman et al. (1992, p. 315) define trust as “a willingness to rely on an exchange partner in whom one has confidence.” Theoretical and empirical research support two dimensions for consumer trust (cf. Chaudhuri and Holbrook 2001). The first dimension is credibility or competence trust. Competence trust relates to the credibility established regarding the ability of the manufacturer (or service provider) to deliver what has been promised. As a result, this dimension taps into the production, knowledge and resource capabilities of the manufacturer. In contrast, benevolence trust focuses on the perceived motives and intentions of the manufacturer (or service provider). Benevolence trust deals with the degree to which the consumer perceives
that the company is concerned about the customer and his/her needs and wants. This research evaluates the relationships for each of these dimensions of trust.

The perceived share of the brand serves as a signal to the consumer of the brand’s quality (e.g., many consumers buy this brand so it must be good). A higher perceived brand share indicates that significant funds have been invested in the brand, and therefore it is in the brand’s own interests to perform at the quality level promised (cf. Doney and Cannon 1997). The size of the brand demonstrates that the company has the resources to deliver the quality promised (in terms of R&D, production, etc.). The size of the brand also inhibits concerns that the brand is produced by a small, potentially fly-by-night manufacturer with little to lose if it fails. As a result, larger firms may be perceived as more likely to look out for the customer’s interests. This attribution may make the consumer more likely to trust a larger brand since there is more for the company to lose if the brand does not perform as promised. Therefore, brand share is expected to have a positive relationship with both competence and benevolence trust.

\[ H2a: \text{Higher perceived brand share will increase perceptions of competence trust.} \]
\[ H2b: \text{Higher perceived brand share will increase perceptions of benevolence trust.} \]

Maltz and Kohli (1996) find a positive influence of trust on perceived quality in a business-to-business context. They find that greater trust in the sender of market intelligence leads to higher perceived quality of the information. The same results are expected in a consumer goods context. Since competence trust is most directly related to perception of quality, it is hypothesized that competence trust will positively impact perceived quality.

\[ H3a: \text{Higher perceptions of competence trust will increase perceived product quality.} \]

Garbarino and Lee (2003) show that competence trust and benevolence trust have additive effects in terms of assessing overall trust. Competence trust is likely to increase perceptions of benevolence trust as the company reassures the consumer that it has the capabilities and processes needed to deliver on product promises. This trust reinforces the company’s concern about customers at least to the extent of making sure that a quality product is delivered.

\[ H3b: \text{Competence trust will have a positive effect on benevolence trust.} \]

“Brand trust leads to brand loyalty or commitment because trust creates exchange relationships that are highly valued” (Chaudhuri and Holbrook 2001, p. 83). Prior theoretical and empirical
research supports that trust will positively impact relationship quality with the firm or brand in a wide range of contexts. Trust has been shown to enhance relationships in terms of direct mail interactions, to increase affect and loyalty, and to positively impact continuance commitment for service providers.

For the purposes of this study, it is hypothesized that benevolence trust will directly affect BRQ. Benevolence trust is most closely associated with the affective nature of the relationship between the consumer and the brand rather than the discrete qualifications of the company and brand to design and manufacture the brand. The perceived concern by the company for the consumer should directly relate to the consumer’s view of his or her relationship with the company or brand.

**H4: Higher benevolence trust will increase perceptions of brand relationship quality.**

*Product Quality-Brand Relationship Quality*

Research shows a positive effect of product quality on customer satisfaction (e.g., Anderson and Sullivan 1993) and on loyalty and future purchase intentions of the customer. Further, in a service context, Hess et al. (2003) show a positive impact for quality on relationship continuity. This body of research indicates that product quality has a longer term impact on consumers’ perceptions of the brand. It is hypothesized that this impact occurs because of the positive effect of product quality on the relationship between the consumer and the brand.

**H5: Higher product quality will increase perceptions of the brand relationship quality.**

*Relationships with Perceived Value*

Woodruff (1997) cites the potential for businesses to use customer value as a source for competitive advantage through better understanding of customer needs and goals. Two ways to achieve this are to deliver a product with high perceived quality in the eyes of the customer and to build strong relationships between the customer and the brand.

Research supports a positive influence of product quality on perceived value. In fact, Bolton and Drew (1991) find that quality is the most important determinant of value in a consumer service context. This research expects to find the same results in a consumer good context.

**H6a: Higher perceptions of product quality will increase the perceived value of the brand.**

In the model proposed in Figure 1, brand relationship quality (across all dimensions) is hypothesized to positively impact perceived value. Fournier (1994, 1998) finds evidence for the importance of the individual attachment to the brand and the value it brings to the consumer’s life. A long-term relationship with a brand can enhance a consumer’s perceived value through reduced stress, increased predictability, the absence of a need to change, and a general sense of well-being and overall quality of life. In other words, BRQ can add value by simplifying and/or enriching the customer’s life. Little empirical research has been conducted on the impact of BRQ on value.

**H6b: Higher levels of brand relationship quality will increase perceived value of the brand.**
**Impact on Brand Loyalty**

Loyalty is defined as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver 1999). This definition delineates two aspects of loyalty: attitudinal and purchase loyalty (cf. Chaudhuri and Holbrook 2001). Attitudinal loyalty is the level of commitment toward the brand, while purchase loyalty is the intent to repurchase the brand.

Sirdeshmukh et al. (2002, p. 32) show that value is a “consistent, significant, and dominant determinant of consumer loyalty.” In addition, several studies have shown a positive relationship between value and repurchase intent (e.g., Zeithaml 1988).

**H7a:** Higher levels of perceived value will increase purchase loyalty.

**H7b:** Higher levels of perceived value will increase attitudinal loyalty.

While Chaudhuri and Holbrook (2001) show a proposed interrelationship between attitudinal and purchase loyalty in their model, they do not hypothesize a direction or state if the resulting coefficient was significant. In contrast, this research posits that attitudinal loyalty is in effect the foundation for purchase loyalty since the attitude of commitment forms and reinforces the intent to repurchase. As a result, it is expected that attitudinal loyalty will have a direct and positive impact on purchase loyalty.

**H8:** Higher levels of attitudinal loyalty will increase purchase loyalty.

**Methodology**

Two surveys form the basis for this research. The surveys were conducted with students at a central Texas university based on two product categories that are commonly used by a student population and that also involve some level of risk: tennis shoes and computers. Since the model results across the two studies were not significantly different, the samples were merged for a more robust test of the model. The total sample size across the two studies is 466.

The measures are derived from established scales in the marketing discipline. Existing brands were used in the study since “the most salient characteristic of trust is that it is a cumulative, interactive, and reciprocal experience” (Yoon 2002). The evolutionary nature of relationships makes this equally important in assessing the nature and impact of brand relationship quality (cf. Fournier 1994, 1998).

BRQ was modeled as a latent construct based on multiple item, 7-point (strongly disagree–strongly agree) scales for each of six factors: brand partner-brand, brand partner-consumer, love and passion, intimacy, self-connection, and nostalgia. Based on the attributes, brand partner quality emerged as two separate factors – one oriented to perceptions of the brand’s performance as a partner (brand partner – brand), and the other factor oriented to the desire by the consumer to contribute to the brand (brand partner – consumer).

In addition, the model incorporates eight constructs measured with multiple item, 7-point (strongly disagree—strongly agree) scales: brand share, perceived quality, competence trust, benevolence trust, perceived value, attitudinal loyalty, and purchase loyalty. A description, including sources and summary statistics, for each scale are available from the author.
Model Development and Evaluation

A two-step process was used to evaluate the measurement and structural models (cf. Anderson and Gerbing 1988). The measurement model is first confirmed and then the structural model is assessed.

For the BRQ construct, 27 potential indicators were initially assessed for the six factors. To ensure convergent and discriminant validity among the constructs, confirmatory factor analysis was conducted. Indicators that did not have sufficient loading on the appropriate factor were dropped from the model, resulting in 17 indicators across the factors of the BRQ construct.

While the measurement model had a significant chi-square value (188.3, df = 100, p ≤ 0.01), the chi-square to degrees of freedom ratio is less than 2:1, below the generally accepted criterion of 3:1 for more complex models (i.e., a large number of indicators and a large sample size) (Kline 1998). The goodness-of-fit (GFI = .94) and adjusted goodness-of-fit (AGFI = .90) indices show good fit to the data. As recommended by Sharma et al. (2005), the root mean square error approximation (.053) is below the 0.07 threshold. Given the complexity of the model, the indices suggest that overall the measurement model fits the data well (cf. Yoo et al. 2000). The measures have adequate reliability and validity with all coefficient alphas greater than 0.7 and factor loadings greater than 0.6.

Once the measurement model has been shown to have reliability and validity, the structural model is evaluated. In this model, composite scores (viz., summed, formative measures) were used for the six factors representing the brand relationship quality construct (cf. Diamantopoulos and Winklhofer 2001). The indicators described were used to form the other latent constructs.

The structural model fits the data well given the complexity of the model (χ² = 610.8, df = 296, p ≤ 0.01; GFI = .88, AGFI = .84). With a large sample size, it is not unusual for chi square to be significant; however, the ratio of chi square to degrees of freedom falls well within the 3:1 ratio considered acceptable (Kline 1998). While the GFI and AGFI were adequate, they may not offer the best measure of fit when the number of indicators or sample size is large. In such cases, the non-normed fit index (NNFI = .94) and comparative fit index (CFI = .95) may provide a better measure of fit since they are less affected by large sample sizes. The root mean square error of approximation at 0.06 is below the maximum threshold of 0.07 recommended by Sharma et al. (1993). While MacCallum and Hong (1997) and Sharma et al. (2005) cite problems with establishing cutoff levels for GFI and AGFI, RMSEA appears to be more robust. In this model, the measure is well below threshold levels at 0.043.

Results

As shown in Table 1, there is support for a positive effect of self connection, love and passion, brand partner quality – brand, and brand partner quality – consumer on value (p ≤ 0.01). However, intimacy and nostalgia do not have a significant effect on value (p > 0.05). As a result, there is support for hypotheses 1a-c, but not 1d and 1e. Love and passion and brand partner quality – brand have the greatest impact on value of all of the factors (β = 0.431 and 0.381, respectively).

The results for the hypothesized model are summarized in Figure 1. All of the hypothesized paths are supported except one. As hypothesized, perceived brand share increases the likelihood...
of competence trust (H2a, $\beta=.443$, $p \leq .01$); however, it does not have a significant effect on benevolence trust (H2b, $\beta=.052$, $p>.05$).

Competence trust has a direct, positive effect on both perceived product quality and benevolence trust in support of H3a and H3b ($\beta=.727$ and .747, respectively, $p \leq .01$). Further, as benevolence trust increases, brand relationship quality does as well (H4, $\beta=.402$, $p \leq .01$). As hypothesized (H5), perceived product quality has a significant, positive effect on BRQ ($\beta=.369$, $p \leq .01$).

<table>
<thead>
<tr>
<th>Brand Relationship Quality Factor</th>
<th>Standardized Beta</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Love and passion</td>
<td>.431</td>
<td>$\leq .0001$</td>
</tr>
<tr>
<td>H1b: Brand partner quality – brand</td>
<td>.381</td>
<td>$\leq .0001$</td>
</tr>
<tr>
<td>H1c: Self connection</td>
<td>.145</td>
<td>.001</td>
</tr>
<tr>
<td>H1d: Intimacy</td>
<td>.250</td>
<td>$\leq .0001$</td>
</tr>
<tr>
<td>H1e Nostalgia</td>
<td>.250</td>
<td>.001</td>
</tr>
</tbody>
</table>

*Table 1: Effect of Brand Relationship Quality Factors on Value*

Both perceived product quality and BRQ enhance perceived customer value (H6a and H6b, $\beta=.433$ and .662, respectively, $p \leq .01$). In turn, perceived value drives attitudinal and purchase loyalty (H7a and 7b, $\beta=.863$ and .334, respectively, $p \leq .01$). Finally, attitudinal loyalty has a significant, positive effect on purchase loyalty (H8, $\beta=.651$, $p \leq .01$).

The model explains 96.6% of the variance in perceived value, 74.9% of the variance in attitudinal loyalty, and 91.3% of the variance in purchase loyalty. These results show that the model has strong explanatory power in terms of the influence of BRQ, quality and trust on perceived value and future intentions of the consumer.

**DISCUSSION AND IMPLICATIONS**

Overall, brand relationship quality for consumer goods is rated low (3.3 on a 7-point scale). However, this measure ranges from a low of 1 to a high of 6.6 across consumers and brands. This indicates that where companies can build stronger relationships with consumers, the brand reaps the rewards of greater value and loyalty from the customer. Further, it indicates that there is a lot of room for improvement for the majority of brands of consumer goods. The factors of brand relationship quality that are most important in increasing value are: love/passion, brand partner quality, and self connection with the brand. By building a two-way partnership showing concern and connections for the consumer (beyond merely looking for a purchase), strong brand relationships create value and, ultimately, a competitive advantage for the firm.

Benevolence trust is an important antecedent of BRQ. Competence trust indirectly influences BRQ through perceived product quality. The research findings show that the perceived size of the firm can also build trust that the company can and will reliably produce a quality product (competence trust). However, regardless of size, the customer is skeptical that the company truly cares about the customer’s interests (benevolence trust). Competence trust is rated significantly higher than benevolence trust (means of 5.4 and 4.4, respectively; $t=-19.13$, $p\leq0.0001$). As firms
can increase consumers’ beliefs that the company does look out for customers’ interests, then stronger relationships are likely to develop.

Perhaps most importantly, value directly affects both attitudinal and purchase loyalty. Thus, as perceived value increases so too does commitment and repurchase interest in the brand. These results show that the promises of relationship marketing – customer retention and loyalty – can also be realized in a consumer goods environment.

While this study has produced some interesting findings, it is not without limitations. First, the research was only conducted with regard to two categories of consumer goods: computers and athletic shoes. These two categories were chosen because they represent some level of risk to the consumer which is considered central to the importance of trust and were relevant to the sample of college students. Another limitation is the sample of student respondents. This leads to a focus on one age category (18-25 year olds). To determine the robustness of the findings, future research should extend the number and type of categories of goods and look for effects in populations beyond college students.

This research looks at existing brands since the goal was to understand the relationships of trust and BRQ with perceived value and brand loyalty. To achieve this goal, consumers had to already have prior experience with and knowledge of the brands. The findings do not necessarily extend to new products and the formation of trust, relationships, and loyalty. Future research can address these limitations.

REFERENCES


