



PRIMARY RESEARCH

The impact of brand trust on brand loyalty mediated by customer satisfaction: Case of Tokobagus.com (now OLX.co.id)

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Customer satisfaction
Brand loyalty**Received:** 30 September 2014**Accepted:** 13 July 2015**Published:** 15 October 2015

Abstract. Visiting stores as the conventional way of shopping has been modernized into an online shopping trend. In fact, the emergence of numerous e-commerce sites leads to an interesting and needs-to-be-anticipated competition. Tokobagus.com (now OLX.co.id), a leading online shopping website in Indonesia with the highest visitors traffic, needs to sustain its position by implementing a good strategy and employing necessary factors in its business, *i.e.* brand trust, customer satisfaction and brand loyalty. These are required to boost profits and sustain the business within the tight competition. This study is conducted as a causal-associative research by using a quantitative approach. One hundred respondents are surveyed through online questionnaires with a convenience sampling. Their responses are analyzed by using descriptive and path analyses. The results show that the brand trust of Tokobagus.com is high, meaning that consumers are satisfied with the business. In parallel, the brand loyalty is high. In fact, brand trust directly affects customer satisfaction, while customer satisfaction directly affects brand loyalty. In addition, brand trust directly affects brand loyalty and, indirectly, brand trust affects brand loyalty with customer satisfaction as a mediating factor.

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INTRODUCTION

The development and application of information technology has shifted conventional things in today's information era. In particular, shopping trends, which were originally conducted in a conventional way by visiting offline stores, have moved into e-commerce with the emergence of online shops on the internet. In fact, the online shopping trend is characterized by a heavy traffic gained by online shopping websites.

As a leading online shopping company in Indonesia, Tokobagus.com (now OLX.co.id) needs to maintain its

position in the market competition. Trends in online business are vastly changed and developed, and would surely be a threat to Tokobagus.com.

Furthermore, several factors need to be considered by any online shop company (Ha, 2004). First, online shop companies require brand trust from customers in conducting its business (Ha, 2004). In fact, it is an important factor for every online shop company. Besides, brand loyalty is also important for a company to maintain business sustainability and expansion. In particular, brand trust may influence brand loyalty. Higher customer trust over a brand means a higher customer loyalty towards the brand. Then, it would affect consumer intentions in the future. According to

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Hess (1995), Selnes (1998), Chiou, Droge, & Hanvanich (2002), Morgan & Hunt (1994) and Ferrinadewi (2008), brand trust would affect customer satisfaction, which then generates a loyalty.

Objective of the Study

The current study aims at investigating and analyzing the impact of brand trust on brand loyalty mediated by customer satisfaction at Tokobagus.com.

LITERATURE REVIEW

Brand Trust

According to Chaudhuri & Holbrook (2001) and Ha (2004), brand trust refers to the willingness of average consumers to rely on the ability of a brand to perform its stated function. Besides, Ha (2004) has suggested elements that form brand trust on a specific website:

1. Security

Krishnamurthy (2001) and Ha (2004) have found that positive customers' experience on security-related issues may lead to the improvements of familiarity levels on a web. As a consequence, security may then affect brand trust as well. Furthermore, Wilson (1998), Ratnasingham (1998) and Ha (2004) who suggest e-trust models as a sociological example, *e.g.* e-communities, have demonstrated that a web trust is in fact no easier and less intrusive over personal security compared to public key infrastructures in which key holders are supposed for being identified and authenticated by third-party certification authorities.

2. Privacy

It refers to the risk perceptions towards the exposure of consumers' own information. In other words, negative consequences may arise from the distribution of private information, and website protection may reduce the perception of such risks (Ha, 2004). In addition, internet consumers are much more likely to provide incomplete information to websites and notify their Internet Service Providers (ISP) when they are concerned about their online privacy (Franzak, Pitta, & Fritsche, 2001; Sheehan & Hoy, 1999; Ha, 2004).

3. Brand Name

Keller (2003) and Ha (2004) have stated that the name of a brand is a facilitating factor to the development of brand awareness or familiarity. In general, a more specialized and reputable selling or recognition by a brand over its own product or service would produce a higher perceived brand trust.

4. Word of Mouth (WOM)

WOM refers to any informal communication on the characteristics of a business or product that occurs

between consumers (Westbrook, 1987; Ha, 2004). In particular, it allows consumers to gain informational and normative influences over product evaluations and purchase intentions taken by fellow consumers (Bone, 1995; Ward & Reingen, 1990; Ha, 2004).

5. Experience

Consumers may best remember their last experience (the recency effect). Thus, a positive experience may be sufficient to alter perceptions of more than one preceding negative experience, *vice versa* (Ha, 2004). Brand trust may relate to experience. In the trusting behavior model, Mitchell, Reast, & Lynch (1998) and Ha (2004) have seen experience as an important variable. They have given a notion that experience may play a critical role in trust by making it possible to compare the realities of a firm with preconceived expectations. In the context of online retailing, customers usually expect Web sites to offer them not just a message, but a positive experience (Ha, 2004).

6. Information

Ha (2004) has shown that Internet users are interested in customized information offered by Web sites. In particular, Meyvis & Janiszewski (2002) have revealed that irrelevant information may weaken consumers' belief in a product's abilities to deliver proper benefits. Hence, the provision of perceived information quality and, if it is provided, the quality of customized information for customers may influence the level of brand trust on a website (Ha, 2004).

Customer Satisfaction

According to Kotler & Gertner (2002) and Kristianto (2011), consumer satisfaction is a person's feelings of pleasure or disappointment that may arise after doing a comparison between the perception or impression of the performance (results) of a product and its expectations. Consumer satisfaction may also refer to a belief after trying a product, which is taken as a standard for evaluating the performance of a product or experiences (Olson & Dover, 1979; Kertajaya, 2004; Kristianto, 2011). In this case, the performance quality of a website may greatly affect the level of satisfaction of its users. Higher qualities of website performance would produce more users accessing the website.

Furthermore, WebQual is known as a method or technique to measure the performance quality of a website based on the perception of end users. The method is an extension of the widely-used SERVQUAL prior to the measurement of service quality. In WebQual theory, three dimensions may represent the quality of a website, *i.e.* usability quality, Information

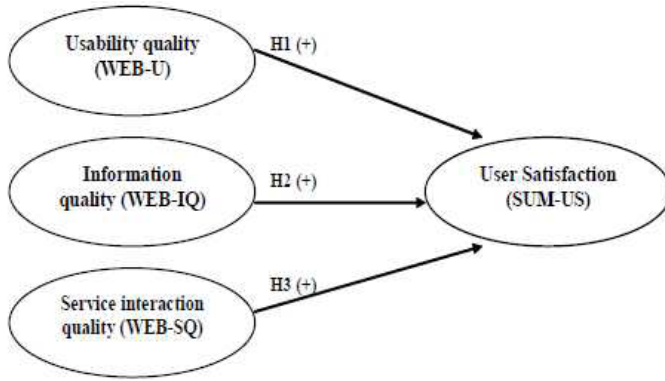


FIGURE 1. Model WebQual 4.0

Quality and Service Interaction Quality (Figure 1).

Brand Loyalty

According to Gremler & Brown (1997) and Hasan (2008), customer loyalty indicates customers who not only buy goods and services, but also have a commitment and a positive attitude towards a serving company by, for example, recommending others to buy. Hasan (2008) has also stated that customer loyalty may refer to people who buy regularly and repeatedly. According to Zeithaml, Berry, & Parasuraman (1996) and Sumarwan (2011), some attributes on loyalty measurement are (1) say positive things about the company to others, (2) recommend the company to others who ask for advice, (3) considering that the company is the first choice in the purchase of services, and (4) do more businesses with the company or more purchases in the next few years.

Based on these explanations, the sub-brand loyalty variables taken in this study are:

1. Say positive things about the brand to others
2. Recommend the brand to others
3. Considering the brand as the first choice for purchasing
4. Commitment to the brand

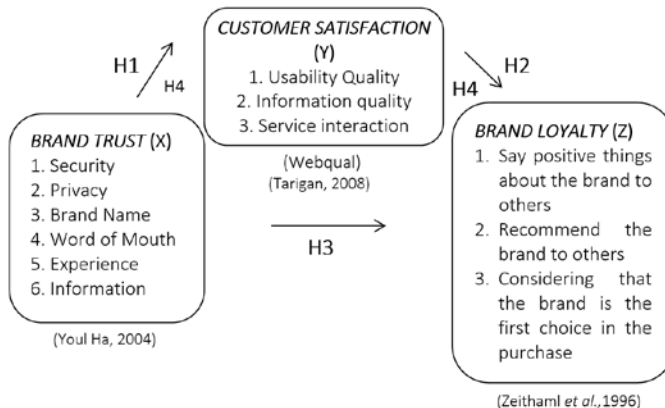


FIGURE 2. Research model

RESEARCH METHODOLOGY

According Ha (2004), brand trust may influence brand loyalty. Higher customer trust over a brand means a higher loyalty towards the brand. Besides, brand trust may affect customer satisfactions, which then generate loyalties (Hess, 1995; Selnes, 1998; Chiou *et al.*, 2002; Morgan & Hunt, 1994; Ferrinadewi, 2008). Furthermore, Kotler & Keller (2012) have suggested that a brand with high quality would generate a confidence among customers. The confidence may significantly influence brand loyalty. In fact, customer satisfaction plays an important role in the conversion of common into loyal consumers. Based on the proposed research model (Figure 2), therefore, the hypotheses are as follow:

- H1** Brand trust has an impact on customer satisfaction
- H2** Customer satisfaction has an impact on brand loyalty
- H3** Brand trust has an impact on brand loyalty
- H4** Brand trust has an impact on brand loyalty, which is mediated by customer satisfaction

RESULTS

The current study is conducted as a causal-associative research with a quantitative approach. One-hundred respondents are selected from existing customers of Tokobagus.com, and then taken as the respondents through online questionnaire with convenience sampling for data collection. Descriptive and path analysis are applied. All items in the questionnaire are tested first, and marked as valid and reliable.

From the results, it appears that the brand trust of Tokobagus.com is high (Table 1), meaning that its consumers are satisfied. Besides, the brand loyalty is high, meaning that consumers have already put believe on the company, satisfied with the web and service, and also loyal to the whole brand.

Furthermore, path analysis is taken to illustrate and test the relationship model between variables in a causal form. Path analysis is also taken to examine the contribution intended by the path coefficient on each path diagram of causal relationships between variables X, to Z through Y (Riduwan & Kuncoro, 2007). Steps performed in the path analysis are distinguished into two sub-structures:

1. Effect of brand trust on customer satisfaction

$$Y = \rho_{yx} + \rho_{ey}$$

2. Effect of brand trust and customer satisfaction on brand loyalty

$$Z = \rho_{zx} + \rho_{zy} + \rho_{ez}$$

TABLE 1. Consumer perception on brand trust, customer satisfaction and brand loyalty of Tokobagus.com

Variables	Average Total Score	Category
Brand Trust (X)	66.65%	High
Customer Satisfaction (Y)	66.40%	High
Brand Loyalty (Z)	64.40%	High

These two sub-structures may show the impact of Brand Loyalty to Brand Trust mediated by Customer Satisfaction. The structural relationship between these variables is exhibited in Figure 3.

Next, Table 1 indicates that H1, H2 and H3 are supported. Brand Trust (X) significantly affects the Customer Satisfaction (Y) by 0.835. Brand Trust (X) significantly affects the Brand Loyalty (Z) by 0.196. Then, the influence between Customer Satisfaction (Y) and Brand Loyalty (Z) equals 0.728.

1. Sub-structural equation 1

$$Y = 0.835X + 0.3028\varepsilon_y$$

2. Sub-structural equation 2

$$Z = 0.196X + 0.728Y + 0.193 \varepsilon_z$$

After that, the complete structure of the relationship between the variable X to the Z mediated by Y needs to be described. To strengthen the results, the theory of Product Strategy of Coefficient is taken to test the significance of any indirect effect. t_{TABLE} appears at 2.276 with 0.05 significance level, while the result of t_{STAT} 9.374. In other words, t_{STAT} falls within higher or equal to t_{TABLE} ($9.374 > 2.276$), meaning that customer satisfaction (Y) significantly mediates the relationship between brand trust (X) and brand loyalty (Z). Thus, the H4 is supported. Then, the direct effect, indirect effect and total effect may also be shown (Table 3). In short, customer satisfaction (Y) significantly mediates the relationship between variables brand trust (X) on brand loyalty variable (Z) by 0.608.

DISCUSSION

Four important results emerge from the analyses: (1) Brand trust significantly affects customer satisfaction,

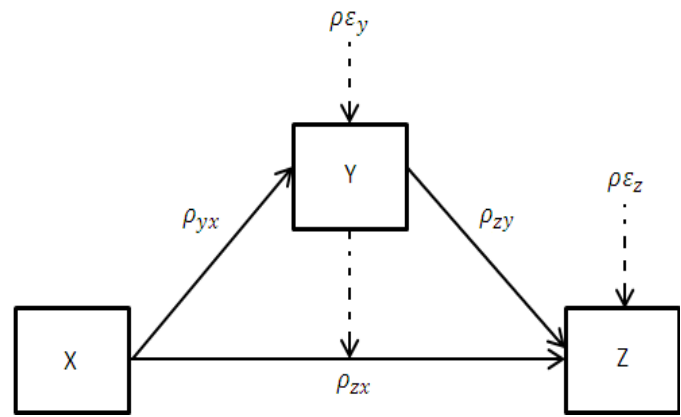


FIGURE 3. Model WebQual 4.0

- Notes: X = Brand Trust
- Y = Customer Satisfaction
- Z = Brand Loyalty
- $\rho_{\varepsilon y}$ = Other variables that affect the variable Y
- $\rho_{\varepsilon z}$ = Other variables that affect the variable Z
- ρ_{yx} = Path coefficient effect of variable X to Y
- ρ_{zx} = Path coefficient effect of variable X to Z
- ρ_{zy} = Path coefficient effect of variable Y to Z

(2) Brand trust significantly affects brand loyalty, (3) Customer satisfaction significantly affects brand loyalty, and (4) Customer satisfaction significantly mediates the relationship between brand trust and brand loyalty. Thus, all four hypotheses are supported.

First, this study shows that brand trust significantly affects customer satisfaction, meaning that consumers believe that shopping online at Tokobagus.com is safe and they are familiar with Tokobagus.com. So, they are satisfied and may act positively to Tokobagus.com. It is consistent with the notion by Baran, Galka, & Strunk (2008) in which if people trust the other party, then the possibility of the formation of positive behavioral intentions toward the other party will be even greater, especially if the individual has had a good experience with the parties.

Second, it appears that the acceptance of H2 is consistent with Ha's research on brand trust (2004). Ha (2004) has explained that buyer (and visitors) is an important part of an online shopping website because they may give advantage and a positive impact of the website by, for example, the nature of trust, which then become loyal, recommend, and increase web

TABLE 2. Influences between variables

Variables	Coefficient	t_{STAT}	t_{TABLE}	Std.Error	Description
X → Y	0.835	15.019	2.276	0.080	Significant
X → Z	0.196	2.4140	2.276	0.500	Significant
Y → Z	0.728	8.9770	2.276	0.034	Significant

traffic to the website itself. A higher believe in Tokobagus.com increases loyalty to the website. Consumers will then recommend Tokobagus.com to others and it will hence increase web traffic.

Third, customer satisfaction has been recognized as an important determinant of customer loyalty (Bearden & Teel, 1983; Tjahyadi, 2010). Customer satisfaction plays an important role in explaining the reasons customers are being considered as loyal ones. This study reveals a consistent finding, in which the satisfaction significantly affects brand loyalty. The satisfaction is important because it will sustain Tokobagus.com. Satisfied customers will re-use its services/products and hence build customer loyalty.

Fourth, the findings are consistent with Hess (1995), Selnes (1998), Chiou *et al.* (2002), Morgan & Hunt (1994) and Ferrinadewi (2008), who have stated that brand trust affects customer satisfaction, which then generates loyalty. In fact, brand loyalty may be directly influenced by brand trust and customer satisfaction; however, it may also be indirectly influenced by brand trust, which is mediated by customer satisfaction. If brand trust directly affects brand loyalty, the influence is only 19.6%. If brand trust affects brand loyalty, which is indirectly mediated by customer satisfaction, the effect would then be greater (60.8%). It means that if the brand wants its customer to be loyal, then it should create websites and services that are trusted by consumers, so those consumers will satisfy and then become loyal.

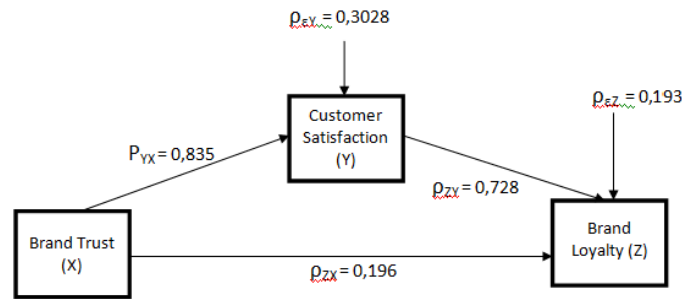


FIGURE 4. The structure of influence and path coefficients

CONCLUSION

The study reveals that all three variables (brand trust, customer satisfaction, and brand loyalty) are high, meaning that consumers have already believed and satisfied with the website and services of and loyal to Tokobagus.com. Besides, it appears that (1) Brand trust affects customer satisfaction at Tokobagus.com, which equals 83.5%; (2) Brand trust affects brand loyalty directly by 19.6%; (3) Customer satisfaction affects brand loyalty by 72.8%; (4) Indirectly, brand trust affects brand loyalty with customer satisfaction as mediation by 60.8%. Thus, brand trust and customer satisfaction may directly influence brand loyalty. However, it may also be indirectly influenced by brand trust, which is mediated by customer satisfaction. The indirect effect of brand trust to brand loyalty mediated by customer satisfaction has a greater effect than the direct effect of brand trust over brand loyalty.

TABLE 3. Summary effect of brand loyalty to brand trust mediated by customer satisfaction

Variables	Path Coefficient	Direct Effect (DI)	Indirect Effect (ID)	Total Effect (TE)
X → Y	0.835	0.835		
X → Z	0.196	0.196	X → Y → Z	X → Y → Z
Y → Z	0.728	0.728		
ε _y	0.3028	-	$\rho_{yx} \times \rho_{zy} = (0.835) \times (0.728) = 0.608$	$\rho_{yx} + \rho_{zy} = (0.835) + (0.728) = 1.563$
ε _z	0.193	-		

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