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The Mediating Effect of Brand Commitment on The Relationship Between Brand Credibility and Brand Loyalty: Case Study of Aqua Bottled Drinking Water in Indonesia

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Abstract: *Aqua is a market leader in bottled drinking water industry in Indonesia. However, although AQUA hold the position as number one in top brand index (TBI) in Indonesia, data from www.topbrand-award.com shows that from 2016 until 2019 the TBI rank of AQUA is decreasing. The present study is aimed to focus in exploring brand loyalty in respect to brand credibility and brand commitment. The result shows that brand credibility and brand commitment positively influence brand loyalty. Brand commitment is proven as a mediator to the relationship between brand credibility and brand loyalty. The present study proposes some practical implications.*

Keywords: *brand credibility, brand commitment, brand loyalty, AQUA, Indonesia*

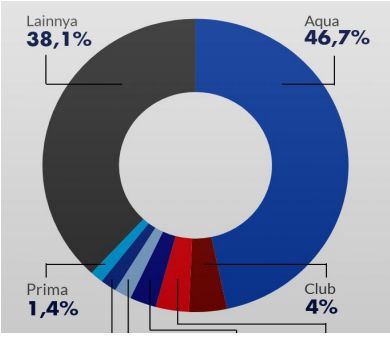
I. INTRODUCTION

The brand loyalty battle has been found to be the battle between brands in the marketplace to win the heart of consumers to choose a particular brand instead of other brands. Nielsen.com (2019) reported that only 8% of global consumers are considered as loyal to a particular brand and found that 92% are cheating from their favourite brands. They even called that disloyalty is the new normal. The reason why customers tend to disloyal is their addiction to everything new that makes them follow the latest trends or simply trying new products to fulfil their curiosity. Even though, the situation is unfavourable for incumbents (i.e. those who have old brands that tend to become obsolete brands), however, they make an optimist suggestion to enhance our brands because there are about 50% of global consumers who prefer to choose a familiar brand although these consumers can be influenced to choose another brand. Thus, branding is very important task for marketers, together with service marketing actions (Seiders, Voss, Grewal, & Godfrey, 2002).

Previous studies has been investigated the advantage of having loyal customers towards a brand (For example: Chaudhuri & Holbrook, 2001; Kim, Han, & Park, 2001; Mathew, Thomas, & Injodey, 2012; Nguyen & Thanh, 2016; Russell-Bennett, McColl-Kennedy, & Coote, 2007). All of these studies agreed that brand loyalty which stem from customers' satisfaction is beneficial for company as brand owner, in respect to repurchase, buy more, suggest other to buy, give positive feedbacks, and so on.

AQUA is a leading brand for bottled drinking water (or AMDK in Bahasa) in Indonesia. AQUA is founded in 1973 by PT Aqua Golden Mississippi

Figure 1
Market Share of AMDK
(Indonesia, 2018)
Source: Tempo.co



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(owned by Tirto Utomo) and become a pioneer of this kind of product in Indonesia. In 1998, PT Aqua Golden Mississippi established a strategic partnership with Danone and now is famous with Danone-AQUA. Now, AQUA is the market leader in bottled drinking water in Indonesia with 46.7%, followed by Club (4%), Le Minerale (3.5%), and 2Tang (2.8%). The number of players in this industry is reached at least 900 companies and mostly are small businesses (SMEs). Despite the strong competitive position of AQUA, data from www.topbrand-award.com shows that AQUA has also strong brand index compared to other competitors with Top Brand Index (TBI) of 61.0%. TBI is the survey that independently conducted by Frontier Group in 15 big cities in Indonesia. The closest competitors are Ades (6.0%), Club (5.1%), Le Minerale (5.0%), and Cleo (4.7%). However, yearly data shows that the TBI of AQUA is decreasing, respectively from 2016 until 2019, the TBI of AQUA are: 73.4%, 73.3%, 63.9%, and 61.0%. Despite of the strong brand position, this data indicates that AQUA also being exposed by disloyalty effect of addiction by newism. AQUA is well known as a quality drinking water that being processed by sophisticated technology and quality insurance especially by Danone. Thus, the present study is aimed to investigate the brand loyalty of AQUA in respect to its brand credibility. Is brand credibility of AQUA positively influence of brand loyalty? The present study also introduces brand commitment to become a mediator to the relationship between brand credibility and brand loyalty.

II. LITERATURE REVIEW

Research toward brands is one of the extensive researches among the marketing field. Many scholars agreed that brand is the most important asset of a company (e.g. Farquhar, 1989; Kim et al., 2001; Mathew et al., 2012). Technically, brand is an identity of a product or offering that being reflected by a name, term, sign, symbol, design, or combination of them (Sallam, 2015). As an identity, brand is used to differentiate a company product from the competitors' products. Philosophically, brand is a promise, symbol of quality, and value added given by a company to their potential customers (Farquhar, 1989; Keller & Lehmann, 2006, Nilasari & Haizam, 2019). A strong brand has an emotionally bonding with their customers that reducing risks (Keller & Lehmann, 2006), motivate customer to rebuy (Aaker, 1996; and Keller, 2001), and eventually easier acceptance by distributors and consumers (Farquhar, 1989).

1.1 Brand loyalty

Brand loyalty can be approached as behavioural, attitudinal, or the combination of both behavioural and attitudinal (Jacoby & Chestnut, 1978; Mathew et al., 2012; Nguyen & Thanh, 2016). According to Nguyen & Thanh (2016), brand loyalty as behaviour is the actual purchase behaviour which is measured by the quantity and repeated purchasing of the brand, proportion of purchase, the quantify of usage, and probability of repurchase. Whereas, the attitudinal approach assumes brand loyalty based on statements of preference or intentions to behave toward a brand (Jacoby & Chestnut, 1978; & Johnson, Herrmann, & Huber, 2006). However, many scholars (e.g. Aaker, 1996; Griffin, 2002; Kim et al., 2001; Ratchford, 1987) agree to use at least four components in measuring brand loyalty, including: 1) recommend others to purchase; (2) intention to purchase the brand again (repeat purchase); (3) continue to use the brand regardless the competitors offering (first and prefer choice); and (4) cross purchase from the brand. This combination of behaviour and attitudinal measure is used in the present study.

1.2 Brand credibility

Credibility occurs when someone believe and accept all positive characteristics of the message that manipulated and sent by sender at a certain time (Erdem & Swait, 1998; Ohanian, 1990; Wang & Yang, 2010). Thus, brand credibility is the consumer's believability of the product information embedded in a brand as a result of the consistency of the marketing mix through brand

investments such as advertising (Erdem & Swait, 2004). Since Erdem and Swait's (1998) works, scholars accepted that brand credibility consists of two main dimensions, which are trustworthiness and expertise. Trustworthiness refers to the willingness of firms to deliver what they have promised. Expertise refers to the ability of firms to deliver what they have promised. By implementing signalling theory, Erdem and Swait (1998) suggested that brand credibility is important construct to achieve brand equity.

1.3 Brand commitment

Brand commitment is about emotional bonding of consumers to a particular brand. Committed customers will have a long-term relationship to a brand by continue to use, buy, and support the brand (Ramírez, Veloutsou, & Morgan-Thomas, 2017). They see that maintaining the relationship has more functional and affective benefits than ending the relationship (Hur, Ahn, & Kim, 2011). It is about a deep belonging of consumer to the brand (Sallam, 2015). According to Ramírez et al. (2017), literature defined brand commitment as attitudinal or attitudinal and behavioural nature. However, the present study implements the Mathew et al.'s (2012) definition of brand commitment. It refers to psychological state that signify the long-term relationship experience with a brand and desire to maintain the relationship due to a previous satisfactory level of past interaction. According to Chaudhuri and Holbrook (2002), brand commitment construct should encourage of the parties involved (i.e. consumers and company) to maintain the relationship, to avoid cheating, and to reduce the perception risk.

1.4 The relationship between brand loyalty, brand credibility and brand commitment

Brand loyalty is a stage that can help firm to predict of future repurchase (Arshad, Akbar, Muqtadir, Shafique, Zia, Naseer, & Amin, 2013). Furthermore, the authors mentioned that: "Brand loyalty is the extent of the faithfulness of consumer to a specific brand, expressed through their repeatedly purchase, irrespective of the marketing efforts or pressure generated by the competing brand" (Arshad et al., 2013: 12). Thus, in this present study, brand loyalty is positioned as the dependent variable.

The credible brand that being reflected by trustworthiness and expertise toward a brand as a results of past investment in marketing mix will have a good antecedent of brand loyalty. Erdem, Swait, and Louviere (2002) emphasized two factors that lead to raise customers' expectation, that includes: increasing perceived quality and declining perceived risks. When all the characteristics are met, then customer will satisfy and in the long-run will lead to loyalty. Therefore, the first hypothesis is:

H-1: In the customer's point of view, the more credible a product the more they will loyal to the brand.

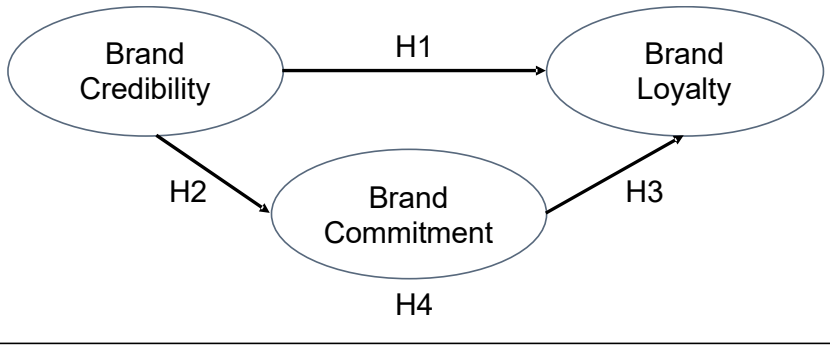
Moreover, Erdem et al. (2002) also emphasized that a credible brand lead to brand commitments. A customer who believe that a firm deliver higher quality and he/she has a positive experience about it will lead to have a commitment with the brand (Ganesan, 1994). Mathew et al. (2012) demonstrated that brand credibility positively influences brand commitment. Therefore, the second hypothesis is:

H-2: In the customer's point of view, the more credible a product the more they will commit to the brand.

Many previous studies viewed brand commitment as a direct indicator of brand loyalty. Cunningham (1967) was among the early researchers that put brand commitment as an antecedent of brand loyalty. Kim, Swait, and Morris (2008) mentioned that behavioural intention is a perfect predictor of behaviours, and suggested to become a direct predictor of brand loyalty. Some

studies also proved the linkage between brand commitment to brand loyalty (e.g. Kim et al., 2008; Mathew et al., 2012; Zayerkabeh, Albabayi, & Abdoli; 2012). By combining the attitudinal and behaviour approaches, we may have a direct and indirect linkage between the credible brand as a state of higher level of believe toward a brand; the commitment as emotional bonding and deep relationship toward a brand; and the brand loyalty as a real behaviour and intentions to behave as reflected by repurchase, more purchase, recommend others, and cross sales. The present study puts brand commitment as mediator of the relationship between brand credibility and brand loyalty. Figure 2 shows the proposed framework for this present study. Thus, the third and the fourth hypothesis are:

Figure 2
The proposed framework



H-3: In the customer's point of view, brand commitment will affect brand loyalty.

H-4: In the customer's point of view, brand commitment will mediate the relationship between brand credibility and brand loyalty.

III. RESEARCH METHODOLOGY

This is a quantitative study in a cross sectional research setting with one dependent variable (brand loyalty), one independent variable (brand credibility), and one mediating variable (brand commitment). Table-1 shows the construct, sources, questionnaire items, factor analysis results and alpha scores. The present study conducted face validity for all to the questionnaire items to check whether the question statements were correct, valid, and understandable. To check the validity and reliability of the construct, the present study conducted confirmatory factor analysis. The result of factor analysis showed that all constructs are valid and reliable. The Alpha Cronbach score also shows that all the variable are valid.

All people who drink AQUA are valid to become respondent, however for this present study those who understand AQUA brand will be involved. Thus, the screening test is implemented for those who drink AQUA for at least five years. The population was not known, thus five hundred questionnaires were distributed by using google form to all member in Sehat AQUA Facebook account and all follower in AQUA Lestari account on Instagram. Two hundred and eleven respondents (42.2%) participated in the present research, but only one hundred and fifty five respondents (31%) were valid. This 155 valid respondent will become a basis for hypothesis testing and further analysis. The analysis comprises of simple regression analysis to test direct relationship between variables and hierarchical regression analysis for testing the mediator effect by using Baron and Kenny's (1986) protocol.

Table-1

The Construct of Variables, Sources, Items Measures, Factor Analysis Results and Alpha Scores

Construct	Sources	Items	Factor Analysis	Alpha
Brand credibility	Mathew et al. (2012)	1. AQUA delivers what it promises 2. All product claims of AQUA are believable 3. I just believed that AQUA has a good quality of bottle drinking water 4. I have nothing to regret with my experience with AQUA 5. AQUA is the name of bottled drinking water you can trust 6. AQUA is at the forefront of using technology to deliver a better product 7. AQUA reminds me of someone who is competent and knows what he/she is doing	KMO=.852 ev=3.75 %var=53.56	.849
Brand Commitment	Albert, Merunka, & Valette-Florence (2013)	1. I really like AQUA 2. AQUA gives me a lot of meaning 3. I am really attached to AQUA as my bottled drinking water 4. I need a lot of efforts to change drinking other than AQUA 5. I really don't want to change AQUA with other brands 6. I feel that AQU deserve my attention 7. I stick with AQUA because I know it is best for me 8. I am committed to continue drinking AQUA	KMO=.918 ev=6.08 %var=76.05	.954
Brand Loyalty	Griffin (2002)	1. I recommend everybody to buy and drink AQUA 2. I will always buy and drink AQUA 3. I will continue to drink AQUA, even if other brands influence me extensively 4. I always tend to buy other products from AQUA	KMO=.827 ev=3.18 %var=79.44	.914

Note: KMO=Kaisser-Meyer-Olkin measure; ev=eigen value; %var=% variable explain

Table-2

The bivariate correlation between all variables

	Brand credibility	Brand commitment	Brand loyalty
Brand credibility	1		
Brand commitment	.629	1	
Brand loyalty	.673	.888	1

*Significant at α = .01; all correlations are significantly less than 1.00.

Table-2 shows the bivariate correlation between all variables under study. According to Bagozzi and Edwards (1998), the constructs are all good enough because all the correlations among the latent constructs were significantly less than one.

IV. RESEARCH RESULT & DISCUSSION

1.5 Characteristics of respondents

Table-3 shows the characteristics of respondents. Total respondents of this present study are 155 respondents. It seems that the characteristics of respondents represents the characteristics of Indonesian population, especially for gender, age, education, and income. For occupation, the respondents are dominated with employee and students (totally 84.5%). Most of the respondents drink AQUA only 1-3 times a week and 92.3% drink also other products from competitors.

Table-3

Characteristics of Respondents

Gender	Female	51.0%	Male	49.0%								
Age	<20	6.5%	20-30	46.5%	31-40	29.0%	> 40	18.1%				
Education	below HS	1.9%	HS	34.8%	Diplome	12.3%	Bachelor	47.7%	Master & above	3.2%		
Occupation	Civil servant	1.3%	Employee	43.9%	Entrepreneur	8.4%	Housewife	4.5%	Students	40.6%	Other	1.3%
Income	<2.5M	30.3%	2.5-5M	29.0%	5-7.5M	19.4%	>7.5M	21.3%				
Frequency	1-3 times	83.9%	4-7 times	14.2%	8 times & more	1.9%						
Drink_other?	Yes	92.3%	No	7.7%								

Note: HS = High School; Income in Million Rupiahs

1.6 Hypotheses testing results and discussion

The present study proposes four hypotheses to be tested. Three hypotheses are direct relationships between variables under study, that includes: (1) the direct linkage between brand credibility and brand loyalty; (2) the direct linkage between brand credibility and brand commitment; and (3) the direct linkage between brand commitment and brand loyalty. Table-4 shows the results of hypotheses testing of direct relationships in the present study and all the hypotheses are accepted.

Table-4

Direct hypotheses test results

Hypotheses	R^2	Adjusted R^2	Standardized Beta	Results
1-Brand credibility to Brand loyalty	.449	.446	.670	Accepted
2-Brand credibility to Brand commitment	.811	.810	.901	Accepted
3-Brand commitment to Brand loyalty	.406	.402	.637	Accepted

*Note: Significant levels **p < .01; *p < .05*

Hypothesis-1 that states brand credibility influence brand loyalty, is accepted. In AQUA consumers point of view, the more credible the AQUA brand the more consumers loyal to AQUA brand. This result support the previous researches including: Arshad et al. (2013), Mathew et al. (2012), and Zayerkabeh et al. (2012).

Hypothesis-2 that states brand credibility affect brand commitment, is accepted. For AQUA consumers, the credibility of AQUA brand significantly affects their commitment to AQUA brand. This result also supports previous researches, for example: Erdem et al. (2002), Ganesan (1994), Mathew et al. (2012), and Sallam (2015).

Hypothesis-3 that states brand commitment affect brand loyalty, is accepted. For AQUA consumers, the more their commit to AQUA brand the more they will loyal to AQUA brand. It this support the study from Kim et al. (2008), Mathew et al. (2012), and Zayerkabeh et al. (2012).

The R^2 shows that the linkage between brand credibility and brand commitment reach .811. It indicates that more than 80% of variances in brand commitment being affected with brand credibility only and leaving less than 20% is affected by other antecedents. This results also found in Mathew et al.'s (2012) and Sallam's (2015) study.

Table-5 shows the result of mediating effect of brand commitment on the relationships between brand credibility and brand loyalty. By using Baron and Kenny's (1998) protocol, the present study shows that brand commitment partially mediates the relationship between brand credibility and brand loyalty. Thus, brand credibility directly influence brand loyalty and also indirectly influence brand loyalty through brand commitment. It supports the previous researches of Mathew et al. (2012) and Sallam (2015).

Table-5

Hypotheses Test Results for Mediator Variable (Brand commitment)

Hypothesis	Model-1	Model-2	Result
4-Brand commitment mediates the relationship of brand credibility to brand loyalty			Accepted (Brand commitment partially mediates the relationship of brand credibility to brand loyalty)
R^2	.449	.827	
Adjusted R^2	.446	.825	
Beta Change brand credibility	.670	.162	
Beta Change brand commitment	-	.797	

*Note: Significant levels **p < .01; *p < .05*

V. CONCLUSSION & PRACTICAL IMPLICATIONS

The present study demonstrates that brand loyalty, either as behaviour or attitudinal, is depend on several variables. The present study demonstrates that brand credibility and brand commitment could become the powerful predictions of brand loyalty. The result also confirms that brand commitment partially mediates the relationship between brand credibility and brand loyalty. It is proved that the introduction of brand commitment as mediator strengthen the relationship between brand credibility and brand loyalty which indicate by increasing the R^2 with almost double.

The practical implication of the present study result can be recommended. Although the real loyal customers (i.e. those who drink AQUA brand only) are not big enough, but it does not mean that AQUA can decrease their investment in marketing efforts and also other efforts (e.g. product innovation). The present study shows that brand credibility play the important role for maintaining brand commitment that will lead to brand loyalty. The Nielsen's report tells us that the real loyal in global market is only 8% of total consumers and 92% are cheater. However, AQUA still have to devote their marketing efforts to achieve big portion in 50% of total market who are familiar with AQUA brand.

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