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Research Proposal

**Topic: Impact of customer satisfaction and brand image on
the brand loyalty of Nike**

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Submitted On : 24/07/2024

Submitted To : Tushara Balendran

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1. Introduction

1.1. Background

The term “Brand Image” enables organizations to maintain potential customer loyalty which is one of the crucial factors of the organization. As per Supriyanto, *et al.* (2021), if the organization wants to sustain its competitive edge in the market then it should offer quality products and services to customers in order to increase customer loyalty towards their products and services. Brand awareness and customer satisfaction are crucial for a brand's overall image. Customer Satisfaction with quality products at low prices builds brand loyalty. Veloutsou, (2023) has stated that brand awareness refers to a customer’s understanding of the brand’s features. It is built through a process that includes creating a brand strategy, informing consumers about the brand, and periodically updating the brand with new features. The brand image varies based on the consumer's perceptions, with some preferring low prices and high quality at any cost. In addition, a positive brand image helps consumers understand the business and its purposes, attracting buyers.

In today’s world, the competition between organisations is too high which makes it difficult for them to maintain their competitive edge in the market. For example, in Indonesia, there are various sports manufacturers brands such as Adidas, Nike, Rebook, Skechers, and many more. According to Margaretha, and Rodhiah, (2021), the number of competitors who provide products related to sports requires Nike to continue to make something unique and innovative in order to achieve a market leader position and increase brand loyalty in the minds of consumers. According to Margaretha, and Rodhiah, (2021), Nike is the largest supplier of athletic shoes and apparel in the world and also it is known as a major manufacturer of sports equipment which is situated in the United States of India. According to Abbas, *et al.* (2024), Nike emerged as the leading organisation across the world in the field of footwear sales between 2016 and 2019. The numerical data shows that the company achieved \$25 billion in 2019 by increasing its brand image as the premier sports footwear across all gender categories. Thus, developing a significant brand image can increase customer loyalty towards a company.

However, customers sometimes reveal a potential to switch brands when their preferences evolve and the current brand fails to recognize these needs. According to Marliawati, and Cahyaningdyah,

(2020), creating a positive brand image can affect the likelihood of customers making successive purchases since a good brand image may increase customer loyalty.

1.2. *Rationale of the Study*

The present research topic will assist in the development of targeted marketing strategies and customer relationship management practices. This study will focus on examining the relationship between brand image and customer services which enables the organisations to identify how brand image affects customer behaviour and its impacts on customers perceptions such as loyalty and satisfaction.

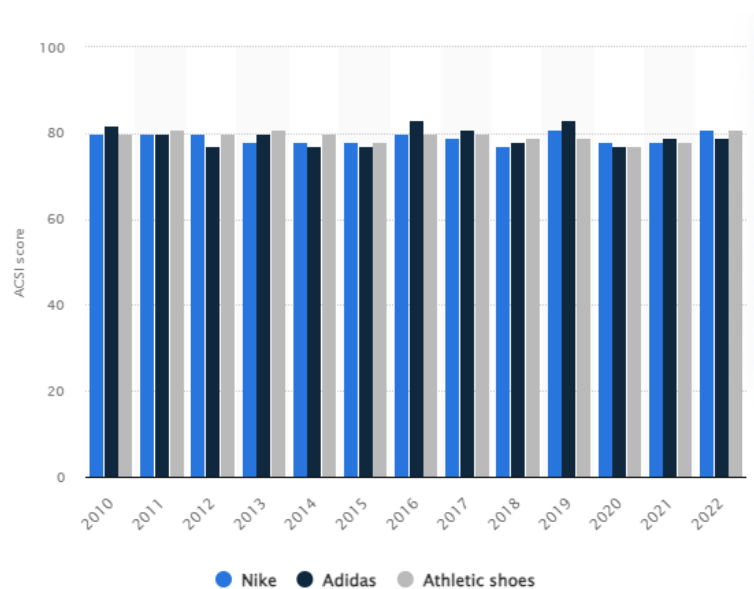


Figure 1: American customer satisfaction index: athletic shoe companies 2010-2022

Source: Statista (2024)

The above figure showcases the American customer satisfaction index scores for athletic shoe companies in the U.S. from 2010 to 2022. Nike ranked higher in the American customer satisfaction index with 81 athletic shoes scored in the year 2022. This indicates that the company has scored higher than in 2021 and fluctuating performance over the years. Therefore, these insights are crucial for Nike to enhance customer retention and increase its market position in the competitive market position. By identifying key factors of loyalty, the company can create targeted strategies in order to improve customer experience and enhance a positive brand image significantly increasing sustained customer loyalty and business growth.

Nike can enhance customer satisfaction by improving product quality, increasing personalized services and ensuring responsive customer support. This may lead to positive customer experiences and increased repeat purchases. Brand loyalty can be increased through loyalty programs by engaging marketing campaigns and consistent brand messaging. Uzir, *et al.* (2021) has stated that loyal; customer are more likely to make repurchases and recommend the brand to others. In addition, a positive brand image builds a strong relationship with customers by driving brand loyalty. This research provides a valuable insight into customer preferences and behaviour which may help Nike to implement a strategy to enhance customer satisfaction and brand loyalty which may lead to increased market share and profitability.

1.3. Aims and Objectives

The present research study aim is to assess the impact of customer satisfaction and brand image on the brand loyalty of Nike. The study will provide valuable insights regarding the relationship between customer satisfaction, brand image, and brand loyalty which enable the organisation to enhance customer retention and foster long-term loyalty.

Objectives

- To investigate the current branding strategies implemented by Nike to increase brand loyalty.
- To determine the effectiveness of brand image on the brand loyalty of Nike.
- To assess the level of customer satisfaction with Nike's products and services.
- To analyse the effect of customer satisfaction on the brand loyalty of Nike.

1.4. Research Questions

1. What are the current branding strategies implemented by Nike to increase brand loyalty?
2. What is the influence of brand image on the brand loyalty of Nike?
3. What is the level of customer satisfaction with Nike's products and services?
4. What is the effectiveness of customer satisfaction on the brand loyalty of Nike?

1.5. Literature review

Brand loyalty

"A favourable perception of a brand that leads to steady brand purchases throughout time". (Assael, 1992)

"The preferred, behavioural, and attitude response of a consumer over time towards a product category that includes one or more brands." (Engel & Blackwell 1982)

Brand image

"Brand image is an integral component of brand equity as it conveys the worth of the brand to the consumers". (Malik, *et al.* 2012)

"Brand image is also considered to be a depiction of the company's offering, encompassing the symbolic significance linked with customers through particular features of the goods or services." (Winarso, 2012)

Customer satisfaction

As per (Oliver, 2014) customer satisfaction is "An assessment that a characteristic of a goods or service, or the goods or service itself, has offered (or is offering) a satisfying level of fulfilment associated with use, including levels of under- or over-fulfillment."

(Anderson and Sullivan, 1993) defines customer satisfaction as a "post-buy analysis of the product's quality in light of the prospect of further purchase."

Analysing the effect of customer satisfaction on brand loyalty of Nike

Customer satisfaction has been recognized as one of the crucial determinants of brand loyalty, which involves the tendency of customers to make repurchases or use of a particular brand (Uzir, *et al.* 2021). This relationship has been studied in various research papers which focus on a need to maintain it as a source of competitive advantage. Satisfaction results from meeting the customers' needs which can result in repurchases and recommendations which can more likely contribute to brand loyalty.

Assessing the level of customer satisfaction with Nike's products and services

The quality of goods and constant innovation enhance the customer's satisfaction levels effectively. Nike can be a role model in how to keep customers satisfied through product quality and through innovative practices such as incorporating technological features into sportswear. The major factor that affects brand loyalty is brand image which is a term that captures the perceptions customers have about a brand. This enables the brand image to increase customer satisfaction which will in turn lead to customer loyalty.

Evaluating the effectiveness of brand image on the brand loyalty of Nike

Nike's brand equity consists of qualities such as athletic performance, fashion appeal, and icons (Standaert, 2022). The positive brand associations increase the levels of trust as well as the emotional bond the customers have which ultimately boosts customer loyalty. The results also confirmed the customer satisfaction, brand image, and brand loyalty relationship in the customer database. For example, a satisfied customer may be expected to make repeat purchases or recommend the brand to his friends. In addition, the favourable brand image supports these behaviours as well as customer loyalty. Significantly, there is agreement in the literature that customer satisfaction and brand image are key factors that can influence brand loyalty. In Nike's context, these factors are critical because the company needs to maintain and grow the share of customers who prefer its products over others in the highly competitive sportswear industry.

Investigating the current branding strategies implemented by Nike to increase brand loyalty.

Nike's loyalty program, NikePlus, has grown over the years to offer over 100 million members access to exclusive products, early sales entry, and personalised recommendations (Web Meridian 2024). The program has evolved with digital features like the Nike Run Club and Nike Training Club apps, providing enhanced training plans and challenges. Nike's commitment to building strong emotional bonds with clients is evident in its marketing strategy. AI has revolutionised the industry by enabling AI-powered apps, predictive analytics, chatbots, and virtual assistants. The app uses augmented reality technology and AI algorithms to provide accurate shoe-fitting recommendations, addressing issues of incorrect ordering. AI-powered chatbots and virtual assistants provide personalised support and assistance, enhancing the customer engagement program. Nike's approach to AI technology is praised by the modern audience.

Theoretical Perspective

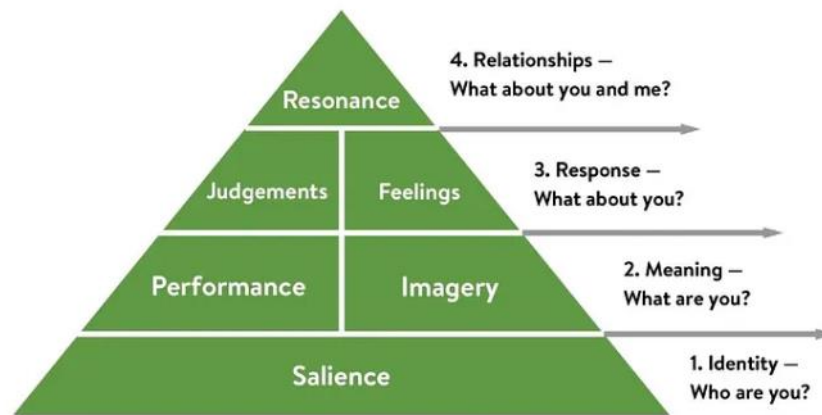


Figure 2: Keller's Brand Equity Model

Source: Hawker, (2019)

The Customer-Based Brand Equity Model or Keller's Brand Model is a pyramid model that has been developed by Kevin Way Keller (Hawker, 2019). It aims to contribute to building a strong brand on the basis of the positive experiences of consumers which encourage them to turn into brand advocates. The model is structured in four levels such as identity, meaning, response, and relationship. With references to identify, it begins by focusing on creating brand recognition among customers and guaranteeing their perception of the brand. The meaning level is more oriented towards product accomplishment which implies its ability to fulfil customer needs and its image. A response level measures customer judgments and feelings through their experiences with brands. At the top of the hierarchy, is brand attachment where customers can be said to have an affinity for the brand.

Advantages and Disadvantages

- To monitor the impact of marketing communications on brand equity and the development of strong, engaged loyalty connections, the brand resonance pyramid is examined.
- Strongest brands employ the CBBE model to excel in all six brand building blocks; as a result, brands may leverage this to achieve success.

- Successful brands are able to develop resonance and affinity with consumers, which leads to a number of important advantages including higher price premiums and more effective marketing campaigns.
- The industrial marketing framework did not include sentiments, and the resonance that was offered may require adjustments to make it more pertinent.
- Business representatives contribute to the development of brand equity, proving that a B2B brand equity model must take this human component into account. (Avaremy, 2013)

2. Research Methodologies

2.1. *Research Choice*

Quantitative research methods focus on collecting and analysing the numerical data to understand and draw the conclusion. On the other hand, the qualitative research method focuses on collecting and analysing non numerical data to understand concepts, opinions or experiences.

According to Tomaszewski *et al.* (2020), research methodology is a crucial decision for researchers which involves the choice of data methodology. The research methods are classified into three groups which are quantitative, qualitative, and mixed methods. In this research study, the research will focus on employing mono quantitative methods which focus on collecting, testing, and measuring numerical; data from questionnaires, often using surveys, tests, databases, large samples, and organisational records.

2.2. *Sample size*

In the present research study, the research will involve 50 participants (customers) who are associated with the Nike brand. The researcher will involve to collect the real time data regarding Nike's product and services. It will provide valuable information regarding the impact of customer satisfaction and brand image on the brand loyalty of Nike.

2.3. *Sample type*

The participants will be aged between 18 and 45 years including both male and female. The target demographic includes young adults and millennials buyers from the UK. This diverse range will enable the research to obtain a wide range of customer experiences and perspectives which will provide valuable insights into the brand's impact across different age groups and genders. The findings will help in understanding how Nike can enhance customer satisfaction and brand loyalty among its varied customer base.

2.4. Sampling Method

Sampling is the selection of a subset of a population for data collection in research studies (Hiebl, 2023). The sampling method consists of two types which are probability sampling and non-probability methods. The researcher will use a probability sampling method following a simple random sampling method type. The simple random sampling method is a statistical method which enables the researchers to make inferences about a population which ensures a high internal validity and high external validity with a large sample size. However, it can be challenging to implement due to prerequisites like a complete list of population members, access to selected members, and sufficient time and resources.

2.5. Data Collection

Taherdoost, (2021) has stated that data collection is a systematic process of gathering and measuring different types of data to central problems of the research study, test hypotheses and evaluate outcomes, common across various fields and disciplines. Data Collections has two different types of methods which are primary data, and secondary data collection. In this particular study, the research will focus on primary data collection methods. According to Taherdoost, (2021), primary data collection is the process of gathering original data directly from the source or through direct interaction with respondents. In addition, the researcher will make 10 closed ended questions with the help of google forms and send it through online platforms such as email in order to collect responses of those 50 customers and will take almost 10 minutes time for each participant to respond the all questions.

2.6. Research Approach

The research approach is the overall plan adopted by the researcher to collect, analyse, and evaluate the data. The research approach involves three different types of research approaches which are abductive, inductive, and deductive. In this study, the research will use an inductive research approach. Inductive research begins with data collection and identifies patterns to form new

hypotheses. The research will gain flexibility in the study which enables change based on data findings.

2.7. *Data Analysis*

Thematic analysis is a technique employed in qualitative and quantitative research to analyze and report themes in data. It entails the following steps that include coding of data, the initial search for themes that are reviewed, and refined and clear definitions made. It will be very useful for the researcher in describing a dataset in terms of the level of customer satisfaction with Nike's products and services. In this particular study, pie charts will also be undertaken in order to present the responses of the customers. In addition, the quantitative data will be analyzed with the help of the Microsoft Excel tool which will enable the researcher to organize, analyze, present, and share data effectively.

2.8. *Ethical Consideration*

The ethical issues of this study include obtaining informed assent/consent from all participants, anonymity, and privacy. Regarding the protection of participants, participants will be provided with a proper information sheet containing details about the purpose of the study, how the research will be conducted, and that they are free to withdraw from the study at any time without any reason being required from them. To ensure the participants are not identified, the data collected will be made anonymous in the response collection process. The researcher will also ensure data security by storing the data in a password-protected system before storing it in the computer.

3. Resources and Planning

	Weeks															
Categories	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Introduction																
Literature Review																
Research Methodology																
Creating Survey Questions																
Results and Findings																
Discussions																
Conclusions and Recommendation																

Figure 3: Gantt Chart

Source: Self made

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