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DOES CUSTOMER WHO DEFENDS OUR BRANDS TENDS TO BE LOYAL?

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ABSTRACT

This Study is to examine whether customer who tend to defend the brands, often called advocacy tend to be loyal or not. This study proposes the extention of previous study. The Previous study using situational Brand Engagement which consist of Affective, Cognitive, And Behavior to strengthen the Advocacy and to examine the influence of advocacy to form loyal customer. In Order to test the relationship within the variable accurately and reliably, A questionnaire was developed and distributed to 350 retail bank customer who are SME merchant of which 203 valid responses were returned to the researcher. The Questionnaire were done using existing scales from previous literature about situational brand engagement and advocacy. Partial Least Square Structural Equational Modeling (PLS-SEM) were used for this study.The result are Affective, Cognitive, and Behavior impact to Advocacy significantly, but advocacy impact to loyalty not significantly, this is contrast from previous research that state whether strong advocate consumer tends to be loyal. The other results and implications are summarized in the discussion part of the paper in which recommendation are provided.

Keywords: Retail Banking Business, Loyalty, Advocacy, Engagement.

1. Introduction

Organizations are getting increasingly more inquisitive about engaging with their customers, their products and services (Morgan and Hunt 1994). they are driven by using studies on knowledge such consumer engagement and its effect on outcomes past buy, including phrase of mouth (Van Doorn et al. 2010; Vargo and Lusch.2004), researchers have recently grew to become their interest to one of the which clients show engagement with the brand (Brodie et al. 2011; Hollebeek 2011; Puligadda et al. 2012; Sinta et al. 2009).

There are two foremost views on purchaser engagement. One technique perspectives engagement as a natural behavior. From this angle, consumer behavior goes past transactions that arise between firm customers and serves as a motivating driver for a huge range of interactions between customers and corporations (Jaakkola and Alexander 2014; van Doorn et al. 2010). the second one view of engagement is based on and psychologically targeted on the interaction among the patron and the organisation, as meditated within the cognitive, emotional, and conduct of clients all through the co-innovative experience (Brodie et al. 2011; Calder.et al.2009; Hollebeek. 2011).In research conducted by Liu (2017), Affective and behavioral engagement with brands have a positive influence on customer advocacy, while Cognition has no influence on customer advocacy, meaning that the more often companies or businesses involve customers both in positive behavior and emotions, then customers will often and willingly defend the brand of the company as stated by Shalesh (2014) that customer advocacy is the intention of consumers to offer positive referrals from other consumers by supporting the seller's products or services. If an unwanted encounter occurs, negative word of mouth will inevitably lead potential prospects to refrain from brand or retailer (Shalesh, 2014).

What is obtained from the company if the company has "assets" in the form of customers who are already at the advocate stage?. Oliver (2000), Rust, Zahorik, and Keiningham (1995) in Sweeney et al (2020) say that there are several levels within consumers to conduct advocacy, ranging from moderate levels to strong levels as for example the level of difference between satisfaction and delight at a concentrated ring in which the innermost part of the ring is the "basic thing" that must be met, the next layer contains additional services from a basic product

and service, while the third section is a section that represents very high attributes and is very convenient to use. enjoyed. If this ring is applied to the advocacy framework, it can be estimated that advocates at a minimum level can provide positive information and maintain the product, as the level of advocacy increases, the benefits will increase for the company because this behavior shows very loyal behavior. From this statement, we can conclude that the level of customers who are already at the advocates stage is what really encourages customers to be more loyal to the company or business.

However, there are researchers who give different results regarding the relationship between customer loyalty and customer advocacy. In research conducted by Wali et. al (2015) illustrates that the CRM process has an influence on Brand Commitment and Loyalty which can increase customer advocacy. And brand commitment has a greater influence on customer advocacy than brand loyalty on advocacy. Which indirectly Wali et. al this states that these customers must be loyal first before increasing to the level of advocates. From the 2 (two) studies, there are gaps or differences in research that the authors will conduct further research. The purpose of this research are 1) Knowing the Influence of Customer Brand Engagement on Customer Advocacy. 2)Knowing the Influence of Customer Advocacy on Customer Loyalty. 3) Knowing the Influence of Customer Brand Engagement on Loyalty, so that researchers can get an idea that whether customers who maintain a brand tend to be loyal customers?

2. Literature Review

2.1. Customer Brand Engagement

Whilst a purchaser engages with a specific brand, the interaction has took place that is defined as a context-established, fluctuating, and repetitive state (Hollebeek 2011). this example as Situational brand Engagement. studies on this shape of engagement has explored the size of engagement among customers and certain brands. similar to patron engagement, maximum of these research have concluded that interacting with manufacturers is multi-dimensional. indirectly, previous studies has shown customers to showcase cognitive, affective, and behavioral behaviors during interactions with manufacturers (eg, Higgins and Scholer 2009; Hollebeek 2011; Hollebeek et al. 2014). Cognitive activity during brand engagement is proven by brand-related conduct, even as affective is considered as a degree of positive emotion. Situational Engagement involves behavioral attempt this is expended while tied to a logo (Hollebeek et al. 2014). In a few cases, there are linking the behavioral dimensions of brand engagement with non-transactional activities along with phrase of mouth and likes on fb (Hollebeek 2011). The motivational country of situational logo engagement has been shown to have a positive effect on brand utilization intent (Hollebeek et al. 2014) and brand loyalty (Leckie et al. 2016).

2.2. Customer Loyalty

In advertising, consumer Loyalty is often associated with a Brand. Conceptually, a logo is a name, time period, sign, symbol or layout, or a mixture of both, meant to discover and differentiate the products or services of one seller from those of competition. Operationally, a brand conveys its identification (call, fame) that embodies a certain precise set of features, advantages and services to consumers. these days, buliding a brand is a marketing activity and a prime attempt to attract customer loyalty. emblem loyalty presents the vendor with greater blessings, some protection from opposition and greater manage in planning marketing applications (Kotler, 2003).

Brand Loyalty is "a deeply held commitment to repurchase or repurchase a desired product/provider consistently within the future, as such, this ends in repeated purchases of the equal set of brands, no matter situational impacts and advertising efforts having the capability to cause behavior switching" (Oliver, 1999). The definition mentioned, help to distinguish loyalty as behavioral, attitudinal and situational (Chaudhuri and Holbrook, 2001; Uncles et al., 2003). Behavioral loyalty is ordinarily expressed within the context of apparent buying and utilization conduct, frequently conditioned on consumer satisfaction, and measured by way of historical purchases of one logo and competing manufacturers (this distinguishes loyalty or polygamous behavior). Attitudinal Loyalty is regularly expressed as an ongoing relationship with the brand, is regularly conditioned on a positive consumer preference for the brand ,and is strongly encouraged by using other significances (this is robust loyalty or monogamous behavior). Situational Loyalty is often expressed as a contingency courting with the emblem (eg, i will buy it if it is to be had, or if it's miles on sale) that's frequently determined by the buying and shopping for state of affairs (susceptible loyalty or promiscuous behavior). All three kinds of loyalty are vital, even though the first are greater vital for lengthy-term sales and market share.

2.3 Customer Advocacy

What influence the buying behavior from prospective customer?the answer is customer advocates (Shailesh, 2014). Potential buyers consider information and facts from partners or perhaps foreigners as less reliable than information from economical entity. We can say that Customer Advocacy give intention to offer positive feedback just like wom or referral from other consumers in some way to support a seller's product or service. If an unwanted encounter occurs, negative word of mouth will inevitably lead potential prospects to refrain from brand or retailer (Shalesh, 2014). In Simple way, customer must be satisfied first so they are willing to provide advice, we called it advocacy which is the result of loyalty. When they do advocay like giving positive suggestions about products, service or brand to others, it means they are being advisors to support these products. If Customer compare the brand , product or services, it is a normal because it had become an inherent element in the consumer buying process. The brand owners and retailers provide these facilities.

2.4. The influence of Customer Brand Engagement Toward Customer Advocacy

Liu (2017) conducted a study that measured the impact on Dispositional Brand Engagement and Situational Brand Engagement, which gave the results of Dispositional Brand Engagement consisting of brand schemachity and BESC (Brand Engagement Self Concept), each of which has an impact on situational brand engagement, in which Situational Brand This engagement, which is Affective and Behavioral, has a positive influence on Customer Advocacy so that the following hypothesis can be obtained as belows :

H1 : Cognitive Aspect have positive impacts towards Customer Advocacy
H2 : Affective Aspect have positive impacts towards Customer Advocacy
H3 : Behavioral Aspect have positive impacts towards Customer Advocacy

2.5. The Influence Of Customer Brand Engagement Toward Customer Loyalty

While Liu (2017) in his research uses Customer Brand engagement in 3 (three) dimensions, namely cognitive, affective, and behavior, as also done by Brodie et al (2011) and Hollebeck et al (2014), Leckie et al (2017) uses the CBE dimension in the dimensions: Collect Brand Information, Participate in Brand Marketing Activities, and Interact with other people. In which brand loyalty is positively impact by Participating in Brand Marketing Activities,and Interacting with other people. which describes the behavioral and affective aspects, so that the hypotheses that can be obtained are as follows:

H4 : Cognitive Aspect have positive impacts towards Customer Loyalty
H5 : Affective Aspect have positive impacts towards Customer Loyalty
*H6* : Behavioral Aspect have positive impacts towards Customer Loyalty

2.6. The Influence Of Customer Advocacy Towards Customer Loyalty.

Oliver (2000), Rust, Zahorik, and Keiningham (1995) in Sweeney et al (2020) say that there are several levels within consumers to conduct advocacy, ranging from moderate levels to strong levels as for example the level of difference between satisfaction and delight at a concentrated ring in which the innermost part of the ring is the "basic thing" that must be met, the next layer contains additional services from a basic product and service, while the third section is a section that represents very high attributes and is very convenient to use. enjoyed. If this ring is applied to the advocacy framework, it can be estimated that advocates at a minimum level can provide positive information and maintain the product, as the level of advocacy increases, the benefits will increase for the company because this behavior shows very loyal behavior. Therefore, it can be hypothesized that:

H7 : Customer Advocacy have positive impacts towards Customer Loyalty

3. Research Method

This research model is a modification of the research of Liu et. al (2018) to test the research gap of previous studies, which were used in this study used 4 (four) independent variables and 1 (one) dependent variable. The independent variable in this study is Customer Brand Engagement which is measured by Affective, Cognitive, Behavior, the next independent variable is customer advocacy and the dependent variable in this study uses customer loyalty. The research model is described as follows:
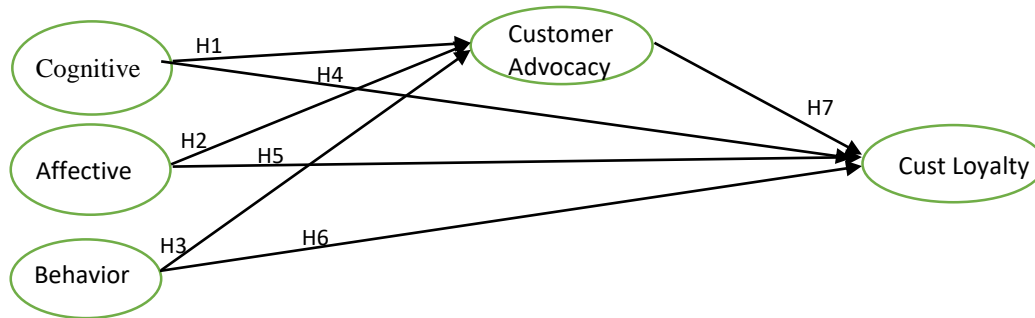
Researchers conducted a preliminary test by compiling a research questionnaire. This research questionnaire was made in google forms format. At about 350 questionnaire were distributed in 350 Retail Enterprise, but only 202 that returned and filled. According to Hair (2018), amount of sampling needed have to meet the requirement 5:1 or 5 times of amount parameters in quesstionaire. Reearcher used 28 parameters, so the amount of sample needed is exceed the requirement. In this validity test the author uses 202 samples. Ghozali (2009) states that a validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. Ayu Dian (2018) also states that validity is the accuracy or accuracy of an instrument in measurement. The results of the validity test in this study were measured using SEM PLS version 3.3.0.

Measurement of the relationship between variables and their constructs, the author uses the tools Structured Equation Modeling (SEM PLS). SEM PLS is a multivariate analysis technique using SmartPLS 3.3.0 software. In the initial stage, the researcher downloaded the questionnaire in the form of google docs. After the downloading process has been completed, the researcher converts the file into csv format (comma separate value). The data in the form of csv, will later become raw data that will be analyzed to determine the relationship between variables based on the research model that has been determined such as:

1. Measurement of Outer Model
- Convergent Validity
- Composite Reliability
- Discriminant Validity
2. Measurement of the Inner Model.

4. Results and Discussion

4.1. Measurement of Outer Model

Pering (2021) states that the measurement of the Outer model is carried out to find out how each indicator has a relationship with its latent variable. The measurement of the outer model in this study is divided into several stages, such as :

4.1.1. Convergent Validity.

Convergent validity has the aim of knowing the value of the loading factor on each latent variable. According to Putranto (2021), Convergent Validity is useful for measuring the suitability between the indicators of the measurement results of the variables and the theoretical concept that explains the existence of indicators from the test of these variables. Putranto (2021) says that Convergent Validity has the principle that the indicator of a variable construct should have a high correlation. The correlation measurement tool is using outer loading and AVE. Outer Loading or loading factors are able to represent the value and how big the correlation between the indicator and the latent variable. In this study, the outer loading value for all variables was more than 0.7 points.

In addition to the Outer Loading value, Convergent Validity can also be seen through the Average Variance Extracted (AVE) value. The construct criteria in SEM-PLS can be said to be valid if the AVE value is > 0.5 (Hansler; Ringle & Sinkovics, 2009). If the AVE value is >0.5, this illustrates that more than 50% (fifty percent) of the construct explains the indicator.

4.1.2. Discriminant Validity.

In the measurement of Discriminant Validity, the first indicator seen is the measurement of discriminant validity, which is a measurement that has the aim of knowing whether the construct has an adequate discriminant by comparing the loading value of the intended construct. In this discriminant validity measurement, the loading value of the intended construct must be greater than the loading value of the other constructs. In the table of cross loading values, it can be seen that the value of all construct variables in this study has a higher value than the correlation of other indicator variables. These results indicate that the constructs on each of the built variables (Afective, Behavioral, Cognitive, Cust Advocacy, Loyalty) can predict indicators in the construct better than indicators in other constructs.

The next criterion to measure discriminant validity is to compare the AVE roots for each construct with the correlation between the constructs in the model. Comparisons between these constructs were assessed based on the Fornell-Lacker criteria. The research model is considered good if the AVE root of each construct variable has a higher value than the correlation value.

The AVE value for the Advocacy variable construct is (0.773) which is greater than the correlation of Affective (0.650), Behavior (0.593), Loyalty (0.530), and Cognitive (0.677). For Affective Variables, the construct value is (0.818) greater than Behavior (0.478), Loyalty (0.427) and Cognitive (0.549). For Behavioral Variables, the value is higher than Loyalty (0.454) and Cognitive (0.400) variables. For Loyalty Variables (0.869), the value is higher than Cognitive (0.461). Thus, it can be concluded that this research model meets the requirements of discriminant validity, because the root value of the AVE has a greater value than the correlation between one construct and another.

4.1.3. Composite Reliability

After testing the validity, the researchers tested the reliability of the construct with the composite reliability test. Composite Reliability test has a purpose to show the internal consistency of the latent variables. The composite reliability value has an interval between 0 and 1. The higher the composite reliability value is closer to 1, the higher the reliability value. According to Heir et al (2014), the value of the reliability construct expected in the study is greater than 0.7. According to Nunnaly & Berstein (1994), research is considered reliable if the Composite Reliability value > 0.7. In this research, the Composite Reliability value is >0.7, so we can say that the model is Reliable to proceed.

4.2. Inner Model Measurement

From the results of the outer model measurement test, all variables meet the valid criteria both convergently as well as discriminantly and reliably. This is reflected in the AVE value which is above 0.5, and the Composite Reliability value which is >0.7. For the measurement results of the inner model, the researcher also did bootstrapping, and the results showed that of the 7 hypotheses, there were only 3 (three) hypotheses that were rejected, namely H1, H3, and H4. For the indirect effect test, the results show that Advocacy does not have a significant effect in mediating customer brand engagement on Loyalty.

5. Conclusion and Implications

Based on the results of the inner model test, customers who have carried out an advocacy for the brand are not necessarily loyal customers. This could be due to differences in the percentage of respondents conducted by researchers, as well as previous research conducted by Sweeney et al. 2020. In a study conducted by Sweeney et al (2020), 48% of respondents were male, and 52% were female. In this study, 52% of respondents were male, and 48% were female. In addition, the respondents who were sampled in this study were indeed SME business actors, where they had a more volatile loyalty tendency. For the sake of decision making, managers must pay more attention to customers, especially female customers so that later they can become loyal customers, remembering, female customers, will be very loyal if they get excellent service from service provider.

The shortcoming in this study is that the respondents have not been separated between customers who save and borrow money at the bank. For further research, it can be done separation between depositors and borrowers in banking. From this separation, later researchers can compare advocacy behavior between saving customers and loan customers.

Appendices

Table 1. AVE and Composite Reliability.

Variabel Laten	Cronbach's Alpa	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
AFFECTIVE	0.939	0.939	0.947	0.597
BEHAVIORAL	0.835	0.837	0.890	0.669
COGNITIVE	0.844	0.845	0.906	0.762
CUST ADVOCACY	0.935	0.938	0.949	0.755
LOYALTY	0.754	0.761	0.859	0.670

Table 2 : Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P Values
ADVOCACY -> LOYALTY	0.239	0.236	0.151	1.583	**0.114**
AFFECTIVE -> ADVOCACY	0.290	0.309	0.113	2.571	**0.010**
AFFECTIVE -> LOYALTY	0.078	0.079	0.082	0.952	**0.341**
BEHAVIOR -> ADVOCACY	0.295	0.293	0.077	3.809	**0.000**
BEHAVIOR -> LOYALTY	0.205	0.202	0.115	1.781	**0.076**
cognitive -> ADVOCACY	0.400	0.378	0.074	5.436	**0.000**
cognitive -> LOYALTY	0.174	0.180	0.076	2.283	**0.023**

Table 3 : R Square

Variabel	R Square
Advocacy (ADV)	0.634
Loyalty (LOY)	0.334

Table 4 : Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
BEHAVIOR -> ADVOCACY -> LOYALTY	0.071	0.071	0.053	1.331	**0.184**
AFFECTIVE -> ADVOCACY -> LOYALTY	0.069	0.071	0.052	1.321	**0.187**
cognitive -> ADVOCACY -> LOYALTY	0.096	0.089	0.060	1.596	**0.111**

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