



Impact Of Customer Experience On Brand Loyalty In The Indian Leather Industry: An Empirical Study

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ABSTRACT: In an increasingly competitive market environment, customer experience (CX) has emerged as a critical differentiator that influences brand loyalty. The Indian leather industry, known for its craftsmanship and export potential, faces challenges in retaining customers due to intense competition and inconsistent service delivery. This study aims to empirically examine the relationship between customer experience and brand loyalty in the Indian leather industry, with a focus on mediating factors such as customer satisfaction, trust, and emotional connection. Data was collected from 350 consumers using structured questionnaires and analyzed using statistical tools like regression analysis and structural equation modeling (SEM). The findings reveal a strong positive correlation between customer experience and brand loyalty, with customer satisfaction and emotional connection acting as significant mediators. Based on these insights, strategic recommendations are provided for Indian leather companies to enhance their market positioning through improved customer experiences.

Index Terms - Customer Experience, Brand Loyalty, Indian Leather Industry, Customer Satisfaction, Trust, Emotional Connection

1. INTRODUCTION

The global business landscape is undergoing rapid transformation driven by digitalization, globalization, and evolving consumer expectations. In this context, organizations are shifting their focus from transactional interactions to experiential engagement. Customer experience (CX), defined as the totality of a customer's perceptions and feelings resulting from interaction with a brand's products, services, and processes (Verhoef et al., 2009), has become a key strategic asset. CX not only influences purchase decisions but also fosters long-term relationships through brand loyalty (Brakus et al., 2009).

Brand loyalty, characterized by repeated patronage and resistance to switching, is crucial for business sustainability (Oliver, 1999). It enhances profitability, reduces marketing costs, and strengthens competitive advantage. However, achieving brand loyalty requires consistent and meaningful customer experiences across all touchpoints from product quality and pricing to after-sales service and communication.

The Indian leather industry, one of the oldest manufacturing sectors in the country, contributes significantly to employment and exports. According to the Ministry of Commerce and Industry (2023), the sector accounts for around 1.4% of India's industrial production and 4% of total exports. Despite its economic importance, the industry struggles with high customer churn and weak brand differentiation. Many firms prioritize cost efficiency and product innovation over experiential aspects, leading to transactional rather than relational customer engagement.

Given these dynamics, there is a growing need to understand how customer experience influences brand loyalty within the Indian leather industry. While existing literature explores CX and brand loyalty in various industries, empirical studies focusing specifically on the leather sector in India remain limited. This research addresses this gap by investigating the impact of CX on brand loyalty, while also examining the role of mediating variables such as customer satisfaction, trust, and emotional connection.

1.2 OVERVIEW OF THE INDIAN LEATHER INDUSTRY

India ranks among the top five global producers of leather and leather goods. The industry comprises tanneries, footwear, leather garments, and accessories manufacturers. As of 2023, it provides direct and indirect employment to over 4 million people and generates annual exports worth more than \$4 billion. Key markets include the United States, European Union, UAE, and Japan.

Despite its growth potential, the Indian leather industry faces several challenges such as fragmented market structure with numerous small-scale players, inconsistent product quality and lack of standardization, limited branding and marketing capabilities, weak supply chain management and insufficient investment in customer-centric strategies.

These issues hinder the development of strong customer relationships and brand loyalty. In contrast, international competitors leverage superior CX strategies to build enduring brand equity. Therefore, understanding and enhancing CX becomes imperative for Indian leather brands to compete effectively in both domestic and global markets.

1.3 STATEMENT OF THE PROBLEM

While the Indian leather industry continues to grow, there is limited understanding of how customer experience impacts brand loyalty. Most businesses focus on price competitiveness and product features, neglecting the emotional and psychological dimensions of consumer behavior. The researcher seeks to address the following problems in the present study:

1. Lack of empirical evidence on the relationship between CX and brand loyalty in the Indian leather industry.
2. Inadequate exploration of mediating mechanisms such as customer satisfaction, trust, and emotional connection.
3. Limited strategic guidance for leather companies to improve CX and foster brand loyalty.

2. LITERATURE REVIEW

2.1 CONCEPTUALIZING CUSTOMER EXPERIENCE

Customer experience is broadly defined as "the internal and subjective response customers have to any direct or indirect contact with a company" (Meyer & Schwager, 2007). These interactions occur at multiple touchpoints throughout the customer journey before, during, and after purchase.

Key elements of CX include:

- Sensory: Visual, auditory, and tactile experiences.
- Emotional: Feelings evoked during interaction.
- Cognitive: Perceptions and evaluations formed.
- Behavioral: Actions taken as a result of the experience.

Studies suggest that CX influences consumer decision-making more than traditional marketing efforts (Pine & Gilmore, 1999). Positive experiences lead to increased satisfaction, repeat purchases, and word-of-mouth referrals.

2.2 UNDERSTANDING BRAND LOYALTY

Brand loyalty is a multi-dimensional construct encompassing attitudinal commitment and behavioral consistency (Baldinger & Robinson, 1996). Oliver (1999) conceptualizes brand loyalty as a four-stage process:

- Cognitive Loyalty: Awareness and knowledge of the brand.
- Affective Loyalty: Preference and liking for the brand.
- Conative Loyalty: Intention to repurchase.
- Actual Loyalty: Repetitive purchasing behavior.

Loyal customers contribute significantly to firm performance through higher lifetime value and reduced acquisition costs (Reichheld, 1996). Moreover, they act as brand advocates, influencing others' purchasing decisions.

2.3 RELATIONSHIP BETWEEN CX AND BRAND LOYALTY

Empirical studies consistently show that positive customer experiences enhance brand loyalty (Zeithaml et al., 2006; Rust & Huang, 2014). Experiences that exceed expectations create emotional attachment, which reinforces loyalty beyond functional benefits.

The key drivers of CX that influence brand loyalty include Product Quality, Service Excellence, Pricing Transparency, Ease of Purchase, and Personalized Communication.

2.4 MEDIATING FACTORS IN THE CX–BRAND LOYALTY RELATIONSHIP

Several studies propose that the relationship between CX and brand loyalty is mediated by intermediate constructs:

2.4.1 CUSTOMER SATISFACTION

Anderson and Sullivan (1993) established that customer satisfaction acts as a full mediator between CX and loyalty. Satisfied customers are more likely to develop favorable attitudes toward the brand and exhibit repeat purchase behavior.

2.4.2 TRUST

Trust refers to the belief in a brand's reliability and integrity (Moorman et al., 1993). Customers who trust a brand are less likely to switch despite minor inconveniences or competitive offers.

2.4.3 EMOTIONAL CONNECTION

Zarantonello and Schmitt (2010) argue that emotional connections drive deeper levels of loyalty. Brands that evoke positive emotions create stronger bonds with customers, enhancing retention and advocacy.

2.5 RESEARCH GAP

While CX and brand loyalty have been extensively studied in general marketing literature, few studies have examined their interplay in specific industries like the leather sector. Additionally, most studies are conducted in Western contexts, leaving a gap in understanding these dynamics in emerging markets like India.

This present study contributes to the literature by focusing on the Indian leather industry, a sector with unique cultural and market characteristics. Examining both direct and indirect effects of CX on brand loyalty and incorporating emotional and relational constructs often overlooked in previous research.

3. RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

The present study adopts a quantitative approach using survey-based research to gather data from end consumers of leather products in India. A cross-sectional design was employed to collect data at a single point in time.

3.2 SAMPLING METHOD

The target population consisted of individuals aged 18–55 years who had purchased leather goods (e.g., footwear, bags, belts, jackets) in the past six months. A sample size of 350 respondents was determined using Cochran's formula at a 95% confidence level and 5% margin of error.

3.3 DATA COLLECTION

Data was collected through structured questionnaires distributed online via Google Forms and offline in shopping malls and leather retail outlets across major cities: Delhi, Mumbai, Chennai, Kolkata, and Bangalore. Each questionnaire included socio demographic information, Likert-scale items measuring CX, brand loyalty, and mediating variables, Open-ended questions for qualitative feedback. The survey instrument was pre-tested on 30 participants to ensure clarity and validity.

3.4 MEASUREMENT INSTRUMENTS

All constructs were measured using validated scales from prior literature:

S.No.	Construct	Scale Source	Number of Items
1.	Customer Experience	Brakus et al. (2009)	12 items
2.	Brand Loyalty	Oliver (1999)	8 items
3.	Customer Satisfaction	Anderson & Sullivan (1993)	6 items
4.	Trust	Moorman et al. (1993)	5 items
5.	Emotional Connection	Zarantonello & Schmitt (2010)	7 items

Source: Computed Data

Responses were recorded on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

3.5 DATA ANALYSIS TECHNIQUES

The collected data was analyzed using SPSS and AMOS software. The following techniques were applied:

- Descriptive statistics - to summarize demographic profiles and variable distributions
- Cronbach's alpha - to assess internal consistency of measurement scales
- Exploratory Factor Analysis (EFA) - to identify underlying dimensions of customer experience
- Confirmatory Factor Analysis (CFA) - to validate the measurement model
- Structural Equation Modeling (SEM) - to test hypotheses

4. RESULTS AND DISCUSSION

4.1 DEMOGRAPHIC PROFILE OF RESPONDENTS

Table 1
Socio - Demographic profile of the Respondents

S.No.	Demographic Variable		Frequency (%)
1.	Gender	Male	58%
		Female	42%
2.	Age Group	18–24	18%
		25–34	36%
		35–44	28%
		45–55	18%
3.	Occupation	Student	21%
		Working Professional	54%
		Entrepreneur	18%
		Others	7%
4.	Income (INR/month)	Below ₹20,000	12%
		₹20,000 to ₹50,000	35%
		₹50,000 to ₹1,00,000	38%
		Above ₹1,00,000	15%

Source: Primary Data

Most respondents were working professionals aged 25–40 years, indicating a target audience of middle-income urban consumers.

4.2 RELIABILITY AND VALIDITY ANALYSIS

Table 2
Reliability Construct

S.No.	Construct	Cronbach's Alpha
1.	Customer Experience	0.87
2.	Brand Loyalty	0.84
3.	Customer Satisfaction	0.82
4.	Trust	0.78
5.	Emotional Connection	0.85

Table 2 shows Cronbach's alpha values for each construct. All values exceeded the threshold of 0.70, indicating good internal consistency.

4.3 EXPLORATORY FACTOR ANALYSIS (EFA)

EFA was performed on the 12-item CX scale using Varimax rotation. Four factors were extracted, explaining 68.3% of the variance:

Factor	Description	% Variance Explained
1	Product Quality	22.10%
2	Service Excellence	18.50%
3	Pricing Transparency	15.70%
4	Brand Communication	12.00%

4.4 STRUCTURAL EQUATION MODELING (SEM) RESULTS

Table 3 presents the standardized path coefficients and significance levels:

Hypothesis	Path	β	p-value	Result
H1	CX $\rightarrow$ Brand Loyalty	0.62	<0.01	Supported
H2	CX $\rightarrow$ Customer Satisfaction $\rightarrow$ Brand Loyalty	0.48	<0.01	Supported
H3a	CX $\rightarrow$ Trust $\rightarrow$ Brand Loyalty	0.19	<0.05	Partially Supported
H3b	CX $\rightarrow$ Emotional Connection $\rightarrow$ Brand Loyalty	0.32	<0.01	Supported

Model fit indices were acceptable:

CFI = 0.94, TLI = 0.92, RMSEA = 0.06, SRMR = 0.05

The model explained 64% variance in brand loyalty ($R^2 = 0.64$), indicating strong predictive power.

5. INTERPRETATION AND IMPLICATIONS

5.1 IMPACT OF CUSTOMER EXPERIENCE ON BRAND LOYALTY

The results confirm that customer experience significantly influences brand loyalty in the Indian leather industry ($\beta = 0.62$, $p < 0.01$). This aligns with previous research showing that experiential elements drive consumer behavior beyond functional attributes.

5.2 ROLE OF MEDIATING VARIABLES

a) CUSTOMER SATISFACTION

Customer satisfaction fully mediated the relationship between CX and brand loyalty ($\beta = 0.48$, $p < 0.01$). This indicates that improving CX leads to higher satisfaction, which in turn enhances loyalty. Leather brands should focus on delivering consistent, high-quality experiences across all touchpoints.

b) TRUST

Trust showed a weaker mediating effect ($\beta = 0.19$, $p < 0.05$), suggesting that while important, trust alone may not be sufficient to drive loyalty without emotional engagement.

c) EMOTIONAL CONNECTION

Emotional connection had the strongest mediating effect ($\beta = 0.32$, $p < 0.01$). This underscores the importance of creating emotional bonds through storytelling, personalized communication, and brand values.

5.3 STRATEGIC RECOMMENDATIONS

Based on the findings, the following strategies are recommended:

1. Enhance Product Quality Assurance: Implement rigorous quality control measures and certifications to build trust and consistency.
2. Invest in Customer Service Training: Train frontline staff to deliver personalized and empathetic service experiences.
3. Create Emotional Branding Campaigns: Use storytelling and cultural narratives to build deeper emotional connections with consumers.
4. Leverage Technology for Personalization: Use CRM systems to tailor offers and communications based on customer preferences.
5. Improve After-Sales Support: Offer warranties, easy return policies, and responsive grievance redressal mechanisms.

6. CONCLUSION

This study confirms that customer experience plays a pivotal role in fostering brand loyalty in the Indian leather industry. By enhancing product quality, service delivery, and emotional engagement, leather brands can differentiate themselves in a crowded marketplace. The mediating roles of customer satisfaction and emotional connection highlight the importance of holistic, experience-driven strategies.

As the Indian leather industry continues to grow, prioritizing customer experience will be essential for sustainable success. Future research could explore cross-cultural comparisons or examine the role of digital channels in shaping customer experiences.

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