

Original Research Article

Increasing Brand Loyalty through Customer Engagement and Brand Experience

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Abstract: This study aims to analyze the effect of social media marketing and brand experience on customer engagement, analyze the influence of social media marketing and brand experience on brand loyalty, analyze the effect of customer engagement on brand loyalty, and analyze the effect of social media marketing and brand experience on brand loyalty through customer engagement in star hotels in Malang. The sample in this study amounted to 110 samples. The analysis technique uses SEM. The results of the analysis show that social media marketing and brand experience affect customer engagement. Social media marketing and brand experience affect brand loyalty. Customer engagement affects brand loyalty. Social media marketing and brand experience affect brand loyalty through customer engagement at hotels.

Keywords: Brand Experience, Customer Engagement, Brand Loyalty.

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INTRODUCTION

In the era of globalization and digital, market players and manufacturers are competing to win a very tight competition. The products offered are varied with very varied brands. So many things are offered to customers. This certainly makes customers more flexible in making their choices. While the impact on manufacturers, this is a challenge to work more tenaciously to maintain loyalty brand.

Brand loyalty according to Mowen & Minor (2002), brand loyalty is seen as the extent to which a customer shows a positive attitude towards a brand, has a commitment to a brand particular, and intends to continue to buy it in the future and refer products/services to others. Brand loyalty according to Loudon and Bitta (1993) is a repeat buying pattern because there is a commitment to a brand particular, customers who are loyal to the brand are not easily tempted to buy and switch to other brand products. Research on Brand Loyalty in hotels has been developed by Zoubi *et al.* (2019) and research on objects different by Quitong *et al.* (2019), Erdogmus *et al.* (2012), Muchardie *et al.* (2016) and Mehrabi (2014) *et al.*, who direct that Brand Loyalty is influenced by social media marketing.

The business that has adopted the most benefits from the internet or online systems is the hotel

industry (Carroll & Sileo, 2007). The increasing number of internet users and hotel guests visiting Indonesia provides a business potential for travel agent startups (online-based APWs or known as Online Travel Agents / OTAs) to run their business in Indonesia. Hoteliers and OTAs often use electronic media and the internet by presenting online reviews of a hotel and will become a customer destination (Buhalis Licata, 2002). Vermeulen & Seegers (2009) found that exposure to online reviews will increase hotel customers to make online hotel booking intentions.

The use of social media as a marketing tool is considered to have great potential to create hotel room occupancy rates. The social media marketing strategy is believed to be able to influence the decision to stay and the occupancy rate of hotel rooms. This is because currently, social media is a necessity for every individual, especially people who already have social media accounts, whether it's just to socialize, monitor the latest information to view information about a business product. This is because a large number of social media users creates great opportunities for marketers to market hotel products and services. Building relationships with customers through social media requires brands to make an attractive impression to increase awareness or gain trust. Engaging through social media also provides customers who have a hobby to spread the word about how good the brand is to friends, fans and followers who can become potential

customers for the brand.

In the study of Berger *et al.* (2016), Farooq *et al.* (2016), Muchardie *et al.* (2016), Abdullah and Siraj (2016), Tomar *et al.* (2016), using indicators from the research of Sashi *et al.* (2012), shows that social media marketing affects customer engagement. Customer engagement is defined by Bowden (2009:65) as a psychological process that models the underlying mechanism for forming customer loyalty for new customers from brand services, as well as a mechanism by which loyalty can be maintained for repeat customers from brands.

Brand loyalty at hotels can be formed because consumers believe that the product or services offered by the hotel are as expected. If consumers believe in the services provided by the hotel, then it affects the high brand loyalty. Therefore, the hotel management needs to carry out the right strategy to increase brand loyalty. Although the impact of COVID-19 has been felt by various industrial sectors, it does not mean that hoteliers have to stop running their businesses. However, the hotel can still run its business through online marketing, one of which is through social media marketing, because this does not violate government regulations regarding social distancing. The hotel is still operating with various strategies undertaken to sell products and services. Well-executed customer engagement on social media helps brands to close sales and then keep the conversation going (Sherman & Smith, 2013:14). But customers will not engage if the brand gives the impression that the brand only cares about sales. Customers are interested in having a relationship with a brand where customers like things that are more than just selling. For engagement to continue, finding interesting topics can be discussed with customers (Sherman & Smith, 2013:14). Building relationships with customers on social media is not enough just to get the attention of fans and followers, brands must be able to keep the company's attention and get customers to take action. Most people also like to be the first of their friends to share the news in their environment. In addition, the customer can spread the offer to people around the customer.

Other previous research on Brand Loyalty suggests that Brand Loyalty is influenced by Brand Experience (Brakus *et al.*, 2009; Ong *et al.*, 2018). Similar results were also presented by Tugrul *et al.* (2014), that Brand Experience affects Brand Loyalty. Likewise, the results of Kusuma's (2014) research found that brand loyalty affects brand loyalty. However, the results of research by Iglesias *et al.*, (2010) found that brand experience does not affect brand loyalty. Brand Experience is defined by Landa (2006: 9) as the experience felt by the individual when he interacts with the brand.

When customers have a good experience with a brand, they will certainly believe, feel satisfied and commit to reusing the brand. Thus Brand experience will arise when customers have used the brand. Customers will tell others about the brand, seek information about the brand, promotions, and also events held by the brand if they have a good experience (Ambler *et al.*, 2002 and Taleghani *et al.*, 2011). Conversely, if the experience obtained by the customer is not good, it will certainly make the customer feel disappointed and tell other people about his disappointment. Customers will notice the development of an increasingly sophisticated technological era from time to time and have created the birth of the digital era so that humans have a dependence on technology, one of which is the use of the internet. Internet users use social media as a means to get the information they need. The impact of social media is very real on increasing website traffic and increasing online sales (Solis, 2010:21). A strong brand experience will have an impact on the sustainability of the hotel in the long term because it can increase the profitability of a hotel. If the customer feels loyalty, then the customer will not move to another hotel.

Research Touni (2020), Facebook users, shows that there is customer involvement in brands hotel, as well as the results of the study giving the same direction that customer engagement with social networking site users has a positive impact on brand loyalty. Some of these studies can be concluded that social media affects brand loyalty through customer involvement. However, because there are still different results, Tugrul (2014) finds that brand experience does not affect customer engagement. Iglesias (2010) who found that brand experience does not affect brand loyalty, especially in brand experience, is a gap for further study.

Based on the increasing level of competition between hotel service companies, the phenomenon of shifting marketing through social media, as well as the community's need for lodging services, as well as the debate between social media marketing and brand experience, researchers are interested in testing customer engagement mediation on social media marketing. and brand experience on the brand loyalty of five-star hotels in Malang City.

Based on the presentation of the results of previous studies, it indicates the occurrence of a research gap in this study and can be explained as follows: the results of Prentice *et al.* (2019) prove that brand experience affects customer engagement. In contrast to the results of Tugrul's (2014) research which found that brand experience did not affect customer engagement. Furthermore, the results of research by Ong (2018), Brakus *et al.* (2009), Tugrul (2014), and

Kusuma (2014) prove that brand experience affects brand loyalty. The results of this study are different from Iglesias (2010) who found that brand experience does not affect brand loyalty.

LITERATURE REVIEW

Loudon and Bitta (1993) suggest that brand loyalty is a pattern of repeat buying because there is a commitment to a particular brand. They also define brand loyalty as something unpredictable, produces a buying behaviour response, can be expressed over time by the decision-making process to buy a product that is related to one or more brand choices outside the brands that have been used and is a function of psychological processes in the customer himself. According to Sutisna (2001) brand loyalty is a happy attitude towards a brand that is presented in a consistent purchase of that brand over time. Oliver (1988) suggests that brand loyalty is a deeply held commitment to re-buy or subscribe to a preferred product or service consistently in the future, resulting in repeated purchases of the same brand despite situational influences and marketing efforts having the potential to cause brand switching behaviour. Marconi (1993) suggests brand loyalty indicators consist of: value, reputation and brand characteristics, convenience and convenience of serving the brand, satisfaction, service and warranty.

Vivek *et al.* (2010: 127) defines customer engagement as: "The intensity of an individual's participation and individual relationship with the organization's offerings and/or activities of the organization, be it the customer or the initiating organization." According to Sashi (2012: 260), with customer engagement, brands focus on satisfying customers by providing customers with more or superior value than competitors to build trust and commitment to long-term relationships. Customer engagement indicators according to Sashi (2012:260–264) are as follows: connection, interaction, satisfaction, retention, commitment, advocacy, and engagement.

Brakus *et al.* (2009) define that brand experience is identified as sensations, feelings, cognitions and customer views evoked by the brand, related to the stimuli generated by the brand design, brand identity, marketing communications, people and the environment in the brand is marketed. The brand experience is felt directly by the customer after the customer buys and uses the product or service of the brand, while the indirect effect is felt by the customer when the customer sees the logo, symbol, marketing techniques used by the brand, other customer responses or other matters relating to the brand. In this study, brand experience indicators used indicators from

Brakus *et al.* (2009) which consists of sensory experience, affective experience, intellectual experience, and behavioural experience.

RESEARCH METHODS

This research is explanatory research that is explaining causal relationships and testing hypotheses from the analyzed objectives (purpose of Study), this research includes research to test hypotheses (hypothesis testing). Explanation of data and facts related to brand loyalty.

The research population is domestic tourists who stay at star hotels in Malang City, an average of 69,056 people per month (BPS, 2019). The research sample is domestic tourists who stay at star hotels in Malang City for at least 2 nights. Considering 2 nights, it is expected that guests who stay at the hotel have had the experience of staying at the selected hotel and have respondents considered to have involved themselves in the use of social media. Furthermore, based on BPS data (2018), the average guest stay is 1.76 days (2 days), and because the data for staying guests is too large, the sample size uses the guidelines from Hair *et al.*, (2010) which suggests that the sample size suitable for SEM analysis ranged from 100-200 respondents. Furthermore, it is stated that the determination of the number of samples obtained from the number of samples as respondents must be adjusted to the number of question indicators used in the questionnaire, assuming 5 observed variables (indicators) up to 10 observed variables (indicators). In this study the number of items is 44 question items used to measure 4 variables with 22 indicators, so the number of respondents used is 22 times 5 equals 110 samples. According to Hair *et al.*, (2014) the sample size should be 100 or larger. Thus the number of respondents in the study was 110 respondents. The technique of selecting respondents who were used as research samples was using a simple random sampling technique, taking into account that respondents who stayed at five-star hotels in Malang during the study period had the same level of opportunity.

The data collected were analyzed using descriptive analysis and statistical analysis with the statistical method of multivariate Structural Equation Modeling/SEM (Simultaneous Equation Model) with the AMOS software version 20.

RESULTS AND DISCUSSION

Respondents in this study amounted to 110 respondents, while the characteristics of respondents based on age, gender, length of stay and tourist destinations are presented in the following table:

Table-1: Characteristics of Respondents

No	Age	Number (people)	Percentage (%)
1	20 – 26 years	26	23.6
2	27 – 33 years	51	46.4
3	34 – 40 years	33	30.0
	Gender		
1	Male	43	39.1
2	Female	67	60.9
	Length of Stay		
1	1 day	24	21.8
2	2 days	72	65.5
3	3 days	14	12.7
	Purpose of Stay		
1	Vacation	65	59.1
2	Business	23	20.9
3	Transit	22	20.0

Source: Processed data.

Based on the AMOS 20 computation for this SEM model, the resulting goodness of fit indices is presented in Table 1. Then these index values are compared with the cut-off value of each index. A good model is expected to have the goodness of fit indices that are greater than or equal to the critical value.

Based on the results of the evaluation of the Goodness of Fit Indices criteria in Table 1, it shows that the overall model evaluation has been met, and then the model can be accepted.

Hypothesis testing in this study is done by looking at the p-value (probability), if the p-value is more than or equal to 0.05, it is said that there is a significant effect.

The variables of social media marketing and brand experience have a p-value of 0.05, which means that social media marketing and brand experience have a significant and positive effect on customer engagement. Coefficient of standardized regression weight, for social media marketing = 0.630 and brand experience = 0.335; It means that social media marketing and brand experience have a significant and positive effect on customer engagement. Social media marketing has the most influence on customer engagement, thus the first hypothesis is proven that social media marketing and brand experience have a significant effect on customer engagement.

The variables of social media marketing and brand experience have a p-value of 0.05, meaning that social media marketing and brand experience on brand loyalty have a significant and positive effect. Coefficient of standardized regression weight, for social media marketing = 0.214, brand experience = 0.142; It means that social media marketing and brand experience have a significant and positive effect on brand loyalty. Social media marketing has the most

influence on brand loyalty, thus the second hypothesis is proven that social media marketing and brand experience have a significant effect on brand loyalty.

The customer engagement variable has a p-value of 0.05, meaning that customer engagement on brand loyalty has a significant effect. The standardized regression weight coefficient = 0.724 means that customer engagement has a positive effect on brand loyalty, thus the third hypothesis is proven that customer engagement has a significant effect on brand loyalty.

Customer engagement is a variable that can mediate Social Media Marketing variables on Brand loyalty, because the total influence value is greater than the direct effect ($0.670 > 0.214$). Customer engagement has the status as a variable that can mediate the Brand Experience variable on Brand loyalty, because the total influence value is greater than the direct effect ($0.385 > 0.142$). Social Media Marketing is the most decisive in influencing Brand loyalty mediated by customer engagement. This means that the fourth hypothesis that social media marketing and brand experience affect brand loyalty through customer engagement is statistically tested.

DISCUSSION

The results of the study prove that social media marketing affects customer engagement. The results of this study support the results of research conducted by Farook *et al.* (2016), Muchardie *et al.* (2016), Tomar *et al.* (2016), Abdullah and Siraj (2016), and Barger *et al.* (2016) prove that social media marketing affects customer engagement. Social Media Marketing is a tool used to market products online, mainly contributed by connectedness as reflected in the hotel providing information to guests about when the promised service will be realized. This shows that the marketing carried

out by social media is following the information needed by hotel guests, most of who stay at hotels intending to have a vacation.

The results of the study prove that Brand Experience affects customer engagement. The results of this study support the results of research conducted by Prentice *et al.* (2019) which proves that brand experience has an effect on customer engagement. However, it does not support the results of previous research conducted by Tugrul (2014) which states that Brand Experience does not have a significant influence on Customer Engagement. The explanation of the results of the research on the impact of Brand Experience on Customer engagement that intellectual experience reflected in the hotel brand makes positive thinking more appreciated by hotel guests who will stay at the hotel again if they go to the city of Malang as an illustration of hotel customer engagement.

The study also found that social media marketing is the most appreciated in influencing customer engagement. Especially social media marketing on connectedness in the form of hotels providing timely service and hotels providing information to guests about when the promised services will be realized, because the main thing for hotel guests who the majority of their stay is a vacation, so if they go to Malang they will stay again at the hotel.

The results of the study prove that Social Media Marketing affects brand loyalty. The results of this study support the results of previous studies conducted by Erdogmus and Cicak. (2012), Qiu Tong *et al.* (2019) Amir Mehrabi *et al.* (2014), and Muchardie *et al.* (2016) examine the effect between Social Media Marketing and brand loyalty. Explanation of the results of research on the impact of Social Media Marketing on that social media marketing as a hotel facility used to market products online prioritizes Connectedness in providing information to guests about when the promised service will be realized can build brand loyalty in terms of creating guest satisfaction staying at the hotel.

The results of the study prove that Brand Experience affects brand loyalty. The results of this study support the results of previous studies conducted by Org (2018), Brakus *et al.* (2009), Tugrul (2014), Kusuma (2014) who have tested the influence between Brand Experience and Brand loyalty. However, the results of this study do not support Iglesias (2010) which states that brand experience does not affect brand loyalty. Explanation of the results of the research on the impact of Brand Experience on Brand loyalty that hotel brands make positive thinking proven to be able to build brand loyalty in creating guest satisfaction while staying at hotels.

The results of the study prove that customer engagement affects brand loyalty. The results of this study support the results of previous studies conducted by Muchardie *et al.* (2016), Jaya Singh (2019), and Touni *et al.* (2020) who have tested the effect between customer engagement and brand loyalty. The explanation of the results of the research on the impact of customer engagement on brand loyalty is that hotel customer engagement, especially when they often stay at this hotel and will stay again at this hotel if they go to Malang city, can build brand loyalty in creating hotel guest satisfaction.

In addition, this study also proves that Social Media Marketing and Brand Experience can build brand loyalty. In this regard, it was found that Social Media Marketing on Connectedness in the form of hotels provides information to guests about when the promised service will be realized can most build brand loyalty. Therefore, the majority of hotel guests who stay are the most attractive for female guests aged 27 – 33 years, with a length of stay of 2 days for vacation.

The results of this study also prove that customer engagement in hotel guests often stays at the hotel and will stay again at this hotel if they go to Malang city to build brand loyalty. Good customer engagement can provide more value for hotel guests who stay at the hotel.

The novelty in this study is that customer engagement mediates the effect of social media marketing and brand experience on brand loyalty. Social media marketing is the most appreciated in influencing customer engagement and brand loyalty, both direct and indirect effects.

CONCLUSIONS

Customer engagement affects brand loyalty. This finding shows that hotel customer engagement, especially when they will stay again at this hotel if they go to Malang city, can build brand loyalty by creating hotel guest satisfaction.

The results of the study prove that customer engagement affects brand loyalty. The results of this study support the results of previous studies. The explanation of the results of the research on the impact of customer engagement on brand loyalty is that hotel customer engagement, especially when they often stay at this hotel and will stay again at this hotel if they go to Malang city, can build brand loyalty in creating hotel guest satisfaction.

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