

# The Impact of Brand Activation on Customer Trust: an Investigation of Brand XYZ's Brand Activation

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Customer trust is one of the aspects that lead customers to keep buying a brand's product. A decrease in customer trust would cause people to leave the brand. Brand XYZ is experiencing a decrease in customer trust, and with today's fierce competition between fast-moving consumer goods (FMCG) brands, brands are forced to figure out new marketing campaigns, usually ones with direct customer engagement such as brand activation. Brand XYZ used a brand activation strategy in the form of an event to increase customer trust towards their brand. To see the results and significance of this strategy implemented by the company, this research created a model to measure the impact of brand activation on customer trust for Brand XYZ's brand activation event. The result of this study suggests that brand activation has a significant impact towards increasing customer trust. Theoretical implications and further recommendations made are based on the findings of this study.

**Key words:** *Brand Activation, Customer Trust, Brand Activation Event, FMCG*

## Introduction

With today's fierce competition between brands, including the similarity of price and products, there are numerous ways in which companies market their product to the targetted consumers (Davies & Brito, 2014). An example of this ongoing competition phenomenon is very visible in the Fast Moving Consumer Goods industry or FMCG for short. The FMCG industry is very big and it reaches out through numerous product segments; one segment of the FMCG industry is the grooming industry. Brand XYZ's rapid growth in the past years was also due to the fast growth that the men's facial cleanser industry was experiencing. This industry was worth about Rp. 2 Trillion in 2013 and is experiencing growth of about 16% per year (Yudha & Hudarsyah, 2013).

Brand XYZ focusses on men's grooming, more specifically to skincare where it sells facial cleanser and shaving foam as well as skincare for men.

At the start of 2019, while preparing for this year's campaign, brand XYZ conducted a Focus Group Discussion (FGD) to explore the conditions of consumers in the men's face cleanser market. The research found out that men are moving away from using a facial cleanser in exchange for using bar soap to wash their faces. The respondents from the FGD said that their decrease in trust in using a facial cleanser is due to several factors. They stated that the biggest reason they switched products is they believe that bar soap cleans the face just as well as facial cleansers. Another leading reason is they feel that when using a facial cleanser, it creates more problem to their skin because of the chemicals contained in the product, so instead of cleaning their face and preventing further damage done by the likes of acne or dullness, it creates more of what they are preventing (negative experience). A positive accumulation of experience will create a bond of loyalty between consumers and brands used (Glynn & Woodside, 2009; Heding, Knudtzen, & Bjerre, 2015). This aspect of the experience is aimed at a combination of experience points when consumers interact with brands. This is called brand experience (Nicolino, 2004; Soehadi, 2005).

Furthermore, the respondents argue that bar soaps are cheaper, clean just as well and sometimes better, and are more accessible when compared to facial cleansers. The decrease in the penetration rate of facial cleansers does not only happen in Brand XYZ, but also in the whole sector.

Brand XYZ wants to educate the consumers that there are hygienic reasons as to why they should wash their faces using facial cleanser instead of bar soap. One touchpoint for Brand XYZ to do this is to conduct brand activation events where they can directly engage with their customers in an event, with the hopes of regaining customer trust.

Marist, Yuliati, & Najib (2014) and Saeed, Zameer, Tufail & Ahmad,(2015) stated that a brand activation event plays a role in building brand loyalty, trust, and satisfaction. This aligns with Brand XYZ's brand activation activities, as well as the results expected from this event. Research is required during and after the event took place to analyse whether or not the event fulfilled the brand's objective or not. Brand activation is a marketing tool that can help brands build a connection with their customers as it involves brand engagement and primary contact. Brand activation could also be closely related to or even be called brand marketing (Dissanayake & Gunawardane, 2018; Leckie, Nyadzayo & Johnson, 2016).

Companies who successfully gained influence in the minds of their targetted market will be on top of the opposition. This is very relatable in the men's grooming industry, where various brands try to capture the consumers by mimicking their lifestyle in advertisements and showing them what they will become if they have used this brand by playing on their ego as well. The best way to market men's grooming products or lifestyle products is to understand the behaviour of the consumers for the brand to tap into their lifestyle and market the products in ways relatable to them (Utari, 2019).

Brand XYZ would therefore like to measure the effectiveness of its brand activation campaign in restoring its customer's trust. The measurement will be focussed on identifying influencing factors of brand activation towards customer trust. On the other hand, since this study has never been conducted by Brand XYZ, the company cannot yet measure the success of their activities in bringing their objective to life.

It is suspected as well that brand activation has an impact on customer trust. In response to this problem, this study will measure the extent to which brand activation impacts customer trust towards the brand. The measurement done for this research will also provide data for the company regarding their brand activation activities and the result of the overall perception of trust from their customers.

## **Literature Review**

### **Brand Activation**

Brand activation is defined as a marketing relationship created between brand and consumers in a way that consumers better understand and consider the brand as a part of their lives. Brand activation is the process whereby customers are activated by creatively participating in all available communication sources. Brand activation in the simplest form is a roadshow where employees of the company bring a brand to the people so that they can experience the brand. It is known as experiential marketing and is a popular method for creating an experience for the brand and the consumer (Romaniuk & Nenycz-Thiel, 2013; Saeed, Zameer, Tufail, & Ahmad, 2015). The activation and the big ideas must be supported by tools so that the activities that take place are heard and have enough exposure for it to be recognised and for the purpose to be fulfilled. It is impossible if a brand activation does not have a market that it is targeted. The supporting tools mentioned in the diamond above are media/publicity, e-media, and site. With the tendency of people nowadays to use social media as a platform to get information about anything, e-media is one of the most effective ways to publicise and showcase the brand activation and to get it into the minds of their targeted consumers via the Internet. The site is very specific as it acts as a platform for people to get detailed information about the particular brand activation.

Brand activation is intended to build brands (brand building) while increasing product sales to increase consumer appeal by using a brand's activities (Kotler, Wong, Saunders, & Armstrong, 2005). Kotler said it was wrong to think that advertising can build a brand. Advertising can only create public interest in a brand (brand interest) or increase the ability of a brand to be meaningful in the public eye (brand talk). Indeed the brand will become famous naturally through the arrangement of various elements by the company, including advertising, public relations, sponsorship cooperation, event management, social effects, club formation, spokesperson, and so on. In summary, brand activation can be defined as a marketing interaction between consumers

and brands, where consumers can understand a better brand and accept it as part of their life. Brand activation shifts the focus to the core of marketing: stimulating the buying process.

Several indicators could be derived from brand activation. A study conducted by Marist, Yuliati, & Najib (2014) has derived several indicators from the brand activation variable. The indicators could be found in the table below:

- Marketing Event Activation - A type of brand activation carried out in the form of an event. For example exhibitions, brand ambassador election contests, games arena, and so on. (Tampubolon, 2018)
- Promotion Activation - A form of brand activation involving special promos relating to products or services. For example, discounts, launching new products, special packages, lottery prizes, brand ambassador usage, and so on (Tampubolon, 2018).
- Communication - The process of delivering messages by communicators to communicants through the media that cause certain effects (Haq, 2016).

### **Customer Trust**

A customer is a person who has had some interaction with a seller or sellers (Paliszkiewicz & Kiepacki, 2013). There are many definitions of customer trust, as described by other past literature. The seller's customer confidence has two components, affect and cognition. The affect feels safe or uncertain about trusting the seller, and cognition is the belief that the seller has both the necessary competence and motivation to be trusted. (Paliszkiewicz & Kiepacki, 2013; Utami, 2015). In every situation, trust is built up over time, through countless interactions between individuals and between partners.

One particular framework constructed by Dwyer et al. (2016) suggests that these relationships evolve the following five general phases:

- (1) Awareness,
- (2) exploration,
- (3) expansion,
- (4) commitment,
- (5) dissolution.

Each phase includes different types and levels of interaction, each with implications for establishing expectations and direct experiences. For example, in the exploration phase, the sub-processes of attraction, communication and negotiation, development and the exercise of power, the development of standards and the development of expectations set the tone for a future of trust or distrust. Exploration continues after the first purchase for products and services that promise one of long-term performance. Other researchers have stated that trust in brands or brand trust is the willingness of the average consumer to depend on the ability of a brand in carrying out all uses or functions (Chauduri & Holbrook, 2001). Another way to describe trust as part of

a relationship is that it is the willingness to rely on the other party, whether it is a person or a company (Moorman, Deshpandé, & Zaltman, 2013).

Several indicators could be derived from customer trust. A study conducted by Halim, Swasto, Hamid, & Firdaus (2014) has derived several indicators from the customer trust variable. The indicators could be found in the table below:

- Integrity - Indicator of integrity is most determined by trust in a company to produce high product quality and trust in the greatness of the product (Halim, Swasto, Hamid, & Firdaus, 2014).
- Credibility - Credibility is based on the consumer's attribution to the brand of a degree of expertise derived from the consumer's functional expectations for the satisfaction of his or her needs (Gurviez & Korchia, 2003).
- Confidence - The feeling or belief that the customer can rely on the brand to satisfy his or her needs and wants (Ratnasingam, 2012).
- Consistency - Consistency is based on the consumer's trust and experience that the brand will keep delivering the same standards every time they use it (Chang & Chi, 2007).

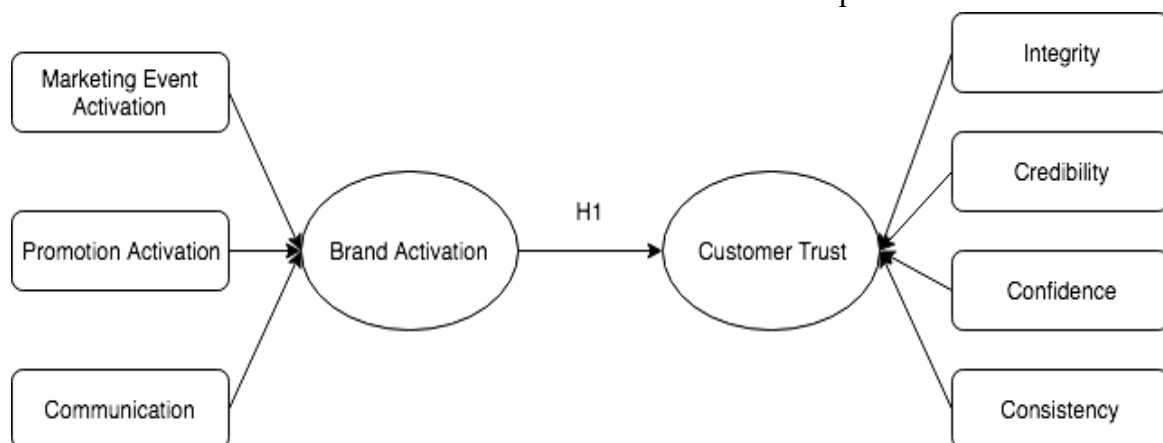
## Hypothesis

### H1 Brand activation towards customer trust

H0 #1: Brand activation has no impact on effecting customer trust.

H1 #1: Brand activation has an impact on effecting customer trust

The research model can be shown in Figure 1. The type of study that was chosen for this particular study is both quantitative and qualitative methods. The unit analysis of this study will be on one specific brand, namely Brand XYZ. The research is focussing solely on one brand activation event conducted by this company. The event is a renowned local clothing event where the best local brands from all over Indonesia come and sell their products.



**Figure 1. Research Model**

## Methods

This study descriptive is defined as a research method used to describe the existing phenomena as accurately as possible (Atmowardoyo, 2018). It is exploring existing phenomena that are currently happening in the market, namely the brand activation event conducted by Brand XYZ. The unit analysis of this study will be on one specific brand, namely Brand XYZ. The research is focussing solely on one brand activation event conducted by this company. The age group will be men only, aged between 17-25 years of age, which is also the target market of the brand. The event was held in 3 cities in Java, which are Jakarta, Cikupa, and Cikarang. It is also important to note that the unit analysis is users of Brand XYZ's product, or are lapsers (ex-users).

The study states that a data range should range between 5-10 times the number of items used in the scale. Therefore, the sample size of this study would be the number of items used in the scale multiplied by 5 (Hair et al., 2014). Therefore the result is  $15 \times 5 = 75$  respondents. However, for this research, the number of respondents will be 100 respondents.

The research will use both correlation and regression analysis. This analysis will determine the impact the variable has and how significant it is, or how significantly does brand activation have an impact on customer trust. The hypothesis will also be tested using the test to determine whether the proposed hypothesis of this research is accepted or rejected. There are 2 tests from the classical assumption, which are a normality test and heteroscedasticity test. To conduct these tests, a minimum of 75 samples is required to be the sample size. This research's sample size is 100. Sampling is related to the selection of individuals from within a population to estimate the characteristics of the whole population (Singh & Masuku, 2014). The validity and reliability have been done before as well. Validity explains how well the collected data covers the actual area of investigation (Taherdoost, 2016).

## Result and Discussion

This study involves using the t-test technique. This means that there will be a general form that can be derived from this research. The form could then calculate the impact of the two variables. The general form of this model will be:

$$Y = \beta_0 + \beta_1 X$$

Where:

Y = Customer Trust

$\beta_0$  = Constant (Value of Y when X is 0)

$\beta_1$  = Regression Coefficient

X = Brand Activation

**Table 1. T-Test Table Coefficients<sup>a</sup>**

<b>Model</b>	<b>B</b>	<b>Beta</b>	<b>T</b>	<b>Sig.</b>
Constant	4.66		2.382	0.019
Brand Activation	1.302	0.856	16.576	0.000

In Table 1, the result is 16.576, which means that the independent variable has a significant impact on the dependent variable. Brand activation has a significant impact on customer trust. The 'B' value of brand activation is 1.302.

**Table 2. F-Test Table ANOVA**

<b>Model</b>	<b>Sum.</b>	<b>df</b>	<b>F</b>	<b>Sig.</b>
Regression	1276.506	1	274.768	.000
Residual	455.284	98		
Total	1731.790	99		

In Table 2, the F value of 274.768 means that the independent variable has a significant influence on the dependent variable since the value of F in Table 2 is bigger than the F table value. (df = 1.99). Looking again at the Sig. Column, it shows a significance value of 0.000, which means that the independent variable significantly influenced the dependent variable since the value is less than 0.05 ( $0.00 < 0.05$ ). The significance of brand activation affects customer trust result can be shown as  $F(1.99) = 274.768, p=0.000$

**Table 3. Coefficient Determination Table Model Summary**

<b>Model</b>	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std. Error of the Estimate</b>
<b>1</b>	.859 <sup>a</sup>	.737	.734	2.15540

Looking at Table 3, it can be seen that the R square column shows a value of 0.737. This means that the variable used in this research is explaining the impact on customer trust by 73.7%, while the remaining 26.7% is determined by other variables that are not taken into consideration in this research. Judging from these interpretations, brand activation does have a significant impact on customer trust.

From the regression analysis above, a model can be made from column 'B' from Table 3.. An equation can then be formed as below:

$$Y = 4.66 + 1.302X$$

We can see from the equation above that the constant to this equation is 4.66. Meaning that when the independent variable is 0, the dependent variable will be 4.66. Judging also from the equation

above, it is clear that the independent variable of this research has a positive impact on the dependent variable as the value of X is 1.302.

The equation means that when there is a change in value in the independent variables, then the dependent variable will change as well as it is affected and has a correlation between the two variables. If there is an increase in units in terms of brand activation, such as the number of activation conducted increased by 1 unit, then the variable of customer trust will also increase by around 6%. The unit of customer trust in this study uses percentage due to customer trust being intangible and qualitative, therefore it cannot be measure in units. It will make more sense for it to be measured as a percentage.

The hypothesis results are stated below:

**H0#1:** Brand activation has no impact on effecting customer trust – Rejected.

**H1#1:** Brand activation has an impact on effecting customer trust – Accepted. Looking back again in Table 3, the significance value of the variable is 0.000.

Previous researches also support the result of this hypothesis by Marist et al. (2014), which states that brand activation has a significant impact towards customer trust.

This study combines both quantitative and qualitative methods. As explained in the quantitative analysis above, it is stated above that the significance level of the two variables in this study is 73.7%. To further support the results of this study, qualitative research and data were also obtained by in depth interviews. The in-depth interview for this research was conducted with two respondents from a different perspective. Through in-depth interviews, it can be concluded that brand activation does have an impact on customer trust. The results from the qualitative research strengthen the quantitative data provided beforehand. The result of this in-depth interview also increases the validity and reliability of the quantitative data since both are showing similar results. Therefore, the hypothesis can also be answered accordingly with the data provided.

Furthermore, there have also been past studies that are similar to this one that state the same. A previous study conducted by Marist (2014) shows that brand activation does have a significant impact on customer trust. The variables used in that study are similar to what is used in this study, which further supports the results of this research. Another study conducted by Hariyanto (2016) stated that brand experience, which can be channelled through brand activation, has a significant impact on trust.

## **Conclusion & Recommendation**

Direct customer engagement is essential for any brand to directly market their product and ensure direct contact and engagement with their targetted consumers. This research was conducted based





on real life managerial decisions of an existing brand. Therefore, the results of this research could be used directly to assess the brand team's decision and future implications. The variables used in this research were also taken from a managerial perspective based on what they want to achieve and their current strategies as well as past studies. The results, especially from the qualitative in-depth interview results, find that marketing event activation does not play such a significant role in influencing customer trust. Brand XYZ could make the games and activities not only interesting for the consumers to take part in but also has educative content to keep building their customer's trust by attending the booth. Another way that the brand can do this is by inviting their brand ambassador to the event and talk about their experiences when using the brand and also their knowledge to be shared with the visitors.



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