The Effect of Consumer Engagement as a Mediation Variable on Brand Experience and Brand Loyalty on E-Commerce in Covid-19 Pandemic

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ABSTRACT

The purpose of this study was to determine the effect of brand experience on customer engagement, the effect of customer engagement on brand loyalty, the effect of brand experience on brand loyalty, and the effect of brand experience on brand loyalty through customer engagement. The population of this research are people that using e-commerce. Judgmental sampling is used in this research by distributing online questionnaires and the collected data are processed with smartPLS-SEM. The results of this study are brand experience can positively affect customer engagement, customer engagement can positively affect brand loyalty, brand experience can positively affect brand loyalty and customer engagement can mediate the relationship between brand experience and brand loyalty.

Keywords: *Brand Experience, Customer Engagement, Brand Loyalty.*

1. INTRODUCTION

Buying and selling is an activity that cannot be separated from human life. Buying and selling activities have started from ancient times and still exist today. As is well known, this buying and selling activity is not limited to meeting buyers and sellers in physical stores, but a new style has emerged called online buying and selling. Online buying and selling are buying and selling transactions carried out via the internet [1]. And buying and selling activities online is often referred to as E-Commerce. E-Commerce activities in Indonesia began in 1994 where Indosat became Indonesia's first Internet Service Provider to provide internet connections to the public [2]. At the time of its launch, people had started using the internet as a stall to offer their products and transactions were done manually [2]. To maximize the function of the internet in the world of commerce, many inventors have started testing and from there, many startup businesses have emerged.

Starting from 2009-2010, it was a middle era for E-Commerce in Indonesia where quite a lot of people were working on this startup. One of the E-Commerce startups that attended was e-commerce. Where the emergence of e-commerce on August 17, 2009 has become the driving force for the emergence of other E-commerce startups in Indonesia. The concept of e-commerce itself as an intermediary between the seller and the buyer, where payment will be given to the seller when the seller has sent the goods to the buyer. In addition, there are also many individuals or business owners who want to sell online but they encounter technical problems, costs, connections to banks, connections to logistics, and marketing problems. So in addition to being an intermediary, e-commerce also provides assistance for people who want to build an online store. With the aim of helping to build Indonesia, e-commerce does not stop at that point, but e-commerce also creates events that can be participated by e-commerce users. This event organized by e-commerce can provide new experiences and insights for e-commerce users.

By holding some events, e-commerce in covid-19 provides brand experiences and engages consumers with the e-commerce. Examples of the experience that e-commerce in covid-19 provides to consumers can be seen from the Behind Great Product event, Behind Great Product itself is a sharing session for the technology and product community. The purpose of this event is to increase the participants' insight about strategies, methods, and other things related to marketing. So, from one of these events, e-commerce provides an experience while engaging consumers with e-commerce.

According to Andreini [3], brand experience can be interpreted as a brand that can provide experiences to consumers from product information to purchase, from purchase to acceptance, and from receipt to consumption of goods or services. Meanwhile Schmitt [4] gives the concept of brand experience showing the hedonistic nature of

consumers and the multi-relational interaction of consumers with a brand. When talking about brand experience, it will not be separated about the experience of how brands create an experience that consumers can't forget. One of the things that e-commerce does is by providing an easy and attractive interface for e-commerce users. Because the first impression of an application is the appearance of its interface. According to Hollebeek [5], customer engagement is defined as the involvement of consumer attitudes and emotions when interacting with a brand. Customer brand identification can also affect Customer Engagement. So with the experience felt by consumers, then customer engagement will appear where consumers will be involved with the brand and over time will lead to loyalty to the brand. In addition, Affective Brand Commitment also affects Brand Loyalty. This can happen because the interaction and involvement of consumers gradually with a brand can increase consumer loyalty to the brand.

2. LITERATURE REVIEW

The Stimulus-Organism-Response (SOR) theory was first initiated by Mehrabian and Russell [6] but underwent a slight change. There are several aspects of the environment that affect the cognitive and emotional side of a person. The previous discussion on SOR Theory brought the theory to various fields such as consumer behavior, advertising, website experience, brand experience, loyalty, and others. SOR theory itself is divided into 3 parts, namely stimulus, organism, and response.

The first part of the stimulus, the stimulus is a factor that arouses the desire of an individual [7]. The second part is organismic, organism is defined as the process and structure of internal intervention between an external stimulus and the final action, reaction, and response of a person [8]. It can be said that the organism symbolizes the affective and cognitive of a person. The affective condition conveys the feelings obtained from the external stimulus of consumers [9].

The last component is response, response is the answer that consumers give to a brand. Choi [10] revealed that brand loyalty is the result of consumer responses.

2.1. Brand Experience

Wilson and Keni [11] define brand experience as a reaction and response to a brand that appears as a result of stimulation from the first interaction between customers and a brand that results in perceptions of the brand. And according to Nysveen [12] define brand experience as the result of consumer responses related to sensations, feelings, affections, and consumer knowledge of a brand.

2.2. Consumer Engagement

Rather, Tehseen & Parrey [13] defines consumer engagement as a positive attitude shown by consumers to

brands when making repurchases. And according to Harrigan [14] define consumer involvement as the embodiment of consumer behavior towards certain companies, brands, and products.

Based on the three definitions above, the researcher concludes that consumer involvement is the attitude shown by consumers to the brand in the form of action.

2.3. Brand Loyalty

Pappu and Quester [15] define brand loyalty as a measure of consumer love for a brand. And according to Wilson and Keni [11] defines brand loyalty as a principle or commitment that a customer has to make purchases of the same product repeatedly in a fairly long period of time as a form of emotional attachment to a particular brand based on aspects of the customer's assessment.

2.4. The Association between Brand Experience, Consumer Engagement and Brand Loyalty

2.4.1 The Association between Brand Experience and Consumer Engagement

Research conducted by Khan [16] which takes place in India. The data obtained comes from an offline survey, then the data obtained is processed using the Structure equation modeling. This research is in the field of fashion. This study shows that brand experience positively affects consumer engagement. The next researcher [17] distributing questionnaires on Questionpro. The data obtained comes from an online survey, then the data obtained will be processed using SPSS. Research in the field of banking services. This study shows that brand experience positively affects consumer engagement.

2.4.2. The Association between Consumer Engagement and Brand Loyalty

Kosiba [18] conducted a study which took place in Ghana. The data obtained came from a questionnaire, then the data obtained was processed using AMOS. This research is in banking services. This study shows that consumer involvement affects brand loyalty positively. Research conducted by Ting, D. H. [19] which took place on online Facebook fan pages with a sample of 400 people obtained from social media users. The data obtained came from a questionnaire, then the data obtained was processed using SPSS-AMOS. This study shows that consumer involvement affects brand loyalty positively.

2.4.3. The Link between Brand Experience and Consumer Engagement

Research conducted by Yang, Zheng, Zhao & Gupta [20] which took place in China. The data obtained came from

online and offline surveys, then the data obtained were processed using SPSS and PLS. This research is in the field of microblog. This research shows that brand experience affects brand loyalty positively. Research conducted by Mostafa and Kasamani [21] located in Lebanon. The data obtained came from online and offline questionnaires, then the data obtained were processed using SPSS. This research is in the field of smartphones. This study shows that brand experience positively affects brand loyalty.

Based on the explanation above, the models and hypotheses in this study are as follows.
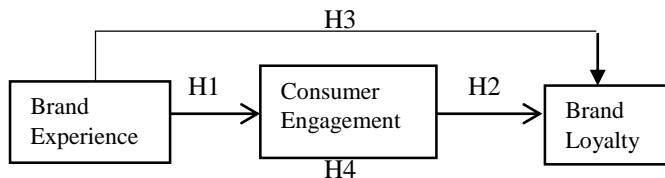

Figure 1 Research Model

H1: Brand Experience has a positive influence on Consumer Engagement.
H2: Consumer Involvement has a positive influence on Brand Loyalty.
H3: Brand Experience has a positive influence on Brand Loyalty.
H4: Consumer Engagement can positively mediate Brand Experience and Brand Loyalty.

3. METHODOLOGY

This study will use a descriptive research design. Descriptive research is research that can provide an overview that becomes the basis for developing a set of conceptual frameworks, concepts and theories [22]. In taking samples, researchers will use non-probability sampling methods. According to Sekaran & Bougie [23] non-probability sampling is a technique for taking samples in a study where not all members of the population have the same opportunity to be selected as sample members. Meanwhile, in taking sample using purposive sampling technique. The reason for using the sampling technique using purposive sampling technique is because there are certain criteria that must be met. Questionnaires were distributed online to 321 respondents.

Table 1 Variables and Indicators

Variable	Indicator
Brand Experience	5 *items*
Consumer Engagement	4 *items*
Brand Loyalty	3 *items*

In this study, an interval scale in the form of a Likert scale with answers ranging from 1 to 5 will be used to measure the respondents' answers to each indicator with the following information:

1 = Strongly Disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree

The Likert scale itself is classified as an interval scale because it has a high correlation value of 0.92 [24].

4. VALIDITY AND RELIABILITY ANALYSIS

4.1. Validity

Validity is a test carried out to find out how well an instrument is used to make measurements [23].

4.1.1. Convergent Validity

Hair et al [25] says that the measurement of convergent validity leads to the average variance extracted (AVE) value. If the AVE value > 0.50 then a variable will be declared valid.

Table 2 The results of the analysis of average variance extracted

Variable	*Average Variance Extracted* (AVE)
Brand Experience	0.607
Consumer Engagement	0.603
Brand Loyalty	0.593

Hair et al [25] argues that convergent validity can also be seen from the loading factor value. If the loading factor value of an indicator is above the value of 0.7 then the indicator can be used, although the value of 0.6 can still be used.

Table 3 Loading-Factor Table

	Brand Experience	Brand Loyalty	Consumer Engagement
KK2			0.740
KK3			0.767
KK4			0.820
LM1		0.797	
LM2		0.747	
LM3		0.765	
PM1	0.845		
PM4	0.756		
PM5	0.732		

4.1.2. Discriminant Validity

Hair et al [25] states that discriminant validity is the degree to which a variable differs from other variables empirically in a structural model. Determination of a valid variable or

not discriminantly can be seen from the Fornell-Larcker value, where the AVE value of a variable must be higher when compared to the value of the squared correlation of the variable with other variables.

In addition, Hair et al [26] stated that discriminant validity can also be seen using the cross-loading method. Where the loading of an indicator for a variable must be greater than the loading of the indicator on other variables.

Table 4 Fornell-Larcker Analysis Results

	Brand Experience	Brand Loyalty	Consumer Engagement
Brand Experience	0.779		
Brand Loyalty	0.596	0.770	
Consumer Engagement	0.472	0.534	0.776

The table above shows the discriminant validity value explaining that the square root of the AVE in each variable is greater than the other variables. It can be concluded that all the variables of this study have met the Fornell-Larcker requirements.

Table 5 The Results of *Cross-Loading Analysis*

	Brand Experience	Brand Loyalty	Consumer Engagement
KK2	0.332	0.421	0.740
KK3	0.334	0.354	0.767
KK4	0.424	0.458	0.820
LM1	0.617	0.797	0.319
LM2	0.333	0.747	0.439
LM3	0.395	0.765	0.493
PM1	0.845	0.590	0.380
PM4	0.756	0.386	0.382
PM5	0.732	0.389	0.345

From these data, it can be interpreted that all indicators used have passed the discriminant validity test with the cross loading method because the value of each indicator on the variable is greater than the value of the other indicators.

4.2. Reliability

According to Sekaran [22], the measurement of reliability shows the extent to which the scale has no errors and shows consistent results over time on various items in the instrument. In this study, the reliability test can be carried out using the Cronbach's alpha method and composite reliability considering that this study uses data analysis techniques in the form of structural equation modelling (SEM).

Table 6 Reliability Analysis Results

Variable	*Cronbach's Alpha*	*Composite Reliability*
Brand Experience	0.678	0.822
Brand Loyalty	0.659	0.814
Consumer Engagement	0.672	0.820

Based on Cronbach's Alpha testing, the variables used in this study are reliable because they meet the Cronbach's Alpha value of 0.6.

Based on the composite reliability test, the variables contained in this study were declared reliable because they already had a Composite Reliability value greater than 0.7.

5. DATA ANALYSIS

This study uses the SEM method or known as structural equation modeling. To answer the existing problem formulation, the researcher uses the PLS-SEM method with the help of the application from SMART PLS V.3. SEM itself is divided into 2 parts, namely the outer model which has been discussed in the previous section, and the inner model. The inner model consists of R^2 (R-Square) analysis for the dependent construct, predictive relevance (Q²) analysis, effect size analysis (f²), Goodness of Fit (GoF) analysis, path coefficient analysis, and hypothesis testing analysis. The analysis will be explained as follows.

5.1. Results of the Coefficient of Determination (R²)

Based on the results of testing the coefficient of determination in Table 7, it can be explained that the R-Square value of the brand loyalty variable is 0.437, which means that 43.7% of the dependent variable of brand loyalty can be explained by the variables in this study. The remaining 56.3% is explained by other variables.

Furthermore, based on the results of testing the Coefficient of Determination in Table 7, it can be explained that the R-Square value of the consumer involvement variable is 0.223, which means that 22.3% of the mediating variable of consumer involvement can be explained by the brand experience variable. The remaining 77.7% is explained by other variables not examined in this study.

Table 7 Results of the Coefficient of Determination (R²)

Variable	*R-Square*
Brand Loyalty	0.437
Consumer Engagement	0.223

5.2. Predictive Relevance Analysis Results (Q²)

Based on the results of the Predictive Relevance Test (Q²) in Table 8 below, it can be concluded that a value of 0.248 for brand loyalty and a value of 0.126 for consumer involvement is considered relevant. Because it has met the requirements of Predictive Relevance (Q²) where the Predictive Relevance (Q²) value is greater than 0 (> 0).

Table 8 Predictive Relevance Analysis Results (Q²)

Variable	*Predictive Relevance* (Q²)
Brand Loyalty	0.248
Consumer Engagement	0.126

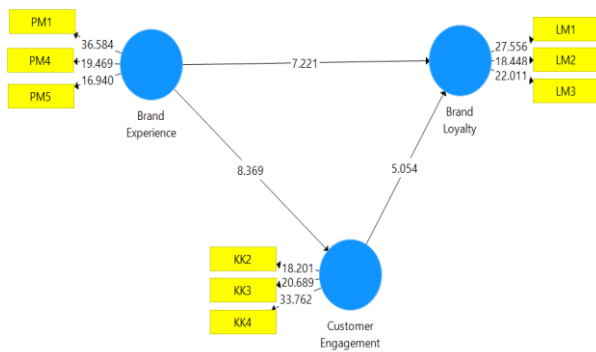## 5.3. Path Coefficients

Figure 1 Bootstrapping Test Results

Based on the results of the Bootstrapping test, it can be concluded that brand experience is the variable with the largest coefficient value and has a positive direction to predict brand loyalty with a value of 0.472, compared to other variables.

Table 9 Bootstrapping Test Results

Variable	Path coefficient	*t-statistics*	*p-values*
Brand Experience→Brand Loyalty	0.443	7.008	0.000
Brand Experience →Consumer Engagement	0.472	8.282	0.000
Consumer Engagement →Brand Loyalty	0.324	4.876	0.000
Brand Experience→ Consumer Engagement → Brand Loyalty	0.153	4.322	0.000

5.4. Effect Size (f²)

Based on the results of the Effect Size test (f²) that the consumer involvement variable has a weak predictor with a value of 0.145 and the brand experience variable has a strong predictor with a value of 0.271.
Based on the Effect Size (f²) test above, it can be concluded that the brand experience variable is the strongest predictor compared to other variables.

Table 10 Effect Size Test Results (f²)

Variable	Brand Loyalty	Consumer Engagement
Brand Experience	0.271	0.287
Brand Loyalty	-	-
Consumer Engagement	0.145	-

6. DISCUSSION

Based on the results of testing the first hypothesis, it shows that brand experience has a positive influence on consumer engagement in the e-commerce application. with that brand. The results of this study are the same as research conducted by Ahn & Back [27]

Furthermore, the results of testing the second hypothesis show that consumer involvement has a positive influence on brand loyalty in the e-commerce application. The results of this study are the same as the results of previous studies conducted by Khan [28], if consumer already involved and likes the product, then there will be loyal attitude to the product.

Based on the results of testing the third hypothesis, it shows that brand experience has a positive influence on brand loyalty on the e-commerce application. The results of this study are the same as research conducted by Mathew & Thomas [29], when consumers get an unforgettable experience from a product, especially a good experience, it will create good relationship between consumers and the product. This will bring consumers to the stage of brand loyalty.

Based on the results of testing the fourth hypothesis, it shows that consumer involvement can positively mediate brand experience and brand loyalty in the e-commerce application. The results of this study are the same as the results of previous studies conducted by Miguel [30] shows that consumer involvement can be a mediation because before being tied to a product, consumers will try to find out whether this product is suitable for them. If they feel fit to eat, consumers will feel involved with the product and will be bound by the product.

7. CONCLUSIONS AND IMPLICATION OF THIS STUDY

From the results of the analysis and description that has been carried out, that brand experience can positively affect consumer engagement, consumer involvement can affect brand loyalty positively, brand experience can affect brand loyalty positively, and consumer involvement can mediate the two relationships between brand experience and brand loyalty. For future research, researchers suggest that they can add and expand variables that have not been used in this study where these variables are expected to measure more accurately and provide greater contributions in future studies.

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