

# The Mediating Effect Of Perceived Quality on The Customer Loyalty in Small And Medium-Sized Enterprises (SMEs) in The Mobile Phone Sector in Ho Chi Minh City (HCMC)- Vietnam

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**Abstract**— This paper is to analyze the relationship of branding on perceived quality of the service enterprises towards customer loyalty in marketing management's perspective in Vietnam; particular in the retail market in a time of intense competition for the products or service supplied by the SMEs in the mobile sector. In the business organization, the primary target of enterprises is to convince customers to buy products or services in the long-term relationship. Nowadays, the most important issue for the business organization is to create an advantage of sustainable competition. In addition, brand is a vital asset of any business organization because it leads to the customer's loyalty. Hence, the customer loyalty is the most important factor to enhance the competitive advantage in any enterprises. Besides, perceived quality of customers on their products or services when they purchase remains one of the most significant values in marketing management. There are two reasons why the perceived quality is important for the mediating role between in customers and branding; firstly, the perceived quality determines the success or failure of business; secondly, it influences the rate of acceptance of the products or service for the business organization. Therefore, this paper aimed to explore the mediating effect on customers' perceived quality towards their loyalty the branding in the SMEs in the mobile sector. In the first stage, the study has applied the expert's opinion to analyze the factors effect on the customer's loyalty. In the second one, the researcher applied the qualitative method to interview around 10 buyers who regularly purchase in The Gioi Di Dong's Shops and Vien Thong A's Shops in Ho Chi Minh City (HCMC) with the convenient method to observe the process of service to get the close ideas of service to build the questions for the observed variables in the SMEs in mobile phone sector as well as enhance customers' loyalty. In general, the author composed 5 factors including 34 observed variables from total of 50 observed variables chosen to build the questionnaire scale such as (1) Brand trust, (2) Service Organization, (3) Brand Awareness, (4) Perceived Quality, and (5) Customer's Loyalty to study in Vietnamese SMEs in mobile phone sector in HCMC, Vietnam.

**Index Terms**— SMEs, Customer loyalty, Brand trust, perceived quality, Vietnam

## I. INTRODUCTION

Brand plays a vital role of the business organization that is devoted to study in this perspective in this time and brand is also a vital asset of any business organization because it leads to the customer's loyalty; especially in retail market because the quality dimensions in retail service are distinguished from other service industries. Therefore, Vietnamese SMEs in the mobile sector should improve their brand in order to meet customers' needs. Moreover, the concept of service quality is related to the difference between perceived quality and customers' expectations as well as being regarded as a method to take advantages in competition (Parasuraman et al., 1988). Many researchers state that it is quite stimulating to when observing the relationship between organization's service organization and customers in different cultures (Mehta et al., 2000). In addition, in the context of the current globalization, Viet Nam has taken important stage such as joining World Trade Organization (WTO) and other World Organizations. Therefore, there are tremendous competitions between the local enterprises and the international ones; In addition, according to Vuong and Rajagopal. (2017) stated that SMEs played the most important role to create jobs incomes for work forces as well as mobilized the social resources to invest the development and reduced poverty. Furthermore, according to Griese et al. (2017) stated that, SMEs play an important role in economic growth worldwide, they substantially support to economic growth by creating jobs reducing poverty and bringing about innovations. In addition, the customer behaviors have changed constantly in the pace of life (Vuong, 2015). Hence, based on the perception of customers, they have experience and knowledge of their subsequent actions that lead to satisfaction of the products or services. For large enterprises and SMEs, brand is regarded as a crucial asset or even the core value towards any business organizations, which was related to many service relationships between enterprises and clients. It is also said to create effects to develop, and remain a long-term relationship with customers. Moreover, in order to achieve the customer loyalty, it is important for enterprises to develop marketing strategies that they not only win customers but also build trust and brand awareness in the role of service organization in the Business World. The importance of perceived product or service quality is rapidly becoming an important, strategic plan and in marketing practices are to make a difference of their products or service.

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Therefore, quality of enterprises is perceived by the consumer with many dimensions of the products or services related to both the tangible and intangible characteristics. According to Sargeantand West (2001) stated that the perceptions towards organization's service quality and commitment were related to customer's loyalty. In a particular market, each remarkable factor may affect customer's loyalty in some ways. In the perspective of the necessary of relationship marketing has concerned to analyze how to serve the best way to their customers. According to Keller (2001), in order to develop brand as a communication strategy in a consumer's mind to identify differences among competing offers, this strategy has to be done through a long-term communication phase with different stages creating brand equity to consumers. Moreover, quality of service organizations should be improved to create interaction with customers to develop their loyalty, which might later become one of the most improved method to attract customer's loyalty. Garbarino and Johnson (1999) present the two values of service quality, tangible and intangible, which are important for either customers' opinions toward an organization or customers' trust toward an organization so that the brand loyalty can be enhanced by service quality. According to De Chernatony and Drury (2006), the service encounter to its customers provided by the firm was considered as the strongest impression of quality of the brand so that every interaction between the firm and its customers could affect the brand image. Therefore, trust is considered to relate to the perceived quality leading to customers' loyalty. As a result, the effort of marketing strategy in brand-consumer relationship is the most debating one in the new era and there are many studies focusing on this issue to analyze the relationship among these concepts. Therefore, the role of variables such as the brand trust, service organization, brand awareness and the mediating perceived quality having relationship on customer's loyalty not only for the Vietnamese enterprises but also for the multinational enterprises. Generally, for mobile phone sector in Vietnam, most of studies based on service organizations became very important for SMEs as most of businesses in retail sector in HCMC are dependent on other suppliers with exchanged products or services to compete with other rivals, especially in the tremendous competition from the global integration. Hence, the author aimed to investigate the quality practices such as the customers' orientation, the staff management, the perception of quality and branding as well as the role of enhancing customer loyalty to improve the business profits for Vietnamese SMEs in mobile phone sector in HCMC.

## II. LITERATURE REVIEW AND RELATED STUDIES

**2.1 Classification of SMEs in Vietnam:** It is defined as small and medium-sized businesses having business registration by Vietnamese law and classified into three levels of scale such as micro, small and medium ones with all capital or number of employees each year. In addition, the SMEs were conducted to study in trade and service in mobile phone sector in HCMC and a number of each mobile shop with the number of laborers from 10 employees to 100 employees were chosen to participate in the research.

### 2.2 Customer loyalty:

Loyalty of customer is regarded as the behavioral propensity to prefer one brand to all others due to customers' satisfaction with the product, service or the business organization, its convenience or performance, or even the brand's familiarity and comfortableness. Consumers are encouraged to shop more consistently, and feel positive about a shopping experience towards a famous brand with their relatives and friends as well as help attract other consumers to familiar to brands in the face of a competitive manner. Customers' loyalty was considered as a valued issue since it was first recognized in the marketing field by marketing researchers. Oliver (1997 and 1999) states that loyalty is a continuum which starts from some cognitive beliefs followed by affective perceived loyalty, and finally actual purchase behaviors. In addition, Brown (1952) presented the key role of two different dimensions of brand loyalty: behavioral and attitudinal loyalty. Furthermore, he also explained that attitudinal loyalty was defined as consumers' aim for priority, dedication or purchase purposes. Moreover, a perfect image was reserved in consumers' sights to use the product repeatedly overtime (Upshaw, 1995). In addition, the commitment to rebuy or re-patronize a preferred product or service consistently was created customer's loyalty notably, not only at the present but also in the future so that deposit situation, inspiration and marketing efforts were considered to have the potential to switch customers' behavior.

In addition, Reichheld and Sasser (1990) suggested that customer's loyalty to brand and company can help increase its productivity with brand's further extension offered without the fear of failure and in a market with proper replacements might lead to negative loyalty if it is lack of trust (Corbittet al., 2003). Oliver (1999) pointed out that an idea lying in whether consumer will keep on purchasing the product in the same shop for a long time or not may contain the customer's loyalty that can extend for the shop with the competition ability in the market. Therefore, customers stability was considered as their loyalty when they believe or buy the products or services for their best options offered from the company. Moreover, loyalty is still present in customer's mind even though there might be some issues happened in the firm. This phenomenon happens since business firm was good to them in the past and addressed problems when arising. Even though when customers are approached by other rivals, they may also not pay attention to them at all. It also means that customers are voluntary to spend their time and effort communicating with the firm for building past successes and overcoming any weaknesses.

### 2.3 Brand Trust

The relationships between customers and brands are based on constantly value creating to customers for the long term. Hiscock (2001) stated that a significant connection between the consumer and the organization's brand to generate an intense bond that became the basic target marketing strategy as well as the main component of this bond. Furthermore, brand is the value asset of any enterprise that links the consumers and enterprises. It also helps the enterprises build the consumer trust towards brand. Ahmed (2014) states that the loyalty could bring more profits to enterprises from market share when customers bought the products from the same brands as well as showed their loyalty to that brand.

Therefore, faith with a brand is primarily the emotive devotion of customers with a brand because when they feel good about a brand, they will introduce that brand to their relatives or friends. Furthermore, Blackston (1992) defined that "trust is one component of consumer's relationships with brands". According to Rotter (1980), trust was regarded as an important value affecting human relationships at all levels; furthermore, Deutsch (1973) explained that trust of a brand is also a self-reliance, which makes one brand be preferred than another. Therefore, the beginning of the relationship is the purchasing action, because the purchase will help customers gain the brand experiences and satisfaction feelings on products or services, and they will share with their relatives if they satisfy, or even continue to purchase products in the future and become loyalty. Therefore, the trust of branding is very important in the business world, not only in the large corporations but also for the SMEs. Brand trust was also studied by many scholars (Doney& Cannon, 1997; Moorman et al., 1992). It's a perception as a remarkable factor in the organizational success. Morgan & Hunt (1994) narrated that "the brand trust is a consumer who would like to trust on his/her own initiative, and trust the product that brand provides". Trust can limit the consumer's uncertainty, because the buyers not only know that products or services can be worth trusting, but they also think that dependable, safe and honest consumption scenario is the important link of the brand trusts. According to Chaudhuri and Holbrook (2001), they regard brand trust as the average consumers' willingness to rely on the ability of the brand to perform its stated function. The business enterprises offer beliefs of safety, reliability, honesty about their brand towards their customers, the brand trust will be created successfully (Doney& Cannon, 1997). It is also a great experience by the customers basing on brand towards the trust perception issues. In addition, brand trust can be analyzed by the cognitive aspect that may create the emotional response (Casalo et al., 2007). Furthermore, brand trust leads brand loyalty (Delgado et al., 2001) and it leads to the fact that brand trust created highly value relationship (Chaudhuri & Holbrook, 2002). In addition, some experts stated that trust is a basic function to develop customers' loyalty (Moorman et al., 1993) while Ballester and Aleman (2001) considered trust as an important role depending on customer who repeated purchases and were satisfied with long-term transactions. Therefore, the author of this paper aimed to identify what organizations' dimensions was in the retail service based on the theoretical studies to examine the relationship between brand trust and perceived quality towards customers' loyalty. According to Chaudhuri and Holbrook (2001), Moorman and Deshpande et al. (1993), the hypothesis are as follows:

*H1: There is a significant relationship between brand trust and perceived quality*

#### **2.4 Service organization:**

In business organization, the surrounded environment, space arrangement, symbols, contact personnel and problem solving, etc are the conditional dimensions conducting the service organization. Furthermore, when the business organization creates the good service for their business that may lead to the customer satisfaction and according to Finn and Lamb (1991) regarded brand issue as the role of business organization between perceived quality and consumers that are devoted to study. In addition, when customers perceive

the good quality of products or service, they will introduce to their relatives or friends to buy that brand. Therefore, the relationship between the service organization and customer is very important. Cronin and Taylor (1992) as well as Rust and Oliver (1994) state that customers' satisfaction was derived from service quality, and it also affected customers' loyalty through satisfaction. On the other hand, quality of service was also proved to affect customers' satisfaction (Bolton and Drew, 1991). The impartial elements can be controlled by service suppliers to improve sale persons' perception and customers' one from service organizations. Moreover, Bitner (1992) presented that service suppliers regulated concepts for service organizations to change their services as the surrounded material environment might structure the suitable sensations and improve service quality. Although service organization is regarded as an element relating to customers' sensations, conditions of service organization also influence to customers' happy feelings, perception, and satisfaction. In order to get expectation in service, an important issue is to have a good service organization. Therefore, basing on service organization, customers usually value their satisfaction with the received services. If goods are showed or supplied services in a surrounded environment, customers will have higher evaluation about service quality, which transfers a reliable image of that brand competently (Sherman et al., 1997). In any store, the music system, aroma, color, and other special signs are challenges to attract more customers for a good service supplier. It is stated that good service quality in retail sale may influence customers' loyalty. Moreover, Zeithaml et al. (1996) and Cronin and Hult (2000) stated that supporting had direct influence on service quality towards buying intentions of customers. Therefore, Yuen and Chan (2010) regarded loyalty as an outcome constructing the retail service quality. Hoffman et al. (2002) proved that building a good service environment could increase level of customers' satisfaction as they perceived the higher quality, believing more in service suppliers so that it created a connection with brand in the customers' mind. Therefore, basing on the theoretical studies of Zeithaml et al. (1996), Cronin and Hult (2000), Hoffman et al. (2002), Yuen and Chan (2010), the authors aimed to explore the dimensions of retail service organization as well as the relationship between service organization that leads to customers' loyalty. Therefore, the hypothesis are as follows:

*H2: There is a significant relationship between service organization and perceived quality*

#### **2.5 Brand awareness:**

Nowadays, branding also considered as great strategy for businesses to satisfy the customers' demands. Therefore, businesses should enhance their awareness of their brand to meet the higher customers' demands or they will damage or lose their businesses in case of un-satisfaction. The influence of an individual to the community could be strong on the brand awareness and customer values are not measured by their money spent on their purchase. Of course, relationships between customers and brands should be based on the value shares and its nature has changed dramatically and it is exceeded to brand awareness concept. Therefore, Amegbe (2016) stated that the sense of familiarity and trust affecting positively affect customers' attitude towards the awareness is considered the most important reasons that granted a new product with a well-known brand name supported by

## The Mediating Effect Of Perceived Quality On The Customer Loyalty In Small And Medium-Sized Enterprises (SMEs) In The Mobile Phone Sector In Ho Chi Minh City (HCMC)- Vietnam.

customers, even though they do not have specific knowledge about it. Brand awareness is actually creating the consumer to accustom about a particular brand or product. The existence of a specific brand in the minds of customers is a good issue as the buyers live in a world where they have a tendency to lean towards branded products. It has become a vital role that most customers have at least heard about the brand and recognize it as it can be proved as an asset for the enterprises. Brand awareness is the likelihood that consumers recognize the existence and availability of a firm's product or services, creating this awareness by a firm is one of the fundamental steps to promote the enterprise's goods and services. Brand awareness is the customers' ability to recall and recognize the brand, as reflected by their ability to identify the brand under different conditions like linking the brand, the brand name, logo, symbol, and etc. to certain associations in memory. Brand awareness is an important of brand equity in any business organization not only in Vietnam, but also in the worlds. Brand awareness indicates the health of a brand and is a common tool to measure the effectiveness of advertising. Having a unique and memorable brand helps the business organization builds brand awareness and create a long-term position in the marketplace to get the competitive advantages with other competitors. Increasing brand awareness requires good strategy just like any other aspect of marketing management. To start, enterprises need to provide the best product and the best customer service possible. The dimension of brand awareness offer to the customers who can recall or recognize a brand and the brand awareness is correlated to the strength of brand awareness in the mind of customers (Aaker, 1991). Furthermore, according to Keller and Lehmann, (2006) brand awareness is the perception that connects to brand name in the consumer memory. Therefore, "consumers must first be aware of a brand to later have a set of brand associations" (Aaker, 1991). In addition, brand awareness is the competence for brand recognition among other ones; remembering brand is in the consumer's mind to remember it immediately when being asked about the same product lines (Keller, 1993) between brand equity based on customers' relationship. Therefore, based on the theoretical studies such as Aaker (1991), Keller (1993), Keller and Lehmann (2006), Amegbe (2016) with the aim of this study is to define what are the retail service organization dimensions to examine the relationship between brand awareness and the mediating perceived quality towards the customer loyalty. The hypothesis are as follows:

*H3: There is a significant relationship between brand awareness and perceived quality*

### **2.6 Perceived quality:**

The meaning of perceived quality is regarded as a significantly important study for all researchers and marketing managers. It is becoming a vital role to make a difference from competitors with the products and service's quality between the brand and customers. There is a value relationship between perceived value and satisfaction recommended by Cronin and Hult (2000). The perceived quality is defined as the consumer's perception of the overall components of a product or service including tangible and intangible values. It may also include performance, features, reliability, conformance, durability, serviceability, and aesthetics etc. Perceived quality is a bridge between the

business organization and customer in the service interaction. For example, when the business organization creates the good quality of services or products, their consumer will feel happy; then they continue to buy again their services or products. Hence, it's a mediating role of perceived quality in the connecting between the service interactions of business organization and customer loyalty that is very important to study in the business world. Perceived quality is the consumer estimation on added values of a product or service or the particular brand in different characters such as the marketing communication, the cost of goods or services, the brand awareness, brand loyalty, market perceived quality, etc. In addition, perceived quality is the core and the intangible values in measuring brand loyalty. Perceived quality is also defined as "the consumer's subjective judgment about a product's overall excellence or superiority" (Zeithaml, 1988). Furthermore, perceived quality is not only the real quality of product or service, but rather the consumer's assessment of that product or service in business perspectives. "Personal product experience, unique needs, and consumption situation" can affect the consumer's subjective evaluation of quality (Yoo and Lee, 2000). As Lin and Kao (2004) suggested that "perceived product quality may be influenced from distribution channels, brand image, country of origin, price, and certificates". Furthermore, Aaker (1991) stated that the perceived quality will create the reason to buy for customers, supporting the differentiation for the service of particular brand, enterprises will set the high price, helping the channel member become interest and enhance the brand extension.

Moreover, perceived quality can be stated as the customer's feeling of the overall quality or superiority of a product or service with respect to its intended purpose related to alternatives and with creating for the powerful brand loyalty, the business firms have entered into different competitive levels and the perceived quality is the most important role. In addition, perceived quality is an intangible value, overall customers' feeling that quality about a product or service, particular in that brand. However, it will usually be based on underlying elements which include features of the products to which the brand is attached such as reliability and performance. Furthermore, Buzzel and Gale (1987) stated that the most significant specific issue affected a business' result in the long run was the eminence of its products and service which related to those of rivals. There are difference academics defining the meaning of perceived quality such as Aaker (1991) that is "the customer's perception of the overall quality or superiority of the product or service with respect to its intended purpose, relative to alternatives." In addition, according to Chaudhuri (2002), perceived quality may affect consumers' needs, which is determined by perceived performance and believe. Therefore, according to some scholars, the value of perceived quality would be increased of the trust of consumers on the high brand high that leads to customer's loyalty. Hence, based on the studies of these authors as Zeithaml (1988), Buzzel and Gale (1987), Aaker (1991), Stobart (1994), Yoo and Lee (2000), Cronin and Hult (2000), Chaudhuri (2002), Lin and Kao (2004), there are the following hypothesis:

*H4: There is a significant relationship between Perceived quality and customer loyalty.*

### III. METHODOLOGY

In the first stage, the author has applied the qualitative approach to investigate the factors affecting customer loyalty for the retail service in Vietnamese SMEs in mobile sector in Ho Chi Minh City. The qualitative approach showed that there were 5 factors of the research model chosen. After completing the interview, there are four significant factors that affect to customer loyalty named as Brand trust, Service organization, Brand awareness, and the perceived quality.

In the second stage, the author has applied the qualitative approach to interview around 10 buyers who purchase in The Gioi Di Dong's Shop and Vien Thong A's Shop in Ho Chi Minh City with the convenient method to get the close ideas of service to build the questions for the observed variables: (1) Brand trust, (2) Service organization, (3) Brand awareness, and (4) the mediating variable of perceived quality to enhance (5) the customer loyalty.

**3.1 Objectives of the study:** The main objectives of this study are to investigate the mediating effect of perceived quality towards customer loyalty, and to build the measurements for the observed variables based on the factors recommended by the expert's opinion to complete the questionnaire for supporting the customer loyalty in SMEs in mobile sector in HCMC with the following objectives:

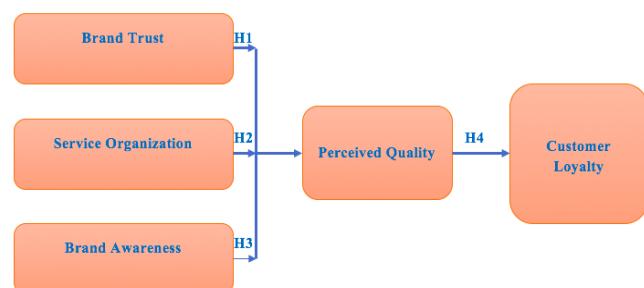
- (1) To determine the relationship between brand trust and perceived quality
- (2) To investigate the relationship between service organization and perceived quality
- (3) To examine the relationship between brand awareness and perceived quality
- (4) To identify the relationship between perceived quality and customer loyalty

#### 3.2 Research questions:

- (1) What is the relationship between brand trust and perceived quality?
- (2) What is the relationship between service organization and perceived quality?
- (3) What is the relationship between brand awareness and perceived quality?
- (4) What is the relationship between perceived quality and customer loyalty?

#### 3.3 Research framework and hypothesis

**3.3.1 Research framework:** The framework of this study will be applied the adapt and adopt approach that combine with experimental studies of author collected group discussions and suggestions of some experts which were suitable with situation of retail sale in Vietnam and proposed the research theoretical framework and hypothesis as following:



**The proposed Research framework for the study – Author generated.**

#### 3.3.2 Hypothesis:

- H1: There is a significant relationship between brand trust and perceived quality
- H2: There is a significant relationship between service organization and perceived quality
- H3: There is a significant relationship between brand awareness and perceived quality
- H4: There is a significant relationship between Perceived quality and customer loyalty.

#### 3.4 Research methodology:

This study was conducted through three phases: (1) Analyzing the variables by the experts' opinions who work in the long-term in mobile sector such as the managers, specialists, professors in the universities in HCMC. (2) Building the preliminary scale of measuring components based on related studies, and then there were 5 factors with 50 variables introduced to the customers in the mobile shops in HCMC; (3) Qualitative research: the author used in-depth interview with respondents by convenient sampling method until finding no differences within customers' suggestion. As a result, 10 customers who usually go shopping at mobile shop systems were interviewed to suggest the idea from the observed questions that were introduced by the author. Qualitative research helped adjust question phrasing to be close, easy to understand as well as changed questions in the already observed questionnaire. Generally, the qualitative approach showed that there were 5 chosen factors within 7 factors with 34 questions chosen in the total 50 observed questions of the research model from June to November, 2017 by using the convenient sampling for the interviews.

**3.5 Measuring components:** After the in depth-interview from the expert's opinion and customer's interview by the qualitative approach in Ho Chi Minh City; the measurement of observed variables are showed below:

**Table 1: Measuring components in the study – part I**

<b>Brand Trust</b>	
<b>BT1</b>	The brand meets customer's expectations
<b>BT2</b>	The reputation of the brand.
<b>BT3</b>	The truth forward this brand.
<b>BT4</b>	Awareness of the high quality for product and service
<b>BT5</b>	This is the honest brand.
<b>BT6</b>	The consistency of product quality.
<b>BT7</b>	The outstanding service

**The Mediating Effect Of Perceived Quality On The Customer Loyalty In Small And Medium-Sized Enterprises (SMEs) In The Mobile Phone Sector In Ho Chi Minh City (HCMC)- Vietnam.**

<b>BT8</b>	The experience when using this brand
<b>BT9</b>	Reliant on brand.
<b>Service Organization</b>	
<b>SO1</b>	Moderneyt of the shopping hall
<b>SO2</b>	Clearness of direction system in shopping area
<b>SO3</b>	Convenience of paying system
<b>SO4</b>	The spaciousness and tidiness of parking lot.
<b>SO5</b>	Arrangement towards goods scientifically
<b>SO6</b>	The harmoniousness of shopping hall
<b>SO7</b>	The convenience of shopping area
<b>SO8</b>	The quality of the sound of informing system
<b>Brand Awareness</b>	
<b>BA1</b>	Selfness towards the awareness of this brand
<b>BA2</b>	Influence of brand to its customers
<b>BA3</b>	Awareness of customers towards this brand
<b>BA4</b>	The reasonable price of this brand.
<b>BA5</b>	The match of the brand with customers' expectation.

Table 2: Measuring components in the study – Part II

<b>Perceived Quality</b>	
<b>PQ1</b>	The belief of customers towards the shopping mall.
<b>PQ2</b>	The benefits to customers for the first priority of shopping mall.
<b>PQ3</b>	The supermarket's commitment towards goods and services.
<b>PQ4</b>	The post-service system of the brand.
<b>PQ5</b>	The important role of the shopping mall.
<b>PQ6</b>	The satisfaction of customers when going shopping in the shopping mall.
<b>Customer Loyalty</b>	
<b>CL1</b>	Regularity towards going shopping in this shopping mall.
<b>CL2</b>	Satisfaction with specific experience with the brand
<b>CL3</b>	The complementation of this supermarket to others.
<b>CL4</b>	The instant thought of the brand of this shopping mall.
<b>CL5</b>	Satisfaction with customers' decision to purchase from this brand
<b>CL6</b>	The outstanding brand name of this shopping mall in the city.

(Source: author's collected data)

#### IV. CONCLUSION

The aim of this qualitative study is to examine the factors affecting the customer's loyalty. According to the result recommended by the expert's opinion and customer's

interview of the study in the SMEs in mobile sector in HCMC. The multi-dimensional construct of customer's loyalty basically consists four factors: Brand trust, Service organization, Brand awareness, Perceived quality and Customer's loyalty. In order to enhance the perceived quality between the branding and the customer service in Vietnamese SMEs in mobile sector in HCMC, there are 3 factors which are important ones in retail market in mobile phone sector named as Brand Trust, Service Organization, and Brand Awareness. In addition, three factors should connect to support the Perceived Quality that leads to the Customer's Loyalty. Besides, based on the result of this study, there is strongly recommend that the Vietnamese SMEs in mobile sector not only in HCMC but also in Vietnam should apply this study to build the customer loyalty.

In recent decades, technology has made marketing change and become more and more complex. Competitive advantage is essential pursuant to the innovation speed and effective relationships with the target market that is not only important for all the business fields but also for retail services. The marketing strategy is not just to sell, but to build a sustainable brand in the long-term brand loyalty to businesses. Branding is an emerging concept in Vietnam that has existed in marketing field for a considerable period of time but it is explored by many scholars in Vietnam at the present for the business organizations. Creating customer loyalty and building strong brands is an important strategy for differentiating a product from competing brands. Customer loyalty is developed through brand awareness and brand trust with the service organization to enhance the perceived quality among customer's mind which can only be created in the long term through properly designed marketing investments.

#### ***Mediated effect through component of perceived quality and customer loyalty:***

Firstly, with role of relationship of brand trust with perceived quality toward customer loyalty: In the process of building the customer loyalty, the trust of brand is very important and it will reflect by the perception in the mind of consumers. When the enterprises have a trust in their business, they can create their customers' good perceptions towards the organizations. Hence, the role of perceived quality between the brand and customer loyalty are necessary in the business world. In addition, in marketing profession and activities, most of businesses pay their attention on how to make their customers interest and share to others which will become an enormous business community and this is the most important value that should be stated and existed in the marketing strategies. As per customer nature, they are favored for the brand and are willing to share with other people and that is businesses' purposes to build the brand and make customers loyalty. All of this is affection to the communication of the brand trust; the trust means that the outstanding services offered by the brand to make the customer attractive to use it. Therefore, the retail service not only supplies the good products or service as a priority to serve the needs and demands of customers but also creates the competitive advantage for the business. In addition, the firm should provide the outstanding services or goods to increase the perceived quality in the mind of customers who will have a good sense of the good quality of the service to compete with other rivals. As a result, the quality of goods or services that

leads to the trust of the brand can support the customer satisfaction.

Secondly, with the role of relationship of service organization with perceived quality toward the customer loyalty: businesses should make customers feel excited or interested in products, they should create the good business environment to increase the perceived quality when customers go shopping. Hence, the role of perceived quality between the service organization and customer loyalty are also necessary. Furthermore, products or services should be in the professional manner to reach customers' needs and demands. This step will bring the positive sense in the customers' minds. Businesses should use product samples as a tool to make interests. Sample trials for target customers allow customers to spend their experiences on products or services and to attract potential customers. Then giving some thoughts as to how the products or services could better suit the customers' needs. This will help enterprises find right ways to meet customer aspirations and achieve outstanding customer service. Furthermore, improving the quality of human resources such as the skills for employees, building new infrastructure and modern facilities, performing correctly with the stated commitment about goods, the service quality which enterprises supply are to bring satisfaction to customers that will help retail systems build the brand.

Thirdly, with the role of relationship of brand awareness with perceived quality toward the customer loyalty: In the business world, the role of mediating perceived quality between the brand awareness and customer loyalty are crucial. If enterprises want to build the customer loyalty, they have to increase the brand awareness to support the perceived quality in customers' mind. Furthermore, businesses must pay attention to products or services for target customers by increasing method of brand awareness. If the customers do not realize or acquaint with products and services, businesses will not inspire customers to purchase. According the literature, there is a connecting between the perceived quality and customer's loyalty that was suggested by many scholars. Hence, the great values of products or services in the eyes of consumers would be high when they receive more satisfaction from the branding. Therefore, products or services should be different from competitors such as features, packaging, distribution channels, etc. that can support to the awareness of customers who perceive about the products or service of retail organization. Besides, marketing strategies must be produced in the really clear and attractive customers. Businesses can use the unique selling point (USP) to explore the different points with other rivals. Furthermore, the USP can support the positioning of the brand of retail organization in the mind of customer and they will tell to their relatives and friends.

Fourthly, with role of Brand Trust: In order to build the brand trust for the SMEs in mobile sector in HCMC, the enterprises should provide the good quality of goods or service firstly. Besides, creating the brand communication is a must to pay attention to the customers. Then, they also supply the origin of products for the customers. In addition, the good service that offers to the customers is also necessary. For example, building an outstanding staff is an important issue to increase the brand trust for Vietnamese SMEs in mobile sector with the many ways such as building an outstanding source of

staff, the system of mobile supermarket needing to train and re-train employees' soft-skills regularly with soft-skills as well as building the appraisal system towards employees, and creating employees' motivation by building policies of payment, compliment, and other welfare ones fairly and properly to encourage competitions within employees, or combine their performance appraisement from customers to have appropriate compliment ones.

Fifthly: There are many issues of Service organization that need to explore when Vietnamese SMEs in mobile sector want to enhance the customer loyalty. It is to build new infrastructure and modern facilities which perform correctly with the stated commitment about the service quality supplied by enterprises in order to bring satisfaction to customers so that it can help enterprise's retail systems remained and developed with market share in this field. As a result, enterprises began performing good commitments, service standards as stated. In addition, when supplying products and good services, enterprises in retail sector have to combine solving complaint process properly.

Lastly: The significance of the brand awareness based on this concept includes brand reputations for external and internal ones of all sources to influence customer's loyalty, buying process, and it develops the customer loyalty and creates a connection of inter-relation between goods or services and the buyers. Brand awareness is a key component of successful marketing strategy to enhance the customer loyalty. Generating recognition for brand can help improve factors such as sales cycle and cash flow performance of business organization as well as increase engagement with current and future customers. In addition, the strategy of brand awareness should continue to focus on capturing the attention of current customers. Brand awareness is the customers' ability to recall and recognize the brand. Therefore, Vietnamese enterprises in mobile phone sector should explore their ability to identify the brand under different conditions like linking the brand, the brand name, logo, symbol, etc. to certain associations in memory customer's memory with the attract brand identity system (BIS). Besides, the social media networks providing by the digital world will require marketing managers in SMEs in mobile sector to take a proactive, rather than reactive stance in the digital age. Being proactive one can help in SMEs in mobile sector to increase their brand awareness in the social media marketing in customers' mind.

#### **LIMITATION AND THE FUTURE STUDY ORIENTATION**

The future study: Firstly, future researchers might apply these factors of brand trust, brand awareness, service organization with the mediating role of perceived quality in order to study their effect on the customer loyalty. A systematic series of research projects involving different factors provide valuable insight into the effects of various elements of the retail service on service brand. Secondly, the future study can apply this theoretical framework and the questionnaire system to test the role of retail service and the customer loyalty through the perceived quality role and the future study can explore in the different places in Vietnam to determine the different behavior of customers when they go shopping in Mobile shops. Lastly, other researchers can apply this study to improve the quality of the service sector in order to enhance the customer loyalty in the place where they live.

# The Mediating Effect Of Perceived Quality On The Customer Loyalty In Small And Medium-Sized Enterprises (SMEs) In The Mobile Phone Sector In Ho Chi Minh City (HCMC)- Vietnam.

There is a limitation from this study. The researcher studied only the two brands in mobile sector named The Gioi Di Dong's Shop and Vien Thong A's Shop. Hence, there is a limitation for choosing sample for this study. Furthermore, this study was conducted in Ho Chi Minh City only and not all cities in Vietnam so the respondents could not be the whole representatives for customers in mobile sector. Lastly, in this study, the author just proposed the theoretical framework and the questionnaire system by qualitative method without the quantitative study to test the model.

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