BRAND TRUST AND BRAND LOYALTY, AN EMPIRICAL STUDY IN INDONESIA CONSUMERS

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ABSTRACT: Brand loyalty has become an important issue in marketing. There are many research has been conducted to examine this issue. Brand loyalty is part of relationship marketing. In the theory of relationship marketing, there is a strong correlation between brand loyalty, trust in a brand and commitment. This research analyses the effects of brand reputation, brand predictability, brand satisfaction, brand liking, brand experience, trust in the company and brand competence to brand loyalty, with trust in a brand as a mediating variable. This model use a model proposed by Lau and Lee (2000). Lau and Lee (2000) use this model to measure consumer’s loyalty in a low involvement product. This research uses a different setting. My setting is in a high involvement product, which is cellular phone consumer. This research uses non-random sampling methods (convenience sampling) in order to gain data. I collect 150 respondent, but only 134 questionnaires are complete. After conduct an outlier test I have only 109 respondent left to analyze. To analyze the data, this research uses hierarchical regression analyses. The result shows that only to variables have significant effect to brand loyalty, they are consumer’s trust in a company and brand satisfaction. While, the hypotheses that trust in brand is a mediating variable is support. The managerial implications of this research are, first, a company which produces a high involvement product must conduct an effective marketing communication with their costumer. Second, a company should increase their service so that consumer’s will satisfy with their brand.

Keywords: Brand Loyalty, Brand Trust, Brand Satisfaction, Brand

INTRODUCTION

The concept of loyalty is an important issue in marketing. The research in this issue is also gives a lot of contribution in marketing strategy. For example, Thiele and Bennet (2001) discuss the category of loyalty. Ewing (2000) on the other side, have been conducting a research on store loyalty and its effect on brand loyalty. Loyalty on service provider, also become an interested issue to discuss (Teppeci, 1999). This research is related with the emerging issue on service marketing. Mackenzie dan Spreng (1992) discuss about another part of loyalty, they are motivation in the brand evaluation and brand intention, while, Simonsen et al (1988) has been conducting research about the process of information gathering before loyalty. Rai and Medha (2013) and Mittal (1990) analyze the role of brand trust, commitment and attitude toward advertising as a mediating variable to the attitude toward brand. Many research has been conducted and discuss many aspects of loyalty, however, the issue is still in the vague results. This problem occurs due to the rapid development of product and massive variation of product. The emergence of high-tech products such as cellular phone challenges the issue on brand loyalty. This issue is related with brand trust. It gives a challenge for marketer the right strategy to build brand trust in order to achieve brand loyalty.

The theoretical concept of brand trust originally comes from the concept of relationship marketing (Rai and Medha, 2013, Morgan and Hunt, 1994, Parasuraman et al., 1985). Several
empirical works show that commitment and trust is the part of relationship marketing (Joo, 2015; Ekelundand Sharma, 2001; Tezinde et al, 2001).

This paper focuses on the discussion about brand trust and its effect on brand loyalty. This paper uses the framework proposed by Rai and Medha (2013), Atkinson and Rosenthal (2014) and Lau and Lee (2000). The framework uses consumer goods as the setting in the original paper, while, this research uses cellular phone consumers. The reason why we choose the setting is cellular phone has a unique variation and the consumers have unique behavior, especially in Indonesia as an emerging economies.

The goal of this research is to analyze the role of brand trust as a mediating variable gives effect to brand loyalty. The independent variables of this research are brand predictability, brand competency, brand reputation, brand satisfaction, brand experience, trust in company and brand liking, while the dependent variable is brand loyalty.

**LITERATURE UNDERPINNING**

**The Concept of Brand Trust**

Brand is a name, sign, symbol or design or the combination of all which means as an identification of a product or service and make it difference from the competitor (Kotler, 2012). Lau and Lee (2000) proof that brand trust is a mediating variable which related brand predictability, brand competency, brand reputation, brand satisfaction, brand experience, trust in company and brand liking with brand loyalty. Consumer’s trust in the marketing literature is concept which has a strong correlation with consumer’s perception. One of it is the concept proposed by Assael (1998). In this concept, brand trust is a cognitive component of the behavior.

Trust is the expectation of the agents involve in a transaction and the risk which related with the expectation and behavior (Rai and Medha, 2013; Atkinson and Rosenthal, 2014). Brugha (1999) defined trust as an expression of a feeling. The feeling has an effect to cognition, affection and behavior. Assael (1998) said that trust could be measured by determining the attribute and benefit of a brand.

Discussion about trust is related with relationship marketing (Morgan and Hunt, 1994, Parasuraman et al, 1985). Trust and commitment are mediating variables in the company relationship with their customers (Ekelundand Sharma, 2001; Tezinde et al, 2001; Morgan and Hunt, 1994; Alam and Yasin, 2010). There are two categories of trust, they are organizational trust and personal trust (Ekelundand Sharma, 2001). Brand trust is a part of personal trust.

According to Gurviez and Korchia (2003), there are several things could be identified from trust. First, trust and commitment are the most important variables in maintaining long term relationship among partners in the business and industry. Second, explanation from trust and commitment in the relationship between company and consumers give supplement for business theory especially about transaction cost. Third, the biggest difficulties of constructing the trust concept are in the cognitive and affective based. Several factors, such as brand, trust, commitment and satisfaction give effect on loyalty (Tezinde et al, 2001; Lassoued and Hobbs, 2015; Joo, 2015).
Brand trust mediates the relationship of brand predictability, brand competency, brand reputation, brand satisfaction, brand experience, trust in company and brand liking with brand loyalty.

H2 Brand predictability, brand competency, brand reputation, brand satisfaction, brand experience, trust in company and brand liking have direct effects on brand loyalty.

H3 Brand predictability, brand competency, brand reputation, brand satisfaction, brand experience, trust in company, brand liking and brand trust have direct effects on brand loyalty.

H4 Brand trust has a positive effect on brand loyalty.

Brand Predictability

Brand predictability is the ability of a brand to get anticipated by their consumers with full trust in every consumption (Lau and Lee, 2000). Consumers need brand predictability because they will anticipate the unexpected things of a brand. A brand could be anticipated due to several things, one of it is the consistency of quality of a brand. Predictability occurs due to the continuous interaction, and in the process an agent makes a promise and tries to keep the promise. A brand creates their predictability by giving signal to their consumers and building the brand (Atkinson and Rosenthal, 2015; Joachimsthaler & Aaker, 1999).

H5 Consumer’s perception that a brand should has a performance as its promise have a positive effect on brand trust.

Brand Liking

Brand liking occurs due to a brand gives more pleasure than other. Brand liking occurs from previous experience, reference process and ad likeability (Smit et al., 2006). In consumers goods marketing, if a consumer likes a brand then he or she will trust it (Lau and Lee, 2000). Ruffin and Molina (2015) suggests that to build relationship among two parties, one party must like another.

Traditional marketing focus on the effort to gain new consumer, whereas at the present company have to focus on maintaining recent consumers. (McIlroy & Barnett, 2000). Literature on relationship marketing focuses the discussion on consumer relationship (Guenzi & Pelloni, 2003). Furthermore, consumers relationship could be divided into two criteria, they are structural level and subject involvement.

H6 Brand liking has a positive effect on brand trust

Brand Competence

Brand competence is the ability of a brand to overcome consumer’s problem and also fulfilling their needs (Lei and Li, 2014; Lau and Lee, 2000). In the context of brand trust, the trust feeling will be appear from a consumer based on fact that a brand is able to fulfill his/her needs. According to, Ballester and Aleman (2001) brand trust will also be appear based on brand reliability and brand intention to the consumer.

H7 Brand competence has a positive effect on brand trust
Brand Reputation

Brand reputation depends on consumer’s opinion of a brand (Lau and Lee, 2000). In this case, there are two possibilities a good opinion or bad one. Brand reputation is also related with brand credibility; whether a brand is able to provide quality as its promise. (Gassman et al., 2009; Erdem et al., 2002). Brand credibility is the degree of trustworthiness of an information in a brand (Bolton, 2013; Erdem and Swait, 1998). For example, a brand means “consistent quality”.

A brand which has a good reputation means good product position, the less consumer risk, the less cost needs to gather information before purchasing (Erdem et al, 2002).

H8 Brand reputation has a positive effect on brand trust.

Trust in The Company

Ekelund and Sharma (2001) divide consumer’s trust into two categories, they are organizational trust and personal trust. Organizational trust related with the influence of a company to a commitment of a relationship. Belief is the main dimension of organizational trust (Morgan dan Hunt, 1994). Sahin et al., (2011) and Verhoef et al., (2002) mention the important aspects that influence relational constructs between company and their customer are trust, commitment and satisfaction.

H9 Trust in the company has a positive effect on brand trust.

Brand Satisfaction

Satisfaction will appear when a consumer hope meet with their purchase decision (Lin and Sun, 2009). Satisfaction is a positive behavior toward a brand, which results a decision of repurchasing the brand. Brand satisfaction could be define as a result of subjective evaluation, when a alternative brand was chosen and it exceeds consumer’s expectation (Ting, 2004; Lau and Lee, 2000). Ballesterand Aleman (2001) shows that brand satisfaction will strengthen brand trust. In his study, Tepeci (1999) shows a direct effect of satisfaction to loyalty in the hospitality industry. Finally, service provider makes customer satisfaction as the main purpose of the company (McDougall dan Levesque, 2000).

H10 Brand satisfaction has a positive effect on brand trust.

Brand Experience

An interesting question appear from the model proposed by Lau and Lee (2000), where is the position of buying behavior? In their study, buying behavior appears in the existence of brand experience construct. But, in their study this variable is not related with brand trust. However, in my study, we decide to use this variable as one of brand trust’s antecedents.

H11 Consumer experience in consuming a brand has positive effect on brand trust.

The Concept of Brand Loyalty

Brand loyalty is a component of brand equity. Brand equity has five categories, they are brand loyalty, name awareness, quality, brand association and several brand assets, such as patent, trademark etc (Aaker et al, 2001). Brand loyalty is a favoritism of brand by conducting a repeat

According to Assael (1998), there are several constraints in identifying brand loyalty by using behavioral approach. First, measuring brand loyalty with past perception will result a bias. Second, consumer’s purchase decision does not always reflect changes in their behavior. Third, brand loyalty is a multidimensional concept instead of a part of past behavior.

According to Dharmmesta (1999), there are four stages of loyalty based on attitudinal and behavioral approach. The four stages are cognitive, affective, conative and behavioral loyalty. Cognitive stage using information base which point on a single brand. Brand loyalty only happen based on cognition. Second stage, affective stage based on thought that affective loyalty is a function of expectation from the pre-consumption stage and past attitude plus satisfaction feeling from the consumption stage. In the third stage, conative shows an intention or commitment to do something in a certain direction. Conative loyalty involves a deep commitment from consumer to purchase the brand.

**Conceptual Model**

![Conceptual Model Diagram](image)

**Figure 1: Conceptual Model, Source: Lau & Lee (2000)**

**METHODOLOGY**

Population of this research is cellular phone consumers. In this research, the population frame is unknown. According to, Cooper and Schindler (2001), a researcher cannot decide how many samples enough for the purpose of accuracy. The sample in this research is 150. The
The consideration of the amount of respondents is 10 times of the amount of variables. The sampling method is convenience sampling method.

The method of collecting data is survey. I conduct a survey among cellular phone consumer in two cities, Yogyakarta and Surakarta. Most of the respondents are young people with age range from 18 to 30 years old.

The measurement of this research is the brand trust instrument proposed by Lau and Lee (2000), Ballester and Alleman (2001) and Soderlund (2006). The questionnaire contains of 60 questions in Likert scale. We distribute 150 questionnaires and there are 134 complete questionnaire returns.

RESULTS AND FINDINGS

Normality and Outlier Test

I use 134 questionnaires as a basis of data analyses. Then I conduct an outlier test by using Z value. The result shows that 25 respondents considered as outlier. I decide to drop off 25 respondents from the data, so, I have 109 observations left.

Validity Test

The result of face validity by expert judgement shows that the brand trust measurement proposed by Lau and Lee (2000) and Ballester and Allemann (2001) is valid as a brand trust measurement. I test the construct validity of the instrument by using confirmatory factor analyses (CFA). As a goodness of fit criteria, I use Nunnally (1976) criteria which the correlation value above 0.3 shows a valid item question. The result of CFA analyses shows the factor loading scores of item question from 0.307 to 0.748. I drop off several item question since their factor loading scores below 0.3. There are four item question from brand liking, brand experience and brand loyalty must be drop off.

Reliability Test

I use cronbach alpha to test the internal consistency of the instrument. The criteria of internal consistency is Nunnally (1976) criteria with Alpha score 0.6 above. The result shows that all variables are consistent. Table 1 shows the result of reliability test.

Table 1. The Result of Reliability Test

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>Cronbach Alpha Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand reputation</td>
<td>0.6352</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>0.6613</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>0.7719</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>0.7620</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>0.6912</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>0.5691</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>0.8572</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>0.7683</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>0.5837</td>
</tr>
</tbody>
</table>
Hierarchical Regression Analysis

In order to test research hypotheses, this research uses hierarchichal regression analysis (HRA). Table 2 shows the result of HRA of the conceptual model. We employs hierarchical regression analysis (HRA) to test the research hypotheses.

Table 2. HRA Results

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Equation 1</td>
<td>Equation 2</td>
<td>Equation 3</td>
</tr>
<tr>
<td>Brand trust</td>
<td>Brand trust</td>
<td>0.043</td>
<td>0.067</td>
<td>0.002</td>
</tr>
<tr>
<td>Brand reputation</td>
<td>Brand loyalty</td>
<td>0.119</td>
<td>0.399*</td>
<td>0.088</td>
</tr>
<tr>
<td>Brand predictability</td>
<td></td>
<td>0.208*</td>
<td>0.164</td>
<td>0.385*</td>
</tr>
<tr>
<td>Brand competence</td>
<td></td>
<td>0.006</td>
<td>-0.583</td>
<td>0.016</td>
</tr>
<tr>
<td>Trust in the company</td>
<td></td>
<td>0.058</td>
<td>0.163</td>
<td>-0.056</td>
</tr>
<tr>
<td>Brand liking</td>
<td></td>
<td>0.469*</td>
<td>0.280*</td>
<td>0.280*</td>
</tr>
<tr>
<td>Brand experience</td>
<td>R² = 0.589 AdjR²= 0.560</td>
<td>R² = 0.269 AdjR²=0.263</td>
<td>R² = 0.474 AdjR²=0.438</td>
<td>R² = 0.480 AdjR²=0.439</td>
</tr>
<tr>
<td>Brand satisfaction</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Note: * = significant at the level α 0.05

DISCUSSIONS

The result of HRA shows brand trust becomes mediating variable in the relationship between, trust in the company and brand satisfaction with brand loyalty. The result also shows that brand competence and brand satisfaction has significant effect on brand loyalty. Lin and Sun (2009) found that consumer’s satisfaction effects on loyalty due to consumer’s evaluation during process of consumption or experience in the relationship with service provider. Trust has significant effect on loyalty as a result of experience of brand usage (Sahin et al., 2011).
Consumers have information about a product since their process of brand evaluation and several brands has their own reputation (Gassman et al., 2009; Franke et al., 2005). Each brand represents performance of R&D, marketing, human resource and after sales service function, consequently it also build brand competence (Gassman et al., 2009). Previous experience of brand usage with positive perception could strengthen brand competence and in the end it will encourage consumer’s loyalty (Rai and Medha, 2013; Nenadal, 2015).

Result of this study shows that brand satisfaction has positive effects on brand loyalty. However in the model 1, brand satisfaction has indirect effect to loyalty, with brand trust as a mediation variable. Lin and Sun (2009) and Sahin et al., (2011) analyze the effects of brand satisfaction to loyalty. In those studies, respondents whom has satisfied result a loyalty in a brand, however they are also trust the brand. Rai and Medha (2013) and Nenadal (2015) has different findings. In their studies of consumer goods loyalty, brand satisfaction has direct effect on brand loyalty, which is similar with model 2 in this study.

IMPLICATIONS FOR RESEARCH AND PRACTICE

There are several practical considerations of this research:

1. Brand trust is an important factor to consider when a brand decides to build brand loyalty. Other factors need to be considered is trust in the company and brand competence. This fact gives suggestion to a cellular phone to strengthen the marketing communication strategy. Smit et al., (2006) and Kotler (2012) mentions that a company must choose the proper integrated marketing communication strategy. Integrated marketing communication is all activities in the marketing promotion (advertising, direct marketing, public relations etc) which conduct comprehensively and involving multi aspects.

2. Consumer’s satisfaction of a brand has a direct and indirect effect on brand loyalty. Satisfaction is a matter of a promise from a service provider to their consumer (Lin and Sun, 2009; Sahin et al., 2011). It gives a suggestion to a brand to fulfill their promise to consumer.

CONCLUSIONS

This research’s purpose is to analyze the role of brand trust as a mediating variable in the relationship between brand reputation, brand predictability brand competence, trust in the company, brand liking, brand experience and brand satisfaction with brand loyalty. The conclusions of this paper are:

1. Brand satisfaction and trust in the company have positive significant effect on brand loyalty mediated by brand trust.

2. Brand reputation, brand predictability brand competence, brand liking and brand experience do not have significant effect on brand trust and brand loyalty.

3. Brand satisfaction and brand competence have a positive significant effect on brand loyalty.
IMPLICATIONS FOR FUTURE RESEARCH

There are several limitations in this research. There are lack of varieties of respondent’s demography in this study. For example, age and social background of respondent dominated by students and lecturers. In the future, researcher needs to extend demographic background of respondents.

Our findings in this study show that brand satisfaction and brand competence has positive effect on brand loyalty. In the future, researcher needs to explore varieties of brand satisfaction and brand competence for different kinds of brand in similar products or other IT products.

REFERENCES


