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THE IMPACT OF BRAND IDENTITY ON CUSTOMERS' LOYALTY AND SALES PERFORMANCE IN LOCAL COMPANIES

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ABSTRACT

This study aims to determine the impact of brand identity on customer loyalty and sales performance in local companies, Kingdom of Saudi Arabia focus on Munch and Helens bakeries. This study has been done by evaluating both bakeries' brand identities and customers' awareness of the brands, along with examining the results of this evaluation on the impact that it has on the customers' loyalty and sales performances represented in both bakeries. The method adopted for the study is a descriptive quantitative study. Nevertheless, results have shown that Munch bakery carries a stronger brand identity than Helens bakery. Respondents have chosen Munch bakery among a list of competitors as their most familiar brand, which positively influenced the customers' loyalty level and the sales performance of the bakery. Moreover, Munch bakery has received a higher percentage of loyal customers; as respondents have stated that they would extremely likely to recommend the brand to their

friends and families as well as having a higher percentage of long-term lasting customers. After evaluating the sales performance of both companies, results have indicated that Munch bakery is accomplishing more sales than Helens bakery even though the customers' are not completely satisfied with the prices that both bakeries are offering. Munch bakery's stronger brand identity has influenced its sales performance in a more positive way than Helens' sales performance. Respondents' opinion was that they would be definitely more interested to purchase a product from Munch than Helens. Results have also added that the amount of purchase and re-purchase operations occurring at Munch is higher than Helens. The finding implies that the brand identity definitely has an influence on the customers' loyalty and the sales performance at every company, the stronger the brand is; the higher customer loyalty and sales levels it accomplishes.

1 INTRODUCTION

Saudi Arabia has a decent number of local companies operating in different fields. A lot of these Saudi brands have been succeeding and developing over the recent years. Brand identity is considered to be the core of every successful business; it provides the firm with values and sustainable competitive advantage. And not only that, a company with a unique brand identity is definitely more likely to influence customer perceived quality and customer satisfaction in both; short and long term [1]. Yi Zhang [2] has defined brand identity as "the key driver of brand equity, which appeals to consumer's feeling and visual image about a certain brand and the impact it has on their behaviors towards it". Zahid Mahmood [3] summed up the definition of brand identity as "the ability of consumers to access all the information about different options that they carry in their minds, and use it as a reference to differentiate between all available brands and realize what suits them best; by generating the reasons for buying and repurchasing a specific brand."

Branding is a long-term state of mind and not just a name for a company or a product line. Branding requires continuous strategic management, and continuous designing of the company's aims and resources [4]. According to Ali Shirazi, Hanzaleh Zeynv and Lorestani [5], the aim of branding in every company is to gain loyal customers by simplifying all the circumstances that might occur. The brand loyalty occurs when a brand is the customer's first choice of purchase, as well as having the desire to repurchase a brand in the future, regardless of what marketing efforts the competitors are providing. Therefore, these statements identify that it is the brand that markets for itself and sells itself in spite of the product or service offered to consumers.

Chris chase [6] stated that the importance of focusing on a company's brand is equal to the value of the goods and services being offered. There are many successful companies and recognized brands locally and globally. Every consumer has a perceived self-image; an identity that a person carries and that is created with traits,

habits, ways of behaving and so on. This self-image represents one's personality in a certain society. That's why it's crucial for every business to target and select customers while brand planning; some individuals may purchase specific brands only because they perceive them as a reflection to their self-image or identity. Basically, customers tend to compare their self-image with the product or service's image during the purchasing process. Therefore, the purpose of this research is to identify the degree of the impact that brand identity has on customer loyalty and sales performance in local companies, specifically; Munch and Helens bakeries, located in Jeddah/ Saudi Arabia.

2 METHODOLOGY

2.1 Research Design

This study used a descriptive quantitative study design; a discovering the influence of brand identity on customer loyalty and sales performance through a survey. The survey will determine the assessment of the topic applied to local companies, Saudi Arabia. This approach is appropriate because it consists of an examination among objects and records posted by the respondents that clearly identify the purpose of this study. The survey is useful as it provision of actual facts and highlighting the important records that need to be reported.

The purpose of using this method in this study is to obtain the required facts and data in a flexible way; through a survey with the use of questionnaire, as well as the perusal of records of respondents selected through random sampling method. The descriptive research provides the number of times something occurs, frequency, or statistical calculations. For instance, determine the average number of occurrences. It is very precise; and for that reason descriptive research occurs when the study aims to provide a very accurate systematic description.

The survey technique involves the collection of primary data about subjects, usually by selecting a representative sample of the population under study, through the use of a questionnaire. It is very popular since many different types of information can be collected, including attitudinal, motivational, behavioral and perceptible aspects. It allows for standardization and uniformity both in the questions asked and in the method of approaching subjects, making it so much easier to compare and contrast answers by respondent group. Finally, this method ensures higher reliability than some other techniques.

2.2 Sources of Data

This study used two sources of data. The primary source of data was taken from the responses of the respondents of customers of local bakeries in Saudi Arabia. The

data and information were collected through a questionnaire-checklist. The secondary data were taken from the various sources such as marketing books, journals, magazines, pamphlets, Internet and other related reading materials. The published thesis and dissertations that include similar contents to the present study is considered. The feedback and information collected from these sources were very beneficial to this study. The respondents of the study were the customers of local bakery shops where their living location was in Jeddah, Saudi Arabia.

2.3 Research Instrument

The study applied designed survey questionnaires as the main research tool in gathering the data required accomplishing the objectives of the study. This instrument contained four separate sections that define the four independent variables implied on this study. Part I, the profile of the customers of local bakeries. Part II, brand identity evaluation. Part III, customer loyalty evaluation. Part IV, the sales performance evaluation.

2.4 Data Gathering Procedures

The data were gathered and collected by the use of Google forms tool provided by Google.com. This tool allows uploading both quantitative and qualitative survey questions as well as providing distribute and share the online survey through many different channels such as e-mails and Text Messages for it to reach the respondents. After enough respondents have filled the survey, the collected records and data was summarized then was processed, tabulated, presented, analysed with a detailed discussion. The weights assigned to the qualitative scales were also considered. The weighted mean of each item in the questionnaires were determined. The formula used in this study is the following:

$$\sum fx\mu = N \quad (1)$$

Where:

μ = weighted mean

Σ = summation

f = number of responses under each scale

χ = the weight assigned to each scale

N = number of respondents.

3 RESULT AND DISCUSSION

This section presents the results of the study on the profile qualities. The influence of brand identity on customer loyalty and sales performance and the significant relationship between brand identity, customer loyalty and the sales performance

presented in local companies, Jeddah, Saudi Arabia. Data are presented and analyzed in tabular and textual forms.

3.1 Part I, the profile of the customers of local bakeries

Table 1 shows the profile of the respondents. Among the listed genders, female has the higher percentage of 68.5% and male has a lower percentage of respondents with 31.5%. This implies that most of the results are linked to a feminist point of view. The age of the respondents from 31-35 has mark the highest percentage of 29.6%. Moreover, from 61 and more mark the least percentage of the respondents by 0%. This indicates that most respondents are middle aged-adults with a mature opinion and complete ability to offer medium-high prices foods. The income (0-3000) has received the highest percentage of 37%, and from (30,000-40,000) as well as (40,000 and more) mark the lowest percentage of 1.9% each. This shows that most respondents were from the middle-income financial status. Most of the respondents are bachelors as it received a percentage of 64.8%, and only 4 of the respondents were PhD or more as it received a percentage of 7.4%. This explains most of the respondents are from young-middle aged people. Full-time job score the highest percentage among all level; 46.3%. None of the respondents are retired as it mark the lowest percentage. This again, represents the ages of the respondents are most of them were adults whom are able to work as full-time employees.

Table 1: Profile of customer

Profile	Criteria	Frequency (n)	Percentage (%)
Gender	Male	37	31.5
	Female	17	68.5
Age group	15 – 20	7	13
	21 – 25	15	27.8
	26 – 30	8	14.8
	31 – 35	16	29.6
	36 – 40	3	5.5
	41 – 50	4	7.4
	51 – 60	1	1.9
	61 and more	0	0
Income	0 – 3000	20	37
	3000 – 6000	3	5.6
	6000 – 10,000	9	16.7
	10,000 – 15,000	8	14.8
	15,000 – 20,000	7	13
	20,000 – 30,000	5	9.3

Profile	Criteria	Frequency (n)	Percentage (%)
	30,000 – 40,000	1	1.9
	40,000 and more	1	1.9
Education Level	High school	7	13
	Bachelors	35	64.8
	Masters	8	14.8
	PhD or More	4	7.4
Employment Level	Unemployed	8	14.8
	Student	21	38.9
	Full-time job	25	46.3
	Part-time job	0	0
	Retired	0	0

3.2 Part II, brand identity evaluation

The purpose of this section in the survey is to find out how aware the people are about the brands chosen for this study. Much and Helens are both local bakeries located in Saudi Arabia. Few questions were asked to the respondents to see how well Munch bakery and Helens bakery are recognized and distinguished according to their competitors. Table 2 shows that the weighted mean of the most familiar brand according to customers is 4.3, which indicates Munch bakery. This shows that Munch bakery's brand identity is very strong since it was listed among its competitors and marks the highest percentage of the most familiar bakery as well as being categorized as the leader of the market with a weighted mean of 1.7. Another question about the Logo of both bakeries was asked to the respondents to provide their opinions on how they view them. The highest weighted mean was 8.01, which indicates that people's opinion about Helens bakery's logo is that it's friendly. Munch bakery's weighted mean about the same evaluation was 6.01. This explains the importance of the brand's Logo since it's considered to be one of the most important factors that make the brand distinguishable and recognized. The weighted mean of the question "have you ever bought a product from Munch and Helens" was an equal mean of 1.9 Yes. This evaluation simply states that Helens and Munch are both strong brands that are competing against each other. Lastly, the respondents were asked to select the factors that originally caught their attention to Munch and Helens, the weighted means were; 4.7 for Munch and 5.1 for Helens "positive word of mouth". This occurred to be one of the most effective methods of branding.

Table 2: Respondents' Assessment on the brand identity awareness (Munch and Helens)

Brand identity Awareness	Mean	Interpretation
Most familiar brand according to customers: Munch, Helen, Saad Aldain, Al Samadi and Emad Bakery.	4.3	Munch
Munch's Logo: Customers' view	6.01	Friendly
Helen's Logo: Customers' view	8.01	Friendly
Have you ever bought a product from Munch bakery?	1.9	Yes
Have you ever bought a product from Helens' bakery?	1.9	Yes
Which company between Helens and Munch do customers think is the leader?	1.7	Munch
Factors that made it the leader	4.1	Taste
What originally caught customers' attention in Munch	4.7	Positive word of mouth
What originally caught customers' attention in Munch	5.1	Positive word of mouth
Overall Mean	3.98	

3.3 Part III, customer loyalty evaluation

Table 3 shows the customer loyalty evaluation of Munch and Helens bakeries. From the table above Table 2, the results have shown that Munch bakery has a stronger brand than the competitors listed in the survey. At this Table 3, same questions were presented on both; Munch and Helens bakeries, to test and evaluate customers' loyalty for both brands. Respondents chose Munch bakery as their extremely likely first choice with a weighted mean of 3.1. Helens bakery on the other hand marks an extremely likely weighted mean of 2.9. This indicates that Munch bakery has a larger number of loyal customers than Helens bakery, which also explains the fact that Munch bakery marks the highest percentage in the brand identity evaluation. As previously mentioned, positive word of mouth is considered to be one of the most effective methods of branding; loyal customers are the main source of this method. As the results are showing, Munch bakery mark a higher weighted mean of "Recommendation to a friend" which was 3.1 and Helens bakery mark 3.0, both Extremely Likely. Furthermore, respondents were asked to approximately provide the number of items purchased from both brands in the past 12 months. Munch bakery received a weighted mean of 14.9 and Helens bakery received a weighted mean of 13.4. This also represents that Munch bakery has accomplished a higher number of re-purchasing operations from its customers. Lastly, Respondents have shown their relationship terms to both brands by stating how long they have been

customers of the brand; Munch mark a weighted mean of 3.1 and Helens mark a weighted mean of 2.0; both from 1 -3 years. Finally, even though both brands have lasting customer from 1-3 years only, Munch bakery has a larger number of lasting and loyal customer due to its strong brand identity.

Table 3: Respondents Assessment of customer loyalty Evaluation

Customer Loyalty Evaluation	Mean	Interpretation
How likely is Munch bakery considered to be the first choice	3.1	Extremely Likely
How likely is Helens bakery considered to be the first choice	2.9	Extremely Likely
Recommendation to a friend (Munch bakery)	3.1	Extremely Likely
Recommendation to a friend (Helens bakery)	3.0	Extremely Likely
Approximate number of Items bought in the last 12 months (Munch Bakery) (Total)	14.9	-
Approximate number of Items bought in the last 12 months (Helens Bakery) (Total)	13.4	-
How long have you been a customer of (Munch Bakery)	3.1	1 – 3 years
How long have you been a customer of (Helens)	2.0	1 – 3 years
Overall Mean	5.7	

3.4 Part IV, the sales performance evaluation

The Results shown in Table 4 represents the impact of brand identity on the sales performance in companies. Munch and Helens bakeries both mark the same weighted mean of 3.1 extremely likely to repurchase from. This indicates that both brands are satisfying their customers’ needs no matter of how much their prices are. Continuing the explanation of this point, both brands have received a weighted total of 3.1 moderately satisfied about the prices they offer. This also explains that strong brand identities have an influence on both, customer loyalty and the sales performance. This is the linkage between the first question “How likely are you to repurchase from the brand” and the second question “are you satisfied with the prices”, for the first questions respondents stated that they are extremely likely to make repurchases from Munch and Helens, and for the second question they stated that they are not completely satisfied with their prices. When customers are loyal to a certain brand, they still last and stick to it even if they were not completely agreeing on the prices that brand is offering. Most respondents added that they occasionally buy from Helens and Munch bakeries, other than once a month or 2 – 3 times a

month. Munch mark a weighted mean of 4.1 and Helens mark a weighted mean of 4.3. This indicates that most of Helens' customers make purchases from the shop occasionally. Munch mark a lower weighted mean at this point, so this again means that Munch bakery has a stronger brand identity that leads its customers to not only buy items from the shop occasionally but also in the daily/monthly basis. As a sum up, the last question was about the customers' interest to buy products from Munch and Helens bakeries. Much mark a weighted mean of 2.4 and Helens mark a weighted mean of 2.3 both are Definitely Interested. As mentioned before, results have shown that Munch bakery has a stronger identity that is influencing customer loyalty and sales performance in a more positive way than Helens bakery.

Table 4: Sales Performance Evaluation according to Respondents Assessment

Customer Loyalty Evaluation	Mean	Interpretation
Repurchasing from (Munch)	3.1	Extremely Likely
Repurchasing from (Helens)	3.1	Extremely Likely
Price Satisfaction (Munch)	3.1	Moderately Satisfied
Price Satisfaction (Helens)	3.8	Moderately Satisfied
How often do you buy (Munch)	4.1	Occasionally
How often do you buy (Helens)	4.3	Occasionally
Respondents' interest to buy from (Munch)	2.4	Definitely Interested
Respondents' interest to buy from (Helens)	2.3	Definitely Interested
Overall Mean	3.3	

The study attempted to determine the degree of influence that brand identity has on customer loyalty and sales performance in local companies, Saudi Arabia. The two brands chosen for this study were Munch and Helens bakeries, both located in Jeddah/ Saudi Arabia. Specifically, the aim of this study is to identify the attributes of brand identity being utilized in companies located in Jeddah, as well as evaluating the impact of various brand identity attributes on sales performance and customer loyalty.

According to Bhimaro M. Ghodeswar [7] "A brand is the distinctive mark, logo, name, design or any other symbol that identifies the goods and services of a certain product and differentiates these goods and services from its competitors." In other words, a company's brand is a combination of what it exactly does. The brand of an organization represents the personality and missions of it. Creating a successful brand identity requires paying a very close attention and a giving a wide close look at the target market's needs, feelings and expectations. Brand identity is the core of every organization, the glue that holds it together. A brand is a name and also a visual

symbol that customers create based on previous successful experiences that they had with a specific company and its concerns, such as; products, services, stores, channels, communication styles as well as its employees [8]. Some of the branding methods business writers and scholar have provided are the internal and external management of the organization, defining the link or the relationship between the brand and the society being offered as well as monitoring and reviewing brand progress. This method could be done in different ways such as surveys and documentaries, questionnaires and offers.

A survey was shared online to randomly selected respondents to assess and evaluate the impact of both Munch and Helens brands identities on customer loyalty and sales performance. The survey consisted of four sections which are Part I, the profile of the customers of local bakeries. Part II, brand identity evaluation. Part III, customer loyalty evaluation. Part IV, the sales performance evaluation. There were variety of ages and status in the results of customer profile evaluation, which indicates that the respondents are not of similar age or living standards. For the brand identity evaluation, Munch bakery received a higher percentage as a recognized brand than Helens bakery, which explains how it also marks higher percentages according to customer loyalty and sales performance. Based on the obtained survey result, most of the respondents were females from ages 31 – 36 whom are bachelors working as full-time employees with an income level of 3000 – 6000. Among the list of local bakeries located in Jeddah, Much was shown to be the most familiar brand according to the respondents with a mean of 4.3. The findings further revealed that all of the respondents view the logos of Munch and Helens as friendly with weighted means of 6.01 and 8.01. Most respondents are customers of both Munch and Helens bakeries as they mark a weighted mean of 1.9 indicating that most respondents bought a product from both bakeries before. The results also revealed that most respondents have chosen Munch bakery to be the leader in the market with a weighted mean of 1.7 concluded with a 4.1 weighted mean indicating that the taste of Munch's products is the reason. Later, respondents were asked to provide the factor that originally caught their attention on Munch and Helens, both brands mark the same interpretation that indicates "Positive word of mouth".

The customer loyalty was evaluated in according to the brand awareness and Munch marks the highest percentage to be the customers' first choice with a weighted mean of 3.1. Respondents' have also given Munch bakery a higher weighted mean for it to be an Extremely Likely "recommended to a friend" Mean 3.1. Again, Munch has also mark a higher number of purchased items in the last 12 months with a weighted mean of 14.9 when Helens mark a lower weighted mean of 13.4. Lastly, customers' loyalty was evaluated by how long they have been customers of either Munch or Helens, and Munch again mark a higher weighted mean of 3.1 from (1-3) years.

Finally, the sales performance was evaluated and both Munch and Helens mark the same weighted mean of 3.1 extremely likely to repurchase a product. For the price satisfaction, Helens bakery marks a higher weighted mean of 3.8 where Munch bakery mark 3.1 both moderately satisfied. Later on, respondents were to select how often they buy from both brands and Helens mark a higher weighted mean of 4.3 where Munch mark 4.1, both occasionally. Lastly is the respondents' interest to buy from both bakeries, Munch mark a higher weighted mean of 2.4 definitely interested.

4 CONCLUSION

Based on the findings of the study, the following were concluded. Most respondents are coming from a medium-high level of income and can afford the cost of medium-high price foods. Munch bakery has the strongest brand identity among competitors listed in the survey specifically Helens bakery. Most respondents' have viewed the logo of Munch bakery as friendly which explains that Munch bakery is communicating well with its customers and meeting the society's trends. Among all of the respondents, only one person stated that they never bought a product from either Munch or Helens, this indicates that both brands are recognized and well known. Most respondents have chosen Munch bakery to be the leader in the market, this again links to the fact that Munch has a distinguishable brand identity. Moreover, respondents' have selected "positive word of mouth" as the first factor that caught their attention to both brand. Scholars have mentioned that in order for a brand to gain a positive reputation, a well internal and external management of the organization is required. The results were to apply that Munch mark a higher percentage about how "Positive word of mouth" has attracted customers to make purchases from, this indicates that Munch bakery is well managed and meeting the customers' needs.

The customer loyalty was evaluated in according to the brand awareness and Munch mark the highest percentage to be the customers' first choice and the highest percentage on "Extremely likely" to recommend the brand to friends and family. Munch bakery again, mark the highest amount of the number of purchased items in the last 12 months, followed by getting the highest percentage on the degree of lasting customers from (1-3) years. All of these results represent the fact that brand identity has a positive influence on customer loyalty. The previous findings revealed that Munch bakery carries the strongest brand identity among all listed competitors such as Helens, Saad Aldeen, Sanabil Alsalam and Emad bakery. The first result is linked to the second result so that they both indicate the importance of having a strong brand identity and its influence on customer loyalty. Finally, the sales

performance was evaluated and both Munch and Helens bakeries and both brands received an “extremely likely” to re-purchase from response, this indicates that both brands are strong and both brands have loyal customers. However, after evaluating the price satisfaction on both brands, most respondents stated that their “moderately satisfied” and not completely. Nevertheless, Munch and Helens bakeries still have a high number of loyal customers in spite of the prices that they are offering. Later on, respondents were to select how often they buy from both brands and Helens mark a higher percentage on occasionally. This again explains that Munch bakery’s sales performance is stronger than Helens’ since customers do not only buy items from it on occasions, but the results were around “once a month” and “two-three times a month”. The above is an analysis of the study that resulted to show the influence that brand identity has on customer loyalty and sales performance.

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