BRAND TRUST AND BRAND LOYALTY:
THE MEDIATING ROLE OF BRAND INNOVATIVENESS

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ABSTRACT

Brand development and maintenance are crucial today especially considering the competitive setting of the market. The consumer behavior toward repeat purchases of a particular brand is called brand loyalty, which is a critical construct to brand maintenance. Brand loyalty is known to be affected by trust in the brand and innovativeness of a brand has a potential to result in loyal customers. Thus, the present study explored the link between brand trust and brand loyalty and the mediating role of brand innovativeness in such link. The study data was collected using a questionnaire-based survey and analyzed using SPSS and AMOS programs. Research results demonstrated that brand trust had a direct effect on brand loyalty, which was statistically significant and brand innovativeness had a partially mediating role in the relationship between brand trust and brand loyalty.

Keywords: Brand trust, brand loyalty, brand innovativeness, brand management

JEL: M30,

1. INTRODUCTION

It is well established that a brand is a unique and significant factor affecting behavioral outcomes of consumers. Brands are also one of the key assets of corporations (Martin et al., 2005). A brand serves as a strategic tool for corporations to build a positive image on consumers and differentiate from their competitors (Kotler, 2004). Through brands, corporations' market shares are preserved and a loyal customer base is created. Loyal customers refer to loyal consumption of a particular brand, which also involves repurchases and brand recommendation. In this regard, brands are intangible assets with a great value to corporations. This, in turn, renders brand loyalty essential to corporate marketing strategies.

Researchers generally view trust as an integral component of relationships between sellers and buyers (e.g. Schoorman et al., 2007). Trust is mostly a perceptual concept, while loyalty typically describes a behavior with a consistent pattern during transactions (Fournier, 1998). Consumers exhibit a tendency to buy a particular brand at a higher cost, adopt positive beliefs of that brand and recommend that brand to their friends when they are provided with a valuable and strong brand (Sichtmann, 2007). Such tendency is also likely to be enhanced when consumers consider a brand as innovative. Brand innovativeness represents the perception of
consumers and it is also highly important for organizational competitiveness. Therefore, creating strong trust in a brand significantly contributes to develop incomparable brands. Nevertheless, consumer studies have not paid that much attention to brand trust particularly in those focusing on consumer brands (Delgado-Ballester, 2004). From this point of view, the present study addresses the impact of brand trust by exploring its relationship with brand loyalty and the influence of brand innovativeness on this relationship.

2. BRAND TRUST

Trust results from reliability and honesty beliefs of one against the other (Moorman et al., 1992). Brand trust can be conceptualized as consumers' belief that a brand will execute. Trust is one of the brand loyalty determinants due to the substantial attachment it causes between a brand and consumers (Morgan & Hunt, 1994).

There is no agreement among researchers and disciplines about the exact definition of brand trust, its dimensions and measurement approaches. Delgado-Ballester et al. (2003, p. 11) describe brand trust as a "feeling of security held by the consumer in his/her interaction with the brand, that it is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the consumer", while Chaudhuri and Holbrook’s (2001, p. 82) defines it as "the willingness of the average consumer to rely on the ability of the brand to perform its stated function". Since this disposition is exerted more in uncertain situations, asymmetrical information and suspected opportunism, trust minimizes uncertainty and asymmetrical information and motivates consumers to enjoy the brand (Chiu et al., 2010). The definition by Chaudhuri and Holbrook (2001) reflects two broad trust approaches in the literature. The first approach views trust as an emotion, belief or assumption toward credibility of an exchange partner, which is based on that partner's dependability, competence or purposefulness. The second approach, in turn, views trust as a behavior or a behavioral motive representing confidence in an exchange partner, which includes uncertainty and exposure to that partner (Moorman et al., 1993).

The relevance of trust only in uncertain situations has been also indicated by several researchers (e.g. Doney & Cannon, 1997; Moorman et al., 1992). More specifically, trust leads consumers to count on the brand when they feel vulnerable by minimizing the uncertainty. Trust is also suggested to involve a calculative process based on the extent to which a party (such as brand) is able to keep fulfilling its commitments and the degree of a relationship to provide benefits compared to its costs (Doney & Cannon, 1997).

Consumers develop trust in a brand after assessing the offer of a company (Kabadayı & Alan, 2012). In this regard, consumers are likely to have a sustainable relationship with companies that offer safety, integrity and reliability about their brands (Doney & Cannon, 1997). The available literature suggests that trust is a pivotal construct for attitudes toward a brand (Dwyer et al., 1987) and purchase behavior (Powers et al., 2012). Srivastava et al. (2015) reported that brand predictability and brand innovativeness have an impact on cognitive brand trust. The study by Dimyati (2011) concluded that product innovation significantly and positively affects brand trust, resulting in customer loyalty and improved commitment.

3. BRAND LOYALTY

Loyalty to a brand is essential for companies to have a competitive advantage and gain improved profit (Aaker, 1996; Reichheld et al., 2000). Brand loyalty refers to consumers' inclination to purchase a particular brand from the same group of products even though the prices are high and to recommend that brand to other people (Giddens, 2002). Nevertheless, it is a challenge to build and maintain brand loyalty since there are many brands with the same
Brand loyalty is an engagement resulting in repeat purchase behaviors, regardless of other brands’ offerings at the market (Oliver, 1999). Strong brand loyalty drives consumers to pay less attention to the prices and purchase a brand at higher costs. This, in turn, helps companies to maintain their competitiveness and retain their customers (Lee, 2011).

The general recognition is that brand loyalty is a multidimensional construct. According to Chaudhuri and Holbrook (2001), brand loyalty includes two dimensions; behavioral and attitudinal. Behavioral loyalty is about the consumers' repeat purchase of a brand, which refers to the willingness of consumers to rebuy from the same brand. Attitudinal loyalty, in turn, represents a strong psychological disposition of consumers toward a brand, which is related with the brand's exclusive values (Chaudhuri & Holbrook, 2001) and it is an outcome of commitment to the brand and positive attitudes toward the brand (Odin et al., 2001). These two dimensions are referred as the two-dimension measure of brand loyalty (Yi & Jeon, 2003), and used to determine the consumers' future behaviors in an accurate manner, which is also employed in many recent researches (e.g. Esmaeilpour, 2015; Lee, 2011).

Loyalty is believed to be predicted by a strong emotional bond to the brand (Dunn & Hoegg, 2014). More specifically, loyalty to a brand involves attachment, which results from the behavioral-attitudinal loyalty interaction (Kuikka & Laukkanen, 2012). The increasing attention paid to brand loyalty recently results from the efforts to build long-term relationships with consumers by using brands as a tool (Mudambi, 2002). The study by Şimşek and Noyan (2009) reported that brand loyalty is influenced by customer satisfaction, trust and perceived product quality. Chaudhuri and Holbrook (2001) established that brand trust and brand loyalty are strongly and positively related. Likewise, the studies by Harris and Goode (2004), Pan et al. (2012) and Sweeney and Swait (2008) reported that brand trust is an important precursor of brand loyalty.

In light of the above information and based on prior research, the present study develops the following hypothesis:

**H1: There is a positive relationship between brand trust and brand loyalty.**

### 4. BRAND INNOVATIVENESS

In the current era, building a brand is not enough alone as consumers meet a wide array of products and pursue new features constantly. In a general sense, innovation is about something new created by a corporation in line with consumer demands and increased market share. Innovations are believed to induce transformation in available markets, generation of new markets and introduction of completely new paths for technology and performance (Abetti, 2000; Zahra & Bogner, 1999). In this sense, brand innovativeness has become a critical topic in brand management literature because of today's knowledge-based economy. Since a brand can keep its strength only with continuous innovation, it is understandable that companies are in great effort to create new products within the same brand and follow how their customers accept such innovations.

Innovation is widely associated with corporate competitive edge and believed to serve as a strategic purpose in this regard (Moon et al., 2010). A brand is likely to meet better opportunities toward a favorable customer base and get ahead in the competition when it is the first to introduce innovative products to a new market (Beverland et al., 2010). Apparently, a brand can also avoid competition in pricing when it launches frequent innovative concepts.
Furthermore, innovative brands can greatly influence future purchase behaviors and contribute to improved brand performance (Rosenbusch et al., 2011).

Inclusion of new features/components makes a brand innovative (Anselmsson & Johansson, 2009). On the part of consumers, a brand that offers featured values and incompatibility difficult to imitate is considered innovative. Therefore, functionality, uniqueness, integral features and utility become important when assessing an innovative product (Lee & O'Connor, 2003).

Brand innovativeness represents the originality that is perceived by consumers (Daneels & Kleinschmidt, 2001; Lee & O'Connor, 2003) and it is considered significant for the quality of a relationship (Eisingerich & Rubera, 2010). Gürhan-Canli and Batra (2004) indicated that innovation perceptions of consumers have a positive effect on consumer attitudes. Hanaysha and Hilman (2015) demonstrated a significantly positive influence of product innovation on relationship quality and its dimensions (brand trust, brand commitment and brand satisfaction). Naveed et al. (2012) reported a significant impact of innovation on customer satisfaction and brand loyalty.

Accordingly, the present study develops the following hypotheses:

- **H2:** There is a positive relationship between brand trust and brand innovativeness.
- **H3:** There is a positive relationship between brand innovativeness and brand loyalty.
- **H4:** There is a mediating effect of brand innovativeness on the relationship between brand trust and brand loyalty.

### 5. METHODOLOGY

#### 5.1. Research Goal

The objective of the present study is to explore the relationship between brand trust and brand loyalty, and the mediating impact of brand innovativeness in such relationship. Based on the model created in this regard, the present study assumes that brand trust has a positive relationship with brand loyalty, and brand innovativeness partially or fully mediates this relationship.

#### 5.2. Participants and Procedure

The study sample included 345 university students. A questionnaire-based survey was employed for data collection. Four hundred questionnaires were distributed using convenience sampling method, and 345 were considered applicable for the analyses. Of the study participants, 51% (n=175) were female and 49% (n=170) were male. Sixty-one percent of the participants were aged between 18 and 24, 29% were between 25 and 35 and 10% were between 35 and 45.

The study data were analyzed using frequency distributions, factor analyses were performed using SPSS 17.00 and structural equation model was created using AMOS 16.0.

#### 5.3. Measures

Brand trust was measured using the 8-item brand trust scale (BTS) developed by Delgado-Ballester et al. (2003). The scale includes two dimensions; brand reliability and brand intentions. Brand reliability refers to the consumers’ belief that the brand would meet its promised value (e.g. “This is a brand that meets my expectations”), while brand intentions
represent the consumers’ belief that the brand would make the consumer still be interested in the case of unexpected issues regarding product consumption (e.g. “I could rely on this brand to solve the problem”). Each item were rated on a 5-point Likert scale (1=strongly disagree, 5=strongly agree). The Cronbach’s alpha of the scale was > 0.70 as stated by Delgado-Ballester et al. (2003).

Brand loyalty was measured using a 9-item instrument with 3 items adapted from the multidimensional brand equity (MBE) scale by Yoo and Donthu (2001) and 6 items from the study by Bennett and Rundle-Thiele (2002). The sample items include “I consider myself loyal to this brand” and “I would rather stick with my brand I usually buy than try something I am not very sure of”. For each item, the participants were asked to rate the extent to which they agree with each statement on a 5-point Likert scale (1=strongly disagree, 5=strongly agree). The Cronbach’s alpha was from 0.86 to 0.88 for the scale by Yoo and Donthu, and 0.93 for the scale by Bennett and Rundle-Thiele. (2002).

Brand innovativeness was measured using a 4-item instrument adapted from the perceived firm innovativeness (PFI) scale developed by Kunz et al. (2011). The items were modified to be in accord with the present study’s concept and reflect the perceived innovativeness of the service brand instead of the firm. The sample items include “This brand is a pioneer in its category” and “This brand is more creative than its rivals”. The scale items were rated on a 5-point Likert scale (1=strongly disagree, 5=strongly agree). The Cronbach’s alpha of the final scale was 0.92.

6. STATISTICAL ANALYSIS

6.1. Research Model and Hypotheses

![Figure 1. Research Model](image)

The mediating role of brand innovativeness was investigated using the technique proposed by Baron and Kenny (1986).

6.2. Results

The correlations among the study variables are presented in Table 1. Accordingly, there are significantly and positively strong correlations above 0.70 (p<0.01) among the variables.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand Loyalty</td>
<td>3.5</td>
<td>1.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Brand Innovativeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Correlations among Variables
2  Brand Trust  3.7  0.96  0.747**  1
3  Brand Innovativeness  2.5  0.69  0.716**  0.724**  1

**. Correlation is significant at the 0.01 level (2-tailed).

6.3. Reliability Analysis

Based on the reliability analysis results for the 9-item brand loyalty scale, three items were removed and the Cronbach's alpha coefficient was found 0.91 for the 6 items. A confirmatory factor analysis was performed for the scale reliability and the single-factor structure was affirmed (χ²/df=1.276; RMSEA=0.028; GFI=0.99; AGFI=0.97; CFI=0.99)\(^1\).

The Cronbach's alpha coefficient of the 8-item brand trust scale (after removing two items) was 0.93. A confirmatory factor analysis was performed for the scale reliability and the single-factor structure was affirmed (χ²/df=1.362; RMSEA=0.032; GFI=0.99; AGFI=0.97; CFI=0.99).

The Cronbach's alpha coefficient of the 4-item brand innovativeness scale was 0.92. The single-factor structure was affirmed based on the confirmatory factor analysis (χ²/df=0.063; RMSEA=0.000; GFI=1.000; AGFI=0.99; CFI=1.000).

6.4. Factor Analysis

Based on the KMO test performed to determine the adequacy of the data on brand loyalty for factor analysis, the KMO value was 0.89 and Bartlett’s Test of Sphericity (Chi-Square: 1291.333 df: 15 p=0.00) was significant. The results suggested that the data was adequate for factor analysis.

For the brand trust scale, the KMO value was 0.92. Bartlett’s Test of Sphericity (Chi-Square: 1516.351 df: 15 p=0.00) was significant.

For the brand innovativeness scale, the KMO value was 0.85. Bartlett’s Test of Sphericity (Chi-Square: 1037.159 df=6 p=0.00) was significant.

Factor analysis results of the scales are presented in Table 2.

<p>| Table 2: Factor analysis results of the scales |</p>
<table>
<thead>
<tr>
<th>Scale</th>
<th>Items</th>
<th>Component</th>
<th>Eigenvalues</th>
<th>% of Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand loyalty</td>
<td>A5 I rarely switch from this brand just to try something different.</td>
<td>0.875</td>
<td>4.124</td>
<td>68.729</td>
</tr>
<tr>
<td></td>
<td>A2 This brand would be my first choice.</td>
<td>0.866</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A3 I will not buy other brands if this brand is available at the store.</td>
<td>0.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A1 I consider myself loyal to this brand.</td>
<td>0.851</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A4 I would rather stick with my brand I usually buy than try something I am not very sure of.</td>
<td>0.761</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A9 I rarely take chances by buying unfamiliar brands even if it means sacrificing variety.</td>
<td>0.748</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand trust</td>
<td>B4 This brand guarantees satisfaction.</td>
<td>0.877</td>
<td>4.431</td>
<td>73.853</td>
</tr>
<tr>
<td></td>
<td>B6 I feel confidence in this brand.</td>
<td>0.871</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B3 This is a brand that never disappoints me.</td>
<td>0.865</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) \(\chi^2\)=Chi-Square; df=Degree of Freedom; CFI=Comparative Fit Index; RMSEA=The Root Mean Square Error; GFI= Goodness of fit index, AGFI = Adjusted goodness of fit index.
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<table>
<thead>
<tr>
<th>Brand innovativeness</th>
<th>B8 This brand would compensate me in some way for the problem with the product.</th>
<th>0.854</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B2 I could rely on this brand to solve the problem.</td>
<td>0.851</td>
</tr>
<tr>
<td></td>
<td>B7 This brand would make any effort to satisfy me.</td>
<td>0.837</td>
</tr>
<tr>
<td></td>
<td>K2 This brand is pioneer in its category through its innovations.</td>
<td>0.921</td>
</tr>
<tr>
<td></td>
<td>K3 This brand is the first thing to come to mind when the subject is innovation.</td>
<td>0.911</td>
</tr>
<tr>
<td></td>
<td>K4 This brand is a pioneer in its category.</td>
<td>0.906</td>
</tr>
<tr>
<td></td>
<td>K1 This brand is more creative than its rivals.</td>
<td>0.861</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.238</td>
</tr>
</tbody>
</table>

6.5. Results Relating to the Research Model

The regression coefficient was 0.82 as a result of brand loyalty prediction by brand trust ($\chi^2/df=2.738; \text{RMSEA}=0.071; \text{GFI}=0.95; \text{AGFI}=0.91; \text{CFI}=0.98$). Since the relationship between brand trust and brand loyalty reduced (0.55) when brand innovativeness mediated that relationship in the research model presented in Figure 2, brand innovativeness was considered having a partially mediating effect ($\chi^2/df=1.909; \text{RMESA}=0.05; \text{GFI}=0.94; \text{AGFI}=0.92; \text{CFI}=0.98$). In order to mention a mediating role among variables, the direct effects of the independent variable on the dependent variable should be significantly reduced or the relationship of these variables should become insignificant after the mediating variable is included in the analysis (Baron & Kenny, 1986).
7. DISCUSSION

The purpose of the present study was to explore the relationship between brand trust and brand loyalty, and the role of brand innovativeness as a mediating variable in such relationship. The study results demonstrated that brand trust significantly, directly and positively affects brand loyalty, and brand innovativeness partially mediates the relationship between brand trust and brand loyalty. In this sense, this study primarily contributes to the brand management literature by revealing the mechanisms to develop brand loyalty among consumers.

Brand trust and brand loyalty are of strategic importance for brand management (Chaudhuri & Holbrook, 2001). A strong brand provides many advantages to an organization such as increased market share, improved opportunities for expansion and decreased costs of marketing (Delgado-Ballester & Munuera-Aleman, 2005). Trust is a key determinant of a long-term relationship, which drives individuals to develop positive behavioral intentions toward the exchange party (Lau & Lee, 1999). As an outcome of brand trust, brand loyalty represents a powerful emotional attachment (Dunn & Hoegg, 2014). As assumed in Hypothesis 1, the first finding of the present study indicates that brand trust has positive and direct influence on brand loyalty, which is consistent with the previous studies by Pan et al. (2008), Ahmed et al. (2014), and Sweeney and Swait (2008). This result may contribute to the available literature on brand marketing as it confirms the predicting effect of brand trust, and organizations may also benefit from this result for developing strategies to measure and enhance brand trust in order to have loyal customers. In this regard, future studies may individually investigate the subdimensions of brand trust to bring insight to the development of brand trust for having a loyal customer base.

As assumed in Hypothesis 2, the second finding of the present study demonstrated a positive relationship between brand trust and brand innovativeness. Innovation is an aspect critical to organizations in terms of gaining a competitive edge and brand with innovative offerings are likely to have a considerable effect on future purchase behaviors of consumers (Rosenbusch et al., 2011). This result suggests that consumers perceive a brand as innovative when they have trust in that brand, which is in line with the study by Hanaysha and Hilman (2015). Brand innovativeness was also found related with brand loyalty in the present study, as assumed in Hypothesis 3. This implies that consumers become more loyal to a brand when they perceive that brand as innovative. Furthermore, the study results showed that brand innovativeness mediates the relationship between brand trust and brand loyalty, as assumed in Hypothesis 4. Consistent with the study by Naveed et al. (2012), these findings may advance the brand management literature by showing a mediating mechanism from brand trust to brand loyalty. As brand innovativeness is about the perception of consumers, future studies may explore the factors affecting innovativeness beliefs among consumers from different age groups to reveal the generation differences.

REFERENCES


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