ANALYSIS THE EFFECT OF BRAND EXPERIENCE AND BRAND INNOVATION ON BRAND LOYALTY WITH BRAND TRUST AS A MEDIATION VARIABLE

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Abstract

Technological developments have had a great influence on competition in the industrial world, especially the beauty industry. To win the competition, it is important for a company to build customer loyalty. Several studies that have been conducted have found a significant relationship between brand experience and brand innovation on brand loyalty. Apart from the many studies examining the effect of brand experience and brand innovation on brand loyalty, inconsistency of results is still found where there is a group of researchers who find that there is a significant effect between brand experience and brand innovation on brand loyalty and there are other groups of researchers who find no significant effect between brand experience and brand innovation on brand loyalty. To fill this gap, this study will use the brand trust variable as a mediating variable. The purpose of this study was to further investigate the relationship between brand experience and brand innovation on brand loyalty with the brand trust variable as a mediating variable. This study uses a quantitative approach using the structural equation modeling (SEM) method to analyze the data. The object of this research is the grace and glow brand using 160 respondents and located in Surabaya.

Keywords: Brand experience; Brand Innovation; Brand Loyalty; Brand Trust

INTRODUCTION

At this time internet, users continue to grow in Indonesia. Based on research conducted by wearesocial.com, by 2022 the number of internet users in Indonesia is recorded to reach 205.7 million users. Growing by 2.1 million users or about 1% compared to 2021. The increasing number of internet users in Indonesia makes information easier to disseminate, making it easier for business actors to offer their products and triggering the growth of various industries, both large and small scale, including in the field of beauty. Reporting from fortuneidn.com, the development of the internet has made the marketing of beauty products to consumers easier with e-commerce.
The ease of marketing channels and the large market potential in the Indonesian beauty industry have triggered the birth of many brands and made competition in the beauty industry increasingly fierce. To survive and continue to grow amid today's intense competition, consumer loyalty to brands is the main key (Pratiwi, et al., 2021). Maintaining brand loyalty is a strategic effort that is more effective than attracting new customers. Brand loyalty is the behavior of consumers who consistently make purchases of the same brand on certain products or services (Mothersbaugh, 2019).

Several studies have found that there is a significant relationship between brand experience and brand innovation on brand loyalty. Apart from the many studies that examine the effect of brand experience and brand innovation on brand loyalty, inconsistency of results is still found where there is a group of researchers who find that there is a significant influence between brand experience and brand innovation on brand loyalty (Megasari, et al., 2015; Japutra, et al., 2021; Pratiwi, et al., 2021; Arham, and Dwita, 2021) and there are other groups of researchers who found no significant effect between brand experience and brand innovation on brand loyalty. This study will use the brand trust variable as a mediating variable to fill this gap. To further examine the relationship between the influence of brand experience and brand innovation on brand loyalty in Grace and Glow products.

**Brand experience on brand loyalty**

The experience that consumers have of a product is brand experience. A good brand experience has a positive and significant impact on consumer loyalty (Ertemel et al., 2021). Brand Experience has a positive and significant effect on consumer loyalty (Japutra, et al., 2021). Research from (Pratiwi, RS, et al., 2021; Ertemel, et al., 2021) also shows that brand experience affects brand loyalty. Thus the following hypothesis is proposed.

**H1: Brand Experience affects brand loyalty**

**Brand innovation on brand loyalty.**

Brand innovation is the perception of consumers about the extent to which brands can provide something new and valuable solutions for their needs (Hetet, B., 2020). The research from Arham, QL, & Dwita, V. (2021), states that good brand innovation affects brand loyalty. That is, the better the level of innovation of a product carried out by a brand can increase customer loyalty to the brand. Thus the following hypothesis is proposed.

**H2: Brand innovation affects brand loyalty**

**Brand experience on brand trust**

Research from Pratiwi, et al., (2021) states that brand experience becomes a memory that affects brand trust, through the products and services offered. Then from (Megasari, et al., 2015; Yanu, and Candraningrat 2018) said that a good brand experience will increase brand trust from consumers. Thus the following hypothesis is proposed.
H3: *Brand experience affects brand trust*

**Brand innovation on brand trust**

According to research by Khamwon, A., & Sorataworn, W (2021) *brand innovation* has a positive influence on *brand trust*. That is, the better the innovation provided by a product will affect the increasing level of trust felt by customers toward the brand. Thus the following hypothesis is proposed.

**H4: *Brand innovation affects brand trust***

**Brand trust in brand loyalty**

According to research by (Megasari, et al., 2015; Alif Fianto, et al. 2014), *brand trust* has a positive effect on *brand loyalty*. That is, the higher the level of *brand trust* felt by a consumer, the higher the level of *brand loyalty* felt by the consumer. Research is also supported by research (Yanu, & Fianto, 2018; Abitha, et al. 2020; Muttaqin, and Rasyid, 2021; Candraningrat, 2018) which also reveals that *customer satisfaction* has a positive influence on *brands loyalty*. Thus the following hypothesis is proposed.

**H5: *Brand trust affects brand loyalty***

In this study, data were collected by distributing questionnaires to 160 respondents. Respondents were selected with the criteria that they had purchased Grace and Glow 2 times and were more than 18 years old. In this study, consumer perceptions were measured using the Linkert scale (1-5). Data collection is done by collecting primary data and secondary data. In this study, the

**Brand experience on brand loyalty is mediated by brand trust**

Based on research conducted by Huang, (2017) *brand experience* affects *brand loyalty*. the good *brand experience* felt by customers can increase the level of *brand trust* felt by customers (Pratiwi, et al., 2021). However, the high level of *brand trust* felt by a customer can increase the level of customer loyalty (Huang, 2017). Thus the following hypothesis is proposed.

**H6: *Brand experience affects brand loyalty through brand trust***

**Brand innovation on brand loyalty is mediated by brand trust.**

Research conducted by Khamwon, A., & Sorataworn, W. (2021). shows that brand innovation has a positive effect on brand trust so that high brand innovation can increase customer trust in a brand. Meanwhile, according to research conducted by (Pratiwi, RS, et al., 2021) brand trust has a positive effect on brand loyalty, so increasing brand trust will increase customer loyalty to a brand. Thus the following hypothesis is proposed.

**H7: *Brand innovation affects brand loyalty through brand trust***

**RESEARCH METHOD**

*brand experience* was measured by the item “brands are easy to remember, products are easy to find, products are reliable and products are satisfying”, which were adopted from research (Brakus et al., 2009). Furthermore, the brand innovation variable in this study was measured by four statement items “brands come to mind when the subject is innovation, brands are pioneers in the
beauty product category, brands can make products according to my wishes and brand is more creative than rivals”, which is taken from the research of Khamwon, A., & Sorataworn, W., 2021; Gözükara, olakoğlu, N. 2016). As for measuring brand trust, four statement items were used that were taken from research (Gözükara, olakoğlu, N. 2016) namely, “I can rely on the brand to solve problems, the brand tries hard to satisfy me, the brand never disappoints me. I feel confident when I use brand.” In measuring brand loyalty there are four statement items taken from research (Panigrahi, et al., 2021: Liu, KN, & Hu, C., 2021), which consist of "brand is the first choice, recommend to others, say positive and repurchase. The data that has been obtained will be processed using the partial least squares structural equation modeling (PLS-SEM) method. Referring to the opinion of Hair, et al., (2014) in this study the research instrument is said to be valid if it has a loading factor value greater than 0.7 and is declared reliable if it has composite reliability and Cronbach alpha greater than 0.7 (Hair et al., 2014).

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Composite Reliability</th>
<th>Cronbach Alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Experience</td>
<td>0.931</td>
<td>0.903</td>
<td>0.771</td>
</tr>
<tr>
<td>Brand Innovation</td>
<td>0.911</td>
<td>0.871</td>
<td>0.720</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>0.925</td>
<td>0.893</td>
<td>0.756</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.922</td>
<td>0.887</td>
<td>0.747</td>
</tr>
</tbody>
</table>

Source: processed data, 2022

Composite reliability in this study each variable has a value greater than 0.7 (0.931, 0.911, 0.925, and 0.922) so the variables in this study are said to be reliable. The R-square value of brand loyalty in this research model has a value of 0.41. The Goodness of Fit (GoF) in this study is calculated by the equation $Q^2 = 1 - [(1 - R1^2)(1 - R2^2)] = 1 - [(1 -0.549)(1 - 0.286)] = 0.677$. The value of 0.677 in this study indicates that the model in this study is categorized as strong.
Based on the analysis in table 2, it can be seen that brand experience affects brand loyalty with the t-statistics greater than the t-table (2.193 > 1.96). From these results, it is known that brand experience has significant effect on brand loyalty so H1 is accepted. Brand experience is often seen as an effect and reaction (sensory, cognitive and behavioral) from consumers that arises due to stimuli formed through brand identity, brand design, packaging, communication, and the environment (Reza, et al., 2021; Brakus et al., 2009). Based on this definition, brand experience is one of the influential variables in building one’s brand loyalty. The findings of this study support previous research groups (Megasari, et al., 2015; Japutra, et al., 2021; Pratiwi, et al. al., 2021; Ertemel, et al., 2021) who argue that brand experience has a positive and significant influence on brand loyalty.

As for improving one’s brand experience, Grace and Glow can create interesting review ad content to be advertised through social media. As for the relationship between the influence of brand innovation on brand loyalty, it is known to have a t-statistic value less than the t-table (0.384 < 1.96). From these results, it is known that brand innovation has no significant effect on brand loyalty, so H2 is rejected. The results contradict the research conducted by Arham and Dwita, (2021) which states that brand innovation has a significant effect on brand loyalty. However, this study supports the results of research conducted by Khamwon and Sorataworn (2021) which states that brand innovation has no effect on brand loyalty.

The relation of brand experience on brand trust in this study has a t-statistic value greater than the t-table (3.537 > 1.96). From these results, it is known that brand experience has a significant effect on brand trust so H3 is accepted. These results support several previous studies including (Megasari, et al., 2015; Pratiwi, et al., 2021). The results of the frequency distribution of the brand trust variable are known that customers who are loyal to Grace & Glow products feel confident when using the product. The relation of brand innovation on brand trust in this study has a t-statistic value greater than the t-table (3.109 > 1.96). From these results, it is known that brand innovation has a significant effect on brand trust so that H4 is accepted. The results of the study are in line with

Table 2: Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship Between Variables</th>
<th>Path Coefficient</th>
<th>t-value</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Brand experience → Brand loyalty</td>
<td>0.381</td>
<td>2.193</td>
<td>0.030</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Brand innovation → Brand loyalty</td>
<td>0.026</td>
<td>0.384</td>
<td>0.704</td>
<td>Non Significant Non Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Brand experience → Brand trust</td>
<td>0.371</td>
<td>3.537</td>
<td>0.001</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Brand innovation → Brand trust</td>
<td>0.224</td>
<td>3.109</td>
<td>0.002</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H5</td>
<td>Brand trust → Brand loyalty</td>
<td>0.583</td>
<td>6.018</td>
<td>0.000</td>
<td>Significant Accepted</td>
</tr>
<tr>
<td>H6</td>
<td>Brand experience → Brand trust</td>
<td>0.204</td>
<td>2.084</td>
<td>0.041</td>
<td>Significant Accepted (partial)</td>
</tr>
<tr>
<td>H7</td>
<td>Brand innovation → Brand trust</td>
<td>0.433</td>
<td>2.653</td>
<td>0.000</td>
<td>Significant Difference (full)</td>
</tr>
</tbody>
</table>

Sumber: Data diolah, 2021
research (Khamwon, and Sorataworn, 2021; Gözükara, and Olakoğlu, 2016) which found that brand innovation has a positive and significant effect on brand trust. Therefore, it is important for the Grace & Glow brand to continue to innovate so that it can increase the brand trust of its customers. As for innovating, Grace & Glow’s customers expect creative products so that they can increase their confidence when using these products. The result of brand trust on brand loyalty in this study has a t-statistic value greater than the t-table (6.984 > 1.96) from these results it is known that brand trust has a significant effect on brand loyalty so H5 is accepted. The results of the study are in line with the research of Khamwon, A., & Sorataworn, W. (2021) which found that brand trust had a significant positive effect on brand loyalty. These results indicate that customer trust in the brand can have an effect on increasing customer loyalty to the Grace and Glow brand. Therefore, it is important for the Grace and Glow brand to increase brand trust so that it can increase customer loyalty.

The relation of brand experience on brand loyalty through brand trust as a mediating variable has a higher t-statistic value on the t-table (2.849 > 1.96). From these results, it is known that brand trust can partially mediate the relationship between the influence of the brand experience variable on brand loyalty and has a significant influence, so H6 is accepted. The results showed that brand experience had a significant effect on brand loyalty through brand trust. The impact of brand trust mediation is known to be partial mediation. This means that every increase in the value of the brand trust variable will mediate the brand experience variable in increasing the brand loyalty variable. The total effect value of the influence of brand experience on brand loyalty mediated by the brand trust variable has a greater value than the direct effect of the influence of the brand experience variable on brand loyalty. This shows the importance of the influence of the brand trust variable as a mediating variable. So, for greater effect, grace & glow brand should not only pay attention to the level of brand experience, but also pay attention to the extent of brand trust perceived by grace and glow customers. This research is in line with research from Huang, and Chen, (2022).

The relation of brand innovation on brand loyalty through brand trust as a mediating variable has a higher t-statistic value on t-table (2.803 > 1.96). From these results, it is known that brand trust can fully mediate the relationship between the influence of brand innovation variables on brand loyalty and has a significant influence, so H7 is accepted. The results show that brand innovation has a significant effect on brand loyalty through brand trust. The impact of brand trust mediation is known to be full mediation. The total effect of the influence of brand innovation on brand loyalty mediated by the variable brand trust is known to have a greater value than the direct effect of the influence of brand innovation on brand loyalty. It also shows the importance of the influence of the brand trust variable as a mediating variable. So, in order to have an effect on brand loyalty, brand innovation must pass brand trust as a mediating variable. The findings of a full mediation effect in this study can also fill the gaps in previous research.
conducted by (Khamwon, and Sorataworn, 2021; Gözükara, and Olakoğlu, 2016). Where in this study the researchers did not examine the mediating effect of brand trust on the effect of brand innovation on brand loyalty.

The results showed that brand experience had a significant effect on brand loyalty either directly or through brand trust as a mediating variable. These results support research conducted by Ong, CH, Lee, HW, & Ramayah, T. (2018) and Japutra, A., et al., (2021) and Pratiwi, RS, et al., (2021). The total value of the influence of brand experience on brand loyalty through a brand trust has a greater value than the value of the direct influence of brand experience on brand loyalty. This study also found that brand trust has a mediating role in part in the effect of brand experience on brand loyalty.

The relationship between brand innovation and brand loyalty in this study does not have a significant effect. These results support the research of Khamwon, A., & Sorataworn, W. (2021) which argues that brand innovation has no significant effect on brand loyalty. As for the relationship between the influence of brand innovation on brand loyalty through brand trust, it is known to have a significant influence with brand trust having a fully mediating role.

The results of this study indicate implications for concept development and can be used as a reference for studies related to the variables of brand experience, brand innovation, brand trust and brand loyalty. Based on the research findings that have been described previously, the results of this study provide theoretical contributions including. The results show that brand experience affects the level of brand loyalty for Grace & Glow brand users either directly or indirectly through brand trust mediation. The results obtained indicate that brand experience has an important impact on increasing customer loyalty to Grace & Glow products. The results of the research in the form of good brand experience provided by grace & glow products are reflected by customer opinions who consider the grace & glow brand to be easy to remember, reliable, very satisfying and easy to find. The good brand

CONCLUSION

mediating role. From this research, it is known that brand trust has a very important role both as a mediating variable and as an independent and dependent variable. Therefore, Grace & Glow must be able to increase the brand trust of its customers through brand experience and brand innovation of its products.

However, this research cannot be separated from the limitations that have caused the imperfect results of this study. The limitation of this research is that it is limited to the Grace & Glow brand so that the research results may be different if the research is applied to cosmetic brands or other products. As for determining the population of this study, it is limited to Grace & Glow customers who are in Surabaya. So that the research results may be different when applied to populations living outside the Surabaya area. Furthermore, the number of respondents in this study is still limited to 160 respondents. Better results will be obtained if the number of respondents can be increased.
experience provided by the Grace & Glow brand can increase customer trust in the brand. The results of the study also show the mediating role of part of the brand trust variable on the relation of the brand experience variable on brand loyalty. In addition to acting as a mediating variable, brand trust also plays a role in increasing the influence of brand experience on brand loyalty. This is evidenced by the total value obtained from the influence of brand experience on brand loyalty through brand trust, which is greater than the direct influence of the brand experience variable on brand loyalty. The results showed that brand innovation had no significant effect on brand loyalty. These results are in line with the research of Khamwon, A., & Sorataworn, W. (2021) which found that brand innovation had no significant effect on brand loyalty. The brand trust has an important role as a mediating variable on the effect of brand innovation on brand loyalty. Brand trust has a role as a full mediating variable. This means, to increase customer loyalty, the Grace & Glow brand must not only have innovative products but also must be able to build customer brand trust.

The results of this study indicate that brand experience has an effect on brand loyalty of Grace and Glow product users. This is an important point for Grace and Glow to continue to improve the brand experience in order to increase brand loyalty. The grace & glow brand which is easy to remember as the item with the highest frequency value in the brand experience variable becomes an important point in building customer brand experience. Grace and glow can increase the intensity of advertising on social media as an effort so that the grace & glow brand can be remembered and known by many parties. Besides being able to make brands remember, online advertising through social media is also expected to make it easier for loyal customers to pass on information related to Grace & Glow products. This is inseparable from the results of research showing that customer loyalty Grace & Glow is shown by giving positive opinions and will recommend it to others. So that the Grace & Glow brand will also be helped by loyal customers in promoting their products. The results showed that brand innovation did not have a significant effect on brand loyalty. This indicates that no matter how good the innovations carried out by Grace & Glow are, it does not necessarily increase customer loyalty. However, this also does not make brand innovation an unimportant variable. Brand innovation can affect brand loyalty with the influence of band trust. Brand trust acts as a full mediating variable in the relationship between brand innovation and brand loyalty. This means that in order to increase customer loyalty, the innovations carried out by the Grace & Glow brand must be able to increase customer trust. Meanwhile, customers who feel confident when using grace & glow products must be an important point in every product innovation that will be carried out by the grace & glow brand. Grace & glow must be able to make creative products with high value so that customers feel confident when using them. Brand trust is an important variable in this study. In addition to acting as a variable that fully mediates the relationship between brand experience and brand innovation variables on brand loyalty. Brand
trust also has a significant effect on the brand loyalty variable. In measuring the brand trust variable, “I feel confident when using brand grace & glow” is the statement item with the highest average frequency. These results are certainly a valuable point for the Grace & Glow brand marketing strategy. However, by increasing customer brand trust, Grace & Glow will be able to increase the total influence of the brand experience and brand innovation variables on brand loyalty through brand trust. Grace & Glow customers who are confident with grace & glow products that are memorable and creative will increase their loyalty. So it is important for Grace & Glow to build a trend of using its products by endorsing well-known influencers in order to increase customer brand trust.

REFERENCES


