EXAMINING THE RELATIONSHIPS AMONG THE CUSTOMER EQUITY DIMENSIONS. 
EMPIRICAL EVIDENCE FROM FAST FASHION

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ABSTRACT

These days, internet technology has progressed and advanced. Customers today can buy many items on the Internet. These online platforms create opportunities for companies to become part of their customers’ social lives, by shifting marketers toward a strategy of creating experiences as well as managing relationships with individual customers. Mobile communication solutions will be crucial to increasing interaction between customer and employees and will positively influence the shopping experience. The purpose of this paper is to provide an improved understanding of empirical test a cognitive-behavioral model of the perceived benefits of social networking sites (SNSs), trust in SNSs, brand trust, brand loyalty and customer equity in the context of fast fashion brand communities in Jakarta-Indonesia. Data was collected using a panel sampling with 60 participants from the millennial generation. The model was tested using structural equation modeling. The causal model was validated using SmartPLS 3.0. The results indicated that Instagram users who believe they receive practical benefits from engaging in Instagram were likely to trust the sites instead of directly forming trust toward the brand. However, perceived entertainment benefits and social benefits did not influence trust in SNS. This study found that brand trustworthiness is directly predicted by trust in SNS. Brand trust persuades a high degree of brand loyalty for fast fashion brands, and resulting customer retention to ultimately increase sales.

Keywords: Practical Benefit, Entertainment Benefit, Social Benefit, Trust in SNS, Brand Trust, Brand Loyalty, Customer Equity.

INTRODUCTION

The development of internet technology at this time has progressed and advanced. This plays an important role in all areas including retail services. This condition is in line with the increasing needs and lifestyles of Jakarta people who are trying to use the time as efficiently as possible due to traffic congestion constraints in the Indonesian capital. They assume that online shopping services make it easier for them to shop without having to come to the shopping center (Aulia and Briliana, 2017). The number of urban women aged 18-50 years who are the potential market for fashion products is approximately ±35 million in Indonesia (Briliana and Mursito, 2017). In 24 hours 7 days (24/7) they spend a lot of time one of them by looking at the phone screen anytime and anywhere to access social media, such as Facebook (Briliana, 2016), Instagram and browsing on the internet for various needs (Briliana, 2017).

Social media describes internet-based applications that help consumers to share opinions, insights, experiences, and perspectives. Furthermore, social media allow internet users to create content about almost anything, including organizations, products, and brands (Kaplan and Haenlein, 2010). Main purpose social media constitute a conduit through which consumers can engage in eWOM. Social media encompasses a variety of online information-sharing platforms such as social networking sites (e.g. Facebook, MySpace, and Instagram), creativity works-sharing sites (e.g. YouTube and Flickr), collaborative websites (e.g. Wikipedia) and microblogging sites (e.g. Twitter). Among various industries, apparel is the fastest-growing segment in e-commerce, and leveraging SNSs has become a strategic communication vehicle for apparel brands. Specifically, many fast fashion brands with zero advertising expenditure policies (i.e. Zara) have relied on SNSs as a means of effectively communicating with their target markets. Although consumers have recognized benefits derived from engaging in SNSs (Baird and Parasnis, 2011; Aulia and Briliana, 2017).

Based on an online news report released by Association of Internet Service Companies Indonesia in 2017 (APJII, 2017), Indonesia was reported to have more than 143.25 million internet users in 2017, and about 87.13% have social media accounts. Furthermore Indonesia has the largest Instagram community in Asia Pacific. Sharing important moments in someone’s life is obviously a popular activity here. Photo-sharing app Instagram claims it records more than 45 million active users every month in Indonesia and a user growth of more than 100 percent since last year (Jakartaglobe,2017). Companies in apparel industries also give importance to Netizen (i.e.Instagram user) because they often use branded apparel products and tend to share their experiences with brands. That’s why an Instagram user generates an important market segment. As the main purpose of marketing communication is to improve customer equity drivers by strengthening customer relationship and creating a purchase intention, brand loyalty and literally customer equity. Brand communities on Instagram are characterized by certain special elements compared with other virtual brand communities that may offer clues to the kind of benefits consumers are seeking. The importance of this study can be seen from at least two viewpoints. First, the discussion about the subject interrelationship among SNSs benefit, trust and customer equity, especially in the fast fashion product context, is still limited, so this study can fill the gap in the literature. Second, this present study focuses on brand communities fast fashion ZARA Indonesia, which accounts member more than 3 million in Indonesia.The aim of this study is to examine the cognitive-behavioral model of the perceived benefits of social networking sites (SNSs), trust in SNSs, brand trust, brand loyalty and customer equity in the context of fast fashion brand communities (i.e. Instagram ZARA) in Jakarta-Indonesia.

LITERATURE REVIEW
Understanding of SNSs users’ perceived benefits—trust—loyalty—customer equity relationship can be integrated into relationship marketing programs. Morgan and Hunt (1994, p.22) point out that relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges. Successful relationship marketing programs can influence purchase intentions and improve customer loyalty and firm performance through stronger relational bonds (Wulf et al., 2001). Previous studies (i.e. Dholakia et al., 2004; Gummerus et al., 2012; Kananukul et al., 2015), indicated that consumers tend to engage in SNSs communities because of perceived practical, social and entertainment benefits derived from SNSs (i.e. Facebook).

Practical Benefit and Trust in Social Network Sites

Practical benefits are generated from sharing information when consumer interaction with a marketer's social media profile page (Baird and Parasnis, 2011). Gummerus et al., (2012) revealed that Practical Benefit refers to the Instrumental benefits that are derived from information advantage. Practical benefits include informational and instrumental benefits (Dholakia et al., 2004). The community can become a channel for customer feedback and questions, which leads to informational benefits. This study using definition of practical benefit according to Kananukul et al., (2015). Practical Benefit is operationalized as the fundamental benefits consumers get in the form of information about a product/service as they interact on the social media marketers page.

Entertainment Benefit and Trust in Social Network Sites

Based on a study by Kananukul et al., (2015), in a brand community context, entertainment can be expected to be even more important than on electronic communities. People spend their time browsing the community pages and applications such as games can be incorporated to a Instagram official. Entertainment benefits are derived from relaxation and fun (Dholakia et al., 2004) and could be motivating community participation. In Alsamaydai dan Khaswaneh (2016), entertainment is perceived to be the opinion of consumers’ in regards to how enjoyable, pleasing, exciting and fun to see that they find advertisements to be. According to Kananukul et al., (2015) entertainment benefit is operationalized as the form of benefits that consumers feel in the form of feelings of fun, interest and relaxed when visiting the social media marketers page.

Social Benefit and Trust in Social Network Sites

Zeithml et al.,(2006, p.153) define social benefit as a overtime, customers develop sense relationship with their service products, in some long-term relationship, a service provider may actually become part of the customer social support system. Social benefits are derived from interaction between the company and the customer and refer to recognition or even friendship (Gwinner et al., 1998). Based on a study by Gummerus et al. (2012), social benefits are obtained through social enhancement. That is, when consumers want to feel their efficacy or be recognized in the community, they may engage in discussions with other users, giving/receiving help, resulting in their social enhancement. In this study, Kananukul et al., (2015) definition of social benefit is used. The social benefit is operationalized as the benefits consumers experience when they feel connected to marketers can build a friendship, give or receive help from other members and be recognized in a community in social media.

Trust in Social Network Sites and Brand Trust

Kotler and Keller (2016, p. 231) define trust as a willingness of a firm to rely on a business partner. In the context of SNSs, Grabner-Kräuter (2009) referred to trust as a belief or expectation about the other (trusted) party, or a willingness to rely on another party. Chaffey (2015, 17) revealed that Social Networks Sites as the Sites that facilities peer-to-peer communication within a group or between individuals through providing facilities to develop user generated content (UGC) and to exchange messages and comments between different users. In Wu and Chang (2006) study, the Trust in a Web site as an important factor influencing consumer purchasing decision. This study using definition of Trust in SNSs according to Kananukul et al., (2015). Trust in SNSs is operationalized as a consumer’s willingness to trust the SNSs.

Brand Trust and Brand Loyalty

Brand trust is defined as an important mediator factor on the consumer behaviour before and after the purchase of the product, and it causes longterm loyalty and strengthens between two parties (Liu et al., 2011). With brand trust, a company can keep its customers for a long time and increase their satisfaction (Briliana, 2017). Tashkent et al., (2016) revealed that brand trust as the 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. Based on the study from Chaudhuri and Holbrook (2001) brand trust leads to brand loyalty because trust creates exchange relationships that are highly valued. The study by Pentina et al (2013) about the online context noted that support the positive effect of trust on loyalty, indicating that brand trust is a central determinant of brand loyalty. Brand trust affects brand loyalty, this is because when the consumer already believes and feels a brand can fulfill its promise, then they repurchase moreover create brand loyalty (Kananukul et al., 2015). In this study, Kananukul et al.’s (2015) definition of Brand trust is used. Brand trust is operationalized as a consumer's sense of security towards a brand before and after making a purchase that can be a factor of consumer behavior will loyalty to a brand.

Brand Loyalty and Customer Equity
Brand loyalty is the result of a consumer’s search and evaluation process, which leads to beliefs of brand appropriateness or superiority (Kananukul et al., 2015). The study by Briliana (2017) about the online shopping noted that brand loyalty means consumers purchase only one brand. Previous researchers (i.e. Kananukul et al., 2015) found that brand loyalty affects consumer equity. Kotler and Keller (2016, p.323) define brand loyalty as a predictability and security of demand for the firm, and it creates barriers to entry that make it difficult for other firms to enter the market. Researchers generally define brand loyalty as how often a consumer buys a brand, whether they ever replace it with another brand, if ever, how often and how committed they are for buying the brand on a regular basis (Schiffman dan Wisenbilt, 2015, p.169). The relationship between brand loyalty and customer equity relative to the number of purchases and purchase volume is also revealed in the literature.

**Customer Equity**

Kotler and Keller (2016, p. 350) define as a concept that is complementary to brand equity and reflects the sum of lifetime values of all customers for a brand. Rust et al., (2004) revealed that customer equity is the measure of each customer’s expected contribution offsetting the company fixed cost over the expected lack of that customer. Kananukul et al., (2015) point out that customer equity defined as the discounted sum of customer lifetime values, has been considered the most determinant of the long-term values of firm. Extending the original definition to our context customer equity can be defined as the discounted sum of customer lifetime values, which is made up of components such as brand loyalty. As a brand's engagement in social media performs as a marketing activity to build a relationship with customers and increase corporate profits, fast fashion brands' social media activity is expected to initiate positive influence on the drivers of customer equity.

**THEORETICAL FRAMEWORK AND HYPOTHESIS FORMULATION**

Based on the review of related literature, this study fills the gap by proposing a research objective to understand the relationships between constructs. The main objective is to investigate interrelationships among SNSs benefit, trust and customer equity in the context of fast fashion brand communities in Jakarta. This study has proposed a research model (figure 1). The following hypotheses were put forward in this study:

H1. Perceived (a) practical benefit, (b) entertainment benefit and (c) social benefit positively influences trust in SNSs.
H2. Trust in SNSs positively influences brand trust.
H3. Brand trust positively influences brand loyalty

![Figure 1 Conceptual Framework](image)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Measurement Items</th>
<th>Reference</th>
</tr>
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<tbody>
<tr>
<td>Practical Benefit</td>
<td>PB1: It is easy to find information about products from SNS.</td>
<td>Gummerus et al. (2012)</td>
</tr>
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<td></td>
<td>PB2: SNS usually make information about products immediately accessible.</td>
<td>and Kananukul et al. (2015)</td>
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<td></td>
<td>PB3: Most SNS provide timely information about products.</td>
<td></td>
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<td></td>
<td>PB4: Generally, SNSs are a good source of products.</td>
<td></td>
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<tr>
<td></td>
<td>PB5: I visit SNS just to look for information.</td>
<td></td>
</tr>
<tr>
<td>Entertainment Benefit</td>
<td>EB1: I visit SNSs for entertainment purpose.</td>
<td>Gummerus et al. (2012)</td>
</tr>
<tr>
<td></td>
<td>EB2: I visit SNSs to relax.</td>
<td>and Kananukul et al. (2015)</td>
</tr>
<tr>
<td></td>
<td>EB3: It is fun to visit SNS.</td>
<td></td>
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<td></td>
<td>EB4: I visit SNSs to kill time when I am bored.</td>
<td></td>
</tr>
<tr>
<td>Social Benefit</td>
<td>SB1: I visit SNS because I want to provide information about products to other people.</td>
<td>Gummerus et al. (2012)</td>
</tr>
</tbody>
</table>
RESULTS & DISCUSSION

Construct for this study is customer equity. Meanwhile, trust in SNS, brand trust, and brand loyalty are the exogenous latent constructs. Structural equation modeling (SEM) path modeling 3.0 analysis was selected because it can assess all paths simultaneously efficiently with small sample sizes and complex models (Hair, 2017). The endogenous latent constructs (Hair, 2017) in this study. Moreover, Smart PLS 3.0 was used as it is the best software to explore constructs. Further, PLS-SEM was able to maximise the variance explaining the endogenous latent constructs (Hair, 2017) in this study. Moreover, Structural equation modeling (SEM-PLS) path modeling 3.0 analysis was selected because it can assess all paths simultaneously for model prediction works efficiently with small sample sizes and complex models (Hair, 2017). The endogenous latent construct for this study is customer equity. Meanwhile, trust in SNS, brand trust, and brand loyalty are the exogenous latent constructs.

RESEARCH METHOD

A self-administered questionnaire was distributed and collected from those who were followers of Instagram ZARA and had visited fast fashion SNS (e.g. Instagram ZARA) brand communities, they were followers of Instagram ZARA in the past three months were considered for analysis. Utilizing technology, the survey is done by google survey and delivered through direct message in Instagram. This reinforces the justification of respondents' selection habits that have the motivation, ability and opportunities connected to the internet for online shopping (Briliana et al., 2015). The respondents responded to the survey using an online Google survey form questionnaire. The questionnaire survey was passed to respondents using mobile phones using the WhatsApp application as this was convenient for the respondents to quickly answer the questions. A total of 60 completed questionnaires were collected from respondents. Smart PLS 3.0 was used as it is the best software to explore constructs. Further, PLS-SEM was able to maximise the variance explaining the endogenous latent constructs (Hair, 2017) in this study. Moreover, Structural equation modeling (SEM-PLS) path modeling 3.0 analysis was selected because it can assess all paths simultaneously for model prediction works efficiently with small sample sizes and complex models (Hair, 2017). The endogenous latent construct for this study is customer equity. Meanwhile, trust in SNS, brand trust, and brand loyalty are the exogenous latent constructs.

RESULT & DISCUSSION

From a distribution of 60 questionnaires, all of them were usable for further analysis. According to the respondents' profiles, the study found the majority (56.3%) were in the 19-24 year age group, employee (58.8%), lives in South Jakarta (46.3%) and most of them (28%) admitted that they followers of Instagram ZARA more than 2 years. The demographic information of the respondents is shown in Table 2.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Category</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>19-24 years old</td>
<td>48</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>25-30 years old</td>
<td>7</td>
<td>11.7</td>
</tr>
</tbody>
</table>

Table 2 Characteristics Sample
Table 3 summarizes the results of the measurement model. The item reliability, composite reliability (CR), and average variance extracted (AVE) (Hair et al., 2017) support the convergent validity of the CFA results. The CR, which shows the degree to which constructs indicators demonstrate the latent construct, ranged from 0.783 to 0.951, which was above the cutoff value of 0.7. The average variance extracted (AVE) ranged from 0.572 to 0.867, which was greater than 0.50, justifying the use of the construct. Overall, these results indicate that the measurement model has good convergent validity. The variance explained, $R^2$, are 0.594 (Trust in SNS), 0.468 (Customer Equity), 0.319 (Brand Trust) and 0.191 (Brand Loyalty) respectively.
Figure 2 Results of the Path Analysis

The PLS analysis results shown in Table 4 illustrates all the hypothesized relationships in this study.

| Hypothesis | Path | Original Sample (O) | Standard Deviation | T Statistic (|O/S|TERR) | Supported |
|------------|------|---------------------|--------------------|----------------|-----------|
| H1a        | PB   | TS                  | 0.666              | 0.078          | 8.594     | YES       |
| H1b        | EB   | TS                  | 0.119              | 0.118          | 1.008     | NO        |
| H1c        | SB   | TS                  | 0.087              | 0.119          | 2.731     | YES       |
| H2         | TS   | BT                  | 0.565              | 0.102          | 5.519     | YES       |
| H3         | BT   | BL                  | 0.436              | 0.118          | 3.694     | YES       |

Previous studies (i.e. Dholakia et al., 2004; Gummerus et al., 2012) indicated that consumers tend to engage in SNSs communities because of perceived practical, social and entertainment benefits derived from SNSs (i.e. Facebook). The results show that Hypothesis 1a is supported, as Practical Benefit was found to positively impact on Trust in SNS (β=0.666; t-value 8.594; p < 0.01). These findings are consistent with previous studies about the relationship between Practical Benefit and Trust in SNS (Kananukul et al., 2015). A positive and significant link between Social Benefit and Trust in SNS was found (β = 0.087; t-value 2.731; p < 0.01), which is consistent with H1c. These findings are consistent with previous studies about the relationship between Social Benefit and Trust in SNS. Previous research from Kananukul et al., (2015) shows the positive direct effects of Social Benefit on Trust in SNS. Based on review of Kim et al. (2008) and McKnight et al.’s (2002) studies, which emphasized the significant influence of consumers’ perceived benefits of SNSs (i.e. practical and social) on their trust in SNSs. Unfortunately Result H1b infer that the relationship between entertainment benefit and Trust in SNS is found not significant (β=0.119; t-value 1.008; p < 0.01). The result supported by Kananukul et al., (2015) argued that entertainment benefit has no significant impact on Trust in SNS. The reason why Indonesian consumers of Instagram users is unlikely to associate any relaxation and fun or entertainment with the credibility or trust of the SNS. Consequently, Instagram Indonesia users do not see the fast-fashioned SNSs brand community as trustworthy if users are only involved in SNSs for entertainment purposes.

In support of H2, a positive and significant link between Trust in SNS and Brand Trust was found (β = 0.565; t-value 5.519; p < 0.01). These results are consistent with the findings of Kananukul et al., (2015). In McKnight et al. (2002)'s study, trust in the Web site leads to trust in the vendor. Based on this study indicated that SNSs (i.e. Instagram) users who trust in SNSs were likely to display trust in the brand.

Results H3 of this study clearly show that the relationship between Brand Trust and Brand Loyalty (β=0.436; t-value 3.694; p < 0.01). These findings are similar to that of Kananukul et al. (2015) and Chung et al., (2015, pp.10). Based on a research study done by Laroche et al., (2012), the relationship between brand trust and brand loyalty is investigated in the context of enhanced relationships in a brand community. Brand trust induces a high degree of brand loyalty for fast fashion brands, and those individuals with higher brand loyalty are likely to purchase the brand’s products more frequently as well as in a higher volume.
In Bilgihan (2016)’s paper, the effect of brand trust on brand loyalty is investigated in e-commerce. The findings of the study show that trust is a crucial element for long-term business relationship in online context.

Finally, H4 indicated that the relationship between Brand Loyalty and Customer Equity is found significant (β = 0.684; t-value 11.156; p < 0.01). Moreover, this finding is similar to the results of Kananukul et al. (2015) found that provide practical implications to apparel brands for establishing customer equity through their brand pages on SNSs. Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory.

CONCLUSION

Companies need to create content that keeps customers visiting the Instagram officially and encourages them to engage also in transactional behaviors. Brand communities on Instagram are characterized by certain special elements compared with other virtual brand communities that may offer clues to the kind of benefits consumers are seeking. Moreover, to increase perceived practical benefits, companies should provide consumers with better information about their brand, offering information on products/services through text, photos or video, as it helps consumers feel more confident and improves their attitude toward the Instagram.

The limitations and future research directions are as follows. Although the research included general fashion SNSs brand communities users, the samples are not fully representative. In addition, a greater number of samples will better reflect the actual demographic profile of SNS users. Second, although the study results generally support the proposed model, the results are necessarily limited to the study’s context, which is Indonesia.

REFERENCES


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