Mediating Role of Brand Trust and Behavioral Intention in the Relationship Between Perceived Quality of Services and Goods and Brand Loyalty (Case Study: Representatives of Barez Company in Tehran)

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Abstract: In current competitive world, one of the main goals of companies is to provide the best quality goods and services. Companies can increase the number of customers, profit, value and prestige by quality. Additionally, brand trust is a powerful method to create a unique brand. Perceived quality of services, perceived quality of product, brand trust, behavioral intention and brand loyalty are the most important discussions in any industrial policy. Considering this and conducting limited integrative studies on effects of perceived quality of goods and services on brand trust, behavioral intention and brand loyalty, this study integrated these variables. This study was a cross-functional research. The studied population included all customers of Barez Company in Tehran Province. Considering the infinity of population, Krejcie and Morgan table was used to determine the sample size (384). Sampling was performed by simple random sampling and data was collected by questionnaire.

Key words: Perceived quality of services, perceived quality of goods, brand trust, behavioral intention, brand loyalty

INTRODUCTION

Currently, intensified competition is obvious in areas of production and services worldwide. Increasing competition is evident in services, in industries such as automotive and ancillary industries, hospitality, banking, insurance, etc. Considering this, it is increasingly difficult to retain customers and gain their loyalty. Therefore, the main challenge of companies is to provide quality goods and services. However, customer satisfaction, particularly in the area of quality of service, depends on high quality goods and services.

Corporate and business success largely depends on further understanding of customers and competitors and other factors effective on the market (Barjui, 2012). Considering the increasing awareness and expectations of customers in current dynamic competitive market, companies which acquire a real understanding of customer needs and expectations and response properly to changes in the market can guarantee their success over competitors.

Currently, people live in an environment which is increasingly moving towards a service-based economy. Study of characteristics, beliefs and expectations of customers can help organizations to improve their activities and gain customer satisfaction. The delay in applying quality techniques in services, as a fundamental activity to determine quality, leads organizations to bear disadvantageous activities. This type of poor performance in providing quality services not only prevents competitiveness of businesses in labor market but also leads to bankruptcy of organizations.

Recent findings indicate that increase in quality of goods and services perceived by customers shape a strong structure between companies and customers. Brand trust is one of the important outcomes of this relationship. In addition, better value and increased use of services will be followed by customer tendency for reuse and customer trust (Alan and Kabadayi, 2014).

Theoretical framework: Obviously, the provided services include tangible and intangible benefits and costs of a

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service involve money, time, energy and effort spent and stress experienced by the customer (Kuo *et al.*, 2009). In current competitive environment, supply of high quality goods and services is one of the goals of organizations (Zeithaml *et al.*, 1996). Those companies which offer high quality products not only introduce their brand as a competent brand in the market but also gain advantage over their competitors. Using quality, companies can increase customers, revenue, value, prestige, etc. That is why many efforts have been made to conceptualize and measure quality of goods and services perceived by customers and the resulting behaviors by managers and researchers (Alan and Kabadayi, 2014).

Loyalty is a positive attitude to a product through repeated use of that product which can be attributed to psychological processes. In other words, repurchase is not purely a voluntary reaction but rather the result of mental, emotional and normative factors. Keller (1993) argues that brand loyalty has been traditionally measured by repurchase behavior while customer loyalty can be widely considered rather than expressed by simple purchase behaviors.

Brand loyalty involves behavioral loyalty and attitudinal loyalty; Melnz define behavioral loyalty as brand loyalty through observable purchase during a period. In fact, behavioral loyalty refers to the number and amount of repurchase. Attitudinal loyalty is defined as stated preferences, commitment or intention to purchase. Many scholars believe that behavioral loyalty alone cannot explain the reasons for purchase; thus, attitudinal dimensions must also be taken into account (Soltani, 2013).

This study examines the mediating role of brand trust and behavioral intention in the relationship between perceived quality of services and goods and brand loyalty.

Literature review: Berjui *et al.* (2012) determined the relationship between service quality and perceived value and customer satisfaction and loyalty in pools of Tehran; they found a positive significant relationship between customer perceptions of services and perceived value and between customer perceptions of service and customer loyalty. In their study, they evaluated 351 users of swimming pools in Tehran by questionnaire.

Alan and Kabadayi (2014) evaluated the role of brand trust and behavioral intention in restaurants and concluded that perceived quality of services had an effect on brand trust while behavioral intention had no effect on the perceived quality of services. The perceived quality of goods had an effect on brand trust. Perceived

quality of goods had no effect on behavioral intention. Brand trust had an effect on behavioral intention.

Andaleeb and Conway (2006) identified the factors effective on customer satisfaction in the restaurant industry. They studied 600 people who were chosen randomly by the phonebook. Customers considered personnel responsiveness as the most important characteristic followed by price and food quality.

Chinomona and Sandada (2013) examined the effect of product quality on perceived value, trust and behavioral intentions of students in buying electronic gadgets. They studied 151 students of a school in South Africa and measured above variables by questionnaire. Their results showed that product quality had a direct and positive effect on perceived value; perceived value and quality of goods had a direct and positive effect on student trust. It was also found that brand trust had an effect on purchase intention of students. They concluded that perceived value had no significant effect on purchase intention of students.

Hypotheses:
- Perceived quality of services and goods will have a positive effect on customer loyalty
- Perceived quality of services will have a positive effect on brand trust
- Perceived quality of services will have a positive effect on behavioral intention
- Perceived quality of services will have a positive effect on brand loyalty
- Perceived quality of goods will have a positive effect on brand trust
- Perceived quality of goods will have a positive effect on behavioral intention
- Perceived quality of goods will have a positive effect on brand loyalty
- Brand trust will have a positive effect on behavioral intention
- Behavioral intention will have a positive effect on brand loyalty

MATERIALS AND METHODS

This study was an applied research because its objective was to gain knowledge and understanding necessary to examine the mediating role of brand trust and behavioral intention in the relationship between perceived quality of services and goods and brand loyalty through a case study on representatives of Barez Company in Tehran Province. This study was an applied descriptive research because it described and interpreted entities and

Table 1: Results of Cronbach's alpha test for the primary questionnaire

Variables	Cronbach's alpha
Perceived quality of services	0.762
Perceived quality of goods	0.774
Brand trust	0.852
Behavioral intention	0.788
Brand loyalty	0.852
Total	0.975

Table 2: Demographic variables of samples

Demographic variables	Number	%
Gender		
Man	200	52.1
Woman	184	47.9
Age		
<20	78	20.3
21-30	167	43.5
31-40	100	26.0
>40	39	10.1
Education		
Less than bachelor's degree	151	39.3
Bachelor's degree	119	31.0
Master's degree and PhD	114	29.7
Number of visits (year)		
Once	140	36.5
2-3 times	150	39.0
4 times and more	94	24.5
Income		
<1 million Tomans	118	30.7
1-2.5 million Tomans	110	28.6
2.5-4 million Tomans	89	23.2
>4 million Tomans	67	17.4

considered the existing conditions or relations, common beliefs, ongoing processes or expanding trends and determined the current situation by collecting information to test the hypothesis or answer the relevant questions. The studied population included all customers of Barez Company in Tehran Province.

Cluster sampling and simple random sampling were used for the primary and secondary sampling. Considering the fact that 50 (20%) out of 250 representatives of Barez Company are located in Tehran Province, this province plays an important role in performance of this company. Thus, Tehran Province was selected for the study. Moreover, questionnaires were distributed in all representatives of Barez Company in Tehran Province. Considering the infinity of the population, Krejcie and Morgan table was used to determine the sample size (384). A questionnaire was used to collect data required for the model.

Previous studies and expert opinions were used to develop the questionnaire on a 5-point Likert scale. This study used a standard questionnaire which was used previously in similar studies (Alan and Kabadayi, 2014). Validity of the questionnaire was confirmed by experts, consultants and supervisors as well as organizational experts. Cronbach's alpha was used to assess reliability of the questionnaire which was >0.6 for all variables as listed in Table 1-2.

RESULTS AND DISCUSSION

Model measurement: Once the diagram was plotted and structural equation algorithm was run, following numbers appeared on the diagram (Fig. 1).

Significance of factor loadings determined by using BT procedure in the software and statistical t values appeared on the paths existing in the model, as shown below (Fig. 2).

Relationship between variables and hypothesis testing: This study examines and tests hypotheses through path analysis. Once the model is expressed and data is collected, the model estimation starts with a set of known relationships between measured variables. Path models are a logical extension of multiple regression models. Although path analysis involves models with multiple observed variables any number of dependent and independent variables and any number of equations may exist in path analysis. Significance of all coefficients and parameters of the model are tested in the output. A coefficient is significant if significance numbers are >1.96 or <-1.96. Results are shown in a Table 3. Obviously, no paths are supported. Thus, hypotheses are formulated as follows:

- Brand trust has a significant effect on behavioral intention
- Behavioral intention has a significant effect on brand loyalty
- Perceived quality of services has a significant effect on brand trust
- Perceived quality of services has no significant effect on behavioral intention
- Perceived quality of services has a significant effect on brand loyalty
- Perceived quality of goods has a significant effect on brand trust
- Perceived quality of goods has no significant effect on behavioral intention
- Perceived quality of goods has a significant effect on brand loyalty
- In addition to hypotheses, the software model also measures other indirect paths

Path analysis is an advanced statistical method by which both direct effects and indirect effects of independent variables can be identified on dependent variable. In other words, path analysis technique is used to determine direct and indirect effects and

Table 3: Path analysis model (standard and significance coefficients)

Models	Original sample	Sample mean	SE	t-statistics	p-values
Behavioral intention<-brand trust	0.651	0.664	0.147	4.424	0.000
Brand loyalty<-behavioral intention	0.375	0.373	0.128	2.922	0.004
Brand trust<-perceived quality of services	0.186	0.189	0.067	2.763	0.006
behavioral intention<-perceived quality of services	0.092	0.096	0.071	1.291	0.197
Brand loyalty<-perceived quality of services	0.244	0.253	0.095	2.560	0.011
Brand trust<-perceived quality of goods	0.778	0.778	0.058	13.311	0.000
behavioral intention<-perceived quality of goods	0.170	0.152	0.142	1.194	0.233
Brand loyalty<-perceived quality of goods	0.313	0.310	0.132	2.371	0.018

Table 4: Hypotheses testing

| Hypothesis	Effect	Path coefficient	Significance coefficient	Sig.	Result
Brand trust‾behavioral intention	Direct	0.651	4.424	0.000	Confirmed
Behavioral intention‾brand loyalty	Direct	0.375	2.922	0.004	Confirmed
Perceived quality of services‾brand trust	Direct	0.186	2.763	0.006	Confirmed
Perceived quality of services‾behavioral intention	Direct	0.092	1.291	0.197	Rejected
Perceived quality of services‾brand loyalty	Direct	0.244	2.560	0.011	Confirmed
Perceived quality of goods‾brand trust	Direct	0.778	13.311	0.000	Confirmed
Perceived quality of goods‾behavioral intention	Direct	0.170	1.194	0.233	Rejected
Perceived quality of goods‾brand loyalty	Direct	0.313	2.371	0.018	Confirmed
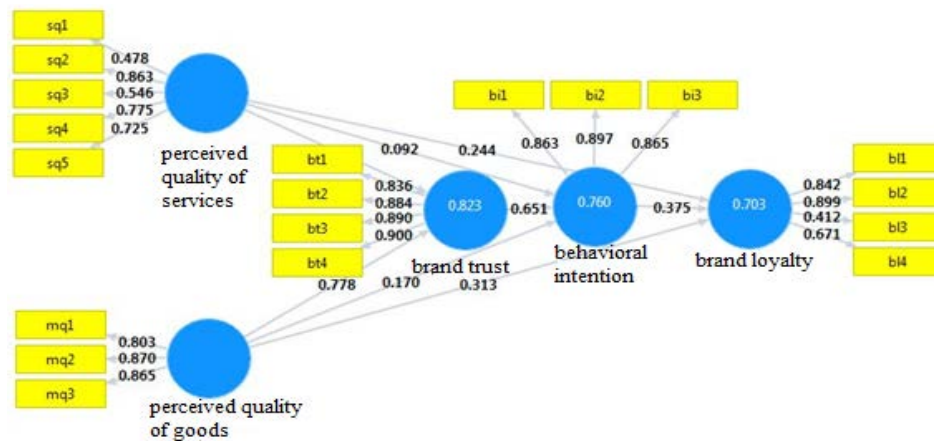
Fig. 1: Estimated model
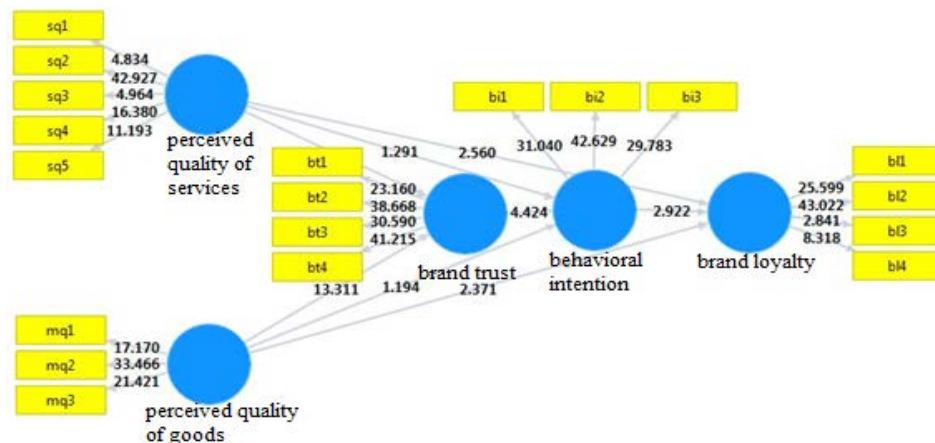
Fig. 2: BT model

ineffectiveness among variables of the causal system as well as consistency of the theoretical model with a set of data. Accordingly, Table 4 summarizes the hypotheses as follows. The final model is developed as follows (Fig. 3).
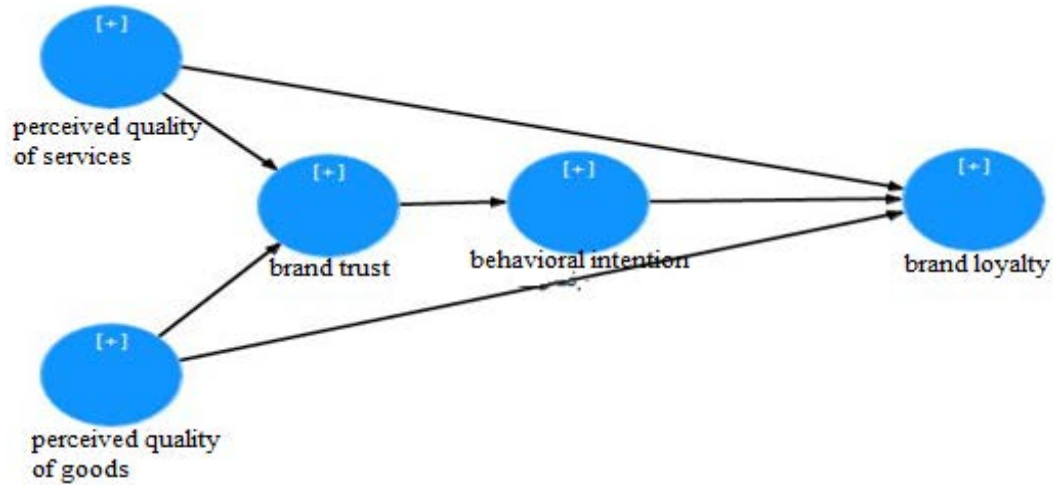
Fig. 3: Final model

CONCLUSION

The main objective of this study was to examine the mediating role of brand trust and behavioral intention in the relationship between perceived quality of services and goods and brand loyalty in representatives of Barez Company in Tehran Province. Fitting the structural model following results were obtained for the variables.

Perceived quality of services has a direct and significant effect on brand trust and brand loyalty but no direct and significant effect on behavioral intention. Moreover, perceived quality of goods has a direct and significant effect on brand trust and brand loyalty but no direct and significant effect on behavioral intention.

- Brand trust has a direct and significant effect on behavioral intention
- Behavioral intention has a direct and significant effect on brand loyalty

Quality of services and goods is the most important factor determining the success of an industry. In addition, many studies have asserted that customer perceived quality of goods and services increases brand trust and influences consumer behavioral intention. This will lead to an increase in brand loyalty. Obviously, this industry can be considered as a servicing occupation; thus, managers need to monitor the quality of services and goods persistently. Failure of a representative in improving quality of services and goods provided will reduce brand trust and the number of customers due to the shift in their behavioral intention and eventually will reduce brand loyalty.

Currently, brand identity as capital creates value for the organization and its products; thus, promotion of brand becomes a strategy in many cases. Brand is an image of products in the market. People who deal with brand look for specific quality or features which make it special or unique. This study examined the mediating role of brand trust and behavioral intention in the relationship between perceived quality of services and goods and brand loyalty. This study found that the perceived quality of services and goods is effective on brand trust. Moreover, trust has an effect on behavioral intention. Since the effect of brand loyalty is confirmed through behavioral intention, Barez Company will gain customer loyalty, followed by higher sales and profitability, if it provides the best quality goods and services. Considering the results obtained from hypotheses, following solutions are presented:

- To provide the optimal experience for customers by human resources and personnel in order to increase brand trust

Given that $t = 2.736$ for the effect of perceived quality of services on brand trust, representatives of Barez Company are recommended to consider following solutions to promote perceived quality of services:

- To train personnel for customer assistance
- To provide the services promised accurately and reliably
- To encourage personnel to help customers and provide timely services

Given that $t = 1.291$ for the effect of perceived quality of services on behavioral intention, which is lower than the critical value (1.96), the perceived quality of services

has no significant effect on behavioral intention. Thus, representatives of Barez Company are recommended to improve the quality of services to attract more customers and positively influence their behavioral intention.

Given that t = 2.560 for the effect of perceived quality of services on brand loyalty, representatives of Barez Company are recommended to train their personnel to acquire the capability required for responsiveness to customer needs. Moreover, managers of these representatives need to train personnel to handle customers properly.

Given that t = 13.311 for the effect of perceived quality of goods on brand trust, represetatives of Barez Company are recommended to increase brand trust by improving quality of products consistently relying on R&D department and advertising effectively to gain greater awareness of customers. Effective advertisement on the rewards achieved by the company for the quality of its products can increase customer trust to this brand.

Given that t = 1.194 for the effect of perceived quality of goods on behavioral intention which is not significant, representatives of Barez Company are recommended to consider following solutions to attract customers:

- To create a customer club to establish a permanent relationship with customers and provide them with correct, appropriate and effective information
- To use sales promotion tools such as customer club discount, coupons, free samples, promotional goods, etc
- To advertise continuously to remind and convince customers to purchase

Given that t = 2.371 for the effect of perceived quality of goods on brand loyalty which is slightly higher than the critical value (1.96), representatives are recommended to use convincing advertisement to inform customers about quality of products and justify the reasons for choosing this company over competitors.

Given that t = 4.424 for the effect of brand trust on behavioral intention, the trust of customers to Barez brand is obvious. It seems that the increased customer perceived quality of goods and services can contribute to customer satisfaction. This will increase brand trust, ultimately resulting in repurchase and praise of the goods by the satisfied customer. A satisfied customer endorses goods to three people while an unsatisfied customer will complain about the goods to eleven people. To increase purchase intention of customers, representatives of the Barez Company are recommended to encourage customers to present their complaints and suggestions and reward those customers who provide the best complaints and suggestions with specific promotions such as discounts, coupons, etc.

Given that t = 2.922 for the effect of behavioral intention on brand loyalty, customer loyalty to Barez brand is evident. Customers are loyal to this brand, recommend it to others and are willing to spend more money for this brand. In this regard, Barez Company is recommended to consider special discounts, appropriate gifts and discount coupons to appreciate loyal customers.

CONCLUSION

Results showed that perceived quality of services and goods had a significant positive effect on brand trust and brand loyalty while these two variables had no effect on behavioral intention. In addition, brand trust had a significant positive effect on behavioral intention and vice versa.

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