



The Effect of Customer Engagement and Brand Advocacy on Brand Value Co-creation Lake Lau Kawar Tourism, North Sumatra

Endang Rini^(✉) and Beby Sembiring

Universitas Sumatera Utara, Medan, Indonesia
endang.sulistya@usu.ac.id

Abstract. Integrated efforts and strategies are needed to promote tourism; thereby, branding plays an important role in imaging a tourism destination and becomes one of the important indicators in determining the success and image of a tourist area. Furthermore, branding can integrate strategic elements in a single formula to create characteristics and a positive image and increase the competitive advantage to achieve regional goals. Branding can be used as a differentiator or identity for a product, including tourism. The research was conducted for a year with a quantitative approach. The population in this study was tourists who visited Lake Lau Kawar, North Sumatra, to spend their free time. The number of populations in this study was not clearly known and the sample size was 210 respondents online and offline. All data were analyzed using Structural Equation Model (SEM). This study aims to investigate the effect of Customer Engagement, Brand Advocacy on Brand Value Co-Creation in Lake Lau Kawar, North Sumatra.

Keywords: Customer engagement · Brand advocacy · Brand value co-creation

1 Introduction

Lakes and coastal areas are important components of the tourism and recreation industries worldwide. As one of the most popular destinations globally, a lake presents valuable resources that are used for various human activities, one of which is Lake Lau Kawar. This lake is located at the foot of Mount Sinabung and has an area of approximately 200 hectares flanked by natural mountains overgrown with tropical forest woods; and on the edge of the lake stretches an area of 3 ha as a camping site. Adventurous tourists can do rock climbing activities and at the same time climb to the top of Mount Sinabung. The distance from Berastagi City to this tourist attraction is 27 km, and tourists can use four-wheeled vehicles through several villages and agricultural land.

Tourism branding is an ongoing process of creating brands with positive values that are aligned with the objectives of managing tourist destinations. This is an example of how a venue could indeed handle its public image by keeping the promises (trust) made to tourists as part of its branding strategy. Thus, is not only about the logo but also all the efforts made by the government and other stakeholders in communicating the potential and value of a tourist destination to the broader community.

Travelers rely on online reviews, blog sites, and societies to find the best vacation destinations. A Nielsen study found that 83% of people around the world believe in CGM, such as suggestions from friends and relatives. According to a survey, 66% of global online consumers rely on online reviews as their second most trusted source of information [1].

The constructs and scales that have been proposed to measure customer engagement have been discussed in previous studies [2–6]. However, this study has suggested further research to examine the other effects of online customer engagement. Various topics, such as customer involvement, have been discussed in the existing literature [7].

The specific purpose of this research is to determine the efforts that can be made to brand tourist attractions, especially in Lake Lau Kawar. Tourism is undoubtedly a product owned by almost every country globally, including Indonesia. The Ministry of Tourism of the Republic of Indonesia is an agency that has the authority to manage these products. According to the marketing framework owned by the Ministry, there are various interrelated components to support Indonesian tourism marketing, one of which is known as branding.

1.1 Customer Engagement

Customer engagement involves customers by interacting with them in a dialogue and experience to optimally support customers that influence their decision to make a purchase [8]. According to research, customer engagement is a psychological part that involves customers in making decisions that are indirectly related to searching, evaluating alternatives, and making decisions that involve brand selection [6, 9–12].

Customer engagement is also a behavior that allows consumers to make voluntary contributions to a company's brand, where the contribution is not only limited to the transaction (purchase) process [13]. Contributions given by consumers are feedback, suggestions, or ideas, which can be in the form of WOM (word of mouth), referrals, and others that can increase the company's acquisition, storage, and wallet share [14]. There are 3 dimensions of customer engagement, namely: Cognitive, Emotional, Behavioral [6].

1.2 Brand Advocacy

Good communication about a brand from consumers can accelerate the acceptance and adoption of new products [15]. This can be the most influential source of information for purchasing multiple products because it comes from less biased sources [16, 17]. Advocacy is initiated from someone's opinion about the object being assessed. The existence of an emotional bond to a brand creates a high involvement between consumers and the company [18]. Advocacy can also be in the form of repeat purchases and recommendations by word of mouth in writing opinions on blogs and social media comments. When people see and hear other people's opinions, they feel confident and finally do not need to look for deeper information and do not have to worry about the product or service to be purchased [19]. When a consumer becomes connected with a brand, this relationship can lead to brand advocacy in which consumers spread positive word of mouth about the brand [20]. 4 dimensions connect with the brand advocacy variable, namely: Brand



Fig. 1. Relation Dimension in Brand.

knowledge, Brand defense, Brand positivity, Positive virtual visual cues. Marketing, one of which is known as branding [21].

1.3 Brand Value Co-creation

In general, value is created through products and services that exist in goods/services, but now the value is created based on the experiences felt by consumers. This is what underlies the interaction between producers and consumers and a network of partners. Brand value co-creation always has two sides, based on the perspectives of the company and the customer. Both parties then provide resources in the framework of the value creation process by integrating the resources of each party through the mechanism of co-design, co-development, or co-distribution [23]. There are 4 dimensions contained in brand value co-creation, including: Access, Dialogue, Risk Assessment, Transparency [22] (Fig. 1).

2 Research Methods

The population in this study was tourists who visited Lake Lau Kawar tourist area to spend their free time. The number of populations in this study was not known and the sample size was 210 respondents reached via Google Form. The sampling technique used was non-probability sampling and the type of sampling used was purposive sampling.

3 Results and Discussion

This study uses path analysis to determine the effect of Customer Engagement and Brand Advocacy on Brand Value Co-creation. The value of R-squared is used to measure how big the independent variable is on the dependent variable. The value of R-squared is used to measure the level of variation of the change in the independent variable on the dependent variable. The R2 value of this study can be seen in the Table 1.

Based on the Table 1, it can be seen that the R-squared value of the Brand Advocacy variable is 6.5% which means it is quite low, while 93.5% is explained by variables not examined in this study. While the r-squared value of the Brand Value Co-creation

Table 1. R-square

	R-square	Adjusted R-square
Brand Advocacy	0.065	0.060
Brand Value Co-creation	0.408	0.403

Table 2. Result

	T-Statistics	P-Values
Customer Engagement → Brand Advocacy	3.633	0.000
Customer Engagement → Brand Value Co-Creation	3.633	0.000
Brand Advocacy → Brand Value Co-Creation	10.016	0.000

variable is 40.8% which means it is quite strong, while 59.2% is explained by variables not examined in this study.

Based on the Table 2, the P-value explains that the influence of Customer Engagement on Brand Advocacy is 0.000, which is smaller than 0.05, signifying that there is a positive and insignificant effect between Customer Engagement and Brand Advocacy.

Customer advocacy is part of the customer [2]. Customer advocacy is the final stage of customer engagement, from the initial stages of connection, interaction, satisfaction, retention, commitment, and advocacy [24]. Customer engagement can be a cyclical process involving time to time and can appear at different intensity levels from time to time, thus reflecting different engagement circumstances [8, 24]. In fact, advocacy is a special case of WOM, and it is holistic. Inherently positive can be achieved when customers are loyal and happy [24]. This is one of the most important outcomes of building customer engagement [25].

Based on the Table 2, the P-value explains that the influence of Customer Engagement on Brand Value Co-creation is 0.000, which is smaller than 0.05, which means that there is a positive and insignificant effect between Customer Engagement and Brand Value Co-creation.

Customer Engagement is a psychological state that occurs based on interactive customer experiences with co-creative customers as attractions/brands in service relationships [8]. That Customer Engagement is more than just purchase and is a level of close interaction between the customer and the company, often involving other people in social media networks [10]. Customer engagement manifests customer behavior towards the brand, outside of purchases [2]. Based on Bazi [26] developed a framework describing aspects of co-branding in social commerce. Customer engagement and customer experience can make consumers engage in brand creation on social media [27]. Customers could better create shared brand value with greater brand engagement [28].

Based on the Table 2, the P-value explains that the influence of Brand Advocacy on Brand Value Co-creation is 0.000, which is smaller than 0.05, which means that there is a positive and insignificant effect between Brand Advocacy on Brand Value Co-creation.

Co-creation process value as the relationship between the company and its customers as a series of dynamic and interactive experiences and activities carried out jointly by the company and customers, both in pre-planned, routine, or non-routine [29]. An affective commitment itself will work well if the consumer feels there is a value he gets from a brand. The quality of the relationship increasing over time will trigger the emergence of trust or trust in the brand. From that trust, consumers can be loyal to a brand and even become defenders of a brand (brand advocacy) [16].

4 Conclusion

The In general, this study investigates the effect of customer engagement and brand advocacy on brand value co-creation.

Acknowledgments. The authors would like to thank various parties, especially Universitas Sumatera Utara, for financing this research.

References

1. Nielsen. (2012). *Newswire|consumer trust in online, social and mobile advertising grows*. Accessed 2022, February 2022 from www.nielsen.com/us/en/insights/news/2012/consumer-trust-in-online-social-andmobile-
2. van Doorn, J., et al. (2010). Customer engagement behavior: Theoretical foundations and research directions. *Journal of Service Research*, 13(3), 253–266.
3. Bolton, R. (2011). Customer engagement: Opportunities and challenges for organizations. *Journal of Service Research*, 14(3), 272–274.
4. Bijmolt, T., et al. (2010). Analytics for customer engagement. *Journal of Service Research*, 13(2), 341–356.
5. Brodie, R. J., Ilic, A., Juric, B., & Hollebeek, L. (2013). Consumer engagement in a virtual brand community: An exploratory analysis. *Journal of Business Research*, 105–114.
6. Hollebeek, L. (2011). Exploring customer brand engagement: Definition and themes. *Journal of Strategic Marketing*, 19, 555–573.
7. Hollebeek, L., Glynn, M., & Brodie, R. (2014). Consumer brand engagement in social media: Conceptualization, scale development and validation. *Journal of Interactive Marketing*, 28(2), 149–165.
8. Brodie, R. J., Hollebeek, L. D., Jurić, B., & Ilić, A. (2011). Customer engagement: Conceptual domain, fundamental propositions, and implications for research. *Journal of Service Research*, 14(3), 252–271.
9. Patterson, P., Yu, T., & De Ruyter, K. (2006). Understanding customer engagement in services. In ANZMAC conference, (pp. 4–6).
10. Vivek, S. D., Beatty, S. E., & Morgan, R. M. (2012). Customer engagement: Exploring customer relationships beyond purchase. *The Journal of Marketing Theory and Practice*, 20, 122–146.
11. Sharon, E. B., & Robert, M. M. (2010). Consumer engagement: Exploring customer relationships beyond purchase. *Journal of Marketing Theory and Practice*.

12. Mollen, A., & Wilson, H. (2010). Engagement, telepresence, and interactivity in online consumer experience: Reconciling scholastic and managerial perspectives. *Journal of Business Research*, 63, 919–925.
13. Jaakkola, E., & Alexander, M. (2014). The role of customer engagement behavior in value co-creation: A service system perspective. *Journal of Service Research* 17.
14. Kumar, V., Aksoy, L., Donkers, B., Venkatesan, R., Wiesel, T., & Tillmanns, S. (2010). Undervalued or overvalued customers: Capturing total customer engagement value. *Journal of Service Research*, 13, 297–310.
15. Keller, K. (1993). Conceptualizing, measuring and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1–22.
16. Herr, P., Kardes, F., & Kim, J. (1991). Effects of word-of-mouth and product-attribute information of persuasion: An accessibility-diagnostics perspective. *Journal of Consumer Research*, 17(4), 454–462.
17. Kim, C., Han, D., & Park, S. (2001). The effect of brand personality and brand identification on brand loyalty applying the theory of social identification. *Japanese Journal of Psychological Research*, 43(4), 195–206.
18. Wragg, T. (2004). Nurturing brand advocates. *Brand Strategy*, 187, 36–37.
19. Hung, K., & Li, S. (2007). The influence of eWOM on virtual consumer communities: Social capital, consumer learning, and behavioral outcomes. *Journal of Advertising Research*, 47(4), 485–495.
20. Ahmed, W., Hussain, S., Jafar, R., Latif, W., Sultan, M., & Jianzhou, Y. (2017). Impact of e-service quality on purchase intention through mediator perceived value in online shopping. *Journal of Information Engineering and Applications*, 7(8).
21. Wilk, V., Soutar, G., & Harrigan, P. (2019). Online Brand Advocacy (OBA): The development of a multiple item scale. *Journal of Product and Brand Management*, 29(4).
22. Prahalad, C., & Ramaswamy, V. (2004). Co-creating unique value with customers. *Journal of Interactive Marketing*, 18(3), 5–14.
23. Saarijärvi, H., Kannan, P. K., & Kuusela, H. (2013). Value co-creation: Theoretical approaches and practical implications. *European Business Review*, 25(1), 6–19.
24. Sashi, C. M. (2012). Customer engagement, buyer-seller relationships, and social media. *Management Decision*, 50(2), 253–272.
25. Walz, A. M., & Celuch, K. G. (2010). The effect of retailer communication on customer advocacy: The moderating role. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 25, 93.
26. Bazi, S., Hajli, A., Hajli, N., Shanmugam, M., Lin, X. (2019). Winning engaged consumers: The rules of brand engagement and intention of co-creation in social commerce. *Information Technology & People*.
27. Yu, C.-H., Tsai, C.-C., Wang, Y., Lai, K.-K., & Tajvidi, M. (2018). Towards building a value co-creation circle in social commerce. *Computers in Human*.
28. Merrilees, B. (2016). Interactive brand experience pathways to customer-brand engagement and value co-creation. *Journal of Product and Brand*, 25(5), 402–408.
29. Payne, A., Storbacka, K., & Frow, P. (2008). Managing the co-creation of value. *Journal of the Academy of Marketing Science*, 36(1), 83–96.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

