

# Determining the Brand Loyalty of Rice Business in North Eastern of Thailand

ChayananKerdpitak

Collage of Innovation and Management, SuanSunandhaRajabhat University, Thailand

Email: chayanan.ke@ssur.ac.th

## Abstract

Brand loyalty is the positive feeling of the customer towards brand or product and customer repurchase and reuses it. In other words, it is called product addiction. Many related factors produce brand loyalty. The main aim of this study is to find out the different determinants of brand loyalty of Rice in the north eastern; Thailand with the moderation of perceived quality and value. Data is collected from the Rice industry in the north eastern; Thailand. A convenient and snowball sampling technique is used. Data is collected via the questionnaire by using e-mails of employees. E-mail of respondents' was taken from the management of companies. The study is quantitative in nature and data is cross-sectional. After the collection of data, a statistical tool is applied to it. Results revealed that customer satisfaction, perceived quality, and value and preserves have a positive significant impact on brand loyalty of Rice. Moreover, perceived quality and value moderates the relation between customer satisfaction, preserves, and brand loyalty of Rice. This study suggested to managers of product companies of Rice that they have to focus on determinants like (customer satisfaction, perceived quality, and value and preserves) for increasing the brand loyalty of Rice.

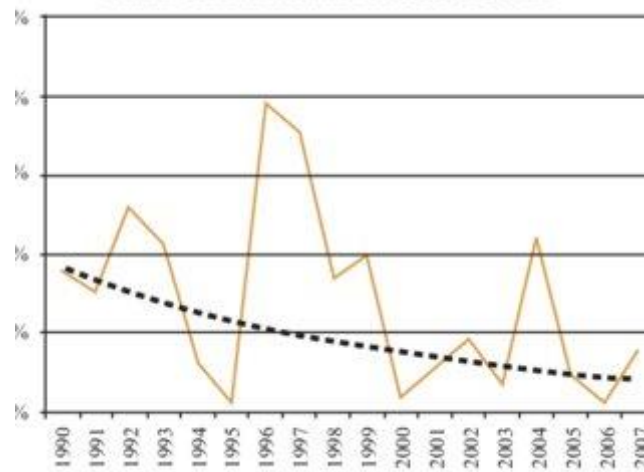
**Keywords:** Customer Satisfaction, Perseveres, Perceived Quality and Value, Brand Loyalty of Rice business.

## 1. Introduction

This study was conducted to find out the factors or determinants that build the brand loyalty of Rice in Thailand. Brand loyalty is simply the positive feeling of the customer towards the brand. Brand loyalty means the customer is loyal to the brand and repurchase and reuse it again and again. Brand loyalty is something, due to which customers repurchase one product again and again or from only one company not because of that, the company is in monopoly, but due to the reason that customer trust on it. Brand loyalty sometimes acts as a competitive advantage for companies. Brand loyalty determines customer behavior patterns. Brand loyalty is simply called the addiction towards product and service, individual reuse this product or service until some competitors' action or change in the environment (Atkinson & Brander Brown, 2001).

Rice is the registered type of rice from Thailand. This dark purple-colored rice is grown from the cross bread of JaoHom Nin (JHN) and KhoaDawk Mali. It is also called the Thai black jasmine rice. The Rice Industry of Thailand contributes in the large to the GDP and give

employment to many people. Thai rice market significantly covers the large portion of the economy of Thailand. Thai industry is considered the largest producer and exporter of rice in the world. Thai rice market produced rice is considered the best rice in the world. But with all these positive things, rice production and growth of the rice market dropped gradually in Thailand due to which export of rice to another country is also low (Melnick et al., 2020). This decrease in growth is depicted in Figure 1.



**Figure 1.** Rice Industry Outlook (2020)  
Source: Mdpi Forecast for the year of 2020

Moreover, with all these challenges, Thailand's rice production in 2019-20 is forecast to drop to 18 million tones. One main reason to lower the growth and production of rice is, the government of Thailand restricted or banned the production of rice in many areas of Thailand. Many other factors include environmental and climate issues which reduce the production of rice in Thailand. One main reason is that the Chinese market declared that Thai exporters export low-quality rice. All these challenges are faced by the Thai rice market and Thai exporter (Kerdpitak, 2021; Altaf, Hameed, Nadeem, & Arfan, 2019).

Literature proved that brand loyalty is an important tool for increasing the performance of companies to increase customers' trust, production, and exports of products and brands. Previous studies also argued that brand loyalty builds by a different tool like the quality of the product, Good word of mouth, trusted customer, loyal consumers, and the most important value-added to the product. Various studies discussed earlier also argued that brand loyalty is a positive factor that decreases the challenges and negative vibes at the workplace and increases the positive outcome at the workplace (An, 2019; Banker, Konstans, & Mashruwala, 2000). This study also wants to analyze the determinants that build the brand loyalty of rice products. Figure 2 showed the theoretical framework that includes some determinants like (customer satisfaction, preserves) as independent variables, product perceived quality as moderator, and brand loyalty of rice as the dependent variable.

This study has a vital contribution in prior literature by finding the determinants (customer satisfaction, preserves, and perceived quality and value) of brand loyalty of rice in north eastern; Thailand (Tallon, Queiroz, Coltman, & Sharma, 2019). Various studies are conducted

on the brand loyalty of products and brands but these studies not included the brand of rice in the north eastern; Thailand, many prior studies conducted on the rice in the north eastern; Thailand but not cover the brand loyalty of rice product and also not find out the determinants (customer satisfaction, preserves, and perceived quality and value) of brand loyalty related to rice (Nadeem, Alvi, & Iqbal, 2018). That's why this study has a vital contribution to previous literature.

Due to the vital contribution of this study in previous literature, this study has a theoretical contribution by studying the determinants (customer satisfaction, preserves, and perceived quality and value) of brand loyalty of rice in north eastern; Thailand. This study has many practical contributions like that exporter and production focused on the quality of rice that rice not mixed with the low-quality Chinese rice. For overcoming the legislation of bad quality, Thai rice market policymakers or exporter should focus on the brand loyalty of rice products with increasing its determinants. Policymakers of rice markets increase the brand loyalty of rice products by focusing on its determinants.

## 2. Literature review

According to the brand is an important subject that creates a positive image in the eyes of customers to make itself different from the competitors. Brand loyalty can be determined as to when a person purchases a product of a brand preferring it on the other brands is considered as loyal for the brand. Loyalty can also be measured by some qualitative means like word of mouth of the customer about its brands, trust, and satisfaction of the buyer and by the attitude of the customer toward the quality and price of the purchased item. If the product is available in the product the customer will keep it, buy. It will keep repeating the purchase for the same as long as available in the market (Gaspar, Wizner, Morrison, & Dewa, 2020). Customers of modern times are more aware of the brands. Customers' first analyze the brand on the price, quality, and characteristics than make a purchase. If a brand able to satisfy this kind of customer on than consumers will remain loyal to their specific brand even if the others are offering the same on the lower prices. If businesses want to compete with rivals and intended to make more profit than brand loyalty is the key. There exist a lot of brands in the market but every brand cannot get many customers as loyal (Yousefi et al., 2019). Like all the other brands' food businesses also offer the brands to the consumers. A recent study is being conducted on the brand loyalty on Rice berry purple rice of the north eastern, Thailand. The objective of the study is to determine the brand loyalty of rice berry in the north eastern, Thailand with a moderating role of brand loyalty.

### 2.1 Customer Satisfaction, Brand Loyalty and Perceived Quality and value

It can be determined as the degree to which customers are happy with the purchase they have made. It can also be defined as satisfaction is to meet the expectations of the customer with the product. To keep the customer satisfied businesses, need to know the wants and needs of the customer. They should be aware of customer actions and preferences. Customer satisfaction is the upper-level competitive advantage for the companies because the objective of any business is to make a profit and customer satisfaction gives them regular buyers for products. It is the feeling of the consumer after the use of products or services. Satisfaction

cannot be measured before the use of the product. The use of products tells that product has met the expectations or not (Tolstykh, Kretova, Logun, Popikov, & Kuznetsov, 2020). In the words of satisfaction is defined as “the summary psychological state resulting when the emotion surrounding disconfirmed expectation is coupled with prior feelings about the customer experience”.

Most of the previous studies have indicated that satisfaction is the key to make a customer loyal. Loyalty means earning a customer for a long time by meeting the expectations. 20% of the loyal customers contribute 80% of the profit while the remaining 80% contributes only 20% in the profit. In another study published in journal of social research has also given the same results. A researcher of the marketing and branding has also suggested that brand loyalty determine that you are meeting customer satisfaction (Gaspar et al., 2020). In research, it is determined that the repurchase and consumption of products lead to two benefits. The first repurchase contributes toward profit and secondly, a satisfied customer is free of cost marketer of the brand. The next most important thing for the customer is the perceived quality and value of the product for the customer. Perception of the customer determines the satisfaction if quality perceived by the customer meets the actual performance than the customer will be happy and the product will be value able. Each product creates value for the customer. If the product is meeting the requirements and fulfilling the need of customers it can increase brand loyalty (Huber, Jenkins, Li, & Nathanielsz, 2020). The current study is examining the brand loyalty of rice in the north eastern, Thailand. From the above literature hypothesis for the current study can be formulated as:

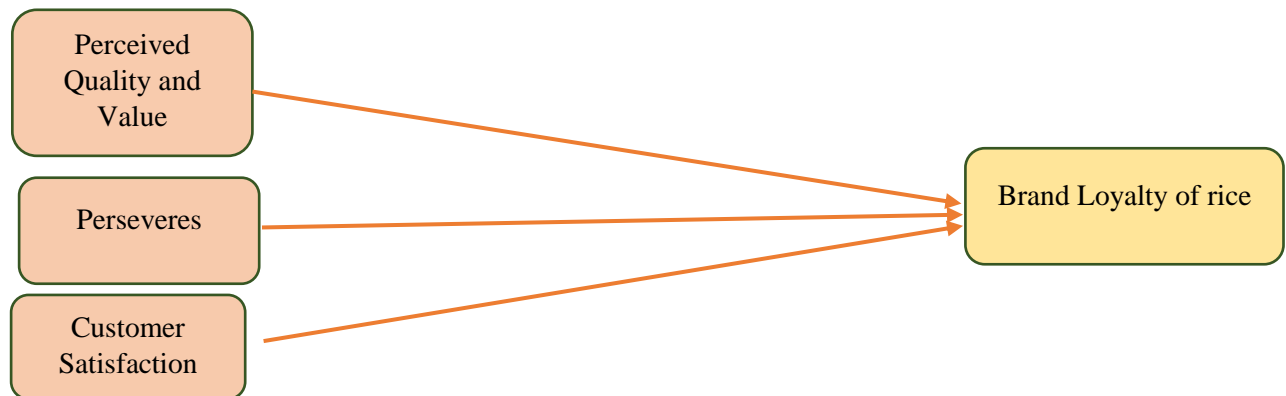
H1: Customer Satisfaction significantly impacts the Brand Loyalty of rice.

## **2.2 Perseveres, Brand Loyalty and Perceived Quality and value**

Preservers are the persons who maintain the things in their original condition. There are many things need to be stored for future consumption. Starting from food other materials like wood and metals items also need to be preserved against damage or decay. Most of the items are used throughout the year but their production is seasonal like crops and many other items. These items need to be preserved for a long time. Business stores the items to make it available to the customer at the time of need, this is value creation for a customer (Gaspar et al., 2020). All the users are not able to store the items for the whole year. It is the responsibility of the businesses to buy and make them available when required. Customer is always considered as king. Once a customer requires a product and business is unable to offer, the customer cannot wait for more time and buy from others. He/she will be satisfied and may go to this brand next for their offering at the time of need. The literature on the supply and availability of the goods indicates that customers become annoyed when businesses are unable to provide the requirement. Customer is also always concerned about quality and value. Value creation can change the satisfaction level of customers. Rice is a product that has the storage capacity and use to use throughout the year. It is stored in a large quantity and exported to other countries. Preserving rice meets the needs of the customer (Seibt, Schubert, Zickfeld, & Fiske, 2017). It gives them satisfaction where they can find it every time. Quality also matters a lot when buying this product. From the discussion we can formulate the following hypothesis:

H2: Perseveres significantly impacts the Brand loyalty of rice.

H3: Perceived quality and value significantly impacts the brand loyalty of rice.



**Figure 2.** The theoretical framework of the study shows the relationship between Customer Satisfaction, Perseveres, Perceived Quality and Value, Brand Loyalty of Riceberry

### 3. Research Methodology

The research methodology is a process of selecting tools and techniques used to apply to the topic selected for research. It tells about the way of analyzing data. In this section validity and reliability is determined through the mentioned tools, techniques, and processes used in the whole process of this research. It's about how a researcher systematically designs a study to ensure valid and reliable results that address the research aims and objectives.

It is a descriptive study. Quantitative methodology is applied. Quantitative is the systematic empirical investigation of observable phenomena that is carried out through mathematical and statistical computational techniques. Study is being conducted on the agricultural and manufacturing sectors. Employees working in rice industry of the north eastern, Thailand is taken as a sample of the study. Research is being conducted to determine the brand loyalty of rice products taking the moderating role of brand quality and value. While sampling for the research a convenient sampling was used which is also known as snowball sampling. It is a suitable and technique for this type of study because the population of the study was very wide. Questionnaire was adapted. Items were taken from the previous researches and the questionnaire was constructed after little modification of the items. Questionnaire was developed on the 7-scale Likert scale to collect the data from the respondents. An online survey method was used. The questionnaire was sent to people through emails. They were given enough time to respond. Responses were collected back on the excel sheet. Statement of purpose attached to the questionnaire to ensure the respondents that data will not be shared with anyone and will be used only for the research purpose. Received responses 380 firms were used for the data analysis.

### 4. Data Analysis

Firstly check the reliability and validity of data by measurement model assessment through SEM. Figure 3 represents the value of factor loading, alpha, Composite reliability, and average variance extracted. These all values are analyzed for checking the reliability and value of cross loadings for validity.

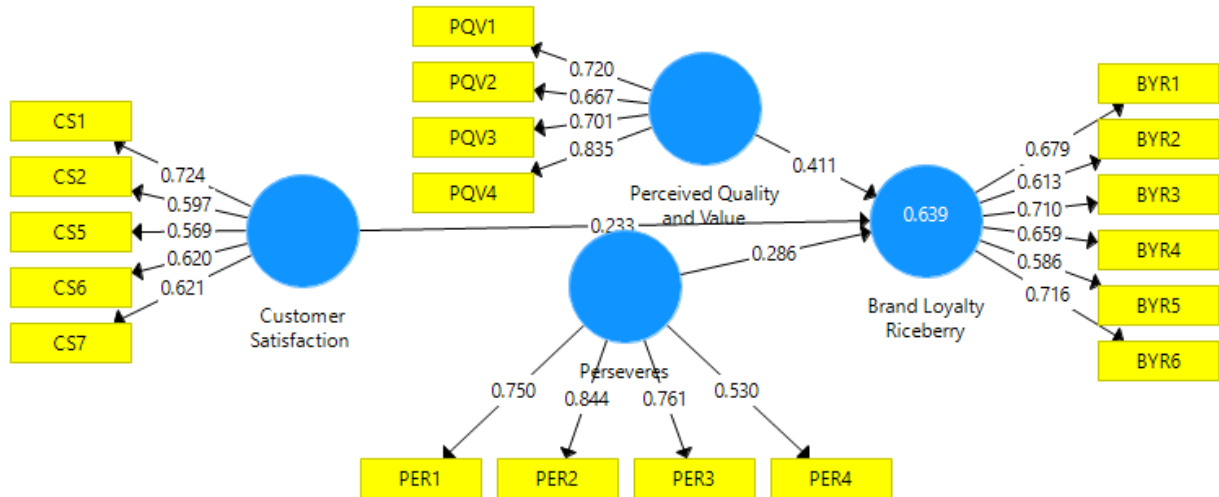


Figure 3. Measurement Model

Table 1. Factor Loadings

	Brand Loyalty rice	Customer Satisfaction	Perceived Quality and Value	Perseveres
BYR1	0.679			
BYR2	0.613			
BYR3	0.71			
BYR4	0.659			
BYR5	0.586			
BYR6	0.716			
CS1		0.724		
CS2		0.597		
CS5		0.569		
CS6		0.62		
CS7		0.621		
PER1			0.75	
PER2			0.844	
PER3			0.761	
PER4			0.53	
PQV1				0.72
PQV2				0.667
PQV3				0.701
PQV4				0.835

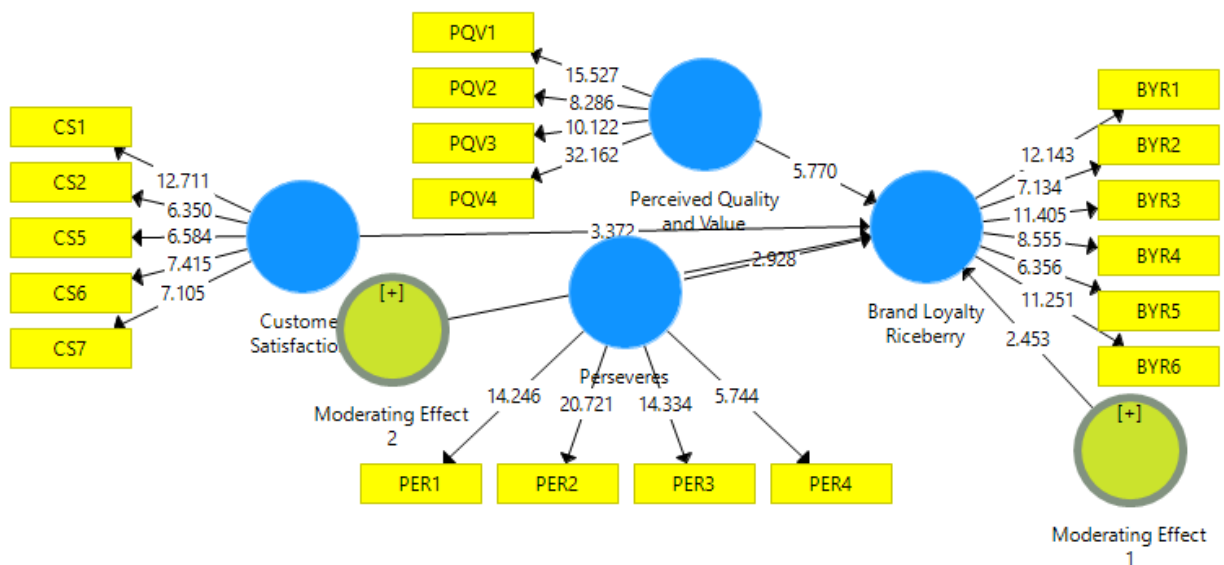
Table 2. Reliability and Convergent Validity

	Alpha	rho_A	CR	(AVE)
Brand Loyalty rice	0.744	0.752	0.823	0.538
Customer Satisfaction	0.724	0.736	0.764	0.595
Perceived Quality and Value	0.718	0.737	0.822	0.538
Perseveres	0.793	0.799	0.817	0.534

**Table 3.**Cross-Loadings

	Brand Loyalty rice	Customer Satisfaction	Perceived Quality and Value	Perseveres
BYR1	0.679	0.537	0.514	0.584
BYR2	0.613	0.286	0.336	0.434
BYR3	0.71	0.395	0.448	0.396
BYR4	0.659	0.359	0.452	0.36
BYR5	0.586	0.416	0.413	0.435
BYR6	0.716	0.505	0.582	0.509
CS1	0.544	0.724	0.562	0.551
CS2	0.402	0.597	0.341	0.447
CS5	0.279	0.569	0.207	0.28
CS6	0.39	0.62	0.251	0.408
CS7	0.344	0.621	0.154	0.435
PER1	0.5	0.527	0.443	0.75
PER2	0.538	0.577	0.478	0.844
PER3	0.489	0.491	0.484	0.761
PER4	0.486	0.409	0.34	0.53
PQV1	0.611	0.42	0.72	0.517
PQV2	0.35	0.247	0.667	0.344
PQV3	0.439	0.327	0.701	0.406
PQV4	0.594	0.479	0.835	0.467

The direct effect between the brand loyalty determinants and brand loyalty of rice is shown in Figure 4 and Table 5. T and beta values proved that customer satisfaction, preserves, and perceived quality and value have a positive significant impact on the brand loyalty of rice.



**Figure 4.** Structural Model

**Table 4.** Direct Effect Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Customer Satisfaction -> Brand Loyalty Rice	0.27	0.285	0.08	3.372	0.001
Moderating Effect 1 -> Brand Loyalty Rice	0.194	0.164	0.079	2.453	0.015
Moderating Effect 2 -> Brand Loyalty Rice	0.064	0.057	0.089	2.718	0.006
Perceived Quality and Value -> Brand Loyalty Rice	0.445	0.438	0.077	5.77	0
Perseveres -> Brand Loyalty Rice	0.26	0.257	0.089	2.928	0.004

Figure 4 represents the moderation effect of perceived quality and value in between the brand loyalty determinants and brand loyalty of rice. T value of perceived quality in between the customer satisfaction and brand loyalty of rice is 2.453. And in between preserves and brand loyalty of rice is 2.718. Values are portrayed in Table 4. T values showed that moderation is present in between the brand loyalty determinants and brand loyalty of rice.

Brand loyalty determinants like customer satisfaction, preserves, and perceived quality and value affect 63.6% brand loyalty of rice. This collective effect is portrayed in Figure 3.

**5. Discussion**

For analyzing the determinants of brand loyalty of rice in the north eastern; Thailand with the moderation of perceived quality and value different hypotheses are made in the literature part of this study. For investigating the hypotheses, data were collected and statistical tools were applied to it. Results are found from it.

Results revealed that customer satisfaction has a positive significant impact on the brand loyalty of rice. As it's proved an increase in customer satisfaction also increases the brand loyalty of the product. Customers are satisfied with products then they are loyal to products. Customer satisfaction from a brand, product, or company increases the loyalty of it. How immensely customers are satisfied with the product, its loyalty is increased respectively (Wessler & Hansen, 2017). Preserves that are added to products for increasing their shelf life also increase the brand loyalty of the product. It also proved from this study that preserves that add in rice product has a positive significant impact on the brand loyalty of rice in the north eastern; Thailand.

Like customer satisfaction and preserves, perceived quality and value also act as the determinants of brand loyalty of rice. Perceived quality and value have a positive significant impact on brand loyalty. Increase in the perceived quality and value of product increase its brand loyalty (Bufquin, DiPietro, Orłowski, & Partlow, 2017). It also proved from this study that perceived quality and value moderates the relation between determinates and brand loyalty of rice in the north eastern; Thailand.



## 6. Conclusion

The key purpose of this research is to discover the different determinants of brand loyalty of rice in the north eastern; Thailand with the moderation of perceived quality and value. Brand loyalty is the positive feeling of the customer towards brand or product and customer repurchase and reuses it. In other words, it is called product addiction. Many connected features produce brand loyalty. Data is collected from the Rice industry in the north eastern; Thailand. The unit of analysis of this study is employees working in the Rice industry operated in the north eastern; Thailand. A convenient and snowball sampling technique is used. These snowball or convenient are the types of non-probability sampling techniques, by these techniques respondents' are also taking part in the collection of data. Data is collected via the questionnaire by using e-mails of employees. E-mail of respondents' was taken from the management of companies. The study is quantitative in nature and data is cross-sectional. After the collection of data, a statistical tool is applied to it. Results revealed that customer satisfaction, perceived quality, and value and preserves have a positive significant impact on brand loyalty of rice. Moreover, perceived quality and value moderates the relation between customer satisfaction, preserves, and brand loyalty of rice. This study suggested to managers of product companies of rice that they have to focus on determinants like (customer satisfaction, perceived quality, and value and preserves) for increasing the brand loyalty of rice.

## 7. Implications

This present study satisfied the gap by finding the determinants of brand determinants (customer satisfaction, preserves, and perceived quality and value) of brand loyalty of rice in the north eastern; Thailand. So this study has theoretical implications. This study has many practical implications like exporter and production focused on the quality of rice that rice not mixed with the low-quality Chinese rice. For overcoming the legislation of bad quality, Thai rice market policymakers or exporter should focus on the brand loyalty of rice products with increasing its determinants. This study recommended to Policymakers of rice markets that for increasing the brand loyalty of rice products they should focus on its determinants. They can build brand loyalty of rice product by Deliver on quality and value, talk to clients and Focus on customer experience and service

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