The Ability of Brand Trust as a Mediator on the Determinants of Customer Loyalty: Study on Mie Sagu Waraka (SAWA) in Ambon, Indonesia

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1. Introduction

Indonesia will be one of the countries that consume the most instant noodles in Asia in 2023, with a percentage of 14.26 billion packs, according to the World Instant Noodles Association (https://instantnoodles.org/en/noodles/demand/table/), makes the instant noodle market increasingly developing with various companies producing instant noodles. Various brands and flavors color the instant noodle market, from national-scale noodle products to local ones. One of the local noodle products found in Ambon is Mie Sagu Waraka (SAWA). This will, of course, create competition between Mie Sagu Waraka (SAWA) and various other noodle products. So to be able to win this competition, this product must be able to compete to maintain customer loyalty because competition can encourage the creation of customer loyalty (Martinović, 2018). Therefore, customer loyalty is very important for companies because loyal customers are an asset for the company, can bring profits, help business continuity by building competitive advantages, and are study material for research (Chen, 2015).

There are several factors that are antecedents of customer loyalty (Abu-Alhaija et al., 2018), including image and trust. This was researched by (Barbosa et al., 2023), who confirmed that brand image influences customer loyalty. However, there is research that contradicts the results of this research, so there is a research gap, namely (Jasin et al., 2023), which proves that brand image does not have a significant impact on customer loyalty. Therefore, customer loyalty is very important for companies because loyal customers are an asset for the company, can bring profits, help business continuity by building competitive advantages, and are study material for research (Chen, 2015).
on customer loyalty. This study aims to investigate the determinants of Mie Sagu Waraka (SAWA) customer loyalty in Ambon, which is analyzed using the factors of brand image, brand trust, product differentiation, and purchasing decisions, as well as testing the ability of brand trust as a mediating variable.

2. Literature Review

The relationship between brand image and customer loyalty

Brand image is a perception of a brand that is reflected by brand associations contained in consumers’ memories (Benhardy et al., 2020). Brand image also plays an important role in explaining and differentiating products between one company and its competitors (Tableessy, 2023a). Meanwhile, consumer loyalty in the marketing context is a loyal attitude to continue purchasing products or services on an ongoing basis in the future (Abu-Alhaija et al., 2018). It can be interpreted as the level of someone’s loyalty in using a particular product, whether in the form of goods or services (Tableessy, et al., 2023). Therefore, if the consumer association regarding the brand offered by the company is good and different from its competitors, then consumers will be loyal and continue to use the product or service brand. This is what is proven by (Liu et al., 2020), who confirms that brand image is positively related to customer loyalty in the hotel industry in China. Apart from that (Arif, 2021) has a different opinion, namely that brand image has no influence on customer loyalty in home industries. Based on theory and previous research results, the first hypothesis in this research is: H1: Brand image has a significant influence on customer loyalty.

The relationship between brand image and brand trust

Brand image can influence both customer loyalty and brand trust or it can be said that the higher the brand image that is successfully formed, the higher the brand trust will be for consumers (Tableessy et al., 2022). In (Erkmen, 2019) shows the relationship between these two factors and how brand image significantly influences restaurant brand trust in Istanbul. (Song et al., 2019) also further strengthens this by stating brand image as a variable that helps organize Starbucks brand trust in Korea. Meanwhile, (Dewi, 2022) disagrees with previous research findings by confirming that the brand image variable does not have a significant effect on consumer trust in Sushi Tei Restaurant. Thus, based on theory and previous research results, the third hypothesis in this research is: H3: Brand image has a significant influence on brand trust.
The relationship between product differentiation and customer loyalty

Apart from brand image, another factor that can influence customer loyalty is product differentiation. (Kotler, 2016) defines product differentiation as a businessman’s attempt to differentiate his product from his competitors by providing features that make it more attractive or unique to consumers. So if this makes consumers feel satisfied repeatedly, customer loyalty will be formed (Tableessy, et al., 2023). This statement is confirmed (Ratnasari, 2022), which indicates that differentiation has a very strong relationship with UD customer loyalty. Trans Jaya Kasokandel in Majalengka. In line with the analysis above, (Pieter et al., 2020) confirms that product differentiation has a positive effect on customer loyalty of iPhone users at private universities. Contrary to some previous research, (Amanah, 2019) found that product differentiation does not have a significant influence on customer loyalty. Thus, based on theory and previous research results, the fourth hypothesis in this research is: H4: Product differentiation has a significant influence on customer loyalty.

The relationship between purchasing decisions and customer loyalty

Purchasing decisions are another factor that influences customer loyalty. Purchasing decisions are consumer decisions in choosing two or more available alternatives (Harahap, 2020) or consumers deciding which brand to buy (Tableessy, 2021). Therefore, consumers tend to remain loyal when they have chosen the best alternative from the various brands available. This is proven by (Pinota, 2023) who found that customer loyalty to Re.Juwe brand drinks are influenced by purchasing decisions. In line with this, (Arianto et al., 2018) confirmed that there is a positive and significant influence between purchasing decisions on consumer loyalty to PT. Tiga Serangkai in Riau Province. Thus, based on theory and previous research results, the fifth hypothesis in this research is: H5: Purchasing decisions have a significant influence on customer loyalty.

The relationship between product differentiation and purchasing decisions

Purchasing decisions can also be influenced by product differentiation because it is a strategy that makes products different from competitors and even exceeds them so that the results can be assessed by consumers and the expected value can influence consumer choice and satisfaction (Tableessy, et al., 2023), where When consumers feel that the product provided is very different from others, consumers will choose to make a purchase. This explanation also states the relationship between product differentiation and purchasing decisions which is emphasized by (Hikmah et al., 2022), namely that product differentiation has a positive and significant effect on purchasing decisions for creative industrial craft products in Semarang. In agreement with that, (Gandhy, 2018) stated that product differentiation has a positive effect on Jukajo consumer purchasing decisions. Different from previous research, (Taringan et al., 2022) have another view, namely that product differentiation partially has a positive and insignificant effect on purchasing decisions at Café Saroha in Manado. Thus, based on theory and previous research results, the sixth hypothesis in this research is: H6: Product differentiation has a significant influence on purchasing decisions.

Brand trust as mediation

In several previous studies, brand trust has been used as a mediating variable. (Huwae et al., 2023) found that brand trust can significantly mediate the relationship between brand image, electronic word of mouth, and purchasing decisions on Xiaomi smartphones. Likewise, (Astuti, 2023) proves that brand image has a positive and significant impact on brand loyalty through brand trust as a mediating variable. Meanwhile (Celyn, 2023) has another
opinion, namely that brand trust does not significantly mediate the relationship between brand image and product quality on brand loyalty. Thus, based on the results of previous research, the seventh hypothesis in this research is: H7: Brand trust is able to significantly mediate the relationship between brand image and customer loyalty.

3. Methods

The type of research used is explanatory research. According to (Ansari et al., 2022), explanatory research is a research design that always starts with a theory or hypothesis, and after evidence is collected, the theory or hypothesis can be accepted or rejected. The sample in this study amounted to 171 respondents and was obtained using a purposive sampling technique with the criteria of customers who had consumed Mie Sagu Waraka (SAWA) more than twice. Data was collected using a questionnaire distributed directly to respondents in October-December 2023.

The variables in this research consist of several indicators which are described through statement items using a questionnaire based on previous research and have been adapted to the objects in this research. These variables are brand image consisting of 3 statements quoted from (Kim, 2019), product differentiation variable consisting of 3 statements quoted from (Hikmah et al., 2022), brand trust variable consisting of 3 statement items quoted from (Drennan et al., 2015), the purchasing decision variable consists of 5 statements quoted from (Hanaysha, 2018), and the customer loyalty variable consists of 3 statements quoted from (Chen et al., 2019). The five variables in this study were measured using a 1-5 Likert scale, starting from 1 = "strongly disagree" to 5 = "strongly agree".

Partial Least Squares Structural Equation Modeling (PLS-SEM) is used as a quantitative data analysis technique in this research to test the hypothesis. The requirement for using PLS-SEM is not solely because the data is not normally distributed (Sarstedt et al., 2022; Tabelessy, 2022), but apart from that it aims to analyze complex relationships between latent variables and their indicators (Guenther et al., 2023; Sarstedt, 2023) namely involving two purely exogenous variables (brand image and product differentiation), two variables that can be endogenous, exogenous or mediating (brand trust and purchasing decisions), and one purely endogenous variable.
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(customer loyalty). Use of the SmartPLS application ver. 4 in this study because overall, it has better performance than the previous version of SmartPLS, and this is in accordance with the opinion of (Hwa et al., 2023).

4. Results and Discussion

Evaluation of measurement models

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite reliability (rho_c)</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand image</td>
<td>0,865</td>
<td>0,682</td>
</tr>
<tr>
<td>Brand trust</td>
<td>0,883</td>
<td>0,716</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0,810</td>
<td>0,587</td>
</tr>
<tr>
<td>Product differentiation</td>
<td>0,823</td>
<td>0,607</td>
</tr>
<tr>
<td>Purchase decision</td>
<td>0,838</td>
<td>0,509</td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2024.

(Chua, 2023; Hair, 2022) states that the composite reliability (rho_c) value is ≥ 0.7 and the average variance extracted (AVE) value is ≥ 0.5. Based on the test results in Table 1, it can be concluded that all variables have good reliability and convergent validity.

Table 2. Discriminant validity test results.

<table>
<thead>
<tr>
<th></th>
<th>Brand image</th>
<th>Brand trust</th>
<th>Customer loyalty</th>
<th>Product differentiation</th>
<th>Purchase decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand image</td>
<td></td>
<td>0,505</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand trust</td>
<td>0,337</td>
<td></td>
<td>0,423</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0,157</td>
<td>0,145</td>
<td>0,665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product differentiation</td>
<td>0,199</td>
<td>0,349</td>
<td>0,586</td>
<td>0,599</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2024.

(Chua, 2023; Hair, 2022) states that the Heterotrait–Monotrait (HTMT) value is ≤ 0.90. Based on the test results in Table 2, it can be concluded that all variables have good discriminant validity.

Structural model evaluation

Table 3. R-Square test results.

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand trust</td>
<td>0,169</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0,335</td>
</tr>
<tr>
<td>Purchase decision</td>
<td>0,192</td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2024.
(Chua, 2023; Hair, 2022) states that the R-Square value ($R^2$) in modeling consists of 0.75, 0.50, and 0.25, which means strong, moderate, and weak. Table 3 proves that there are two variables, namely brand trust and purchasing decisions, which have an $R^2$ value in the weak criteria, while the customer loyalty variable has an $R^2$ value on moderate criteria.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>T statistics</th>
<th>P-values</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand image -&gt; Customer loyalty</td>
<td>1,558</td>
<td>0.119</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Brand trust -&gt; Customer loyalty</td>
<td>2,757</td>
<td>0.006</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand image -&gt; Brand trust</td>
<td>6,284</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Product differentiation -&gt; Customer loyalty</td>
<td>4,536</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Purchase decision -&gt; Customer loyalty</td>
<td>2,332</td>
<td>0.020</td>
<td>Supported</td>
</tr>
<tr>
<td>Product differentiation -&gt; Purchase decision</td>
<td>6,596</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2024.

The results of data processing to test the six proposed hypotheses can be seen in Table 4, namely: brand image does not have a significant influence on customer loyalty, brand trust has a significant influence on customer loyalty, brand image has a significant influence on brand trust, product differentiation has a significant influence on customer loyalty, and purchasing decisions have a significant influence on customer loyalty, and product differentiation has a significant influence on purchasing decisions.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>T statistics</th>
<th>P-values</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand image -&gt; Brand trust -&gt; Customer loyalty</td>
<td>2,469</td>
<td>0.014</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2024.

The results of data processing to test the proposed mediation hypothesis can be seen in Table 5, namely: brand trust is able to significantly mediate the relationship between brand image and customer loyalty.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>T statistics</th>
<th>P-values</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand image -&gt; Brand trust -&gt; Customer loyalty</td>
<td>2,469</td>
<td>0.014</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2024.

Figure 2. Hypothesis testing.
The influence of brand image on customer loyalty

The results of data processing found that brand image does not have a positive and significant influence on customer loyalty to Mie Sagu Waraka (SAWA) in Ambon. This means that the Mie Sagu Waraka (SAWA) brand, as a local brand, has entered into increasingly fierce competition with other well-known national brands. It cannot be denied that nationally known brands have established a reputation for a good brand image. So, the emergence of the local brand Mie Sagu Waraka (SAWA) has not been able to win the competition to maintain customer loyalty. In other words, when this brand cannot be purchased or is not available in shops or supermarkets, consumers will switch to other noodle products available. This hypothesis is supported by research conducted (Arif, 2021; Jasin et al., 2023).

The influence of brand trust on customer loyalty

The results of data processing found that brand trust has a positive and significant influence on customer loyalty to Mie Sagu Waraka (SAWA) in Ambon. This means that this brand is perceived as good and reliable by consumers. Brand trust will create loyalty for customers, and they will be chosen as a local noodle brand that has good quality so that customers feel worthy of recommending this brand to other consumers. Hypothesis This is supported by research conducted (Rudzewicz, 2021; Yuen et al., 2023).

The influence of brand image on brand trust

The results of data processing found that brand image has a positive and significant influence on the brand trust of Mie Sagu Waraka (SAWA) in Ambon. This shows that Mie Sagu Waraka (SAWA) is considered a good local noodle brand, so consumers do not hesitate to rely on this product. In this case, the good quality of the noodles causes consumers to like the product and want to consume it. Thus, the great trust from consumers proves that these noodles are a good and trusted local noodle product. Hypothesis This is supported by research conducted (Erkmen, 2019; Song et al., 2019).

The effect of product differentiation on customer loyalty

The results of data processing found that product differentiation has a positive and significant influence on customer loyalty to Mie Sagu Waraka (SAWA) in Ambon. Consumer loyalty to these noodles is based on the benefits provided by the product. The benefit in question is that it has advantages and is different compared to competing products so that for consumers, it is clear that the noodle product is the best product with a unique product image from other noodles and is considered worthy of being recommended to other consumers. Hypothesis This is supported by research conducted (Pieter et al., 2020; Ratnasari, 2022).

The influence of purchasing decisions on customer loyalty

The results of data processing found that purchasing decisions have a positive and significant influence on customer loyalty to Mie Sagu Waraka (SAWA) in Ambon. The feeling of pleasure from the willingness to buy this product can create loyalty for consumers to choose this product over others. Satisfaction with the product will positively influence loyal consumers to recommend these noodles to others. Because this local noodle product is considered the best product, consumers will not hesitate to buy it and intend to make repeat purchases in the future. Thus, consumer satisfaction in buying noodles can also influence other people to consume local noodle products. Hypothesis This is supported by research conducted (Arianto et al., 2018; Pinota, 2023).
The effect of product differentiation on purchasing decisions

The results of data processing found that product differentiation has a positive and significant influence on purchasing decisions for Mie Sagu Waraka (SAWA) in Ambon. The benefits of a product greatly influence consumers' decisions to buy, and this is the same with noodles. The benefits of Mie Sagu Waraka are felt by consumers, so by consuming these noodles, consumers feel happy with their purchasing decision, and this allows consumers to recommend them to other people. The superiority of a unique product image compared to other competitors makes it attractive for consumers to buy the noodle product and even without hesitation to repurchase the product as a form of consumer satisfaction. Hypothesis This is supported by research conducted (Gandhy, 2018; Hikmah et al., 2022).

Brand trust as mediation

The results of data processing found that brand trust was able to significantly mediate the relationship between brand image and customer loyalty of Mie Sagu Waraka (SAWA) in Ambon. This means that in order to maintain customer loyalty, brand image is not enough because, without brand trust in this research, brand image has no effect on customer loyalty. Brand trust is really needed for consumers of Mie Sagu Waraka (SAWA) because this can create and even retain these consumers to become customers who will repeatedly use this noodle product. The results of this hypothesis testing further strengthen brand trust as a mediating variable, such as research results from (Astiti, 2023; Huwae et al., 2023).

5. Conclusion

Data processing results using the SmartPLS application ver. 4 for hypothesis testing found that this research does not support one of the hypotheses proposed, namely, that brand image does not have a significant influence on customer loyalty. However, on the other hand, it supports the 6 other hypotheses proposed, namely, brand trust has a significant influence on customer loyalty, brand image has a significant influence on brand trust, product differentiation has a significant influence on customer loyalty, purchasing decisions have a significant influence on customer loyalty and differentiation, products have a significant influence on purchasing decisions, and brand trust is able to significantly mediate the relationship between brand image and customer loyalty.

6. References

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