The impact of Corporate Social Responsibility toward Brand Loyalty: Direct or Indirect?

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Abstract: The purpose of this study is to explain the effect of brand experience, brand satisfaction, brand trust, and brand loyalty in the relationship between corporate social responsibility and brand loyalty to society and the environment. This research will be useful in providing important information for marketers to the extent that non-marketing activities have an impact on product brands which in turn will increase the company's revenue performance. This study uses a quantitative approach with data methods using Google Forms electronic questionnaires which are distributed through social media owned by researchers. In this study, the total data collected by 240 respondents were analyzed using SmartPLS 3.2.9. The results showed that not all variables had a significant effect. This study explains the indirect effect of corporate social responsibility on brand loyalty through the mediation of brand trust. However, this study also found that the mediating role of the two mediators is not significant (brand experience and brand satisfaction) in the proposed relationship.

Key word: corporate social responsibility, brand experience, brand satisfaction, brand trust, brand loyalty

I. INTRODUCTION

CSR is a concept that has been used by companies since the late 1800s (C. Chen, Patten, & Roberts, 2007). The increasing rate of complexity and change in society has resulted in demands for a new role for CSR in business. The growing interest in the scope of CSR activities and their consequences for organizations appears to be continuing. In 1998, Esrock and Leichty found 80 percent of Fortune-500 companies shown CSR issues on their websites. Five years later Kotler and Lee (2004) reported that 90 percent of Fortune-500 companies had explicit CSR initiatives. Today it seems clear that more and more businesses are demanding how CSR improves business performance. In turn, businesses should consider carrying out CSR activities or taking advantage of activities under the CSR banner (Chomvilailuk & Butcher, 2010).

CSR initiatives include economic, legal, ethical, and philanthropic obligations to society (A. B. Carroll, 1991). Companies also consider themselves agents of social, economic, and environmental development.
Thus, they are involved in CSR initiatives and programs as part of their business strategy to increase the benefits they can provide to society and minimize negative effects on the various environments in which their businesses operate (Singh, de los Salones Sanchez, & del Bosque, 2007). The purpose of this study is to explain the effect of brand experience, brand satisfaction, brand trust and brand loyalty in the relationship between corporate social responsibility and corporate brand loyalty to society and the environment. This research will be useful in providing important information for marketers to what extent non-marketing activities have an impact on the product brand which in turn will increase the company's revenue performance.

Businesses have a substantial commitment through CSR initiatives and recognize the effects of these initiatives on business (Chomvilailuk & Butcher, 2010). Business leaders believe that CSR significantly contributes to company profits and reputation. There is increasing evidence of a substantial commitment to CSR initiatives and their impact on business (Chomvilailuk & Butcher, 2010). Companies that engage in CSR activities are considered as "good corporate citizens"; thus, customers are willing to spread word of mouth promotion (WOM) and improve the company's business performance (Du, Bhattacharya, & Sen, 2010). CSR is an important business strategy for building good relationships and trust with stakeholders (Waddock & Smith, 2000).

The previous research which was conducted by Khan and Fatma (2019), aims to investigate whether CSR affects brand loyalty directly or indirectly through brand experience and brand trust mediators, resulting in the conclusion that there is no direct impact of CSR perceived by consumers on brand loyalty. The CSR perceived by consumers affects brand loyalty through mediating brand experience and brand trust. The indirect effect of CSR on brand loyalty through brand experience is stronger than the indirect effect through brand trust.

To increase the research contribution to the CSR and branding literature, the authors expand the scope of the research by adding the mediating variable of brand satisfaction. This is important to research because according to Richins and Bloch (1991), the companies that carry out their responsibilities through social activities will affect the level of customer satisfaction with the company (Richins & Bloch, 1991). Customer satisfaction which is influenced by the empathy that consumers feel directly through corporate social responsibility initiatives can lead consumers to be loyal to the company (Bloemer & Kasper, 1995). And the ongoing relationship between CSR and the level of customer satisfaction can provide benefits and become a competitive advantage for the company (Sen & Bhattacharya, 2001).

Stakeholder theory suggests that companies should view customers as economic entities and as members of the family, community, and society (Maignan, Polonsky, Ferrell, & Ferrell, 2005). Waddock and Smith (2000) suggest that CSR is one of the main activities that build relationships with stakeholders. Today, customers are no longer passive recipients of services and products. They engage in an interactive process with companies to build meaningful and sustainable relationships (Hollebeek, 2021). Customer engagement activities are no longer limited to purchasing products or services but also involving customers in shared value creation (Libai, 2011). Research has stated that creating social relationships and engaging customers in CSR activities is very important in increasing customer satisfaction and increasing loyalty (Robinson, Abbott, & Shoemaker, 2005). Therefore, the customer experience in carrying out CSR activities initiated by the company must be examined.
Customer experience is a popular keyword in the business field. Lemon and Verhoef (2016) conducted literature research on customer experience and concluded that empirical research related to customer experience and customer journeys was very limited. In addition, literature research shows that customer experience is a multi-dimensional construct that focuses on the cognitive, emotional, behavioral, sensory, and social responses of customers to company offerings during their buying journey. In marketing, Pine and Gilmore (1998) define customer experience as a series of activities that a company displays for its customers to enjoy. Meyer and Schwager (2007) identified customer experience as an internal and subjective response from customers to different company offerings. B. H. Schmitt (1999); Verhoef, Reinartz, and Krafft (2010) consider customer experience as a multi-dimensional construct that involves the customer's cognitive, affective, emotional, social, and physical responses. B. Schmitt, Joško Brakus, and Zarantonello (2015) suggest that customer experience is the end product of service exchange, regardless of its nature and form. Experience with companies can be built on various touchpoints or interactions in the customer journey (Verhoef et al., 2010). When customers participate in CSR activities initiated by a company, they interact with various stakeholders of the company (employees, other customers, and the community). Hence, this engagement affects the brand experience.

Today, marketers are facing challenges and develop strategies to provide everlasting experiences to consumers at every touchpoint (Mathew & Thomas, 2018). Brand experience is considered an important marketing tool that has taken a strategic position in modern brand management (Shamim, Fam, Paurav, & Mohsin Butt, 2013). Holbrook and Hirschman (1982) introduced the concept of experience in the marketing literature, and since then have continued to influence various disciplines such as economics and proposed the concept of experience in consumer perception. Brand experience has received bigger attention in branding since the brand experience measurement scale was introduced by Brakus, Schmitt, and Zarantonello (2009).

Satisfaction is the result after making a purchase and the result of a customer comparison between the benefits received and the price paid (Jamshidi & Rousta, 2020). Satisfaction is an optimistic emotional reaction to the results of previous experiences (Ganesan, 1994; Giese & Cote, 2000) and is an important feature in determining subsequent product purchases (Patterson, Johnson, & Spreng, 1996; Richins & Bloch, 1991). Customer satisfaction and trust in a brand will lead to brand loyalty to a brand that can make it satisfied and its wants and needs are fulfilled (Back & Parks, 2003; Nam, Ekinci, & Whyatt, 2011). Brand loyalty is also formed starting from the experience of consumers when they first use or experience a product/service offered by a brand (So, King, Sparks, & Wang, 2014). When consumers are loyal, they will show consistent repeat purchase behavior, which at first, consumers process information to form trust, then consumers use that belief as a basic attitude (attitudinal) and then enter the behavioral stage where consumers decide to continue using the brand (Back & Parks, 2003).

II. LITERATURE REVIEW

A. Corporate Social Responsibility

From a theoretical point of view, profit-seeking organizational behavior often promotes resource exploitation (Skarmeas & Leonidou, 2013) and value creation (Peloza & Shang, 2010) for all stakeholders.
The initial definition of CSR describes CSR as "the obligation of decision-makers to protect and improve the social welfare of society and their interests" (Davis, 1975). Carroll (2016) offers a broadly accepted description of four elements for CSR, namely "the economic, legal, ethical, and (philanthropic) expectations of organizational society at any given point in time." This explanation is the basis for summarizing CSR as a business responsibility to society. The actual effect of CSR on customers and organizations, therefore, supports economic, legal, ethical, and philanthropic activities as well as the company's brand image (Aaker, 1991; Wu & Wang, 2014) to ultimately increase brand loyalty (Cha, Yi, & Bagozzi, 2015; Gounaris & Stathakopoulos, 2004).

CSR, whether legal or ethical, or philanthropic, as perceived by customers, enhances a positive functional and symbolic image in the minds and hearts of customers (He & Lai, 2012). In discussing the relationship between the effect of CSR on brand loyalty, several authors have reported that CSR increases brand loyalty and performance (He & Lai, 2012; Tulcanaza-Prieto, Shin, Lee, & Lee, 2020), although other studies such as (Koschate-Fischer & Gärtner, 2015); Wang, Chen, Yu, and Hsiao (2015) reported that CSR does not affect brand loyalty. However, the majority of the evidence supports the existence of this causal relationship. Therefore, we hypothesize that:

**H1. CSR has a positive effect on Brand Loyalty.**

CSR activities as branded content are expected to be able to provide a positive brand experience to customers (Lo, 2020). CSR as branded content covers several brand aspects in the form of CSR activities in the form of environmental initiatives, social welfare programs, building schools in rural areas, and sustainable supply chain activities. The company emphasizes CSR initiatives in its marketing communications and tells brand stories that showcase the company's good deeds. The effect of CSR communication on consumer response and brand evaluation has been reviewed in many studies (Du, Bhattacharya, & Sen, 2010; Singh, de los Salmones Sanchez, & del Bosque, 2007).

Kumar and Christodoulopoulou (2014) explain an integrative point of view on CSR and branding and state the importance of the role of CSR as branded content that supports the branding of a company. They suggest the need to communicate CSR initiatives to customers because it offers a competitive advantage for the company. Lo (2020) suggests that when customers find out about the CSR activities of a company or brand, it gives them a positive experience with that company or brand.

When studying the effect of CSR perceptions on consumer purchase intentions, brand attitudes, and brand image, Wu and Wang (2014) found the influence of environmental CSR and community CSR on the pleasure customers receive when they interact with a brand. However, the effect of environmental CSR is more significant for generation X than for generation Y, and the influence of community CSR is more significant for generation Y than for generation X (Wu & Wang, 2014).

Furthermore, a recent study suggested that by focusing on innovation or product quality (i.e., employing a firm capability strategy), companies were able to improve their electronic experiences.
(consistency between physical experiences and online experiences) better than traditional CSR communication strategies (Du et al., 2010). Thus, based on this theoretical reasoning and point of view, this study proposes that:

H2: CSR has a positive effect on Brand Experience.

Corporate Social Responsibility is a form of corporate responsibility to gain public trust to support the company (Khan & Fatma, 2019). The trust that companies get from consumers or society as their response is important for companies to see the results of their social responsibility performance that are doing well (C. Chen, Patten, & Roberts, 2007). Social responsibility initiatives carried out by companies are not only seen as solely for the benefit of the company but are also seen as a form of corporate concern for the welfare of the community (Sen & Bhattacharyya, 2001). The community will instill a high level of trust in companies that they consider responsible for them so that it can be concluded that CSR activities can influence and develop the level of consumer confidence so that the company's reputation is good in the eyes of the community (Fatma, Rahman, & Khan, 2015). Based on the relationship between the Corporate Social Responsibility variable and brand trust, the authors propose the following hypothesis:

H3: CSR has a positive effect on Brand Trust.

Companies that carry out their responsibilities through social activities will affect the level of customer satisfaction with the company (Richins & Bloch, 1991). CSR is also able to improve the company's image (Wu & Wang, 2014). Customer satisfaction is influenced by the empathy that consumers feel directly through the assistance provided by the company so that it can lead consumers to be loyal to the company (Bloemer & Kasper, 1995). There is an ongoing relationship between CSR and the level of customer satisfaction which can provide benefits and become a competitive advantage for the company (Sen & Bhattacharya, 2001). Based on the relationship between the Corporate Social Responsibility variable and brand satisfaction above, the authors propose the following hypothesis:

H4: CSR has a positive effect on Brand Satisfaction

B. Brand Experience

Brakus, Schmitt, and Zarantonello (2009) define brand experience as a multidimensional construct, which is triggered by consumer exposure to brand-related stimuli that can be traced back to their long-term memory. Brand experience is conceptualized as sensation, feeling, cognition, and behavioral responses generated by brand-related stimuli which are part of the design and brand identity, packaging, communication, and the environment (Brakus et al., 2009).

Brand experience has four dimensions: cognitive, affective, sensory, and brand-loving behavior (Brakus et al., 2009). The sensory dimension of the brand experience focuses on the consumer's sense of sight, smell, taste, and touch. The affective dimension refers to the emotions and feelings of consumers towards a
brand. The cognitive dimension involves the creative thinking of the customer and how to reproduce things differently. The behavioral dimension refers to the lives of customers targeting physical experiences. Finally, the social dimension refers to experiences in moving beyond individualism to collectivism by involving people, groups, or communities (Brakus et al., 2009; Zarantonello & Schmitt, 2010). Previous research has explained that providing a brand experience has positive consequences for brand trust and brand love (Huang, 2017).

Based on the findings of Huang (2017), brand trust, which requires long-term development, which significantly encourages customer loyalty. Both practitioners and academics have shown great interest in understanding, creating, and measuring brand experience and fully recognizing its place and value in a broader marketing strategy (Zarantonello & Schmitt, 2010). Literature research shows that recent research discussing brand experience focuses on the measurement aspect of construction and contributes to developing a strong scale to capture consumer brand experience (Brakus et al., 2009), others are more interested in studying it from a brand management perspective (Morrison & Crane, 2007). In recent years measuring the consequences of brand experience on several different but related concepts such as brand differentiation, sales promotion, customer satisfaction, and loyalty have gained popularity among researchers (Brakus et al., 2009; Morrison & Crane, 2007; Zarantonello & Schmitt, 2010).

Brand-related experiences tend to become part of one's long-term memory in the form of brand associations, and thus some of these associations may be capable of playing a significant role in building attitudes such as brand preference, credibility, satisfaction, and loyalty (Brakus, Schmitt, & Zarantonello, 2009; Keller, 2003). Limited efforts have been made in the past to identify some of the possible consequences of brand experience such as satisfaction, loyalty, and brand commitment (Brakus et al., 2009; Iglesias, Singh, & Batista-Foguet, 2011; Morrison & Crane, 2007; Zarantonello & Schmitt, 2010). Furthermore, previous research failed to incorporate some of the most important marketing constructs such as brand credibility, brand attitude, brand equity as potential results of customer brand experience in a holistic model (Shamim, Fam, Paurav, & Mohsin Butt, 2013).

Brand trust has been studied extensively in relationship marketing, especially its connecting effect on customer preferred responses, such as brand loyalty (Chaudhuri & Holbrook, 2001; Laroche, Habibi, Richard, & Sankaranarayanan, 2012). In this study, brand trust is defined as "the feeling of security that consumers have in their interactions with a brand, which is based on the perception that the brand is reliable and responsible for the interests and interests of consumers. consumer welfare " (Delgado-Ballester & Munuera-Alemán, 2000). Based on the relationship between the brand experience and brand trust variables, the authors propose the following hypotheses in this study:

**H5: Brand Experience has a positive effect on Brand Trust**

Experience with a brand is closely related to brand loyalty to the brand, because the better and more memorable the experience, it will increase the value of the brand itself which will also increase brand loyalty to the brand (Ramaseshan & Stein, 2014). Consumers become loyal to a brand because consumers examine
the experience they get after using the brand and get a good experience. Conversely, if the experience is bad, consumers will not be loyal to the brand (Huang, 2017). Based on the relationship between the variables brand experience and brand loyalty above, the authors propose a hypothesis in this study as follows:

**H6: Brand Experience has a positive effect on Brand Loyalty**

### C. Brand Satisfaction

Companies must have the ability to create and provide products or services that provide benefits and good functions to their customers to be able to provide satisfaction to customers when they use the products produced by the company (Jamshidi & Rousta, 2020). Brand satisfaction is defined as the level of satisfaction or dissatisfaction as a form of response to feelings generated when customers consume and directly experience the products offered, whether or not they are in line with their expectations (Bloemer & Kasper, 1995). Brand satisfaction is used to show the level of customer satisfaction after customers buy and directly use the products/services offered (Richins & Bloch, 1991). A good level of satisfaction occurs if the performance of the product offered is following customer expectations, but on the contrary, if the resulting performance is not following customer expectations, it will make customers dissatisfied with the product/brand (Kotler & Keller, 2016).

The level of customer confidence in a product is determined by the level of satisfaction with a product (Koschate-Fischer & Gärtner, 2015), if someone is very satisfied with the product offered, it will indirectly foster a sense of trust in the product because of the product purchased, and used as expected, able to provide convenience to consumers, and also the quality provided according to expectations and what is offered by the brand itself (Kotler & Keller, 2016). Based on the relationship between brand satisfaction and brand trust variables above, the authors propose the following hypothesis:

**H7: Brand satisfaction has a positive effect on Brand trust**

Consumers will become loyal because it is influenced by the level of satisfaction with a brand, if the customer is satisfied, then there is a possibility that the customer is loyal to the brand he uses because satisfaction will affect consumer behavior, feelings, and emotions (Nam, Ekinci, & Whyatt, 2011). Positive satisfaction levels tend to be stronger toward loyalty, but on the contrary, if negative, will make people disloyal to the brand being offered. The level of satisfaction has a relationship that determines whether consumers will be loyal or not (Jamshidi & Rousta, 2020). Based on the relationship between the variables brand satisfaction and brand loyalty above, the authors propose a hypothesis in this study as follows:

**H8: Brand Satisfaction has a positive effect on Brand Loyalty**

### D. Brand Trust

Brand trust is a major antecedent in shaping customer attitude loyalty, echoing those found in previous literature. Much related work has shown the role of brand trust's focus on brand loyalty (Delgado-Ballester &
Munuera-Alemán, 2000; Huang, 2017; Kwon, Jung, Choi, & Kim, 2020). Brand trust and loyalty have long-term characteristics. These findings offer important insights that brand trust requires long-term development.

Trust is a form of belief that a person has about something (Delgado-Ballester & Munuera-Alemán, 2000). Consumer trust is a series of thoughts, feelings, emotions, consumer behavior towards a brand which is then manifested in the form of perception about whether the brand is reliable and whether it can meet the best interests of consumers or not (Back & Parks, 2003). Expectations that match or even exaggerate what consumers think can affect the level of trust in a brand and there is a quality that is guaranteed by the brand to consumers every time the consumer uses it, the brand trust will arise because of the satisfaction and comfort it provides (Koschate-Fischer & Gärtner, 2015). Repeat purchase can occur if that trust is born in the hearts of consumers and indirectly forms loyalty to the brand. This shows that it will produce positive behavior and long-term buying interest when there is a trust system instilled by consumers in a brand (Chaudhuri & Holbrook, 2001).

Trust toward a brand has a close relationship with brand loyalty because based on research, consumers who have a high level of trust in a brand indicate that these consumers are ready to be loyal to the brand (Delgado-Ballester & Munuera-Alemán, 2000). People who have put their trust toward the brand used will attach to that brand, and it is difficult to switch to another brand because consumers tend to feel lazy to look for brands that can make them believe both in terms of products, prices, quality, and experience. Based on the relationship between the variables brand trust and brand loyalty above, the authors propose the following hypothesis:

**H9: Brand Trust has a positive effect on Brand Loyalty**

### E. Brand Loyalty

Brand loyalty is one of the most cited concepts in the marketing field, by academics and practitioners recognizing the multiple benefits it derives from (Iglesias, Singh, & Batista-Foguet, 2011). Scholars often use the term loyalty interchangeably with other operational definitions, including repeat purchase, preference, commitment, and trust (Kwon, Jung, Choi, & Kim, 2020). Competitive advantage provides consistent brand value to consumers, thereby increasing brand loyalty (Reichheld, 1994). Brand loyalty is thus conceptualized as the level of intention to repurchase a well-liked brand in the future despite the situational influence and marketing efforts of competitors’ brands (Oliver, 1999).

Brand loyalty is also based on consumer beliefs and sentiments and is described as a repeated purchase, or use of, a particular brand (Nam, Ekinci, & Whyatt, 2011) and the way consumers express satisfaction with the performance of a product or service (Bloemer & Kasper, 1995). Brand loyalty helps prevent competitors from chasing loyal customers (Dick & Basu, 1994). In the end, brand loyalty is a powerful tool to stand in a competitive environment (Jamshidi & Rousta, 2020). Because the brand value is considered high, customers are willing to pay more (Chaudhuri & Holbrook, 2001); Another positive result is word of mouth (Dick & Basu, 1994). The shift to the relationship marketing paradigm has made brand loyalty
a key indicator of customer relationships (Oliver, 1999). While previous research on loyalty has focused on components such as perceived value, brand trust, and customer satisfaction, recent research on brand loyalty has gradually adopted an integrated approach (He & Lai, 2012).

The relationship between consumers and brands is important in building brand loyalty (Fournier, 1998). In particular, brand experience leads to brand loyalty, active brand recommendations, and increased brand profitability (Morrison & Crane, 2007). Brand experience forms emotional connections through an attractive, persuasive, and consistent context, thereby increasing loyalty (Morrison & Crane, 2007). Scholars have conceptualized brand experience as a series of sensory, emotional, cognitive, and behavioral responses that are generated when consumers directly or indirectly interact with a brand (Brakus, Schmitt, & Zarantonello, 2009). Therefore, marketers must propose a brand in which the functional and emotional elements of the product can be controlled to provide a unique and different experience (Morrison & Crane, 2007). A brand that is consistent in all touchpoints between the brand and customers can build brand loyalty and spread (Lemon & Verhoef, 2016; Meyer & Schwager, 2007). In general, brands that provide a very good brand experience are distinguished from other brands and are preferred, thereby building brand loyalty and promoting the brand (Brakus, Schmitt, & Zarantonello, 2009). Based on the above discussion, this study defines brand loyalty as the level of brand loyalty as a whole.

It is widely considered that loyalty is one of the ways consumers express their satisfaction with the performance of a product or service received (Bloemer & Kasper, 1995). It is therefore not surprising that for decades, one of the main global constructs predicting consumer behavior has been overall satisfaction. Brand loyalty manifested in two dimensions. Stochastic's view, proposes that consumers exhibit random behavior in a way in which their buying behavior is not a function that is influenced by previous behavior. On the contrary, the deterministic view shows that brand loyalty results from the influence of external factors. This view, although interesting, tends to ignore the importance of customer cognitive processes in shaping brand loyalty (Jacoby & Chestnut, 1978). Brand loyalty, not only must consider external behavior, but also the reasons or consumer attitudes towards this behavior (Dick & Basu, 1994).

Fig 1. Theoretical Model
This study defines behavioral loyalty as a customer's continuous purchase of a brand, as well as their repeated intention to purchase in the future (Chaudhuri & Holbrook, 2001). Because attitude loyalty refers to the level of customer commitment and their attitude towards the brand, loyalty has an emotional component (Chaudhuri & Holbrook, 2001). Brand loyalty is usually measured entirely by purchasing behavior. For durable goods, buying the same brand twice in a row is usually used as proof of loyalty (Newman & Werbel, 1973). Aaker (1991) has discussed the role of loyalty in the brand equity process and specifically noted that brand loyalty leads to certain marketing advantages such as reduced marketing costs, more new customers, and greater trading leverage. In addition, Dick and Basu (1994) suggest other loyalty-related marketing advantages, such as favorable word of mouth promotion and greater resistance among loyal consumers to competitive strategies.

III. RESEARCH METHOD

A. Operational Definition of Variables and Indicators

1. Corporate Social Responsibility

Corporate Social Responsibility is measured by questions built by Fatma, Rahman, and Khan (2015) which use 5 questions on a scale of 1-5. Examples of questions such as: "Reducing consumption of natural resources."; "Utilizing renewable energy in a production process that is following the environment."; "Engage in philanthropy that contributes to causes such as arts, education, and social services." Returns a Cronbach-alpha value of 0.848.

2. Brand Experience

Brand experience is measured by questions built by Khan and Fatma (2019) which use 5 questions on a scale of 1-5. Examples of questions, such as: "Being a customer of this brand gave me a compelling sensory experience: "This brand has often had a huge emotional impact on me."; "This brand often challenges my way of thinking." Resulting in a Cronbach-alpha value of 0.943.

3. Brand Satisfaction

We measure brand satisfaction using a 5-item scale developed by Chinomona (2013). Examples of questions, such as: "I am very satisfied with the services provided." (service satisfaction); "The product offered is very satisfying." (product satisfaction). Yields a Cronbach-alpha value of 0.912.

4. Brand Trust

We measure brand satisfaction using a 5-item scale developed by Khan and Fatma (2019). Examples of questions, such as: "I believe in the quality of this brand."; "The service of this brand is a guarantee of
quality.; "This brand is honest with its customers." Yields a Cronbach-alpha value of 0.862.

5. Brand Loyalty

We measure brand satisfaction using a 5 items scale developed by Khan and Fatma (2019) which uses 5 questions on a scale of 1-5. Example questions, "I will use this brand over the next few years.; "I recommend this brand to my friends and relatives."; I say positive things about this brand to other people. Resulting in a Cronbach-alpha value of 0.904.

B. Population and Sample

The population in this study was all of Janji Jiwa coffee customers in Indonesia. The questionnaire was distributed electronically with a simple random sampling technique. The number of returned and valid questionnaires was 240.

III. RESULT AND DISCUSSION

A. Sample Description

Researchers distributed 300 questionnaires and received responses to 250 valid questionnaires. The majority of respondents were male (50.4%) and aged 20 to 24 years (72.5%). Almost 75% are students followed by students (15.83%), employees (7.92%), entrepreneurs (1.25%), freelancers (0.83%) see Table 1.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
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<tr>
<td>Perempuan</td>
<td>119</td>
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<tr>
<td>Laki-Laki</td>
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<td>50.40%</td>
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<td>Age</td>
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<tr>
<td>between 15 - 19 years</td>
<td>50</td>
<td>20.83%</td>
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<tr>
<td>between 20 - 24 years</td>
<td>174</td>
<td>72.50%</td>
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<tr>
<td>between 25 - 29 years</td>
<td>14</td>
<td>5.83%</td>
</tr>
<tr>
<td>above 29 tahun</td>
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<td>0.83%</td>
</tr>
<tr>
<td>Occupation</td>
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<tr>
<td>High school</td>
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<td>15.83%</td>
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<tr>
<td>Undergraduate</td>
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<tr>
<td>Working professionals</td>
<td>19</td>
<td>7.92%</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>3</td>
<td>1.25%</td>
</tr>
<tr>
<td>Freelancer</td>
<td>2</td>
<td>0.83%</td>
</tr>
</tbody>
</table>
Table 1. Respondent Characteristic

Based on the returned questionnaires, 80% were obtained from the results using electronic media methods, namely online questionnaires using google forms which were distributed through social media. In addition, the writer also distributed them into group chats as well as with college students to speed up the distribution of questionnaires. Based on the 250 returned questionnaires, 240 were used for data analysis, while 10 other respondents were not used because they did not meet the criteria. The number of samples and respondents used in this study is limited to individuals who have or frequently make purchases at the promise of soul coffee outlets. Therefore, the sampling technique (sampling technique) used is quota sampling. After obtaining the desired number of samples, the questionnaire was then distributed to respondents living in the Jabodetabek area and prioritized for students.

Non-probability sampling was used in this study. In particular, the "rule of thumb" used for the sample size is to complete 10 events per predictor candidate (variable), whereas the development data set required by the "candidate", before the selection of any variable, to be included in the final mode (Raykov & Marcoulides, 2006), so the minimum sample size is 1:10, meaning that ten respondents represent one indicator. In this study, there are 24 indicators. The minimum number of samples to be used is 24 indicators multiplied by ten, which means that there are 240 samples.

The data collection method used in this study is an online questionnaire. To differentiate the subject matter, this online questionnaire is divided into 2 parts. The first part of the questionnaire contains questions about the general profile of the respondents (gender, age, and profession). Meanwhile, the second part of the questionnaire focuses on questions concerning the factors that influence the purchase intention of the promised soul coffee product. Overall, the questionnaire in this study consisted of 24 questionnaires. Respondents were asked to indicate their perceptions on a "Likert scale" from 1 to 5 with responses ranging from "strongly disagree" to "strongly agree".

B. Test Results of the Validity and Reliability of Research Indicators

Several tests of reliability and validity were carried out before testing the conceptual framework of the study. First, testing the reliability of the Cronbach-alpha value. The authors found that all Cronbach-alpha values ranged from 0.848 to 0.943 (see Table 2). A Cronbach-alpha value greater than 0.7 is considered appropriate to confirm the internal consistency of the scale (Nunnally, 1978). Composite reliability is also checked to determine to construct reliability. Each composite reliability was found to be greater than the generally accepted threshold of 0.70 (see Table 2).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Rule of Thumb</th>
<th>Model Evaluation</th>
</tr>
</thead>
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Table 2. Reliability of Cronbach Alpha and Composite Reliability

Second, to test validity, this study tested convergent validity and discriminant validity. The authors found that the mean value of extracted variance (AVE) for all constructs exceeded the recommended criterion of 0.50 (Fornell & Larcker, 1981), which ensured convergent validity for all constructs. Furthermore, to assess discriminant validity, based on Fornell and Larcker (1981) suggestion, the square root of the AVE value must be greater than the correlation between variables. The correlation value and the square root of the AVE value exceed the criteria thus supporting the discriminant validity of the constructs used in this study.

Table 3. Convergent Validity (AVE)

B. Hypothesis Testing

To test the suggested conditions for a mediating effect, this study followed the approach suggested by Baron and Kenny (1986). The path coefficients of the proposed relationships are described in Figure 2. Figure 2 shows that of the three initial hypotheses, namely hypotheses 1, 2, 3, and 4 which are related to the direct effect of CSR on brand experience, brand trust, and brand loyalty, hypotheses 2, 3, and 4 have been confirmed and hypothesis 1 is not significant. This shows that CSR practices affect brand experience (β = 0.349, p <0.05), affect brand trust (β = 0.234, p <0.05), affect brand satisfaction (β = 0.384, p <0.05), but did not produce a significant direct effect on brand loyalty (β = 0.057, P = 0.053, ns). To test hypothesis 1, this
study also followed the mediation effect approach (Baron & Kenny, 1986), and did not find a direct significant effect of CSR on brand loyalty. As stated in hypotheses 5, 6, and 9, there is a positive effect of brand experience on brand trust (β = 0.155, p <0.05), but there is no effect on brand loyalty (β = 0.067, P = 0.155, ns), and brand trust has a positive effect on brand loyalty (β = 0.798, p <0.05).

Fig 2: Result of Structural Equation Modeling

The effect of CSR on brand loyalty is not significant, but CSR has a significant effect on brand experience, brand trust, and brand satisfaction, and the significant effect of brand trust and brand satisfaction on brand loyalty shows a full mediating effect (Baron & Kenny, 1986). This means that CSR is only able to influence brand loyalty through brand trust and brand satisfaction indirectly in this research model. The effect of brand satisfaction is significant on brand trust and brand loyalty, and brand trust affects brand loyalty, thus, it shows a partial mediating effect of brand satisfaction on brand loyalty through brand trust. Meanwhile, the effect of brand experience is significant on brand trust, and brand trust affects brand loyalty, thus, it shows a partial mediating effect of brand experience on brand loyalty through brand trust.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Original Sample</th>
<th>T- Statistics</th>
<th>Sig Value</th>
<th>P- Hypothesis Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR – BE - BL</td>
<td>-0.023</td>
<td>0.977</td>
<td>0.165</td>
<td>Negative, not supported</td>
</tr>
<tr>
<td>CSR – BT - BL</td>
<td>0.187</td>
<td>5.357</td>
<td>0.000</td>
<td>Positive, supported</td>
</tr>
<tr>
<td>CSR – BS - BL</td>
<td>0.050</td>
<td>1.599</td>
<td>0.055</td>
<td>Negative, not supported</td>
</tr>
</tbody>
</table>

Note: n.s (not supported)

Table 3. The result of Indirect Relationship Hypothesis Test
IV. CONCLUSION

The main objective of this research is to find out whether CSR affects brand loyalty directly or indirectly through mediators, namely brand experience, brand satisfaction, and brand trust. The results of the study support the idea that CSR practices have an indirect effect on brand loyalty (He & Lai, 2012; Salones, Crespo, & Bosque, 2005). Likewise, He and Lai (2012) found brand identification and customer satisfaction as mediating variables between CSR and brand loyalty, this study found brand satisfaction and brand trust as mediating variables. From a practical point of view, it can be concluded that the CSR practice of a company can create brand trust, unique and positive brand satisfaction which in turn affects brand loyalty. However, CSR practices that build brand experience do not affect brand loyalty.

More specifically, as stated in hypothesis 2, there is an effect of CSR practices on brand experience. This shows that consumers view CSR as branded content, which stimulates the attractiveness of the experience with the brand, and provides a unique and memorable brand experience. However, the results show that the brand experience built by CSR in hypothesis 2 does not affect brand loyalty which is built-in hypothesis 6. Hypothesis 3 is also supported, which states that there is a positive and significant relationship between CSR and brand trust. This means that a company's CSR practices can develop consumer trust in the company's brand. Hypothesis 4 is also supported, which states that there is a positive and significant relationship between CSR and brand satisfaction. This means that a company's CSR practices can provide customer satisfaction with the company's brand. However, hypothesis 1 is not supported. This shows that there is no direct relationship between CSR and brand loyalty, this implies that customer perceptions of any company's CSR practices do not make them loyal to the company.

Likewise, hypothesis 6 is not supported. This shows that there is no direct relationship between brand experience and brand loyalty. Therefore, customers expect a better experience from the brand (product/service) they want to buy. This means that companies involved in CSR practices must provide a unique brand experience compared to other brands, just doing CSR is not enough to make customers loyal to that brand. In the same way, CSR practices support building brand trust that increases customer loyalty to the brand. Furthermore, the indirect effect of CSR on brand loyalty through brand trust is greater (0.187) than the indirect effect of CSR on brand loyalty through brand experience (-0.023) and brand satisfaction (0.050).

Research Implications

This study strengthens some empirical evidence of an indirect relationship between CSR and brand loyalty through the mediating effects of brand experience, brand satisfaction, and brand loyalty. The results show that CSR does not directly affect brand loyalty, so it is necessary to provide better brand experience and brand satisfaction to customers to increase trust and ultimately create brand loyal customers. This study makes a significant contribution to the literature and body of knowledge of CSR for brand managers. The theoretical and management implications of this research are discussed afterward. This study contributes significant insights into the effects of CSR and the branding literature. First, several studies explain and investigate the effect of CSR on brand loyalty. Second, the study did not find a consensus between consumer perceived CSR and coffee lover's brand loyalty (ie, direct or indirect effects). This study confirms the indirect effect of CSR on brand loyalty through the mediation of brand experience, brand satisfaction, and brand trust. This study also adds insight by carrying out the significant mediating role of two mediators (brand satisfaction and brand...
trust) in the proposed relationship. This research shows that there is no effect of brand experience on brand loyalty, this shows that the object of research has not provided a good brand experience that can increase brand loyalty. This is a useful finding for the brand manager to create a better brand experience for coffee lovers.

This study provides significant direction for brand managers in creating loyal brand customers. First, this study suggests that in addition to marketing strategies such as advertising, promotion, and pricing, companies must also improve a more enjoyable brand experience for customers at each touchpoint, namely the aspect of the flower of services which includes core services and supplementary services (Wirtz & Lovelock, 2018) and is starting to pay attention to socially responsible initiatives to attract and retain customers to brands. Second, the CSR activities carried out must also be effective in helping companies build their brand image in the market.

Limitations and Future Research

Similar to other studies, this study has several limitations. First, this study was conducted on one brand only, which limits its generalizability. To increase the generalizability of the tested relationships, it is proposed to be tested in the same industry by including several other brands and tested in other industries such as aviation, insurance, telecommunication, and hospitality, etc. Second, this study does not consider the roles of gender in understanding CSR, which could be an important area of future research because gender differences affect responses to marketing strategies (Melnyk & van Osselaer, 2012).

In this study, respondents answered questions electronically which could have an impact on consumer responses. Non-intrusive methods, such as netnography (Kozinets, 2012) can be used in further research to obtain better results. Third, this research was conducted in the Indonesian context; further research can be done by including from other countries in the ASEAN environment or more broadly. Fourth, cultural issues can also be considered in future research to strengthen the generalizability of the results.

References


