Brand Loyalty as a Mediator of the Relationship between Brand Trust and Brand Performance

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ABSTRACT

The purpose of this study is to test and develop a brand trust model with brand loyalty as a mediator of the relationship between brand trust and brand performance on Pond's cleansing detergent in the Faculty of Economics, Jenderal Soedirman University, Indonesia. A random sampling technique was used on 105 usable questionnaires and data was analyzed by Structural Equation Model (SEM). Statistically, the results confirmed that brand trust positively influenced on the purchase loyalty and the attitudinal loyalty. Consequently, two aspects of brand loyalty namely the purchase loyalty and the attitudinal loyalty positively influenced the brand performance

Keywords: Brand trust, brand loyalty, brand performance.

I INTRODUCTION

The development of many industries in this globalization era causes higher competition level among the companies in gaining societal attention to certain products. Not only automotive industries that grown rapidly, but also industries such as toiletries and cosmetics are also facing high competition. This was due to the purchasing ability of consumers and toiletries become daily requirements for consumers to be fulfilled. Based on data collected from market research institutions, the industries of toiletries and cosmetics are estimated to grow at around 15-20 percent per year. Data taken from the "Perkosmi" (Persatuan Perusahaan Kosmetika Indonesia) estimated that the turnover of toiletry and cosmetics markets in 2007 would reach approximately Rp18 quintillions (RM5.81 billion). For the next year the quantity would grow around 20% or approaching about Rp22 quintillions (RM7.10 billion). Looking at the number, the biggest turnover was contributed by the markets of toiletries products which occupy almost 75% of the cosmetics and toiletries industrial markets, whereas the cosmetics products contributed 25% of the turnover.

Facing tight competition on toiletries, companies are not just asked for having competitive superiority in differentiating their products with others, but they also have to pose strategies to defend on the existence of their companies. Companies should be able to defend customers' loyalty. Customers' loyalties on brands are an important concept, especially in the condition of high competition but low growth. Efforts to defend customers' loyalty are more effective and efficient than compared with looking for new customers.

Trust will become the most important factor in connection between an enterprise and customers. Brand loyalty is divided into two aspects namely purchase loyalty and attitudinal loyalty. Purchase loyalty means that it can be seen from the customer behavior, that is, by doing purchasing repeatedly on a brand. Purchase loyalty will reflect customers' loyalty. Loyal customers will generally continue to purchase on the brand although they face many alternative product brands of competitors offering characteristic and attribute products that are more superior. Customers' loyalty will reflect attitudinal loyalty on a brand. There was a conflicting result of the two previous studies. The study conducted by Chauduri & Holbrook (2001), concluded that brand trust positively affected on purchase loyalty and attitudinal loyalty. Meanwhile study done by Halim (2002) concluded that brand trust negatively affected on purchase loyalty and attitudinal loyalty.

Pond's as a brand of cleanser detergent and face moisture has consistently been building and developing brand strength since its inception in Indonesia in 1990. More and more stiff competition in toiletries industries makes Pond's products to have products differentiating with competitor products. Data from the top brand in 2010 index, position Pond's in the first rank and obtaining 35.2% of the market share. These data also showed the next position occupied by Biore, a brand produced by Kao Indonesia Ltd which reached 33.9% of market share. Further position was by Dove with a gain of 4.5%, Shinzui with 3.5%, Olay with 2.7%, Nivea with 1.6%, Sariayu with 1.5%, and Clean and Clear with 1.2% of market share (Marketing Magazine, February, 2011). The best achievement reached by pond's currently is not the

only last step going to be the top of the brand competition because the competition wheel will continuously rotate and new strategies will continuously appear.

II LITERATURE REVIEW

Brand is a specific trait that differentiates a product of a company with the competitors. Brand will be an asset owned by the company that is very valuable. It will be very important when the competition becoming more intense. Therefore, a brand must be always managed, developed, and enhanced its quality continuously so that it can give competitive benefit than can be sustainable. Trust has been known as an important factor in influencing customers' loyalty. Sheth & Parvatiyar in Matzler (2008) stated that the concept of brand trust was based on an idea of a brand a consumer connected as an alternative between the company and its customers. Brand trust or trust to a brand is one of the strong factors affecting customers' loyalty.

Trust becomes the most important factor connecting between a company and its customers and the connection between a brand and its customers. The definitions of brand trust according to Chauduri & Holbrook (2001) as *"*The willingness of the average consumer to rely on the ability of the brand to perform its stated function*"*. Lau & Lee (1999) stated that brand trust was a customers' availability or willingness in facing risk related to purchase a brand and would give positive result and be beneficial. Three factors in influencing trust on brand according to Lau & Lee (1999) are brand itself, brand-making company, and consumer. These three factors relate to three entities comprising connection of a brand with consumer.

Satisfied consumers to a product or a brand will lead them to repurchase it again. Continuous repurchases of similar product or brand will show consumer's loyalty to the brand. The consumer's loyalty that has been formed will shape the attitude and loyalty to the consumer. The most important thing of the consumer's loyalty is trust, availability to act, without counting costs and benefits gained from the commitment, repurchase and proportion in conducting the repurchase. Hsin Kuang Chi (2009) stated that purchase loyalty was the consumer behavior to do repurchase. It will be influenced by consumer trust, consumer commitment, and repurchase.

The consumer attitude is a crucial factor that will affect on the consumer decision. The attitude concept is very relevant to the trust or belief and behavior concept. Sumarwan (2004, pg. 135) mentioned that the consumer attitude frequently illustrated from the connection among trust, attitude, and behavior. These were also relevant to the product attribute concept. The product attribute is a characteristic of a product. The consumer usually has a trust to attribute of a product.

Sumarwan (2004, pg. 136) defined attitudes as "an expression of inner feelings that reflect whether a person is favorably or unfavorably way with respect to a given object". Based on some definitions above, it can be concluded that attitudes are expression of consumer feeling about an object whether like or dislike, and they can also illustrate consumer trust on various attributes and advantages of the object (Sumarwan, 2004).

Brand performance is how the brand can give optimal benefit and really suit with the desire and expectation of customers (Sari, 2009). The benefit is the result of a combinations among product attribute, brand image, service quality and other factors either realistic or not. Brand performance is a reflection of success of a brand in the market. Chauduri & Holbrook (2001, pg81) stated that the result of optimal brand performance such as high market segment and relative price is the result of high customers' loyalty. High customers' loyalty was also determined by trust to brand and feeling emerged from it. They also said that there was a positive correlation between brand trust and brand performance through purchase loyalty and attitudinal loyalty. The measurement of brand performance used four indicators, namely word of mouth, relative price, repurchase and differentiation (Sheth, 2001). Another element of the brand measurement was brand reputation, where emphirical test showed positive effect on brand performance (Chauduri, 2002).

A study done by Arjun Chauduri & Holbrook (2001) found two aspects of the brand loyalty, that is, purchase loyalty and attitudinal loyalty as variables that effects brand trust and brand affect on brand performance. According to Chaudari & Holbrook (2001), brand trust and brand affect influenced positively on attitudinal loyalty or consumer behavior to brand. Brand trust will affect intensity of sustainable purchase and stimulate high attitudinal loyalty. Therefore, brand trust owns positive effect on purchase loyalty and attitudinal

loyalty. Chauduri and Holbrook (2001) also proved that brand loyalty comprised purchase loyalty and attitudinal loyalty and have positive effect on brand performance.

Contrary result of the study by Halim (2002) found otherwise. The study showed that brand trust had negative effect on purchase loyalty and attitudinal loyalty. Brand trust became less meaningful and influences on purchase loyalty and attitudinal loyalty. The result of research by Rizal (2002) also stated that purchase loyalty affects negatively on brand performance. The respondents assumed that attitudinal loyalty was more significant when compared with purchase loyalty in relation to brand performance. This also implies that the respondent behavior in consuming instant coffee, attitudinal loyalty becomes more important and they ignore purchase loyalty.

Therefore in this study the hypotheses are stated below:

H1: Brand trust positively affect on purchase loyalty.
H2: Brand trust positively affect on attitudinal loyalty.
H3: Purchase loyalty positively affect on brand performance.
H4: Attitudinal loyalty positively affect on brand performance.

III METHODOLOGY

The populations in this research were undergraduate students of the Faculty of Economics from Jenderal Soedirman University at Purwokerto that used face cleansing detergent of Pond's products. A sample of 105 students were collected using a random sampling technique. The analysis used was Structural Equation Modeling (SEM).

IV ANALYSIS AND DISCUSSIONS

The results of the confirmatory factor analysis carried out, showed construct reliability and the variance extracted as follows: The results of construct reliability for brand trust = 0.888, purchase loyalty = 0.834, attitudinal loyalty = 0.901, and brand performance = 0.883. The construct reliability values for all constructs are greater than the table value of 0.70. So it can be concluded that all latent constructs used in this research are really reliable. Results of average variance extracted (AVE) are for brand trust = 0.615, purchase loyalty = 0.627, attitudinal loyalty = 0.647, and brand performance = 0.654. These AVE values are greater than the table value of 0.50, so it can be concluded that all latent construct used in this research are really reliable.

The evaluation of normality is done by using the criterion of critical ratio skewness value ± 2,58 at the significant level of 0.01. Data can be concluded to have a normal distribution if the critical ratio skewness value < 2.58 as an absolute value (Ghozali, 2008, pg 226). All data used in this research have fulfilled the normality assumption either univariate or multivariate, for all CR values for skew and kurtosis are smaller than ± 2.58.

Using a basis that observations having z-score ≥3.00, will be categorized as outliers. The research performed that data used were free from univariate outliers, because there is no variable having z score ≥3.00. Evaluation on multivariate outliers can be seen at the value of the mahalanobis distance for each variable can be calculated and can perform from a distance of a variable for means of all variables in a multidimensional space (Ferdinand, 2005). The criterion used is based on the chi-square value at the degree of freedom of 17 at the significant level < 0.001. the X^2-mahalanobis distance (17; 0.001) = 40.79. This means that data of the mahalanobis distance > 40.79 are multivariate outliers. This research does not contain multivariate outliers.

Multilicolinearity occurs when the correlation value among construct independent > 0.9 (Hair et al., 2010). In this research, the correlation value among independent constructs is not more than 0.9. so the data in this research is properly used (Table 1). After analyzing the model through the confirmatory factor analysis, it can be seen that each indicator can explain the latent variables (Tables 2). The model which has been built based on SEM can be analyzed. The result of data analysis is shown in Figure 1.

Table 1. Convergent Validity

Construct	Item	*Internal Reliability Cronbach alpha*	*Convergent Validity*		
			Loading factor	*Composite Reliability*	*Average Variance Extracted*
Brand Trust	X1	0.888	0.821	0.888	0.615
	X2		0.759		

	X3		0.835		
	X4		0.766		
	X5		0.734		
Purchase Loyalty	X6	0.824	0.730	0.834	0.627
	X7		0.792		
	X8		0.849		
Attitudinal Loyalty	X9	0.901	0.798	0.901	0.647
	X10		0.897		
	X11		0.787		
	X12		0.790		
	X13		0.742		
Brand Performance	X14	0.882	0.778	0.883	0.654
	X15		0.831		
	X16		0.786		
	X17		0.838		

Table 2. Discriminant validity

	Attitudinal Loyalty	Brand Trust	Brand Performance	Purchase Loyalty
Attitudinal Loyalty	**0.647**			
Brand Trust	0.471	**0.615**		
Brand Performance	0.612	0.566	**0.654**	
Purchase Loyalty	0.612	0.604	0.604	**0.627**

Notes:Table shows mean values of variance extracted (AVE) for all constructs greater than the correlation value among square constructs. So, all constructs have good validity discriminant.

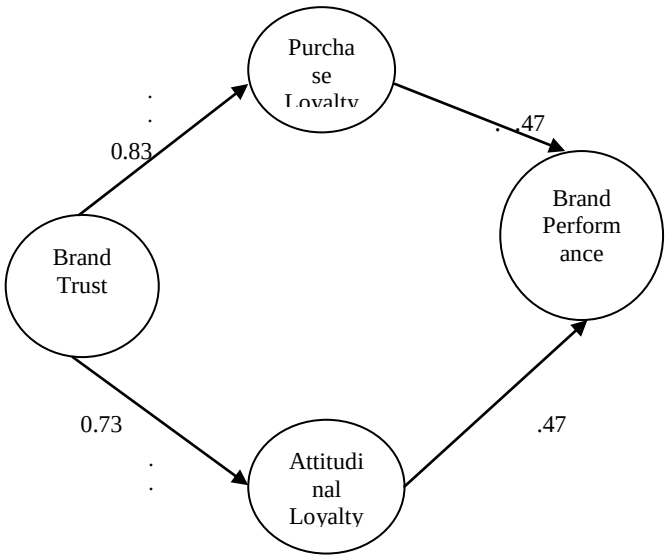

Figure 1. Factors influencing brand performance

Tests of SEM is conducted by two kinds of tests namely model fitness test and causality significance test through regression coefficient tests as follows:

A. Test of Model Suitability-Goodness-of-fit Test

The model must minimally comply the 5 criteria of goodness of fit, where the model can be stated as to be good (Hair et al., 2010; Ghozali, 2008). Tests were conducted on the suitability of the model perform whether it is suitable or fit to the data used in the research. This is seen from the model fitness index accepted in 5 criteria. The model fitness test can be seen in Table 3.

Table 3. Goodness-of-Fit Brand Performance

Goodness of fit Index	Cut of Value	Analysis of Result	Model Evaluation
X^2 Chi-Square	Expected to be small	123.132	-
Probability	≥ 0.05	0.285	Good
CMIN/DF	≤ 3.00	1.071	Good
GFI	≥ 0.90	0.884	Marginal
AGFI	≥ 0.90	0.846	Marginal
TLI	≥ 0.95	0.991	Good
CFI	≥ 0.95	0.993	Good
RMSEA	≤ 0.08	0.026	Good

B. Hypotheses Testing

Hypothesis testing is carried out by calculating critical ratio (CR) and t table value or if CR > t table, then the hypothesis is accepted.

Table 4. Regression coefficient values

			C.R.	t-tabel	P	P
Purchase Loyalty	<---	Brand Trust	6.679	1.983	***	***
Attitudinal Loyalty	<---	Brand Trust	6.801	1.983	***	***
Brand Performance	<---	Attitudinal Loyalty	4.294	1.983	***	***
Brand Performance	<---	Purchase Loyalty	4.058	1.983 ……***		***

***P < 0.01

V CONCLUSION AND RECOMMENDATION

We can analyze from SEM on brand trust, purchase loyalty, attitudinal loyalty and brand performance through the criterion for goodness-of-fit Test. Based on the results showed that brand trust influences positively on purchase loyalty and attitudinal loyalty. Then purchase loyalty and attitudinal loyalty influence positively on brand performance.

The producer of Pond's face cleansing detergent requires paying more attention on brand trust variables in creating purchase loyalty and attitudinal loyalty to consumers. Efforts which can be executed are, by maintaining brand image and also by increasing offered product quality suitable with consumer expectation. Besides that, the manager of pond's face cleansing detergent should pay more attention on the policy relating to brand performance. Efforts that can be done to increase brand performance are by increasing product benefit/function suitable with consumer needs on the face cleansing detergent. Besides, the company needs new innovative products that can be offered appropriate with the desires and needs of the consumers.

For further research it is expected to be able to add other variables such as brand attitude, brand image, and overall satisfaction influencing on brand loyalty and brand performance. In spite of it, the research objective is expected to enable using other product categories, for instances service products in order to get higher level generalization in research and to increase research insights.

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