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# THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND BRAND LOYALTY WITH VARIABLES MEDIATING BRAND EXPERIENCE AND TRUST

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#### **ABSTRACT**

**Keywords:** Corporate Social Responsibility (CSR); Brand Experience; Brand Loyalty; Brand Trust.

This study aims to test and analyze the effect of corporate social responsibility (CSR) on cosmetics consumer loyalty with brand experience and brand trust as mediating variables. The methodology in this study uses a quantitative approach with a purposive sampling technique. The criteria for respondents in this study are cosmetics consumers with an age range of > 17 years. The number of valid respondents in this study was 205. Data processing in this study is using the PLS-SEM method and SPSS. This study uses the variables of corporate social responsibility (CSR) influence, brand experience, brand trust, and loyalty. The results of this study indicate that the influence of corporate social responsibility (CSR) has a positive effect on brand experience. Corporate social responsibility (CSR) affects brand trust. Corporate social responsibility (CSR) affects brand loyalty, and brand trust affects brand loyalty.



#### Introduction

The growth of the cosmetic industry as the years go by is increasing rapidly, which is marked by the emergence of the cosmetic industry with various brands and diverse types of products. The need for cosmetics is an excellent opportunity for the industry to be able to compete (Amelia, 2023). The rapid market demand for cosmetic needs has triggered the growth of companies in the cosmetic sector by taking the opportunity to compete in the cosmetic industry. The diversity of existing cosmetic brands makes it easy for customers to buy preferred cosmetic brands and products with value for customers (Dam & Dam, 2021). Cosmetics are a mandatory need for women, so they have become one of the pillars of economic turnover, experiencing rapid growth (Budianto & Budiatmo, 2019).

New trends in the industrial world indirectly become why consumers often buy cosmetics for certain activities, and then they become a necessity for many enthusiasts in the cosmetic field. Based on statistical data from the pom agency (pom.go.id), in 2021, the number of cosmetic industries in Indonesia has increased by 20.6% compared to 2020, with the total number of industries in 2021 to 819, then in 2022, the number increased to 913 cosmetic industries (Brakus et al., 2009). The cosmetic industry in Indonesia mostly already has a halal label, so competition between cosmetic companies is increasing; here are some brands or cosmetic brands that have great interest in Indonesia, including:

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Table I
Sales of Cosmetic Products for the January-March 2022 Period

No	Brand Cosmetic	Sales	
1.			
2.	Maybelline	533.2 billion	
3.	Make Over	27.1 billion	
4.	Luxcrime	24.3 billion	
5.	Wardah	15.7 billion	
6.	Focallure	14.4 billion	

Table 1 data shows that cosmetic consumers are considered high, represented by the sales of several cosmetic products in Indonesia. This can be found in the first total sales of cosmetic products, namely the highest sales of the Maybelline brand, which was recorded to have sales of 533.2 billion, followed by the sales of the Makeover brand, which had a total of 27.1 billion. The Luxcrime brand earned total product sales of 24.3 billion, Wardah earned sales of 15.7 billion, and Focallure earned sales of 14.4 billion. The high number of sales of several cosmetic brands is undoubtedly influenced by several factors, including experience factors and brand trust, to foster loyalty to a particular cosmetic brand (Atulkar, 2020).

Loyalty results from trust in a brand and the desire to repurchase the brand because consumers feel emotionally attached. Positive consumer experience of a brand can foster loyalty because there is trust in the brand (Astuti & Mulyawan, 2021). Several aspects, including CSR, brand trust, and the consumer experience of a brand, influence brand loyalty. The company's sustainability in business competition certainly requires strength to maintain this, one of which is consumer loyalty. Loyalty to a product or brand is one of the strengths prioritized by the company. Brand loyalty requires several stages before it is formed, one of which is a subjective assessment influenced by experience, meeting consumer expectations, and satisfaction with the brand (Adriani, 2020).

Brand experience, brand trust, and CSR are some of the things that can affect loyalty. CSR is another critical factor affecting loyalty besides brand experience and trust because CSR can drive repeat buying behavior consistently and influence consumer perception (Abdel-Latif et al., 2020). Consistency in repurchasing a brand is a form of consumer trust. Higher brand trust can be characterized by meeting consumer needs and consumer expectations so that consumers become loyal to the brand (Annabila, Rachma, & Primanto, 2022). High consumer expectations of a brand can be met by maximizing company performance and quality by creating a positive brand experience (Husain et al., 2022). Building a positive relationship between brands and consumers is important

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because it can maintain consumer trust so companies can benefit through increased sales and consumer loyalty (Akoglu & Özbek, 2022).

# Research objectives:

- 1. Test and analyze the effect of CSR on growth.
- 2. Test and analyze the effect of CSR on brand trust.
- 3. Test and analyze the effect of CSR on brand loyalty.
- 4. Test and analyze the effect of experience on brand trust.
- 5. Test and analyze the effect of experience on brand loyalty.
- 6. Test and analyze the effect of brand trust on brand loyalty.

#### **Research Methods**

This study describes the method to be used by the author. This study used a quantitative descriptive method. According to (Priadana and Sunarsi, 2021), quantitative research methods are methodologically designed phenomena and calculated by statistical methods. This study analyzes the relationship between variables with one another using statistical data. In this correlational study, there are three parts of variables: independent variables whose existence affects other variables or is not influenced by other variables, dependent variables whose existence is influenced by independent variables, and mediation variables that strengthen or weaken the relationship between one variable and another.

## **Population and Sample**

## 1. Populasi

Population is a generational area consisting of objects and subjects with a certain quantity and characteristics determined by researchers to be studied and conclusions drawn. The population in this study is users who have experience using cosmetics in Indonesia.

#### 2. Sample

The sample is part of the number and characteristics that are part of the population. The sampling technique in this study used purposive sampling techniques. Purposive sampling is a technique based on specific considerations to solve research problems. In this study, the samples used were cosmetic users in Indonesia. This study used SEM analysis. The determination of the minimum amount for SEM, according to Hair et al. (2010), is (Number of Indicators + Number of Latent Variables) x (5 to 10 times). Based on these guidelines, this study's maximum number of samples is Maximum sample (37+4) x 10 = 410 and Minimum Sample (37+4) x 5 = 205.

#### **Data Sources**

This study used primary and secondary data. According to (Priadana and Sunarsi, 2021), primary data is a data source that directly provides data to data collectors, and secondary data is a source that does not directly provide data to data collectors. Data collection techniques can include interviews, questionnaires, observations, and combining all three. In this study, the author used a questionnaire using Google.

## **Data Collection Techniques**

The data collection technique carried out in this study was using questionnaires. The author provides respondents with questions or written statements about the research problem. Then, each answer from the respondent is used to test the hypothesis that has been determined. The author used the Likert scale to measure respondents' answers. Likert scale measures attitudes, opinions, and perceptions of a person or group of people about social phenomena. This social phenomenon has explicitly been determined by the author, who uses it as a research variable (Amalia & Rahmadhany, 2023).

## Variable Operational Definition

In this study, there are independent variables, namely Corporate Social Responsibility (CSR), and two mediation variables, namely Brand Experience (BE) and Brand Trust (BT). Then, the dependent variable is Brand Loyalty (BL). Dimensional variables must help measurement techniques and facilitate field data collection.

#### **Results and Discussion**

## **Descriptive Analysis of Respondents**

1. Descriptive Respondents by Gender

The descriptive respondents by gender can be shown in Table 1 below:

Table 1 Respondent's Gender

	I	
Gender	Number of	Percentage
	Respondents	
Man	11	5.4%
Woman	194	94.6%
Total	205	100.0%

Based on the results of descriptive statistics by sex in Table 4.1 above, it can be explained that the majority of respondents in this study were 194 people (94.6%) and 11 male respondents (5.4%).

## 2. Descriptive Respondents by Age

The descriptive of respondents by age can be shown in Table 2 below:

Table 2 Usia Respond

	-	
Age	Number of	Percentage
	Respondents	
17-27 years	199	97.1%
28-37 years	5	2.4%
38-47 years old	1	0.5%
Total	205	100.0%

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Based on the results of descriptive statistics according to age in Table 4.2 above, it can be explained that the majority of respondents in this study with an age range of 17-27 years, namely 199 people (97.1%), ages 28-37 years as many as five people (2.4%) and ages 38-47 years as many as one person (0.5%).

## 3. Descriptive Respondents by Education

The descriptive of respondents according to Education can be shown in Table 4.3 below:

Table 3
Respondent Education

	Kespondent Education	
Age	Number of	Percentage
	Respondents	
SMA	33	16.1%
S1	170	82.9%
S2	2	1.0%
Total	205	100.0%

Based on the results of descriptive statistics according to Education in Table 4.3 above, it can be explained that the majority of respondents in this study with S1 Education were 170 people (82.9%), 33 people in high school (16.1%) and two years old (1.0%) in S2.

# 4. Descriptive Respondents by Occupation

The descriptive respondent by occupation can be shown in Table 4.4 below:

Table 4
Respondent's Occupation

Age	Number of	Percentage	
	Respondents	_	
Mahasiswa/i	108	52.7	
Private officer	20	9.8	
Staff	71	34.6	
Wiraswasta	6	2.9	
Total	205	100.0%	

Based on the results of descriptive statistics according to Occupation in Table 4.4 above, it can be explained that the majority of respondents in this study with student jobs are 108 people (52.7%), Private Employees as many as 20 people (9.8%), Staff as many as 71 people (34.6%) and Entrepreneurs as many as six people (2.9%).

# 5. Descriptive Respondents by Cosmetic Brand

The descriptive respondents according to the brand of cosmetics used can be shown in Table 5 below:

Table 5
Cosmetic Brands Used by Respondents

Number of Respondents	Percentage	
Respondents		
r 011 <b>30111</b> 0		
9	4.4%	
20	9.8%	
10	4.9%	
78	38.0%	
47	22.9%	
41	20.0%	
205	100.0%	
	9 20 10 78 47 41	

Based on the results of descriptive statistics according to cosmetic brands used by respondents in Table 4.5 above, it can be explained that the majority of respondents in this study used cosmetics with the Makeover brand, namely 78 people (38.0%), Emina as many as nine people (4.4%), ESQA as many as 20 people (9.8%), Luxcrime as many as ten people (4.9%), Maybellline as many as 47 people (22.9%) and Wardah as many as 41 people (20.0%).

## **Descriptive Analysis of Research Variable Statistics**

Descriptive statistical variables of research are carried out to know how respondents assess their responses to research variable indicators. The collected respondent data was then analyzed to determine the descriptive answers on each variable. The rating uses a five-point Likert scale, with the lowest rating on strongly disagree options (1 point) and the highest rating on strongly disagree options (6 points). Furthermore, respondents' assessment of research variables is evaluated based on interval criteria with the following formula:

The calculation of the criteria is as follows:

Lowest value: 1 Top score: 6

Interval: (6-1)/6 = 0.83

Based on the calculation formula of these criteria, assessment limits are obtained for each variable as follows:

#### Table 6

Assessment Interval			
Interval	Category		
1,00 – 1,83	Strongly Disagree		
1,84 – 2,66	Disagree		
2,67 – 3,49	Somewhat disapproving		
3,50 – 4,32	Somewhat Agree		
4,33 – 5,15	Agree		
5,16 – 6,00	Agree		

Outlier evaluation aims to determine whether the observation conditions of the data obtained have unique characteristics that are very different and appear in extreme forms from other observations, both for a single variable and a combination variable (Chen & Wu, 2022). Detection of multivariate outlier evaluation is done by looking at the mahalonobis distance value. The mahalonobis distance for each observation will show the distance of a data observation to the mean value of the analysis. Observations far from their centroid value are considered outliers and should be excluded from the analysis. Multivariate outliers can be evaluated through the output of AMOS Mahalanobis Distance. The criteria used are based on chi-squares at the degree of freedom at p level <0.001. The distance was evaluated using X2 at free degrees equal to the measured variables used in the study. In this study, Mahalanobis distance was measured using the chi-square value at the degree of freedom of 37 indicators at p level < 0.001 using the formula X2 (37; 0.001). In this case, a value of 69.34 is obtained. This means all data/cases more significant than 69.34 are multivariate outliers.

#### **Construct Reliability Test**

Reliability tests determine the extent to which measuring instruments can give relatively the same results if tested again on the same object. The reliability testing criteria in this study use the Construct Reliability (C.R.) method, where the instrument is declared reliable if it has a construct reliability value of > 0.7. The value of construct reliability (C.R.) for reliability testing is obtained from the llwiormula: Construct Reliability =  $(\Sigma Factor Loading)^2$ 

 $(\sum Factor\ Loading)^2 + \Sigma \epsilon j$ 

#### Information:

- 1. Standard loading is obtained from the Standardized Regression Weights estimate results for each indicator obtained through the Amos version 25 output.
- Σεj is the measurement error of each indicator; the measurement error can be obtained
   1 (Standardized Regression Weights) 2 on each indicator.

Table 7
Construct Validity Test Results

Item	Loading	Loading	1-Loading	Construct
	Factor	Factor <sup>2</sup>	Factor <sup>2</sup>	Reliability
CSR1	0,872	0,760	0,240	

CSR2	0,865	0,748	0,252	_
CSR3	0,871	0,759	0,241	
CSR4	0,858	0,736	0,264	_
CSR5	0,895	0,801	0,199	
CSR6	0,796	0,634	0,366	
CSR7	0,895	0,801	0,199	•
CSR8	0,856	0,733	0,267	•
CSR9	0,856	0,733	0,267	
CSR10	0,916	0,839	0,161	0,982
CSR11	0,876	0,767	0,233	•
CSR12	0,868	0,753	0,247	•
CSR13	0,861	0,741	0,259	•
CSR14	0,894	0,799	0,201	•
CSR15	0,879	0,773	0,227	-
CSR16	0,861	0,741	0,259	-
CSR17	0,893	0,797	0,203	-
Σ	14,812		4,084	-
EXP1	0,856	0,733	0,267	
EXP2	0,862	0,743	0,257	-
EXP3	0,885	0,783	0,217	-
EXP4	0,885	0,783	0,217	-
EXP5	0,900	0,810	0,190	-
EXP6	0,912	0,832	0,168	-
EXP7	0,901	0,812	0,188	0,978
EXP8	0,881	0,776	0,224	-
EXP9	0,900	0,810	0,190	-
EXP10	0,878	0,771	0,229	-
EXP11	0,888	0,789	0,211	-
EXP12	0,898	0,806	0,194	
Σ	10,646		2,552	
TRU1	0.861	0.741	0.259	
TRU2	0.835	0.697	0.303	-
TRU3	0.831	0.691	0.309	0,895
TRU4	0.873	0.762	0.238	
TRU5	0.897	0.805	0.195	
Σ	4,297		2,167	-
LOY1	0.830	0.689	0.311	
LOY2	0.844	0.712	0.288	0,881
LOY3	0.858	0.736	0.264	0,001
Σ	2,532		0,863	-
Σ	2,532		0,863	

Based on Table 7 above, the results of construct reliability testing in this study show a construct reliability value of > 0.7 on each research variable. This provides information

that all indicators (observed) on the construct used as observed variables can explain the construct or variable they form.

Based on the results of research that has been conducted, it can be seen that corporate social responsibility (CSR) has a positive and significant influence on the consumer experience of cosmetic products in Indonesia. The standardized regression weight coefficient was obtained at 0.812, which was positive; the CR value was 12.754 > 1.96, and the p-value was 0.000 < 0.05. This means that the better corporate social responsibility (CSR) applied to cosmetic companies, the more positive experience felt by consumers.

This study's results align with previous research conducted by Lo (2020), which found that CSR significantly influences the experience by involving consumers in CSR activities. The results of research conducted by Khan & Fatma (2019) involving 354 respondents by taking online data showed that CSR influences consumer experience. The research results conducted by Carlini and Grace (2021) found that CSR positively affects employee experience and increases employee performance. Then, the results of this study align with the research (Ajzen, 2020), which states that consumer involvement in the form of experience in CSR activities has a positive effect because consumers can feel purpose and meaningfulness.

The company's role in supporting society and the environment through CSR programs will be able to influence the experience felt by consumers. Consumers who know that some of their payments go to social or environmental activities will feel a contribution when shopping. CSR activities carried out by the company openly by positively impacting these activities will create a positive consumer experience. Companies that invest in CSR activities can obtain a positive image of consumers' values. This will help companies create more meaningful consumer experiences and strengthen long-term relationships between companies and consumers.

## Conclusion

Based on the results of the analysis and discussion of the research that has been done, several points can be concluded, namely:

- 1. Corporate Social Responsibility (CSR) positively and significantly influences the consumer experience of cosmetic products in Indonesia. This research found that implementing Corporate Social Responsibility (CSR) programs carried out by cosmetic product brands in Indonesia can foster positive experiences consumers feel.
- 2. Corporate Social Responsibility (CSR) positively and significantly influences Brand Trust in cosmetic products in Indonesia. Implementing Corporate Social Responsibility (CSR) programs by cosmetic product brands in Indonesia can increase consumer confidence that their products have good quality assurance and are safe.
- 3. Corporate Social Responsibility (CSR) positively and significantly influences Brand Loyalty in cosmetic products in Indonesia. Implementing a sound Corporate Social Responsibility (CSR) program by cosmetic product brand companies in Indonesia can

increase consumer loyalty to keep using the product and not try to switch to other products.

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