THE INFLUENCE OF CUSTOMER ENGAGEMENT ON BRAND ASSOCIATIONS AND CUSTOMER LOYALTY IN SOCIAL MEDIA ENVIRONMENT

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Abstract
Customer Engagement (CE) is emerging in the marketing literature with preliminary research indicating that it has an important construct that not only reflects consumers' interactive experience and the relationship within brand communities but also is conducive to a firm's financial value. Contemporaneously, regarding within interactive, progressive business environments, CE represents a strategic imperative with the aim of boosting business performance including sales revenue, outstanding competitive advantage, and profitability. Likelihood, empirical studies suggested that considering customer loyalty, CE is a decisive strategic imperative.

However, there were studies toward exploring antecedents and consequences of CE, it has no consensus among researches for this problem. Specifically, while CE is suggested is antecedent to lead to perceived value, corporate reputation, brand image and loyalty. It is also demonstrated to be consequences of these constructs. The statement that a company's activities to acquire engaged customers are beneficial for brand image and corporate reputation and improve perceived value creates a heat debated among authors these days. Concurring with this observation, we suggest that specific CE relational outcomes may expand to activate as CE antecedents in ensuing CE procedure and/or cycles over time. Therefore recognizing the repetitious nature of the engagement process is the goal's paper.

Keywords: customer engagement, perceived value, brand image

Introduction
Do not exaggerate to say that the customer is always an important part of influencing all the business activities of the business and contributing to the success or failure of a business. Especially, in the trend of globalization and economic integration, today, the business environment has changed, the competitiveness of enterprises is increasingly fierce, customer will have more choices when deciding. Spending money on a product or service, this means that customers can leave their current products, services anytime if the business is not to please them. No other company can afford to change the policy constantly to fit all customers, so it's best to build their loyalty to their
product, make them become being more connected to the business is one big goal that every sustainable business wants to achieve.

Customer engagement is emerging in the marketing literature with preliminary research indicating that it has an important construct that not only reflects consumers' interactive experience and the relationship within brand communities ((Brodie et al. 2011a) but also is conducive to a firm's financial value (Bijmolt et al. 2010; Kumar et al. 2010), etc. Correspondingly, it is suggested that one of the important strategic imperative referring customer loyalty is customer engagement (Bowden 2009). Therefore, social media channel have become extremely important for customer engagement process and the development of customer loyalty which is recognized as important tools for organizations seeking to build long-term sustainable business relationships and provoking future consumption (Kumar et al., 2010; Brodie & Hollebeek, 2011; Vivek, Beatty, & Morgan, 2012). Even though, the fact that explored antecedents and consequences of many types of research is quite nebulous and is lack consensus, still there are many constructs which have an influence on customer engagement such as brand image, corporate reputation, perceived value, satisfaction, involvement & community value, major group its antecedents are reviewed such as loyalty, trust, WOM, repurchase intention, brand usage intention & perception value. Notwithstanding, I propose perceived value (Hollebeek & Chen, 2014; Hapsari et al., 2016) corporate reputation (Van Doorn et al., (2010), brand image (Hapsari et al., 2016), and satisfaction (Van Doorn et al., 2010) would be appropriate to explain the antecedents of customer engagement. Customer loyalty is a comprehensive construct that presents the consequence of customer engagement (Kemp, 2015; Banyte, 2014).

Thus, this paper promotes a new integrated conceptual framework, looking for the role of customer involvement through social media in creating customer loyalty and examining the casual communication among customer engagement with perceived value, satisfaction, brand image, corporation reputation, and loyalty. The result of this research will assist companies in identifying that these factors are interactions. The study tries to achieve better insights into these marketing constructs. Though, first of all, it is necessary to explore customer engagement concepts.

Customer engagement

Depth analysis of the research of concept of customer engagement and stimulating researchers to focus on the development of conceptual understanding and identifying the characteristics of the engagement construct (MSI 2010) is necessary. In during past time, therefore there are several studies have performed exploring customer engagement concepts which can be classified into main five types. Firstly, customer engagement is suggested as is "customers' behavioral manifestations". Secondly, it is
viewed as a psychological state that demonstrates a customer’s typical psychological state formed by the specific interactive experience of individual with a focal engagement object (e.g. a brand) (Brodie et al. 2011, 2013; Vivek et al. 2012). Thirdly, sometimes customer engagement is illustrated as combining of two aspects (behavioral and psychological structures). Particularly, So et al. (2016) displayed that “Customer engagement as a higher-order construct comprising five first-order factors, including enthusiasm (or vigor), attention, absorption, interaction, and identification”. Fourth, several researchers have characterized engagement as a motivational state (Kahn, 1990; Brodie et al. 2011; Schaufeli et al., 2002; Achterberg et al., 2003; Hollebeek, 2011a/b). Finally, considering customer engagement as a process, significant difference from the above authors, Yang, Ho, Sung (2016) argued that “CE can be defined as a process whereby the customer actively participates in an activity held by or related to service providers, and then shares his or her knowledge or expectations regarding this activity with other customers”.

While value perception is illustrated as the comparison between the cost (time, money and energy) given and the customers gain benefits from it (Zeithaml et al., 2013), (Kassim et al., 2014) suggested that perceived value is a model that captures any benefit-sacrifice discrepancy as same as disconfirmation does for diversity between expectations and perceived act. In service context, Patterson and Spreng (1997) had noticed that the positive and direct antecedents of customer satisfaction create customer’s psychological value. A perceived value markedly relate to satisfaction (Omar et al., 2011) and is precise input to satisfaction Rust and Oliver (1994). Additionally, McDougall and Levesque (2000) record that perceived value plays as the most forceful antecedent of customer satisfaction in an experimental study on restaurants, auto repair, hairstyling and dental services. After purchasing, customer perceived value will determine the customer’s satisfaction (Lin, 2003. p. 29). Perceived value is a critical factor in gaining a competitive advantage and is considered as an indicative predictor of customer satisfaction (Milfelter et al., 2011. p. 610). A study on the Taiwanese hotel industry, Clemes et al. (2009) came up with the statement that customer perceptions of the value obtained notably affected customer’ satisfaction. Referring Fornell et al. (1996) and Cronin et al. (2000) research, value perception together with tangibles, reliability, responsiveness, empathy and guarantee aspects of service quality took a critical role in assessing customer satisfaction. Tam (2004) argued that if customers recognize that the value or quality of a service received back exceeds the costs of obtaining that service, this will result in high satisfaction and consequently may positively increase loyalty. As the same way, Lee et al. (2007), Bojanic (1996) and Woodruff (1997) processed an examination on the multiple dimensions of perceived value and investigated how satisfaction can be affected by value. Some previous studies
have insisted that high levels of perceived value result in a similar rate of customer satisfaction and purchases (Parasuraman et al., 1985; Bojanic, 1996). Lai and Chen (2011) show that perceived value of customer has a positive impact on customer satisfaction: the higher offer of the perception of value, the higher the satisfaction of public transportation users. Accordingly, the first hypothesis is proposed:

**H1: Perceived value will have a positive impact on customer satisfaction**

Value perception displays a "consumer’s overall evaluation of the utility of a product/service based on the perception of received object and given object" (Zeithaml, 1988), therefore displaying a corresponding rate, or trade, between quality and price (i.e. the concept of value-for-money; Sweeney and Soutar, 2001; Kaltcheva et al., 2013b). Engagement is accompanied with a value perception by consumers, which explain the difference between successful and failing definition within online communities (Hollebeek, 2013; Seraj, 2012). More importantly, the state of perceived value is also one of the antecedent factors of customer engagement has been revealed across studies which leads to the conclusion of the perceived value aims to drive customer engagement (Brodie et al., 2011). Moreover, while Hollebeek & Chen (2014) indicated that perceived value have an influence engagement toward a brand, Verma et al. (2012) shows that the social interacted with brand values positively have an impact on customer engagement to those who have a social network Fanpage. When processing an analysis of interrelationships between airline passenger loyalty and marketing constructs, Hapsari and Dean (2016) recorded that customer engagement is dominated by customer perceived value. At the point that customers gain positive value from a service, they may be encouraged to level up their engagement with the service providers, either to obtain more value in future trading or for psychological reasons (Brodie et al., 2013).

An engaged customer express a positive experience with the organization is more likely to increase her awareness of the derived value (Vargo and Lusch 2004). When an individual is highly engaged, he/she will derive internal and external value from this focus on the engagement (Vivek et al., 2012). As a result, the more engaged an individual is in approaching a goal (e.g. brand), the more value can be gained (Hollebeek, 2013). Correspondingly, the next hypothesis is proposed:

**H2: Perceived value will have a positive impact on customer engagement**

In Relationship marketing theory, customer satisfaction is viewed as the main antecedents of long-term relationships and it is considered as an emotional reaction stemmed from any specific transaction (Olive, 1981). Several studies also point out that customer satisfaction is a robust predictor of customer engagement. Ray et al. (2014) suggest that members who are satisfied in a high rate with prior interactions in their
online communities are more likely to be more engaged than others since they have had more opportunities to develop engagement.

According to the conceptual construct proposed by Van Doorn et al. (2010), attitudinal factors are among the most critical factors influencing on customer engagement. Thus, a higher rate of user satisfaction with an online game will result a higher level of players’ engagement to the focal game (Bowden 2009). Furthermore, once customers find out that a company can identify their needs and satisfy them, they might experience pride and confidence in the brand, believe in its entirety and have a passion towards the brand (Brodie et al., 2011). When performing an empirical research on mobile user engagement, Kim et al., (2013) [58] demonstrated that the higher the customer satisfaction, the more likely they are to engage into value creation. The research of Dong et al. (2008) also supports this type of relations between customer engagement and satisfaction. Thus, we propose the 3rd Hypothesis.

**H3** Satisfaction will have a positive effect on customer engagement

The relationship between customer engagement and loyalty of customer to the company would be detected through this examination. However, it could take a notice that researchers demonstrated them in a variety of methods. When investigating relationship between customer loyalty and customer engagement into value creation, Grisseman and Stokburger-Sauer (2012) studied the positive relationship between customer loyalty and the degree of customer engagement into value creation. As shown in Banyte (2014) research, loyal customers have more intent to proper participation in a value creation. In any cases, logically, when loyalty customers always seek for greater benefits for maintaining a long-term relationship, they suggested that loyalty is certainly related to customer engagement into value creation. Customer engagement can possibly lead to successful marketing results, such as loyalty, spreading word-of-mouth, the weight of wallet and cross-selling (Vivek et al., 2012). It is proved by Sprott et al., (2009) that customer get engaged with a brand influences customer outcomes such as brand perceptions and brand attitudes and thus have a considerable impact on brand loyalty. Finally, when a consumer engages in a typical product, she/he is likewise to develop more favorable attention toward company, or brand, leading to entity loyalty (Vivek et al., 2012; So et al., 2016).

Referring to it, we form the following hypothesis:

**H4** Customer engagement will have a positive impact on customer loyalty.

Two aspects considered to be critical of the overall firm assessment include corporate image and reputation (Bitner, 1990, 1991; Sarstedt et al., 2012;; Gummesson and Gronroos, 1998; Andreassen and Lindestad, 1998; Andreassen and Lanseng, 1997;
Kandampully and Hu, 2007; Gronroos, 1984) regarding the strength that determine in the perception and interaction of customers when hearing the name of the institute (Fombrun, 1996; Nguyen, 2006; Hatch et al., 2003). Moreover, Porter (1985) suggested that a good reputation helps organizations conduct stronger relationships with the customer. Brands obtain higher reputation or higher levels of brand equity are more likely to engender higher levels of positive customer engagement (Walsh et al. 2009). Nonetheless, when a failure occurs, in case of customer engagement, the negative fallout may be higher as well. If a brand including relatively high brand equity or reputation fails, it may result in a higher disproportion of disappointment (Roehm and Brady 2007) than a similar brand with a lower reputation.

On the other hand, the relationship between customer engagement and company image displays the direction and level of brand positioning in a consumer’s mind (Park et al., 2010). In addition, Keller (2013, p. 3) integrates that brand image is a “the brand associations gained in a consumer’s memory reflects their perception”. Additionally, reported by Gronroos (1984), corporate image is viewed as a strainer which influences the perception of the company’s operation. That means that there a positive bond between brand image and corporate reputation and customer value resulting in customer behavioral intention. A company will have a strong customer engagement if their brand image and reputation convince customers believe that they receive higher value when making deals with the company. Thus, we assume that if perceived value is at a high level, this will consequently enhance the influence of corporate reputation and brand image on customer engagement. That explains why next hypotheses are proposed:

H5-1 Brand image moderates the relationship between perceived value and customer engagement.

H5-2 Corporate reputation moderates the relationship between perceived value and customer engagement

Hence, on the platform of above discussion, the integrated conceptual framework was formed and shown in figure 1.

![Diagram](image-url)
Methods

The questionnaire employed in this existing research was designed following a wide review of the literature which produced scales for the CE, perceived value, corporate reputation, brand image, customer loyalty and satisfaction, as these scales have been progressed and used in marketing research on several contexts. The items used for above constructs were presented and respondents were asked for their opinions. The number of participants was 516.

Measures

The items used in the current investigation are based on theoretical inspections on corporate reputation and were stemmed from previous studies (e.g., Davies et al., 2002; Fombrun et al., 2000). The brand image scale gathers items which based on Aaker’s (1996) and Villarjo’s (2000) scales.

The instrument to measure consumer satisfaction was adopted from Saha (2009), Henning-Thurau et al. (2002), Bitner (1990) and Chen (2008). The instrument contained 10 items measuring satisfaction level of respondents regarding the restaurant services. For the customer engagement scale, Vivek’s (2009), Algesheimer et al.’s (2005), Ashforth and Mael’s (1989) and Wiertz and de Ruyter’s (2007) scales developed and validated in previous researches.

The instrument to measure loyalty is adopted from Brodie et al. (2009). The instrument included of 10 items explaining level of respondent loyalty with the restaurant services. The used instrument measuring perceived value was adopted from Chen (2008), Brodie et al. (2009) and Rye et al. (2008) the instrument contained 10 items.

All items considered in the constructs were measured by a 7-point assessment scale ranging from “strongly agree” (7) down to “strongly disagree” (1).

Research model

Structural equation modeling approach was going to determinate the research model in the test. AMOS 20 was used to assess the parameters and calculate the fit of the model shown in Figure 1. Regarding of Likert-scaled items, 2 different options including a path analysis with a latent variables-the common factor of the sets of item-scores and a simple path analysis of the item-sums (McDonal, 2002) which we can choose one of them to apply for examination. As for this study, the later approach will be employed to test the proposed conceptual model.

Results
After removing the invalid answers, 516 out of 555 survey responses were used to analyze. The respondents’ demographic characteristics are summarized in Table 1. While most of the respondents were male, accounted for 58.7% of sample size, female only capture 41.3%. Among the respondents, 26.7% were under 30 ages, 54.5% were between the ages of 30 and 40, remain 18.8% were above 40 ages. Most respondents, 76.2% chose “popular restaurant” enjoy the meals. This can be explained by their relatively low income, the majority of respondents (68.8%) have income from 3 to 8 million VND, 7.8% of the respondents have income very low (under 3 million VND).

<table>
<thead>
<tr>
<th>Table 1: Demographic characteristic of respondents</th>
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<tbody>
<tr>
<td>Gender</td>
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<tr>
<td>Male</td>
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<tr>
<td>Female</td>
</tr>
<tr>
<td>Age</td>
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<tr>
<td>Under 30</td>
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<tr>
<td>30-40</td>
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<tr>
<td>Over 40</td>
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<tr>
<td>Income</td>
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<tr>
<td>Under 3 million</td>
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<td>3 - 8 million</td>
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<td>Over 8 million</td>
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<tr>
<td>Restaurant</td>
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<td>Popular Res.</td>
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<td>Luxury Res.</td>
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</tbody>
</table>

In measures of internal consistency were computed and items contain low reliability were deleted or modified respectively. Regarding Churchill’s recommendation, first, coefficient alphas were investigated along with item-to-total correlations. Items with means too near the response range’s endpoints will have tendency to decrease a correlation of item with other items and finally coefficient alpha. The evaluation scale was used in deciding whether to eliminate an item is the item-to-total correlation, an evaluation of the correlation between a singular score of item and the scores’ sum on all other items deciding the dimensions to which the item was assigned. Accordingly, 71 items were clarified by computation of item-to-total correlations employing the suggested cutoff .50. As summarized in Table 2.

<table>
<thead>
<tr>
<th>Table 2: Summary of internal consistency test</th>
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<tr>
<td>Constructs</td>
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<td></td>
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<tr>
<td>Perceived value</td>
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<tr>
<td>Brand image</td>
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<td>Corporate reputation</td>
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</tbody>
</table>
As shown in table 2, from 0.510 to 0.878 and from 0.920 to 0.960 represent the original item-to-total correlations /coefficient alphas rank, respectively. We eliminated six items across the six domains to boost the respective item-to-total correlations /coefficient alphas. Item-to-total correlations/coefficient alphas for the revised items take up from 0.649 to 0.880 and from 0.921 to 0.960, respectively across the six domains suggesting a reliable measure. In the stage of scale purification, the computation of factor analysis is processed to examine the dimensionality of the 65-item scale and also further evaluate the scale’s reliability.

From the analysis of model 1 (65 items), we decide to deleted 12 items to improve customer engagement and loyalty. In the next step, a CFA using AMOS Graphic performance was observed to see whether the clarified 37- items instrument confirms the data well.
Figure 2: Confirmatory factor analysis

Table 3: Comparison of model fit indices between model 1 and 2

<table>
<thead>
<tr>
<th>Index</th>
<th>Value</th>
<th>Indication of fit for model 2</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>65 items</td>
<td>3.309</td>
<td>acceptable Carmines and McIver, 1981</td>
</tr>
<tr>
<td>Model 2</td>
<td>47 items</td>
<td>2.548</td>
<td>acceptable Carmines and McIver, 1981</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.067</td>
<td>0.055</td>
<td>Good Browne and Cudeck, 1993</td>
</tr>
<tr>
<td>RMR</td>
<td>0.085</td>
<td>0.067</td>
<td>Good Hair et al., 2005</td>
</tr>
<tr>
<td>GFI</td>
<td>0.727</td>
<td>0.864</td>
<td>Improved Joreskog and Sorbom, 1984</td>
</tr>
<tr>
<td>IFI</td>
<td>0.859</td>
<td>0.946</td>
<td>Good Bentler and Bonett, 1980</td>
</tr>
<tr>
<td>TLI</td>
<td>0.851</td>
<td>0.941</td>
<td>acceptable Bentler and Bonett, 1980</td>
</tr>
<tr>
<td>CFI</td>
<td>0.858</td>
<td>0.946</td>
<td>Good Bentler and Bonett, 1980</td>
</tr>
<tr>
<td>PNFI</td>
<td>0.772</td>
<td>0.832</td>
<td>Good James et al., 1982</td>
</tr>
</tbody>
</table>

Table 3 represents the fit indices for model 2. The results point out that Model 2 with 47 items is reasonable fit of the data to the model. Items were deleted from the model structure shows the melioration in the instrument with related to parsimony. The decreasing of the RMSEA value for model 2 (0.055) indicates the improvement in the model structure. The drop of X2 value for Model 2 compared to Model 1 illustrates an improvement in the model specification. Compared with the structure of model 1, taking a look at model 2, the values for PNFI (0.832), TLI (0.941), CFI (0.946) grew, while RMR value (0.067) dropped, this also shows a better fit to the data.

The results of testing hypotheses shown that that perceived value, satisfaction and brand image influence on customer engagement which in turn also effect on customer loyalty. However, corporate reputation did not moderate the relationship between perceived value and customer engagement. Understanding what corporate reputation, satisfaction, perceived value, brand image and loyalty drive customers to engage with a specific brand or corporation can help business managers to better segment and assess their customers’ engagement.

The object of this research is to develop holistic theoretical customer engagement model by using higher-marketing constructs. This model may serve as a theoretical fundamental designing measurement instrument for managers (Pratminingsih, et al., 2014). Because of there was no consistency between the authors in exploring influence of these constructs on customer engagement, specifically there is no study that suggest a holistic model to explore interaction between customer engagement with these factors and this research handles a gap in current customer engagement literature;
Limitation which should be taken into consideration is the study was conducted with Vietnamese consumers. By translating English items into Vietnamese, there is possibility that the misunderstanding might be unintentionally occurred. Additional research is needed with other different customer groups. In this research, we only concentrate on the moderating role of brand image and corporate reputation without assessing the role of some demographic characteristics. Thus, further researches should be conducted to examine the moderator impacts of age, income, gender and occupation on customer engagement.

References


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