Conference Paper

Consumer Brand Engagement on Brand Loyalty: The Role of Brand Satisfaction as a Mediating Variable

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Abstract

Purpose: this study examined the impact of CBE on brand loyalty directly and indirectly through brand satisfaction. Design/methodology/approach: the survey was given to 80 Islamic banking customers from four leading Islamic banks in Indonesia. The analysis used partial least squares structural equation modeling. Findings: the research findings found a direct relationship between CBE and brand loyalty and an indirect relationship using the brand satisfaction variable as the mediating variable. Research limitations: this study did not use indicators that focus on Islamic banking. Practical implications: these studies are essential to building long-term success. For brand managers, concrete steps can be taken by involving consumers in unique and memorable activities. Originality/value: CBE had an indirect effect on brand loyalty by using brand satisfaction as a mediating variable in Islamic banking.

Keywords: Consumer Brand Engagement, Brand Satisfaction, Brand Loyalty, Islamic Banking.

1. Introduction

The growth in the share of the Islamic banking market in Indonesia has increased by 9.03% (OJK, 2019). This increase was marked by the awareness of the Indonesian people about the principles of sharia. It is possible that customer loyalty to brands, especially Islamic banking, can increase the growth of the Islamic market share.

Consumer Brand Engagement (CBE) is widely considered as a strong customer feeling towards a brand (Erciš et al., 2012). To build this attitude, companies must understand the needs and desires of customers in order to generate more profit (Lin, 2015). The company’s ability to measure whether consumers feel that the brand has satisfied it can be seen from the perspective and satisfaction of each individual with
a different brand (Johnson & Fornell, 1991). If the consumer already has an attachment to the brand, then the consumer will feel that his choice of the brand is right and feel happy (Kim Wansoo and Chiyung Ok, 2015) so that the quality of the brand's relationship with the consumer is close and sees the brand as a satisfying partner in a sustainable relationship (Algesheimer et al., 2005). With that attitude, consumer satisfaction with the brand will lead consumers to loyal attitudes and behaviors (Nam et al., 2011).

The experience of consumers with a brand results from how often it leads to pleasure, so that consumers want to repeat the experience with the brand (Şahin et al., 2011). Consumer loyalty to brands can be tested by manifesting consumer attitudes towards brands in the form of actual buying behavior (Russell-Bennett et al., 2007), recommending the brand to close friends or other people, and influencing it by telling positive things about the brand (Raies et al., 2015). Therefore developing CBE is very important to maintain long-term customer relationships (Cha et al., 2016).

Research by France et al., (2016) shows that there is an influence between Consumer Brand Engagement and Brand Loyalty. In the research of Algharabat et al (2020) there is an influence between Consumer Brand Engagement on Brand Satisfaction. In research Solem (2016) there is an influence of Brand Satisfaction on brand Loyalty. In previous studies, many have linked Consumer Brand Engagement with Consumer Satisfaction or Satisfaction (Shahid, 2018: Fernandes & Moreira, 2020) on online communities such as Facebook in conventional industry. However, the research linking Consumer Brand Engagement to Brand Satisfaction in Islamic banking is still limited. There are still few previous studies that use the variable brand satisfaction as a mediating variable between CBE and Brand Loyalty. Therefore, it is necessary to conduct research to deepen the relationship between CBE on Brand Satisfaction and its impact on Brand Loyalty, so that this test will provide benefits for the parties concerned.

2. Literature Review

2.1. Consumer Brand Engagement (CBE)

Consumer Brand Engagement (CBE) is one of the priorities on the marketing agenda (Graffigna & Gambetti, 2015). Where a relationship will be formed between consumers and brands (Aaker et al., 2004) By carrying out various communications, companies can use it in moving an approach between consumers so that there is an attachment between brands and consumers (Manser Payne et al., 2017). The company and its customers play different roles. Thus, consumers are only recipients of the value created.
by the brand (Kuvykaite and Piligrimiene, 2014). Consumer brand engagement as a positive, satisfying, and brand-related state of mind is characterized by passion, dedication, and absorption (Schaufeli et al., 2002). With the attitude of consumers who interact with these brands have energy, consumers are enthusiastic when interacting with these brands and find it difficult to leave the place where the brand is located (Dwivedi, 2015). Therefore, the characteristics that arise in these consumers are indicators that are used to measure customer engagement or are referred to as customer brand engagement and discuss specific interactions between customer focus and certain brands (Hollebeek, 2011).

CBE is a relationship to increase brand satisfaction and brand loyalty and provide a unique and memorable brand experience (Khan et al., 2016). Where individuals have the motivation to engage the brand with themselves through activities, emotional and cognitive (Hollebeek, 2011). Consumer brand engagement is defined as individual differences that represent the tendency of consumers to include important brands as part of how they see themselves (Algharabat et al., 2018; Sprott et al., 2004). The consumer's own engagement with the brand can play a role in building stronger emotional bonds in enabling exchanges and can contribute to the creation of higher levels of trust and commitment (Kabadayi and Price, 2014). Management involvement improves the quality of consumer-brand relationships providing a higher level of relationship satisfaction. Therefore, it is very important for companies to understand the factors that enable consumer engagement to ensure high-quality long-term relationships with consumers (Gummerus et al., 2012; Kabadayi and Price, 2014). The involvement of consumer brands can help companies identify their brands through values and insights, ways that can increase consumer ties with brands, for the benefit of consumers and also companies (Graffigna & Gambetti, 2015) thus the involvement of consumer brands is considered a major concern for companies, where user experience determines the involvement of consumer brands going forward, so that it becomes the foremost agenda for management (Fang, 2017).

According to Hollebeek (2011) dimensions in consumer brand engagement include cognitive, emotional, and certain behaviors in brand interactions. Meanwhile, according to Dwivedi (2015) the involvement of CBE as positive, satisfying consumers, the use of brands is related to a state of mind characterized by enthusiasm, dedication and absorption. Consumers with a high level of knowledge, understanding, emotional and behavior in certain brand interactions

Based on the above understanding, the writers draw the conclusion that CBE is a consumer's attitude towards a brand or this bond is produced from deep memories of
a brand and is easily accessible which involves thoughts and feelings about the brand and relationships with oneself.

### 2.2. Brand Satisfaction

Customers will tend to choose brands that are in accordance with their wishes and expectations, with that the superior companies today are companies that have succeeded in satisfying consumers with their brands (Kaur et al., 2020). Brand satisfaction and brand trust are the perfect roles to predict the future of the marketing team (Jin & Lee, 2010). Customer satisfaction with a brand is an evaluation of the bar after consuming the products and services in the brand (Şahin et al., 2011). Consumers will be satisfied with a brand if the products or services used are in accordance with their expectations (Roustasekehravani et al., 2015). Brand satisfaction cannot always be measured from the price of a brand, but is based on the fulfillment and expectations of consumers for the brand (Fang, 2017).

Brand satisfaction is defined according to Chinomona et al (2013) as cumulative satisfaction where overall consumer evaluation is based on total purchases and consumer experiences with products or services from the brand. Brand satisfaction where customers make repeat purchases with the brand and tell positive things about the brand to others, conversely, if the customer is not satisfied with the brand usually he will not use the brand again and will say hello about his complaints about the brand to others (Erciş et al., 2012).

Brand satisfaction that occurs continuously will create brand loyalty (Şahin et al., 2011). Customers who feel more satisfied will clearly have high loyalty to the brand (Marist et al., 2014). One of the main components of brand loyalty is consumer brand satisfaction, with a preferred brand (Marist et al., 2014). According to (Fornell et al., 1996) to measure brand satisfaction, three variables can be used, namely: Overall satisfaction, Expectancy disconfirmation, Performance versus customer’s ideal product.

Based on the above understanding, the writers draw the conclusion that brand satisfaction is where consumers feel that the brand is in accordance with their wishes, starting from the products / services or services that the brand provides to consumers, so that satisfaction arises using the brand in the minds of consumers.
2.3. Brand Loyalty

Companies and marketing teams want their customers to be loyal to their products, because loyal customers will find it easier to make purchases on these products compared to having to find new consumers to buy their products, but brand loyalty can occur if the brand exists (Goldsmith, 2012). Consumer loyalty to brands can occur because of trusted brands (Krystallis & Chrysochou, 2014). Brand loyalty is the core value of any brand because once earned, loyalty remains (Veloutsou, 2015). When a consumer has trusted a certain brand, a positive attitude will arise in the consumer's mind with greater purchase desire (Jin & Lee, 2010). Consumer attitudes that show commitment to a brand (Bapat & Thanigan, 2016). Brand loyalty is a measure of customer loyalty, closeness or connection to a brand (Khan et al., 2016). Brand loyalty is where customers with these brands have strong, emotional and social ties to the brand (Pedersen, 2014). It is very important for companies that their consumers are loyal to their brands, where consumers with these brands make them happier, than consumers who loyal to the brand helps the company find out the problems that exist in the product or service (Malik, Ghafoor, & Iqbal, 2014).

Brand loyalty arises when consumers make purchases or reuse of products or services from time to time, compared to similar products from other peacocks (Sprott et al., 2009). Brand loyalty is also important for companies engaged in services, because employee services in providing services are directly related to consumers (Leckie et al., 2016). Brand loyalty is the final response of consumers to brands (Krystallis & Chrysochou, 2014). Loyal customers can become promoters of the company's brand (Cha et al., 2016), by telling positive things and recommending the brand to others (Şahin et al., 2011).

Customers who are loyal to brands will usually benefit from the company (Aluri et al., 2019). Brand awareness is very important for consumers to make decisions before consumers are loyal to the brand (Pappu & Quester, 2016). Companies do not need to issue more information about brands to consumers who are already loyal to the brand, because consumers who are already loyal to the brand are already convinced of the brand (Drennan et al., 2015).

Based on the above understanding, the writer draws the conclusion that brand loyalty / brand loyalty is where consumers make actual purchases / use of a brand that they already believe in, and consider everything about the brand to be positive.
3. Hypothesis

3.1. The Influence of CBE on Brand Satisfaction

CBE is a consumer’s attitude towards a brand or this bond is generated from a deep memory of a brand and is easily accessible which involves thoughts and feelings about the brand and relationships with oneself. With the attachment of consumers to these brands, it creates a satisfied consumer attitude towards the brand or brand satisfaction based on the products/services they use as expected.

This relationship is supported by research (Fernandes and Moreira, 2020; Khan et al., 2016) where there is a positive and significant influence between CBE and brand satisfaction.

H1: CBE has a direct influence on Brand Satisfaction

3.2. The Influence of Brand Satisfaction on Brand Loyalty

Consumer satisfaction with a brand can occur if the brand is in accordance with what consumers expect, starting from the product, service and benefits, if the company brand has provided it all, then the consumer will feel satisfied using/using the service/product, so that the consumer’s desire to buying or reusing the product will arise, which causes consumers to actually make purchases on the brand, resulting in a loyal consumer attitude towards the brand. therefore from that consumer satisfaction with the brand will generate consumer attitudes that are loyal to the brand.

This relationship is supported by research (Roustasekehravani et al., 2015; Marist et al., 2014; Haryanto, 2018; Rather & Sharma, 2016; Mabkhot et al., 2016; Kim et al., 2015; Venter et al., 2016) that there is a positive and significant influence between brand satisfaction and brand loyalty.

H2: Brand Satisfaction has a direct influence on Brand Loyalty.

3.3. The Influence of Consumer Brand Engagement on Brand Loyalty

Consumer brand engagement is very important for a company, where if consumers feel involved in the brand, consumers will use the brand compared to other brands of the same type, therefore the user’s attitude will arise to make actual or continuous purchases and will become loyal consumers against the brand.
This relationship is supported by research research (Goldsmith, 2012; de Villiers, 2015; Leckie et al., 2016; Raïes et al., 2015; Rather & Sharma, 2016; Kaur et al., 2020(Dwivedi, 2015b)) where there is a positive and significant influence between CBE and brand loyalty.

H3: Consumer Brand Engagement has a direct influence on Brand Loyalty

3.4. The Influence of Consumer Brand Engagement on Brand Loyalty through Brand Satisfaction

The involvement of consumer brands is one way to build relationships with consumers, where consumers who are already involved with the brand will have their own emotions when using the brand, such as feeling happy when using the brand. with that consumers will use the brand continuously, where consumers will also recommend the brand to their relatives, with that consumers are called brand loyalty or brand loyalty. This can arise when consumers are satisfied with what the brand provides, for example, services, services and products that match their desires, where brand satisfaction is already in the minds of these consumers.

This relationship is supported by research (Fernandes & Moreira, 2020; Khan et al., 2016) that brand-customer engagement has a significant positive effect on brand loyalty and brand satisfaction as an intervening variable. Hypothesized and respectively, found a significant positive effect of brand satisfaction on brand loyalty.

H4: Consumer Brand Engagement has a direct influence on Brand Loyalty with Brand Satisfaction as a mediating variable.

4. Methodology

A quantitave research approach was adopted and 80 respondents from four the largest Islamic Bank were selected by means of random sampling. This research was conducted from February – August 2020. Collecting data using research instruments with the aim of testing the predetermined hypothesis. This study examines the effect of CBE (X), Brand Satisfaction (Y) and Brand Loyalty (Z).

For the CBE variable using the concept of (Hollebeek, 2011) with 8 instruments; Brand Satisfaction from (Erciș et al., 2012) includes 3 instruments and Brand loyalty from (Pedersen, 2014) from 3 instruments. The Likert scale was used in this study and each statement was given a score ranging from 1, for strongly disagree, to 5, for strongly agree. Data analysis in this study used Partial Least Square version 3 structural
equation modeling (PLS-SEM) with two phases of analysis. methods and techniques. First is measurement model and second is measurement analysis and model structure. The first research through the statements needed for understanding more than the variables studied are as follows:

4.1. Consumer Brand Engagement (CBE)

1. I am always enthusiastic about doing transactions in Islamic banks
2. I often think of Islamic banks when I want to transact
3. Transacting in a sharia bank made my interest to learn more about sharia principles
4. I feel that transacting in Islamic banks is more positive because it uses Islamic law
5. Transacting in Islamic banks makes me more satisfied
6. I feel that the choice of saving at an Islamic bank is correct
7. I am proud to save in an Islamic bank
8. I transact more at Islamic banks, compared to other banks

4.2. Brand Satisfaction

1. Overall, I am satisfied with transactions at Islamic banks
2. Islamic banking is the best choice for me
3. The Sharia Bank has met my expectations

4.3. Brand Loyalty

1. I will always be loyal to transact in Islamic banks
2. I intend to remain a customer of Islamic banks for the next five years
3. I will recommend to other people / relatives to transact at Islamic banks

5. Result & Discussion

The population of interest was found 57.5% of the respondents were women. 17-30 years old with 56.3% having a bachelor’s degree and 86.3% as private employees.
The validity test uses Discriminant Validity which analyzes to determine the validity construct by evaluating the AVE root (Average Variance Extracted) value, by comparing the correlation between constructs with other constructs. The validity test of the PLS model output with an AVE value above 0.5 is shown in the following table:

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Loyalty</td>
<td>0.799</td>
</tr>
<tr>
<td>Brand Satisfaction</td>
<td>0.789</td>
</tr>
<tr>
<td>CBE</td>
<td>0.660</td>
</tr>
</tbody>
</table>

Test construct validity is measured by the composite reliability of the indicators measuring the construct. The construct is said to be reliable if the composite reliability value is > 0.70.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Loyalty</td>
<td>0.922</td>
</tr>
<tr>
<td>Brand Satisfaction</td>
<td>0.918</td>
</tr>
<tr>
<td>CBE</td>
<td>0.931</td>
</tr>
</tbody>
</table>

Based on the table above, the construct shows the value of composite reliability > 0.70. Then it can be concluded that all the constructs meet the reliability test.

5.1. Coefficient of determination ($R^2$) and Predictive Relevance ($Q^2$)

The value of $R^2$ is used to assess the impact of exogenous variables on endogenous variables where the $Q^2$ function measures the relevance of the predictions of a research model. Follow the inner model calculation from the data that is processed as follows:

<table>
<thead>
<tr>
<th>Construct</th>
<th>$R^2$</th>
<th>$Q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Loyalty</td>
<td>0.719</td>
<td>0.547</td>
</tr>
<tr>
<td>Brand Satisfaction</td>
<td>0.704</td>
<td>0.542</td>
</tr>
</tbody>
</table>

The model above shows the $R^2$ value of 0.719 from the Brand Loyalty variable which gives an effect of 71.9%, meaning that the CBE variable is able to explain the Brand Loyalty variable while the CBE on Brand Satisfaction is 70.4%.

PLS models also see predictive $Q^2$ with the model and also the estimated parameters, if $Q^2 > 0$ indicates the model has predictive relevance.
5.2. Hypothesis Test

Hypothesis testing is done by path analysis. From the path analysis, the following construct relationships are obtained:

<table>
<thead>
<tr>
<th>TABLE 4: Hypothesis Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Brand Satisfaction –&gt; Brand Loyalty</td>
</tr>
<tr>
<td>CBE –&gt; Brand Satisfaction</td>
</tr>
<tr>
<td>CBE –&gt; Brand Loyalty</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TABLE 5: Indirect Effects (Mediation Effects)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>CBE –&gt; Brand Satisfaction –&gt; Brand Loyalty</td>
</tr>
</tbody>
</table>

The results above show that all hypotheses are accepted, both direct and indirect.

6. Discussion

CBE is a relatively new variable in marketing science (Fernandes & Moreira, 2019). Many researchers have begun to be interested in understanding more about CBE (Dwivedi, 2015; Hollebeek, 2011a, 2011; Graffigna & Gambetti, 2015). This involvement can help organizations create emotional bonds and form consumer loyalty to brands (Kaur et al., 2020; Leckie et al., 2016). This deep feeling is formed from one's involvement in understanding the brand by being involved and being part of the company's brand. Involving consumers in a brand, consumers will feel part of the brand. These feelings arise through activity, emotional and cognitive (Hollebeek, 2011).

According to Venter et al., (2016) cumulative satisfaction is an overall evaluation of consumers based on total purchases and consumer experiences with products or services from the brand. Therefore, consumer involvement in a brand in the form of a unique and memorable experience can build a sustainable relationship with the brand (Russell-Bennett et al., 2007; Khan and Rahman, 2016).

When a consumer has trusted a certain brand, a positive attitude will arise in the consumer's mind with greater purchase desire (Pongpaew et al., 2017). Customers with these brands have strong, emotional and social ties to the brand (Pedersen, 2014). With frequent transactions in Islamic banks, there will be great intention of customers to always be loyal to save in Islamic banks.
This study develops a CBE relationship that is integrated into two constructs, namely brand satisfaction and brand loyalty. The research results found that CBE has a direct effect on brand satisfaction. These results support the research (Khan et al., 2016; Dwivedi, 2015). Likewise CBE on brand loyalty has a positive and significant effect. As was done by (Leckie et al., 2016; Solem, 2016). Brand satisfaction with brand loyalty has a positive and significant effect according to research (Rather & Sharma, 2016). While the indirect influence between CBE on Brand Loyalty through Brand Satisfaction has a positive and significant effect this supports research (Fernandes & Moreira, 2019).

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6.1. Managerial Implication

The importance of the implications of this study for brand managers involving consumers in the achievement of brand loyalty. Brand loyalty is important in building long-term success by considering and creating brand satisfaction. Managers must focus on implementing strategies that involve consumers being part of the company. Emotional engagement of consumers has positive energy towards the brand, their focus on and
attention to and very active in relation to the brand can serve as a guide for managers in creating CBE.

An ongoing process of building relationships can be created from unique and memorable experiences with a brand’s products and services. Thus, brand managers need to consider concrete steps to involve consumers in their brands. Such as including customers in activities and being involved in the company’s social media.

Behavioral engagement and creating effective brand experiences by engaging in and increasing emotional, cognitive and intentional engagement are ultimately concrete steps for brand managers.

6.2. Limitations and Future Research

Limitations of this study. First, this study is implemented in the context of a single brand. The indicators used are still generally valid and do not characterize the real research object. Brand loyalty is an outcome of CBE. Although engagement is still a process, brand loyalty is seen as important in retaining customers. Loyalty itself can occur if the customer is satisfied with the brand.

Further research is possible to use CBE with different indicators according to the object of research, such as Islamic banks. This indeed requires considerable theoretical depth and time. However, if this is achieved, it will become a reference for other authors who will examine the same variables and research objects.

References


