The Brand Loyalty Determinants of Indonesian Local Beauty Product Customers: Is it mediated by Customer Satisfaction and moderated by Brand Trust?

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ABSTRACT
The purpose of this study is to investigate the impact of customer satisfaction mediators and brand trust moderators on brand loyalty among customers of a local beauty product in Indonesia. Researchers wanted to know how to boost customer loyalty to a local beauty product user in Indonesia. This study employed primary data collected via an online survey utilizing a Google form, with respondents chosen using purposive sampling. This study's respondents were women, with a total of 116 respondents aged 18-35 years who utilized a local beauty product in Indonesia. The Structural Equation Model (SEM) was used in this work as a research approach. According to the study's findings, utilitarian value and brand image directly and positively affect consumer satisfaction. Furthermore, brand image and customer satisfaction have a strong direct and positive impact on brand loyalty, and customer satisfaction can buffer the relationship between brand image and brand loyalty. While utilitarian value has no effect on brand loyalty, customer satisfaction cannot mitigate the association between utilitarian value and brand loyalty. Finally, the moderating influence of brand trust cannot affect the link between consumer pleasure and brand loyalty.

Keywords: Brand image; Brand trust; Brand loyalty; Customer satisfaction; Utilitarian value

INTRODUCTION
The business world is changing swiftly in the digital era, and rivalry among diverse businessespeople is fiercer. Fierce competition forces organizations to prioritize brand loyalty because it requires a strict preference for a brand in business competition situations. Brand loyalty can motivate customers to stick with a particular brand even in the face of shifting circumstances and marketing initiatives from rival brands (Song et al., 2019). Companies need to design items with utilitarian customer value in mind if they want to improve sales. This is because utilitarian value can enhance the consumer experience with beauty products and raise the likelihood that consumers will purchase necessities (Bae & Jeon, 2022). Businesses must take consumer happiness into account while managing their operations. As a result, the capacity of a brand to satisfy current consumers may attract new ones (Katari & Saini, 2020).

Customers will prioritize the purchases they make based on needs when making a purchase, and utilitarian value can assist customers in setting these purchases as a top priority. Utilitarian value is centered on the intended outcomes for consumers and is a predetermined particular requirement without emotional attachment (Sai Vijay et al., 2019). Brand image must be given top priority by the company because most Indonesian consumers research brands before choosing one. The way a client perceives a brand is reflected in its image, which changes over time due to their interactions and experiences (Pranata et al., 2020). Given that customer satisfaction is a measure of value added that results from the discrepancy between the customer's expectations and the experience, considering it will raise sales and foster loyalty. Customer satisfaction arises when the items utilized fulfill or beyond the expectations of the customers (Lee et al., 2022). Customers' confidence in a brand is impacted by their reliance on it, as well as their belief in the company's ability and true intents to meet its promises. Some customers will place trust in a brand only if they have purchased a product (Shin et al., 2019).

To keep the company's relationship with customers going beyond the purchase, brand loyalty is essential. Consumers will decide what to do next based on their preferences for the product.
Consumers who are loyal to a brand pledge to keep purchasing products from that brand regardless of external influences or marketing efforts that could alter the brand (Le, 2020). Finding every factor that may have an impact on brand loyalty is the aim of this investigation. The utilization of the study's findings is anticipated to serve as a guide for managers developing product sales tactics to contend with rivals.

The correlation between utilitarian value and customer satisfaction

If customers have selected hotels based on utilitarian value attitudes, they will choose hotels for their vacations based on amenities and services. Customers will be satisfied with their choice of hotel since they are confident in the establishment's quality and its utilitarian worth (Sari & Maftukhah, 2019). Additionally, a study reveals that for businesses to purchase goods, they must be able to comprehend the wants of their clients, as clients evaluate things according to their requirements. Customer satisfaction will increase when assessment is based on utilitarian value (Chen et al., 2019). Previous studies have shown a connection between utilitarian value and customer satisfaction (Sari & Maftukhah, 2019; Chen et al., 2019)). Based on previous studies, the following hypotheses can be formulated:

H1: Utilitarian value has a significantly positive influence on customer satisfaction.

The correlation between brand image and customer satisfaction

According to Pranata et al. (2020), customer satisfaction is impacted by brand image based on consumer trust in the brand. Customers can assess product quality, minimal purchase risk, and brand image to ensure they will be satisfied with the things they have bought. This claim was supported by Abbas et al. (2021), who discovered that rising sales indicate that consumers have formed an awareness of a brand and are feeling satisfied with the product brand. Previous studies have shown a connection between brand image and customer satisfaction (Pranata et al. (2020); Abbas et al. (2021)). Based on previous studies, the following hypotheses can be formulated:

H2: Brand image has a significant positive influence on customer satisfaction.

The correlation between customer satisfaction and brand loyalty

Increased customer satisfaction can result in greater brand loyalty, which is a powerful precondition for brand loyalty (Song et al., 2019). Making customer satisfaction a top priority can increase brand satisfaction and encourage brand loyalty among consumers who will return to the brand as a result of their positive experiences (Bae et al., 2020). Previous studies have shown a connection between customer satisfaction and brand loyalty (Song et al. (2019); (Bae et al., 2020)). Based on previous studies, the following hypotheses can be formulated:

H3: Customer satisfaction has a significant positive influence on brand loyalty.

The correlation between utilitarian value and brand loyalty

According to Kim & Hyun (2019), customers’ brand loyalty is influenced by utilitarian value when their demands are satisfied. Practical factors including product quality, pricing, usability, and other relevant activities are prioritized by utilitarian values. Customers will remain faithful to the brand if all of these are possible (Sai Vijay et al., 2019). Previous studies have shown a connection between utilitarian value and brand loyalty (Kim & Hyun (2019); Sai Vijay et al. (2019)). Based on previous studies, the following hypotheses can be formulated:

H4: Utilitarian value has a significantly positive effect on brand loyalty.

The correlation between brand image and brand loyalty

Creating a favorable brand perception in the eyes of customers is one approach for increasing competition and keeping them loyal to the company (Mulyawati et al., 2020). According to Heskiano et al. (2020) research, brand image can affect customer awareness by influencing attitudes about brands, fostering trust, and fostering favorable brand loyalty. Previous studies have shown a connection between brand image and brand loyalty (Mulyawati et al. (2020); Heskiano et al. (2020)). Based on previous studies, the following hypotheses can be formulated:

H5: Brand image has a significantly positive effect on brand loyalty.
The correlation between utilitarian value to brand loyalty through customer satisfaction as a mediator

The more utilitarian value benefits clients gain from e-commerce, the more satisfied they are and how much it influences their brand loyalty. Clients with this mindset will evaluate things more objectively (Evelina et al., 2020). Utilitarian value can help people understand the product, which will increase customer satisfaction and brand loyalty (Jin & Xu, 2020). Prior studies have shown a connection between brand loyalty and utilitarian value, with customer satisfaction acting as a mediator (Evelina et al. (2020); Jin & Xu (2020)). Based on previous studies, the following hypotheses can be formulated:

H6: Utilitarian value has a significant positive effect on Brand loyalty through customer satisfaction as a mediator.

The correlation between brand image to brand loyalty through customer satisfaction as a mediator

Establishing a positive brand image can lead to delighted customers and foster brand loyalty among consumers. A trustworthy brand image is crucial for boosting brand loyalty (Rahi et al., 2020). By the research above, Cuong & Long (2020) choosing a well-known brand is important for some people, the brand purchased will satisfy consumers because this satisfaction will result in brand loyalty where consumers will buy back and tell their colleagues. As a mediator, customer satisfaction has been used by earlier researchers to show a connection between loyalty and image (Rahi et al. (2020); Cuong & Long (2020)). Based on previous studies, the following hypotheses can be formulated:

H7: Brand image has a significant positive effect on brand loyalty through customer satisfaction as a mediator.

Brand trust acts as a moderator in the link between customer satisfaction and brand loyalty

Once a customer has experienced satisfaction with a brand, they are likely to remain loyal to it and the product (Song et al., 2019). Customer satisfaction affects customer attitudes and behavior, satisfied customers will make repeat purchases because satisfaction with the brand has been created and make repeat purchases based on brand trust which makes customer loyalty to the brand appear (Shin et al. (2019); Kataria & Saini (2020). Prior research indicates that the relationship between customer satisfaction and brand loyalty is moderated by brand trust (Song et al. (2019); Shin et al. (2019)). Based on previous studies, the following hypotheses can be formulated:

H8: Customer satisfaction has a significant positive effect on brand loyalty moderated by brand trust.

METHODS

The survey method utilized in this research involved distributing online questionnaires through the Google Form platform. Subsequently, during the data analysis phase, the variables employed in this investigation are determined by latent variables, the Likert scale approach, and the creation of questionnaires with many dimensions. A Likert scale with a range of 1 to 5, where 1 indicates strongly disagree and 5 represents strongly agree, is used in the assessment approach. This study's measurement consisted of 20 statements in total. The research successfully gathered 200 respondents, but 84 of them were excluded. As a result, 116 respondents in total were used in the study. The present investigation employs a quantitative approach utilizing the Structural Equation Modeling method. Smart PLS 3 (Partial Least Square) software is utilized for the processing and analysis of the collected data. This exclusion was due to the use of purposive sampling, where respondents were customers of one of the beauty products in Indonesia, such as Dermaster Indonesia, MS Glow, Natasha Skin Care, Erha Clinic, and ZAP Clinic. Additionally, female respondents aged 16-35 years were the focus of this research. The 84 excluded respondents were aged 36 years and above within the last 6 months. Respondents were selected from one of these five brands, with distribution across Indonesia, considering demographics such as age, gender, education, occupation, and monthly treatment allocation.
RESULT

Dermaster Indonesia, MS Glow, Natasha Skin Care, Erha Clinic, and ZAP Clinic were among the local Indonesian beauty product retailers that the respondents utilized were clients. Java Island is home to the majority of its residents—62.1%—who make up 100% of the 116 responders. With 68.1% of them working as private employees and 54.3% having S1 education, the bulk of responders’ were between the ages of 18 and 35. With a purchasing frequency of up to thrice (61.2%) during 6 months, the majority of respondents spend between IDR 200,000 and IDR 500,000 per month (62.9%) on beauty goods.

The study's Average Variance Extracted (AVE) and Composite Reliability (CR) calculations can be considered to have satisfied the study's overall requirements. Hair et al. (2017) state that CR > 0.70 and AVE ≥ 0.50 are the necessary values. Results of the CR and AVE calculations for the following variables: Customer Satisfaction (CR= 0.846; AVE= 0.648), Brand Trust (CR= 0.867; AVE= 0.621), Brand Loyalty (CR= 0.842; AVE= 0.641), and Utilitarian Value (CR= 0.806; AVE= 0.676). For it to be accepted, four variables must have Cronbach's Alpha values of more than 0.60. The discriminant validity test is considered valid because the original AVE of each latent variable is greater than its correlation with other latent variables (Fornell-Larcker criterion), the correlation of the indicator with the corresponding latent variable its correlation with other latent variables (cross loading) and HTMT is less than 0.90 (Henseler et al., 2009).

The validity test findings with the Fornell-Lacker criterion show that each construct value is greater than the value of the other construct. When the AVE requirements for testing the model and claims in this study exceed the correlation value in the model, the study is pronounced qualified. According to Henseler et al. (2009), the heterotrait-monotrait ratio (HTMT) test should have a threshold value of 0.90. The study passes the requirements of 0.90, which is defined as valid and trustworthy under existing conditions.
The structural model is assessed to test the hypothesis after the measurement model has been determined to be valid and reliable. To confirm that PLS-SEM does not contain Common Method Bias (CMB), we first do a multicollinearity test. Inner Variance Inflation Factor (VIF) multicollinearity test in structural models with a VIF tolerance value less than 3.3 (Kock, 2017). As the VIF values fall between 1,000 and 2,011, multicollinearity is not an issue.

Table 3
Inner Collinearity Statistics (VIF)

<table>
<thead>
<tr>
<th></th>
<th>Brand Loyalty</th>
<th>Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Image</td>
<td>4.225</td>
<td>1.156</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>3.103</td>
<td></td>
</tr>
<tr>
<td>Brand Trust Moderator</td>
<td>2.240</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>4.201</td>
<td></td>
</tr>
<tr>
<td>Utilitarian Value</td>
<td>1.375</td>
<td>1.156</td>
</tr>
</tbody>
</table>

Source: Processed Data

In structural test analysis, the $R^2$ value of each equation is used to determine how well the independent variable in the equation can explain the dependent variable. Based on the SEM analysis results, the first analysis findings show that, with a value of $R^2 = 0.932$, brand trust moderates the relationship between brand loyalty and customer satisfaction, utilitarian value, and brand image. Based on customer happiness, utilitarian value, brand image, and brand trust, 93.2% of brand loyalty variances can be explained using these factors. Additional variables not included in the study provided an explanation for the remaining 6.8%. Next, brand image $R^2 = 0.754$ and utilitarian value mutually influence the structural analysis of both customer satisfaction. The findings of the second analysis demonstrated that utilitarian value and brand image could account for 75.4% of the variability in customer satisfaction, with additional variables not covered in this study accounting for the remaining 24.6%.

Table 4
R-Square Value Test Results

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Loyalty</td>
<td>0.932</td>
<td>0.929</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.754</td>
<td>0.749</td>
</tr>
</tbody>
</table>

Source: Processed Data

According to Ghozali (2016), the path coefficient provides insight into whether a variable's relationship is positively or negatively correlated. Its value range in this test is -1 to 1. The negative range is (-1)-0, and the positive range is 0-1.
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Table 5

<table>
<thead>
<tr>
<th>Statement Hypothesis</th>
<th>Path Coefficients</th>
<th>T-Statistics</th>
<th>P-Values</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilitarian value has a significantly positive influence on customer satisfaction (H1)</td>
<td>0.080</td>
<td>2.029</td>
<td>0.043</td>
<td>accepted</td>
</tr>
<tr>
<td>Brand image has a significant positive influence on customer satisfaction (H2)</td>
<td>0.835</td>
<td>19.661</td>
<td>0.000</td>
<td>accepted</td>
</tr>
<tr>
<td>Customer satisfaction has a significant positive influence on brand loyalty (H3)</td>
<td>0.601</td>
<td>3.197</td>
<td>0.001</td>
<td>accepted</td>
</tr>
<tr>
<td>Utilitarian value has a significantly positive effect on brand loyalty (H4)</td>
<td>0.034</td>
<td>1.659</td>
<td>0.098</td>
<td>rejected</td>
</tr>
<tr>
<td>Brand image has a significantly positive effect on brand loyalty (H5)</td>
<td>0.372</td>
<td>2.071</td>
<td>0.039</td>
<td>accepted</td>
</tr>
<tr>
<td>Utilitarian value has a significant positive effect on brand loyalty through customer satisfaction as a mediator (H6)</td>
<td>0.048</td>
<td>1.569</td>
<td>0.117</td>
<td>rejected</td>
</tr>
<tr>
<td>Brand image has a significant positive effect on brand loyalty through customer satisfaction as a mediator (H7)</td>
<td>0.502</td>
<td>2.835</td>
<td>0.005</td>
<td>accepted</td>
</tr>
<tr>
<td>Customer satisfaction has a significant positive effect on brand loyalty moderated by brand trust (H8)</td>
<td>-0.016</td>
<td>0.785</td>
<td>0.433</td>
<td>rejected</td>
</tr>
</tbody>
</table>

Source: Processed Data

Considering the outcomes of the initial hypothesis (H1) testing, a path coefficient value of 0.080 was found for the relationship between Utilitarian value and Customer satisfaction. In addition, the calculated t was 2.029, which is greater than 1.96, and the p-value was 0.043, which is greater than 0.005. Therefore, it can be stated that the hypothesis is accepted. It is evident from this that customer satisfaction is significantly enhanced by utilitarian value. This assertion is consistent with the findings of earlier studies ((Sari & Maftukhah, 2019); Nitasari & Suasana (2021); Chen et al. (2019); Khalikussabir & Waris (2021)). It can be understood that customers acquire goods according to their needs and evaluate them before doing so. Based on the evaluation’s findings, customers can be happy with the goods they purchase (Sari & Maftukhah, 2019). Customers will be more satisfied with their purchases of goods if they have a greater utilitarian value engagement because they are purchasing goods that have been carefully considered to meet their needs.

In the second hypothesis (H2), a path coefficient value of 0.835 was discovered for the association between brand image and customer happiness. In addition, the calculated t was 19.661, which
is greater than 1.96, and the p-value was 0.000, which is greater than 0.005. Therefore, it can be stated that the hypothesis is accepted. Results like these show that customer satisfaction is significantly improved by brand image. The findings of earlier studies support this assertion (Pranata et al. (2020); Cuong & Long (2020); Abbas et al. (2021); Bernarto et al. (2022). Brand image enables customers to identify items, assess their quality, determine minimal purchasing risk, and be certain they will be satisfied with their purchases (Pranata et al., 2020). Sales growth indicates that consumers have formed an image of the brand in their thoughts and are feeling satisfied with the product brand. In the third hypothesis (H3), a path coefficient value of 0.601 was found for the relationship between Customer satisfaction and Brand loyalty. In addition, the $t_{\text{calculated}}$ was 3.197, which is greater than 1.96, and the p-value was 0.001, which is greater than 0.005. Therefore, it can be stated that the hypothesis is accepted. It is evident from this that brand loyalty is positively impacted by customer satisfaction. The results of earlier research (Song et al. (2019); Saputra & Margareth (2020); Kataria & Saini (2020); (Bae et al., 2020)) are in line with this assertion. Customers may feel compelled to purchase beauty items as a result of great customer satisfaction, as this typically results in the development or strengthening of brand loyalty (Song et al., 2019). Therefore, in order to preserve or grow brand loyalty, businesses selling beauty items must ensure that clients are satisfied.

In the fourth hypothesis (H4), a path coefficient value of 0.034 was found for the relationship between Utilitarian value and Brand loyalty. In addition, the $t_{\text{calculated}}$ was 1.659, which is less than 1.96, and the p-value was 0.098, which is less than 0.005. Therefore, it can be stated that the hypothesis is rejected. This suggests that brand loyalty is not significantly enhanced by utilitarian value. This assertion aligns with the results of other research (Mehmood & Hanaysha (2015); Lee & Kim (2017)). This may be the result of customers not needing the product, which makes it impossible for customers and brands to stay loyal to one another (Mehmood & Hanaysha, 2015). Local Indonesian beauty product shoppers in this study had trouble discovering products during their search because, according to the study's findings, they were less likely to be able to receive the products they want when they went shopping. Additionally, consumers are unwilling to commit to or pay extra for native Indonesian beauty goods due to the very low effect of their purchasing intent.

For the fifth hypothesis (H5), the relationship between brand loyalty and brand image had a path coefficient value of 0.372. In addition, the $t_{\text{calculated}}$ was 2.071, which is greater than 1.96, and the p-value was 0.039, which is greater than 0.005. Therefore, it can be stated that the hypothesis is accepted. This suggests that brand loyalty is greatly enhanced by brand image. The results of earlier research (Mulyawati et al. (2020); Heskiano et al. (2020); Jung et al. (2020); Chang (2021)) are in line with this assertion. According to Heskiano et al. (2020), a positive brand image can impact customer awareness by influencing attitudes towards brands, fostering trust, and fostering positive brand loyalty.

In the sixth hypothesis (H6), a path coefficient value of 0.048 was found for the relationship between Utilitarian value and Brand loyalty through Customer satisfaction as a mediator. In addition, the $t_{\text{calculated}}$ was 1.569, which is less than 1.96, and the p-value was 0.117, which is less than 0.005. Therefore, it can be stated that the hypothesis is rejected. Based on customer satisfaction as a mediator, this suggests that utilitarian value has no appreciable beneficial influence on brand loyalty. The results of earlier research ((Mehmood & Hanaysha (2015); Lee & Kim (2017); Setiawan & Patricia (2022); Jamal & Sultan (2021)) are in line with this assertion. This may be the result of customers not needing the goods; if this is the case, they won't be satisfied, which will prevent them from being loyal to the company. Therefore, it is impossible for consumers to remain faithful to locally produced Indonesian beauty goods since disloyalty will result from low customer satisfaction and unmet needs ((Setiawan & Patricia (2022); Mehmood & Hanaysha (2015)). The study's findings indicate that unfulfilled customer needs during the purchasing process may prevent customers from obtaining the desired indigenous Indonesian beauty items. As a result, local Indonesian consumers of beauty goods in this study had trouble locating products when they searched. Additionally, consumers are unwilling to commit to or pay extra for native Indonesian beauty goods due to the very low effect of their purchasing intent.

In the seventh hypothesis (H7), a path coefficient value of 0.502 was found for the relationship between brand image and brand loyalty through customer satisfaction as a mediator. In addition, the $t_{\text{calculated}}$ was 2.835, which is greater than 1.96, and the p-value was 0.005, equal to 0.005.
Therefore, it can be stated that the hypothesis is rejected. As a result, it can be concluded that, via the mediation role of customer satisfaction, brand image significantly enhances brand loyalty. The results of earlier research (Rahi et al. (2020); Cuong & Long (2020); Dam & Dam (2021); Abbas et al. (2021)) are in line with this assertion. For some people, selecting a well-known brand is crucial because, when they are satisfied, they will become brand loyal and recommend the brand to their friends and colleagues (Cuong & Long, 2020).

In the eighth hypothesis (H8), the path coefficients for the relationship between Customer satisfaction and Brand loyalty moderated by Brand trust were found to be -0.016. In addition, the t-value was 0.785, which is less than 1.96, and the p-value was 0.433, which is less than 0.005. Therefore, it can be said that the hypothesis is rejected. The preceding demonstrates that consumer happiness does not greatly improve brand loyalty, which is influenced by brand trust. The results of earlier research (Setiawan & Patricia (2022); Jamal & Sultan (2021); Huang (2017)) are in line with this assertion. Customers who don't trust a product will never feel satisfied, which makes it hard for them to stick with beauty goods because disloyalty is typically the result of low satisfaction (Setiawan & Patricia, 2022); (Huang, 2017). According to the study's findings, local Indonesian beauty products do not satisfy consumer wants; as a result, customers believe the firm does not value their needs, which leads them to argue that the company is not being truthful about its offerings. It will also have an impact on the extremely low client buy intent for regional Indonesian beauty items.

CONCLUSION

The majority of hypotheses built in this study have been successfully proven, utilitarian value and brand image have a beneficial impact on customer satisfaction, which is one of the study's most effective hypotheses. Even though utilitarian value has little bearing on brand loyalty, brand image does. Customer satisfaction can't mediate the relationship between utilitarian value and brand loyalty; rather, it can only influence brand image in the process. Lastly, brand loyalty and customer satisfaction can't be moderated by brand trust. Consumers purchase beauty products based on their needs and the company's brand image, which draws them in and leads to customer satisfaction. Customer satisfaction and brand image play a significant role in fostering consumer loyalty to beauty products. However, some customers also lack complete faith in the company, which makes them less inclined to be disloyal and return, because they read user reviews while making decisions about cosmetic goods.

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