

Does brand experience lead to brand loyalty? The mediating role of trust and quality

Benedict Adrian Irwantono, Andhy Setyawan*, Dudi Anandya

University of Surabaya, Indonesia

*Corresponding author. Email: andhy@staff.ubaya.ac.id

ABSTRACT

The sneakers brands industry is a large portion of the world economy, the reason behind this is that there is an increase in sport organization making more participation in sports. This growth will make market opportunities in the sneakers industry, and where there is market opportunity there will be competition between sneakers industry firms to win the consumers' hearts. This research is conducted with the aim to explain and prove that brand experience has a relation with brand loyalty through perceived quality and brand trust. This study uses a quantitative approach using the questionnaire as the data resource. The respondent to this questionnaire is Indonesian Generation Z that already use the sneakers brand product within 6 months. In this research, there are 7 hypotheses. The result of this study shows that there is a positive significant effect on the relationship between brand experience with brand loyalty, brand trust, and perceived quality, the mediating effect of brand trust in the relationship between brand experience and brand loyalty, the mediating effect of perceived quality in the relationship between brand experience and brand loyalty. Making all of the hypothesis supported.

Keywords: brand experience, brand loyalty, brand trust, perceived quality, sneakers brand.

1. INTRODUCTION

The sports industry is a large portion of the world economy, the reason behind this is that there is an increase in sport organization making more participation in sports, and many advanced sports products to support the activity (Akoglu & Ozbek, 2022). The sports industries alone have revenue of around 4 billion USD in 2023, this revenue is also projected to grow annually by 5.85%, and by 2027 the revenue will reach 5.1 billion USD (Statista, 2023a). The Indonesian sports industry is also growing at a rapid pace, it can be seen by the compound annual growth rate of 5.73% from 2022 to 2027 projecting a market volume of 4.32 million USD (Statista, 2023b). This rapid growth in the sports industries will make high competition in that segment. The rapid growth of sports consumers is also supported by the sporting event the country has (Zhang et.al., 2018).

The COVID-19 pandemic also affected the sports industries, it shows that people start to embrace a healthy lifestyle. The healthy lifestyle trend also affected Indonesia people, who buy sports equipment and footwear to support their long-term commitment to increasing their physical health, mental health, and quality of life (Panjaitan & Panjaitan, 2020). The sneakers industry will grow exponentially following the growth of sports consumers in Indonesia. This growth will make market opportunities in the sneakers industry, and where there is market opportunity there will be competition between sneakers industry firms to win the consumers' hearts.

Generation Z or so-called generation, screenagers, and post millennials are people born on 1995 to 2012 (Ismail et al., 2019). Generation z was born into the digital world which makes them comfortable with innovation, this makes them not surprised by the fast change of the smaller, better product from the brands (Wood, 2013). In the year 2020, the majority of Indonesian people is dominated by generation Z with 27.49% of the total Indonesian population or 75.49 million people (Rakhmah, 2021). Because of those facts, it can be considered that understanding generation Z behaviour on brand experience is crucial for the sneakers brand in Indonesia.

The purpose of this research thesis is to be analysed whether brand experience, brand loyalty, brand trust, and perceived quality have direct or indirect effects on each other and to know whether each variable has a positive impact on the others. the last purpose of this research thesis is to find whether the relation between brand experience, and brand loyalty is being mediated by brand trust and perceived quality.

Successful brands have a close relationship with their customers which makes them move away from the other competitor. The experience happened when the customers have contact with the brand shopping, buying, consuming the product or services directly, and interacting with social media, including print and electronic media, indirectly (Akoglu & Ozbek, 2022). Customers who feel a great response from a certain stimulus from the product or services of

the brand will make a great brand experience from the brand. When the customers have a great brand experience this will lead the customers to repurchase the product or services of the brand, because they want to feel the same experience they get when they purchase the product or services the brand gave. Therefore, it leads to this hypothesis of the research.

H1: Brand experience has a positive effect on brand loyalty

Brand Experience provides a better understanding of the brand value proposition offered to the customers (Ramaseshan & Stein, 2014). It is shown that good product performance can make the customers gain a deep, long last, relationship with the brand that developed the holistic experience to ensure the loyalty of the customers (Akoglu & Ozbek, 2022). Brand experience provides the customers with a better understanding of the brand product or services by giving the customers the brand value proposition the customers, with better brand experience, will lead the customers to rebuying the product or service. The more often the customers use the brand's product or services the more information the customers have about the product which will increase the customers' perception of the quality of the product and make the customers understand the brand value proposition to the customers. Hence the hypothesis below.

H2: Brand experiences have a positive effect on perceived quality

It is studied that brand trust is being developed from the past interaction and past brand experience of the customers (Ballester & Alemán, 2001). When the customers have a positive experience, this means that the brand offers a high-quality product or service and affects the customers' thoughts on honesty and trust (Akoglu & Ozbek, 2022). When the brand provides relevant products or services to the customers will the customers be confident about the brand's ability to deliver the promise the brand gives to satisfy the customers (Ramaseshan & Stein, 2014). Brand trust is made by the customers' past feelings and interaction with the brand and shows that the brand is reliable and that it can provide the customers' needs all the time. This customer's response to the brand can be affected by brand experience where they can have marketing strategies to give a certain emotional touch point to the customers so they can a great response from the brand. Therefore, the hypothesis below emerges.

H3: Brand experience has a positive effect on brand trust

Perceived quality can be defined as the customers' overall quality perception of the brand product or service that are being superior to the other competitor (Aaker, 1991). When a customer has a great perceived quality of the brand product or services, it will give the sense that the brand is better than the competitor. It will cause the customers to repurchase the product or services resulting in a dependency on the brand because the brand gives a sense of reliability to the customers to provide the same quality the customers perceived. Therefore, resulting in the hypothesis below.

H4: Perceived quality has a positive effect on brand loyalty

If the customers have a sense of security or trust in the brand, they will automatically rebuy the product or services, over time these habits will develop customer loyalty (Huang, 2017). When customers trust a brand, this means that the customer believes that the seller can provide the product and services that the customer needs resulting in the behaviour to buy the same product or services repeatedly. This habit will result in the customers being loyal to the seller and not switching to a competitor because the customers already have a strong commitment to the seller or brand. Hence the hypothesis below.

H5: Brand trust has a positive effect on brand loyalty

Akoglu and Ozbek (2022) stated that "consumer developed loyalty based on the perceived quality and brand after experience the product or services". If the brand quality of the product or services experienced by the customers and perceived as high, the loyalty of the brand occurred with the consumption target achieved (Akoglu & Ozbek, 2022). Brand loyalty happens when the customers have a dependency on the brand, this dependency can be achieved by past great feelings, interactions, and responses the brand gives, this is called brand experience. The great response from the customers to the brand can be affected by the quality the brand gave, a great perceived quality of the brand will make the customers have more commitment to rebuy the product or services. Therefore, the following hypothesis is proposed.

H6: Perceived quality has mediating effect on the relationship between brand experience and brand loyalty.

The Mediating effect of the brand trust between brand loyalty and brand experience follows the study of the brand resonance model that suggests consumers resonance, brand loyalty can be obtained by brand salience then emotional and rational routes, brand trust (Kotler & Keller, 2015). When a customer trusts the brand, this will make the customer repurchase the brand product and services, resulting in a dependency on the brand this is called brand loyalty. The trust that the customers have resulted from the exceptional service or product by the brand that drives many stimulants from the body making a great experience. Therefore, the resulting hypothesis below.

H7: Brand trust has a mediating effect on the relationship between brand experience and brand loyalty.

Based on the hypothesis described earlier, the research model is shown in Figure 1 below.

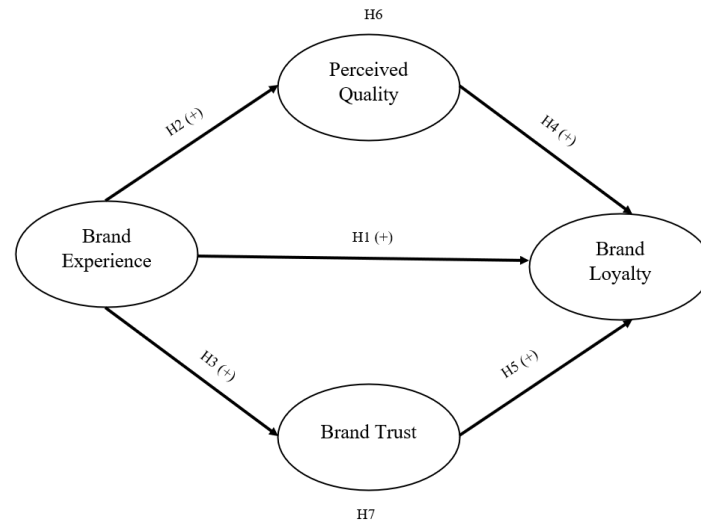


Figure 1. Research Model

2. RESEARCH METHOD

This study employs causal research methods outlined by Saunders et al. (2023). Data is collected via surveys using purposive sampling. Brand experience is the exogenous variable. Perceived quality and brand trust are intervening variable. Brand loyalty is the endogenous variable. The operationalization of research variables is adapted and modified from the study by Akoglu and Ozbek (2022). All variables are measured using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Data collection is executed through survey techniques applying purposive sampling. The SEM modelling strategy follows two stages proposed by Anderson and Gerbing (1988): (1) The measurement model, which tests the validity and reliability of the data, and (2) The structural model, which tests the research hypothesis. In this study data is analysed using Partial Least Square (PLS)-SEM approach. Measurement model in PLS-SEM is similar with outer model, while structural model similar with inner model in PLS-SEM (Hair et al. 2014).

3. RESULTS AND DISCUSSION

The first step of the PLS-SEM analysis is the outer model, which shows the validity and reliability of the measurement of research variables. Referring to Hair et al. (2019), a variable measurement indicator is declared valid if the value of factor loading (λ) or AVE (Average Variance Extracted) is 0.5. The reliability test in this study used composite reliability (CR) with a minimum value of 0.7 (Hair et al. 2019). The outer model results show that factor loadings range from 0.693 to 0.893. The AVE values vary between 0.539 and 0.864. The composite reliability (CR) values span from 0.875 to 0.917. All these values meet the established standards, means that all the measurement items are valid and reliable. Furthermore, the next step is analysing the inner model to test the hypothesis.

The results of hypothesis testing on inner model are shown in Table 1. All hypotheses are supported based on the hypothesis testing results. From the consumer perspective, brand experience affects brand loyalty, perceived quality, and brand trust. Brand loyalty is affected by brand trust and perceived quality. This is understandable because trust and perceived quality are essential in shaping loyalty. Meanwhile, when consumers encounter brands, they need to see quality as a clue to forming loyalty. In this case, the relationship between brand experience and brand loyalty cannot be formed without a perception of good quality.

Table 1 Hypothesis Testing Results

Hypothesis	Standardized Estimate (β)	T Statistics	P- Value	Result	
H1 (+)	BE \rightarrow BL	0.282	3.491	0.001	Supported
H2 (+)	BE \rightarrow PQ	0.448	7.669	0.000	Supported
H3 (+)	BE \rightarrow BT	0.427	6.487	0.000	Supported
H4 (+)	PQ \rightarrow BL	0.188	2.037	0.042	Supported
H5 (+)	BT \rightarrow BL	0.330	2.714	0.007	Supported
H6	BE \rightarrow PQ \rightarrow BL	0.084	2.080	0.038	Supported
H7	BE \rightarrow BT \rightarrow BL	0.141	2.544	0.011	Supported

Notes: BE (Brand Experience), BL (Brand Loyalty), PQ (Perceived Quality), BT (Brand Trust)

4. CONCLUSION

The hypotheses highlight the importance of innovative experiences and perceived quality in building brand loyalty in the sneaker industry. Sneaker brand innovations provide desirable sensory, affective, behavioural, and intelligence experiences that consumers want to relive, fostering brand loyalty. These positive experiences enhance customers' perceptions, making them view the brand as superior and elevating its perceived quality. Memorable brand experiences and collaborations with influencers influence trust and loyalty. These collaborations amplify positive experiences, shaping customer assumptions favourably and boosting the brand's image, which increases customer trust and loyalty. Memorable and satisfying brand experiences and sufficient information instil a sense of security in customers. Consistent product quality is crucial for maintaining these positive perceptions. Perceived quality mediates the relationship between brand experience and brand loyalty. Innovative experiences improve customer perceptions of brand quality, fostering loyalty. Continuous innovation and quality maintenance are essential for sustaining this loyalty. In summary, creative brand experiences, high perceived quality, and influencer collaborations are critical for fostering brand loyalty among sneaker customers. Maintaining innovation and quality is vital to ensuring long-term customer loyalty.

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