BRAND LOYALTY ON SPORTS SHOES: A STUDY OF NIKE

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Abstract: *The purpose of this study is to examine the path of quality of product, promotion, brand name, store environment and quality of service toward Nike sports shoes in Malaysia. In this highly competitive phenomenon, brand loyalty has become an essential key issue affecting customer decision-making. Furthermore, brand loyalty will be achieved when the business has successful to best reputation. This study will employ the SPSS 25 and Smart-PLS 3.0 to examine the respondents' profile and to test the relationship between the factors on brand loyalty. Quantitative research using questions was applied to get responses from randomly selected respondents participated in this study which comprised 75% of the response rate. In a nutshell, this study found that quality of product, store environment and quality of service have a positive relationship with brand loyalty. On the other hand, price, promotion and brand name do not have any significant with brand loyalty. The paper will be of benefit to sports shoe industry specifically Nike as it can help Nike to gain more tips and better understanding towards the factors that can sustain their brand loyalty and further improve on their products. In the discussion, a summary of our study, managerial implications and new research direction are presented.*

Keywords: *brand loyalty, brand name, Malaysia, quality, store environment*
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Introduction

The sports industry has become more commercial and explores international compare with the previous year; the result has been created within sports. Nowadays, sports business having a global market and need to become progressive service dealers to contend with other relaxation exercises. In this competitive field, Nike, as a leading sports brand company, has success their business by creating their product. Although Nike is indeed a leader in the field of sports shoes, Nike still needs to continue to pursue progress to meet the ever-changing market and consolidate brand status. Nike is the global market leader in the sports shoe industry, the annual sales income of more than $19.8 billion US dollars in the year 2016. This figure is higher than its two closest rivals which are Adidas and Puma.

In this highly competitive phenomenon, brand loyalty has become an essential key issue affecting customer decision-making. Based on some of the study to examine the effect of

customers' satisfaction on brand loyalty, researchers found that there are directly linking the customer's satisfaction and brand loyalty. Customers who get satisfied will become loyalty and customer whose dissatisfaction with the brand product might move to other suppliers until they get their fulfilment (Kinuthia, Mburugu, Muthomi, & Mwihaki, 2012). Through the research, brand loyalty can help the company to maintain customers when they get satisfaction for the brand product. Retaining existing customers is easier than acquiring new customers when growing business, and it can reduce the cost of maintaining customers (Koksal & Demir, 2012). The reason that keeps the existing customers cheaper than gain new customers is if the consumer can remember the product brand name, they will pass the message to the friend, which is called "word of mouth". When consumers recommend their friends to buy the product brand, the message will continue to spread to other people. Therefore, the company can reduce some cost to promote their brand products.

Meanwhile, brand loyalty will be built when the business has successful to best reputation. Besides, the quality of service is one of the essential factors affecting brand loyalty. Excellent service has been provided can maintain and attract customers to purchase the company. It is because the real emotions of consumers have gained a view of service quality in terms of satisfaction with specific industries (Phiri & Mcwabe, 2013). Therefore, the consumer's point of view is essential to the company because it is a factor that affects the behaviour of the consumer and ultimately affects the business income (Mazreku, 2015). As a result, marketers must repeatedly assess customer service quality objectives to prevent customer's dissatisfaction and associations from being satisfied with meeting customer needs and wants. The purpose of this study is to examine the path of factors affecting brand loyalty for Nike shoes. Nike is a trendy sports brand for consumers. Nike is manufacturing a large variety of sporting equipment, apparels, shoes and any kind of sports products.

Literature Review and Hypotheses Development

Brand Loyalty

When customers gain the best experience from the brand purchasing, brand loyalty and confidence in making a purchasing decision on the brand been built, it can reduce some cost to promote their brand products. Loyal customers will pass the message to the friend, which is called "word of mouth". When consumers recommend their friends to buy the product brand, the news will continue to spread to other people. Word-of-mouth communications are one of the powerful marketing strategies in brand exposure. Brands that can make customer satisfaction may encourage more purchases and increase brand loyalty (Mohammad & Hashim, 2016).

Based on Lim and Aprianingsih (2015), these are two crucial keys can affect brand loyalty, which is consumer behaviour and consumer's preferences. Brand loyalty can be defined as though measure by the frequency of repurchase and the changing of price, customers will choose a preferred brand to compare to other similar brands. Consumer true brand loyalty will only happen when a customer keeps on repurchase the product without any consideration. This consumer is willing to pay no matter what price the product been offered.

Quality of Product

Product quality means to incorporate features that can meet consumer needs and give customer satisfaction by altering products to make them free from defects. The requirements of quality from the product could be defined by following characteristics and parameters. Quality of product includes features and comfort, functions of services or products. It can meet customer needs. Besides that, the quality of the product could be defined as suitable for use or required to use, it can make consumers may repeatedly purchase of a single brand, or consumers might switch for few brands until they to meet the quality of the product. Besides that, the product quality of fashion commodities includes cutting or fittings, dimension, material, function, colour and product performance (Lim & Aprianingsih, 2015).

Product quality comprises of the product appearance and attributes that can fulfil the needs and wants of a consumer. The consumer would choose a product because the product or services offered something that able to meet the needs and desire of the consumer. The consumer selects the buy the thing they need it. A consumer would not tend to buy a product that doesn't offer what a consumer needs. A consumer who experience with high-quality products, they will reflect their positive about the brand by spreading good words or information about the product to other consumers, and they will keep repeat purchase the same brand over again due to the physical quality of the product (Kinuthia et al., 2012). Consumer would be a loyal customer if the product brand can fulfil the expectation of the consumer.

H1: There is a positive relationship between quality of product and brand loyalty

Promotion

In general, promotion can have defined a set of activities, which include brand or service to the user. Promotion is a type of communication with the target market and a component of the marketing mix. There are many promotions can be used in the market, such as advertising, sales promotions, personal sales and publicity. Those of the promotion are using to attract customers intention. It can use to attract customers who have not to purchase in the past, to enable those customers to understand more information about the brand and the products.

The main point of promotion is to make sure the consumer is aware of what the latest brand products and make the consumer have the feeling of buying the brand products. Promotion is essential for every organization for their marketing strategies. Good marketing strategies will let the organization to build a strong relationship with the existing customer and potential customer. Through promotion, a business can make a great relationship with customers. For those new customers can get brand information from it and for those existing customers can update the latest information from it. From the promotion activities, an organization willing to inform all participate in the latest information about their brand products, which include the brand, new product style, feature, function, etc.

Yee and Mansori (2016) stressed that promotion is a type of services used to promote brand products. It would encourage a potential customer to purchase products from the brand. Through the magazine and television, the brand information would share all viewer. The idea of advertising would establish the brand image in the customer's mind to make a differential for the products image towards other brand product. Furthermore, promotion is a communication tool that interacts between consumers and brand products. Promotion could

widely introduce the detail about the brand to everyone (Lim & Aprianingsih, 2015). The more people know about the brand, the more chance to create brand loyalty among customers.

H2: There is a positive relationship between promotion and brand loyalty

Brand Name

The brand name is the first thing that could be used to attract consumers towards the brand. An attractive name of the brand has developed by the company; it would enhance the consumer buying perception towards the brand products. A brand name was a name given by the organization or manufacturer to provide a unique image for products or services. Besides that, the name of the brand could protect and used to be a trademark. The brand name is a significant source that has the biggest power to determine the identity of the brand. Furthermore, it also could help companies to build brand image in consumers' mindset.

Lim and Aprianingsih (2015) mentioned that a famous brand name could bring any benefit to the brand. Most of the consumer will tend to purchase 33 famous brand rather than an unknown brand. That's mean a name is essential for a brand because brand loyalty is created when customers consume towards the brand. Besides that, the customer would consider the brand name, brand image and brand product to decide whether they deserve to purchase for them. Correspondingly, Deb (2013), the brand name is representing as the brand image, identity of the brand and product quality assurance. A succeed brand could increase the repurchase attribute of consumer. Through the purchasing process, the company could create stronger brand loyalty among the consumer. Moreover, a popular brand name would bring more advertising benefit because customers who have good purchase experience will spread to others.

H3: There is a positive relationship between brand name and brand loyalty

Store Environment

The store environment is including a set of physical properties of the physical store. The stimuli in the store, such as characteristics of other shoppers and salespeople, store layout, noises smells, temperature, shelf space and displays, sign, colours, and merchandise, affect consumer and serve as elements of apparels attributes somehow will affect the consumer decision making. Physical stores play an important role in affecting customer loyalty and customer's satisfaction towards the brand. There are some facilities and detail of the brand store would raise the satisfaction level of customers, such as a spacious and clean physical store. It is an attractive way that used to display the products and locations sold by the brand. For example, the cosmetics industry, consumers may be looking for that are relaxing and cleaning physical store. Therefore, customers can browse and do some treatment, such as calm facial care. The direct and indirect effect of customer loyalty is the influence of store image (Mohammad & Hashim, 2016).

Besides that, the music background will also affect consumer buying decision and even attitudes toward a product. If a store is playing slow music, there is a possibility that consumer will spend more time in-store. The reason is that slow music may let the consumer feel relax when they are purchasing something from the store, they will spend more time to look around the store and the probability they will spend more money is high (Lim & Aprianingsih, 2015). Therefore,

most of the Nike store was operated in a shopping mall or around the shopping mall. So that allows customers to visit Nike store while they're going shopping.

H4: There is a positive relationship between store environment and brand loyalty

Quality of Services

Quality of services is one of the essential factors that would influence brand loyalty. Quality of services could be defined as to satisfy their customer's expectations, which fulfil the customers' needs and requirements (Grönroos, 1984). When customers are convinced that there are certain service privileges, and like the services they provide, they like to be in some stores shopping.

Furthermore, the customer "for the service and the experience of the assessment, and customer brand loyalty is affected by the personalized, including responsiveness, personalization, tangible and reliability (Leung & To, 2001). That's the mean quality of service significance influence consumer experience and evaluation of service, which automatically affect the brand image. For example, if the salesperson's attitude to the customers is bad, it will directly affect the sales of the brand store, and the customer's perception of the brand image would be affected. Deb (2013) in his study stated that only customers who use functional quality attributes to describe or predict behaviour may have low predictive validity and are the wrong specifications for service quality

Quality of services is a type of personal selling the can affecting brand loyalty. Services quality is an interaction between employee and customer (Lim and Aprianingsih, 2015). A strong relationship between employee and customer could attract customer to repurchase the brand products. It will build a long-term relate trend for customers towards the brand store. Quality of services is the service that provided the salespeople to the existing customer and potential customer (Deb, 2013). Quality of service significance influence consumer experience and evaluation of service, which automatically affect the brand image. The excellent services that provided by employee willing to gain more customer, bad quality of services provided by employee enable the customer no longer to purchase from the brand store again.

H5: There is a positive relationship between quality of service and brand loyalty
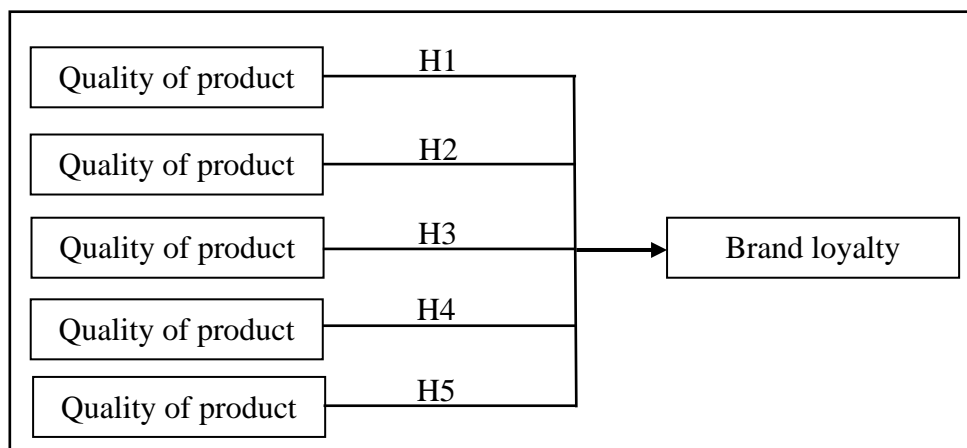

Figure 1: Research model

Methodology
The respondents of this study were consumers in Malaysia. The minimum sample size required was 138 based on the G*Power calculation. The questionnaires were distributed to the respondents at the mall and universities upon getting approval from the management. The entire process of data collection was carried out from January 2018 to March 2018. A total of 150 questionnaires were collected within the stipulated period.

Findings and Discussion

Respondents' Profile
Table 1 projected that there were a total of 150 respondents who had participated in the survey questionnaires. Forty-four males encompassing 29.3% of the respondents and 106 females who made up 70.7% of the respondents took part in this research. Besides, majority of the respondents are from the age range between the ages of 21-25 years old (66.7%). In terms of income, 94 respondents earned below RM1,000, which is the largest group (62.7%) compared to the rest of the income range. Hence, the majority of their annual spending on sports attire is in the range between RM101-RM300 (46.7%).

Table1: Demographic Profile of Respondents

		Frequency	Percentage (%)
Gender	Male	44	29.3
	Female	106	70.7
Age	Below 20 years old	29	19.3
	21-25 years old	100	66.7
	26-30 years old	11	7.30
	31 years old and above	10	6.70
Race	Malay	6	4.00
	Chinese	137	91.3
	Indian	7	4.70
Income per month	Below RM1,000	94	62.7
	RM1,001-RM2,000	18	12.0
	RM2,001-RM3,000	22	14.7
	RM3,001 and above	16	10.7
Average annual amount spent on sports attire	Below RM100	52	34.7
	RM101-RM300	70	46.7
	RM301-RM500	24	16.0
	RM501 and above	4	2.70

Measurement Model Results
The construct validity and reliability is used to assess the goodness of the measurement model in this study. Reliability is a consistency test of the measurement models measures over a repetitive measurement. At the same time, validity concerns how well a measurement model capable of measuring the particular theory or concept (Sekaran & Bougie 2010). Convergent

and discriminant validity determines the construct validity in this study. Convergent validity refers to the degree of which multiple construct indicators which are theoretically related are in agreement. Factor loadings, composite reliability (CR), and average variance extracted (AVE) were used to assess the convergence validity (Hair et al. 2019). As shown in Table 2, the loadings of all construct indicators, Cronbach's alpha, rho_A, composite reliability and AVE from this study meet the threshold value as mentioned by Hair et al. (2019).

This study follows the heterotrait-monotrait ratio of correlations (HTMT) procedure prescribed by Henseler, Ringle and Sarstedt (2015) to assess discriminant validity. As depicted in Table 3, all values of HTMT were lower than the conservative threshold of 0.85 (Henseler et al., 2015), thus providing evidence of discriminant validity.

Table 2: Measurement items

Variables	Items	Loadings	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Quality of Product	QOP1	0.839	0.880	0.885	0.917	0.734
	QOP2	0.882				
	QOP3	0.864				
	QOP4	0.842				
Promotion	Promo1	0.899	0.858	0.888	0.912	0.776
	Promo2	0.905				
	Promo3	0.837				
Brand Name	BrandN1	0.895	0.902	0.905	0.931	0.773
	BrandN2	0.882				
	BrandN3	0.892				
	BrandN4	0.845				
Quality of Service	QOS1	0.909	0.941	0.944	0.958	0.849
	QOS2	0.930				
	QOS3	0.946				
	QOS4	0.901				
Store Environement	StoreEnvi1	0.877	0.878	0.879	0.916	0.732
	StoreEnvi2	0.851				
	StoreEnvi3	0.874				
	StoreEnvi4	0.820				
Brand Loyalty	B.Loyalty1	0.912	0.938	0.939	0.953	0.801
	B.Loyalty2	0.914				
	B.Loyalty3	0.897				
	B.Loyalty4	0.890				
	B.Loyalty5	0.859				

Table3: Discriminant Validity

	Brand Loyalty	Brand Name	Promotion	Quality of Product	Quality of Service	Store Environment
Brand Loyalty						
Brand Name	0.697					
Promotion	0.607	0.694				
Quality of Product	0.750	0.885	0.711			
Quality of Service	0.657	0.678	0.582	0.712		
Store Environment	0.718	0.762	0.684	0.777	0.759	

Structural Model Results

After computing the path estimates in the structural model by bootstrap analysis, the statistical significance of the path coefficients was determined. According to Hair et al. (2019), although 5000 resamples are recommended, the authors also stated that the number of bootstrap samples should be high and exceeded the number of valid observations in the data.

Table 4 shows the direct relationships of the independent to the dependent variable. Three out of five direct relationships were showing a significant positive relationship with brand loyalty namely quality of product ($\beta = 0.288$, $p < 0.01$), store environment ($\beta = 0.201$, $p < 0.05$) and quality of service ($\beta = 0.173$, $p < 0.05$). This leads us to support H1, H4 and H5. On the other hand, the result reveals that brand name and promotion are non-significant.

There is a significant relationship between the quality of product and brand loyalty. The result by Rehman, Zia-ur-Rehman, & Akhtar (2013) found that product quality for Nike products profoundly influence brand loyalty. Similarly, brand loyalty can be achieved when the product itself is off quality which was proven by researches that have been conducted in various industries (Hadiza, 2014). Besides, the findings from this study also show that the store promotion influences brand loyalty. This finding is consistent with previous research by Nurul Aishah and Dang Merduwati (2016) where they found that physical stores play an important role in effecting customer loyalty and customer's satisfaction towards the brand. There are some facilities and detail of the brand store would raise the satisfaction level of customers, such as a spacious and clean physical store. The layout of the physical store will stimuli shopping intention of customers, the in store stimuli such as smell, color, music and etc (Lim & Aprianingsih, 2015). Likewise, the results showed that there is a significant relationship between quality of service and brand loyalty. Singh (2016) found that quality of service significance influence consumer experience and evaluation of service which automatically affect the brand image.

Table 4: Hypothesis Results

Hypothesis		Std Beta	Std Error	t-value	Decisions
H1	Quality of Product -> Brand Loyalty	0.288	0.104	2.760	Supported
H2	Promotion -> Brand Loyalty	0.104	0.083	1.257	Not Supported
H3	Brand Name -> Brand Loyalty	0.109	0.114	0.962	Not Supported
H4	Store Environment -> Brand Loyalty	0.201	0.095	2.113	Supported
H5	Quality of Service -> Brand Loyalty	0.173	0.098	1.767	Supported

Conclusion

In this research, the finding and analysis will definitely help out for the entire future researchers, which have an interest to studies in this field. With this research it will contribute more knowledge in terms of the sports shoes industry and to identify relationship between the factors towards influencing brand loyalty. The final result of this research will provide managerial implication which will enhance brand loyalty towards Malaysian. The finding of this research is that management should improve those factors such as quality, store environment and quality of services. Those three factors are importance for building brand loyalty toward Nike sports shoes. Nike brand should keep their product had well quality and increase the technology of it. User willing to buy sports shoes with lightweight and comfortable. Besides that, Nike brand should make improvement on store location part and store facility part. Based on the result of the survey, it shows that quality of service part toward Nike is not considered as high rate in overall. Nike should improve this part in order to build brand image.

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