

THE FORMATION OF BRAND LOYALTY IN INDONESIAN RESTAURANT INDUSTRY

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ABSTRACT: This study aimed to investigate the structure and dimensions of restaurant brand loyalty and determine its predictors. Partial Least Squares were applied in this study to analyse the data collected from one hundred and twenty respondents. Before testing the hypotheses, inner and outer model evaluations were performed and the results showed that the measures and model are robust. Hypotheses testings indicated that brand loyalty consists of both behavioural and attitudinal loyalty, in which the attitudinal loyalty is formed in a hierarchical structure with cognitive, affective, and conative which are recognised as primary dimensions. In addition, this study determined that customer satisfaction and brand experience are the predictors of attitudinal loyalty, while brand identity does not have any significant role in influencing loyalty. In terms of customer satisfaction, this study found that brand experience and brand identity play an important role in shaping customer satisfaction. This study contributes to both theoretical and practical perspective. For theoretical contribution, this study provides a comprehensive model to explain the structure and formation of Indonesian restaurant brand loyalty. In practical contribution, this study can represent the guidelines for restaurant managers in creating customer loyalty. **Keywords:** restaurant, brand experience, brand identity, satisfaction, loyalty.

INTRODUCTION

Dining out is becoming a common lifestyle for Indonesian society. When people go out to socialise, eating out is one of the main activities. Apart from the lifestyle reason, the affordable food prices and the wide variety of cuisine are the other reasons for Indonesians to

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dine out. To facilitate the increasing demand of the dining out activity, new restaurants have opened in Indonesia, especially in big cities. Pusat Kebijakan Ekonomi Makro/Centre of Macro Economic Policy (2012) explained that the number of restaurants increased from 1,615 in 2007 to 2,916 in 2010.

As the restaurant industry continues to grow, the issue of loyalty has increasingly received more attention (Ibrahim, 2013; Iglesias, Singh, & Batista-Foguet, 2011). Experts (Heskett, 2002; McMullan & Gilmore, 2008; Rundle-Thiele & Maio Mackay, 2001) contended that creating and maintaining loyalty is necessary in a tight business competition, since it will make the company survive. Apart from its role in supporting business organisations to survive in a competitive environment, loyalty also has an effect in increasing business profits (Heskett, 2002; McMullan & Gilmore, 2008).

While loyalty is recognised as an important concept in marketing studies, some issues rise around this concept, especially in the area of strategic brand management (Li & Petrick, 2008; Suhartanto, Clemes, & Dean, 2013; Yulianti & Tung, 2013). First of all, there is a need to investigate the structure and dimensions of brand loyalty. Second, there is a need to analyse the relationships between brand loyalty and its determinants in the context of the restaurant industry, such as customer satisfaction, restaurant brand identity, and brand experience.

While brand loyalty has been recognised as an important concept in marketing studies, there is a lack of understanding and no consensus among scholars about the structure and dimensions of brand loyalty (Suhartanto, 2011). In the beginning of its development, brand loyalty was conceptualised as either a behaviour or attitude (Suhartanto et al., 2013). However, this conceptualisation was considered as not being enough to define loyalty, especially in the use of explaining loyalty programme (Rundle-Thiele, 2005). Kim, Jin-Sun, & Kim (2008) argued that considering loyalty only as an attitude or a behaviour might result in the measure of spurious attitude and behaviour. Hence, it is suggested to measure loyalty as a simultaneous consideration of both attitudinal and behavioural loyalty (Dick & Basu, 1994; Suhartanto et al., 2013).

Separated from the issue of the formation and the structure of brand loyalty in the restaurant industry, scholars also give concern to the predictors of brand loyalty. In the area of brand management, several constructs such as brand experience, brand identity, and customer satisfaction are considered as essential constructs in predicting brand loyalty (Brakus, Schmitt, & Zarantonello, 2009; Yulianti & Tung, 2013). Although these variables are recognised as important in predicting brand loyalty, the relationships among these constructs are equivocal (Iglesias et al., 2011; Yulianti & Tung, 2013).

Based on these research issues, this study aimed to:

1. investigate the structure and formation of brand loyalty, and
2. investigate the relationships among brand experience, brand identity, customer satisfaction, and brand loyalty in the area of restaurant management.

This study provided some contributions, as it met these two research objectives: first, this study developed and tested a comprehensive loyalty model based on tripartite theory, providing a complete and integrated analysis of the dimensions underlying customers' perceptions of brand; second, this study provided an empirical support for the examination of the linkages among brand loyalty, brand experience, brand identity, and customer satisfaction in the area of moderate upscale restaurants in Indonesia; third, the results of this study will benefit marketers and practitioners who are already operating in or preparing to enter the hospitality industry, especially the restaurant business, since the findings might help these organisations in developing and implementing successful brand management strategies.

LITERATURE REVIEW AND MODEL DEVELOPMENT

This paper discusses the structure and formation of brand loyalty in the restaurant business in Indonesia; furthermore, it explores the relationship between brand experience, brand identity, customer satisfaction, and brand loyalty in the area of restaurant management.

The concept of loyalty has been discussed in a wide array of contexts, such as hotel (Suhartanto et al., 2013), ferry travel sector (McMullan & Gilmore, 2008), retail (Jensen, 2011; Martin, Ponder, & Lueg, 2009), supermarket (Orel & Kara, 2014), coffee outlets (Chen & Hu, 2010), and fast food industry (Etemad-Sajadi & Rizzuto, 2013). Several approaches were perceived from the structure of loyalty itself. As previously mentioned, among scholars, the concept and dimensions of loyalty are arguable, since loyalty can be perceived from a behavioural approach, attitudinal approach, and composite approach (Suhartanto et al., 2013).

First, the definition of loyalty referred to repetitive purchasing behaviour on a particular product (Ehrenberg, 2002), which is often called as behavioural loyalty; yet, this view is arguable, since behavioural loyalty is not able to differentiate between the customers who make purchasing decisions because of genuine brand preference from those who purchase solely for convenience or cost reasons (Li & Petrick, 2008). Behavioural loyalty only portrays the surface purchase patronage (proportion of purchase, repeat purchase, purchase sequence, and probability of purchase as mentioned in Dick & Basu (1994)) without

considering the deeper cause of the purchase (which factors underlie the purchase). The second weakness stated by Assael (2005) was that repetitive brand purchasing may be due to inertia (only for the sake of saving time and energy) rather than a brand bond. Thus, several researchers have argued that the loyalty phenomenon (referring to behavioural purchase) cannot be adequately understood without measuring an individual's attitude toward a brand (Backman & Crompton, 1991; Dick & Basu, 1994).

The other approach to loyalty concept is the attitudinal approach. In this approach, studies were focused on customer beliefs and opinions, in respect to purchasing behaviour (Back, 2005; Mellens, Dekimpe, & Steenkamp, 1996). Some advantages are acknowledged in using attitudinal approach. Odin, Odin, & Valette-Florence (2001) suggested that the measurement of attitudinal loyalty eludes critiques addressed to the use of interval scale for behavioural loyalty measurement. In addition, the meta-analysis study about the use of attitudinal loyalty approach found that attitude is a robust predictor of future behaviour (Glasman & Albarracín, 2006). While some advantages were recognised about the attitudinal loyalty approach, Bennett & Rundle-Thiele (2002) explained that attitudinal loyalty has a lack of predictive power on an actual behaviour.

The third approach to loyalty is composite loyalty. Scholars (Dick & Basu, 1994; Suhartanto, 2011) contend that loyalty should be measured by using both attitude and behaviour simultaneously, since brand loyalty is not only about the outcome of repetitive purchases, but also the results from an attitudinal process (Suhartanto, 2011). By combining both attitude and behaviour in measuring brand loyalty, the process of determining brand loyalty becomes more valid and reliable (Suhartanto, 2011). However, it is suggested that the composite loyalty is still not able to explain the complexity of customer's loyalty behaviour.

To tackle the drawbacks of these traditional loyalty concepts, scholars proposed multidimensional concepts (Harris & Goode, 2004; Jones & Taylor, 2007; Suhartanto et al., 2013). In a multidimensional approach, brand loyalty consists of multi-dimensions. Scholars such as Konecnik and Gartner (2007), Li and Petrick (2008), and Oliver (2010) explained that brand loyalty in multidimensional approach consists of cognitive, affective, conative, and actual behaviour.

Although scholars in the stream of multidimensional approach proposed that brand loyalty is formed by cognitive, affective, conative, and actual behaviour, there is no consensus among scholars about its structure and formation (Li & Petrick, 2008; Suhartanto, 2011). For that reason, in forming brand loyalty, this study integrated multidimensional approach with tripartite theory (Rosenberg & Hovland, 1960) and the Theory of Reasoned Action (Ajzen & Fishbein, 1980).

Tripartite theory (Rosenberg & Hovland, 1960) claimed that an individual's attitude is an interaction among affect, behaviour, and cognition. Ajzen (2005) suggested that these three variables comprise the single construct of attitude. Hence, attitude is formed as a second order hierarchical factor with cognition, affect, and conation taking their place as the first order factors. In the domain of brand loyalty, scholars (Parkinson, Russell-Bennett, & Previte, 2012; Russell-Bennett, McColl-Kennedy, & Coote, 2007) adapted attitude and behaviour as attitudinal and behavioural loyalty. Hence, this study proposed:

H1: Attitudinal loyalty is a hierarchical construct which consists of cognitive, affective, and conative sub-dimensions.

To investigate the relationship between attitudinal and behavioural loyalty, the Theory of Reasoned-Action (TRA) from Ajzen and Fishbein (1980) should be considered (Back & Parks, 2003) to relate customer's beliefs and attitudes to their behavioural intention. Attitudes have causal priority over behaviours (Bentler & Speckart, 1981). Attitudinal loyalty drives higher predictability of behavioural loyalty to a particular product or brand. Some studies have shown the effect of attitudinal loyalty on behavioural loyalty (Parkinson et al., 2012; Suhartanto et al., 2013).

Therefore, this study proposed that:

H2: Attitudinal loyalty has a significant effect on behavioural loyalty.

Mainstream marketing considers loyalty and its presumed main antecedent, that is, satisfaction, as the basis of marketing theory (Dick & Basu, 1994). Although the literature on marketing has recognised customer satisfaction as a significant antecedent to customer loyalty, the relationships between both satisfaction constructs – transaction-specific and overall – with customer loyalty have mostly been studied separately (Bodet, 2008). Several researchers pointed out that customer satisfaction directly influences customer loyalty (Cater & Cater, 2009; Orel & Kara, 2014). Prior studies found that satisfaction and attitudinal loyalty are highly associated with a positive relationship (Bennet & Rundle-Thiele, 2004; Rauyruen & Miller, 2007). Hence, this study proposed:

H3: Customer satisfaction has a significant effect on attitudinal loyalty.

A brand can provide significant means of differentiation and thus competitive advantage for products and services (Aaker, 1991; Gardner & Levy, 1955; Keller, 1993). Lee and Jeong (2014) stated that marketing practitioners and scholars accordingly have paid special attention to the importance of creating brand experience, which plays a critical role in developing marketing strategies for goods and services. Delivering distinctive brand experience is important for the restaurant business, since customers are exposed to several brand-related stimuli as part of marketing communications before they make purchase decisions from

various existing restaurant businesses. Brakus et al. (2009) have identified brand experience as an important factor that influences customer perception of the brand and purchase behaviour. Buhalis (2000) stated that brand experience applies to all kinds of products and services as examined in the experience products, such as those found in tourism (Barnes, Mattsson, & Sørensen, 2014); therefore, it may also apply to the restaurant business. Further, Brakus et al. (2009) found an empirical support to the relationship between the overall brand experience scale and both customer satisfaction and customer loyalty. Based on the prior researches, this study proposed that:

H4: Brand experience has a significant effect on customer satisfaction.

H5: Brand experience has a significant effect on attitudinal loyalty.

Brand experience may also influence perceived brand identity. Hultén (2011) mentions that the concept of brand identity is defined as a unique set of brand associations that a firm can create or maintain. It may involve a value-proposition with functional, emotional, or self-expressive benefits. The brand identity is a unique set of brand associations that the brand strategist aspires to create or maintain; through brand identity, a company seeks to convey its individuality and distinctiveness (Srivastava, 2011); moreover, the brand identity is a dynamic process developing over time through mutually influencing inputs brand managers and other social constituents (such as consumers) (da Silveira, Lages, & Simões, 2013). Srivastava (2011) said that a brand should reflect consumers' benefits and expectations. Identity has originated from earlier action of a brand (Janonis, Dovalienė, & Virvilaitė, 2007). Therefore, the understanding about brand identity signifies that attitude toward brand is being changed (Srivastava, 2011). We proposed an idea that brand experience may boost brand identity as consumers – by their experience or exposure to a particular brand – generate their own associations, which possibly either conform to or contradict the brand associations intended by the firm. Besides, this study also investigates the mediating effect of brand identity and customer satisfaction on attitudinal loyalty. Thus, this study proposed:

H6: Brand experience has a significant effect on brand identity.

H7: There is an indirect effect of brand experience on attitudinal loyalty through brand identity and customer satisfaction.

As a brand should reflect consumers' benefits and expectations (Srivastava, 2011), brand identity is assumed to be able to influence customer satisfaction. The concept of satisfaction tells about expectation and actual benefits perceived by consumers in post consumption; yet, satisfaction can be both pre-consumption and post-consumption in a repeat purchase context (Bennet & Rundle-Thiele, 2004). Srivastava (2011) stated that understanding brand identity signifies that the atti-

tude towards a brand is being changed; hence, brand identity may influence attitudinal loyalty as well.

H8: Brand identity has a significant effect on customer satisfaction.

H9: Brand identity has a significant effect on attitudinal loyalty.

Finally, since we had predicted that there is a significant effect of brand identity on customer satisfaction and customer satisfaction is the essential predictor of attitudinal loyalty, this study also examines the mediation role of customer satisfaction on the relationship between perceived brand identity and attitudinal loyalty.

H10: Customer satisfaction mediates the effect of perceived brand identity on attitudinal loyalty.

Based on the review of literature, a conceptual model is proposed by this study. Figure 1 depicts the conceptual model used in this study.

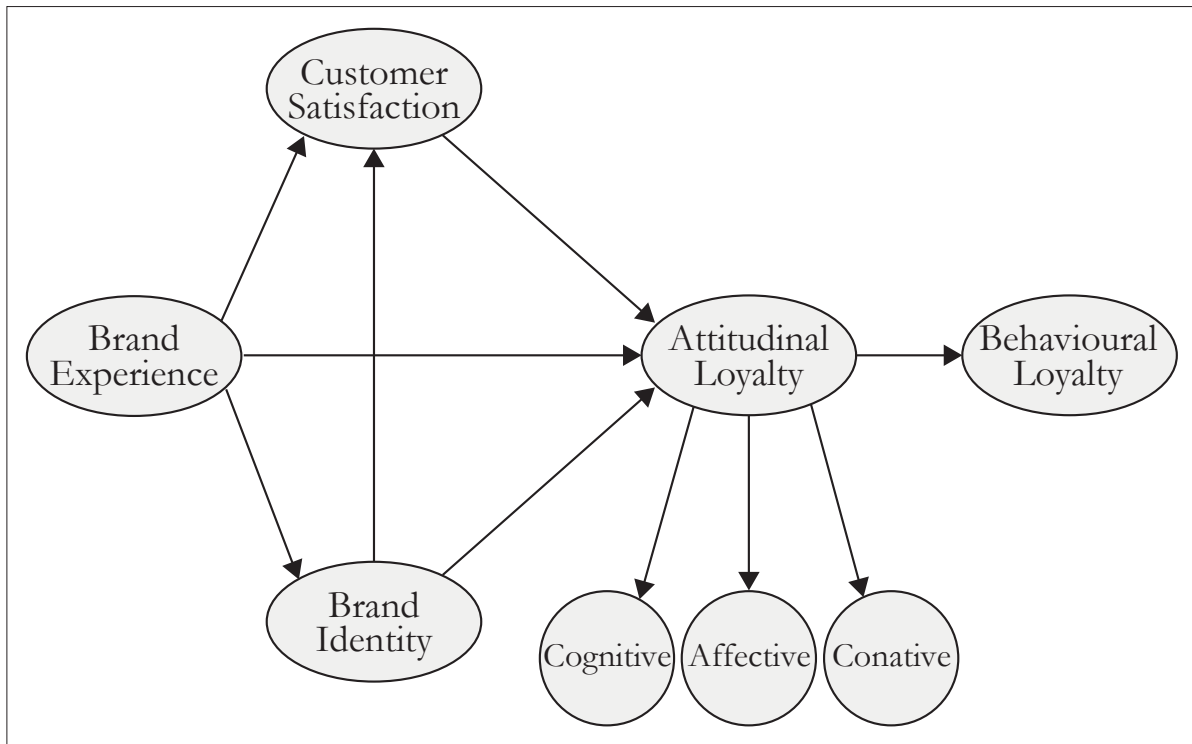


Figure 1. Research Model

RESEARCH METHOD

Sample

The respondents to this study are the customers of moderate up-scale restaurants in Malang City, East – Java Province, Indonesia. A total of 150 questionnaires were distributed, whereas 120 that might be used for this study yielded an 80% response rate. These respondents were recruited using convenience sampling method.

The following is the demographic profile that emerged from the sample: 55% of the respondents are female, around 43% are aged between 26 and 35 years, 87.7% have tertiary education, and 52.5% have more than Rp. 3.000.000 income. Table 1 presents the demographics of respondents to this study.

Table 1. Respondents' Profile

Variables		Percentage
Gender	Male	45
	Female	55
Age	18-25	33
	26-35	43
	36-45	19
	46 - 55	5
	>55	0
Education	High School	11
	Diploma	8
	Undergraduate	52
	Postgraduate	27
	Doctoral	3
Monthly Income	<Rp.1000.000	3
	Rp 1.000,000 - Rp 2.000.000	15
	Rp. 2000.000- Rp3.000.000	25
	>Rp 3.000.000	53

Measurement

The measurements of the constructs proposed in this study were drawn from the literature (Brakus et al., 2009; Kapferer, 2008). These constructs were developed by using multi-item scales adapted from previous studies, especially in the context of brand management and hospitality studies. A 5-point likert scale anchored by 1 (strongly agree) and 5 (strongly disagree) was used by this study to measure the items.

To have a comprehensive understanding about brand loyalty, this study suggested that brand loyalty consists of behavioural and attitudinal components. According to previous studies (De Wulf, Odekerken-Schröder, & Van Kenhove, 2003; Suhartanto et al., 2013), behavioural loyalty is consumers' purchasing frequency and amount spent at a provider compared to the amount spent at other providers. Three self-reported behaviour items adapted from Han, Kwort-

nik, & Wang's (2008) and Suhartanto (2011) were used to measure the construct of behavioural loyalty. Furthermore, attitudinal loyalty, which is defined as the level of dispositional commitment in terms of some unique value association with the brand (Chaudhuri & Holbrook, 2001), was measured in hierarchical model with three dimensions – cognitive, affective, and conative. The dimension of cognitive was measured by five items, while the affective dimension was measured by four items, and five items measured the conative dimension. The items used to measure these dimensions were adapted from Li and Petrick's (2008) and Suhartanto's (2011) studies. Customer satisfaction was measured by five items adapted and developed from Suhartanto (2011). Brand experience was gauged by 12 items – these items were adapted from Brakus et al. (2009). Twelve items, adapted and developed from Kapferer (2008), were used to measure the construct of brand identity.

Before distributing the questionnaires, the instruments have been presented and consulted with both academics and restaurant practitioners to improve the face validity of the constructs. In addition, prior to the data collection, a preliminary study had been conducted and it indicated that all of the constructs were valid and reliable.

Data Analysis

Partial Least Squares (PLS) were employed by this study to analyse the data and test the hypotheses. Some contentions were behind the selection of using PLS in this study. First of all, Aibinu and Al-Lawati (2010) suggested that measuring individuals' perceptions using Likert scales will likely yield non-normally distributed responses. PLS is a type of Structural Equation Modelling (SEM) technique which is based on variance. This technique is distribution-free, which does not require or exclude any distributional form for the measured variables (Wold, 1982). For that reason, this technique is suitable for analysing data from non-normal distributions (Falk & Miller, 1992). Another reason for using PLS is based on Abdi's suggestion (2007) that the aim of PLS is to predict the effects of a set of independent variables on a set of dependent variables. He explained that PLS is a multivariate technique to compare multiple response variables and multiple explanatory variables. Though it is similar to principal components analysis (PCA), PLS is believed to be a better option than multiple linear regression and PCA regression techniques, since it presents more vigorous model parameters that do not change with new calibration samples from the population (Falk & Miller, 1992).

In terms of analysing data, two steps of analysis were required by PLS. The first step is outer model evaluation that consists of conver-

gent and discriminant validity and unidimensionality test. A construct will be free of convergent validity problems if each item has the score of factor loading higher than 0.7 and Average Variance Extracted (AVE) higher than 0.5 (Hair, Black, & Babin, 2010). Discriminant validity was evaluated using an approach proposed by Chin (2010). This approach suggested that none of the items should load higher on another construct than it does on the construct it intends to measure. In other words, the value of the factor loading should be higher than the cross loadings. A construct will be unidimensional if it has the score of composite reliability and alpha Cronbach more than 0.7 (Hair et al., 2010). The second step is inner model evaluation, which will be indicated by the score of coefficient of determination and the index of goodness of fit. Following Falk and Miller (1992), the variance explained for endogenous variables should exceed 0.10. For the index of goodness of fit, Daryanto, de Ruyter, & Wetzels (2009) suggested that the baselines are GoF small = 0.1, GoF medium = 0.25, and GoF large = 0.36.

FINDINGS

The Evaluation of Outer Model

The first outer model evaluation is convergent validity. This study used two indicators – score of factor loadings and Average Variance Extracted (AVE) to evaluate the convergent validity of the model. The score of factor loadings varies between -0.531 and 0.943. Following Hair et al.'s suggestion (2010), a construct should not have items which have score loading below 0.6. Therefore, four items (i.e. BE_3, BE_4, BE_11 and BID_9) were deleted. The estimation after deleting these items showed that all of the items have the score of factor loadings above the required threshold. Furthermore, the score of AVE, which is ranged from 0.569 to 0.847, also indicated that all constructs do not have convergent validity problems, which means each indicator has a high level of connection with its corresponding variable (see Appendix 1).

The unidimensionality test indicates that the score of composite reliability for each construct ranged from 0.868 to 0.965, all of which are beyond the cut-off value (0.70) (Nunnally, 1978). Similar to the score of composite reliability, the score of alpha Cronbach is also above the cut-off value (ranged from 0.811 to 0.954). These results mean all constructs used in this study have an acceptable degree of consistency and are thus considered reliable. Table 2 shows the score of composite reliability and alpha Cronbach for each construct.

Table 2. Summary of Reliability Test

	Cronbach's Alpha	Composite Reliability
Affective	0,842	0,894
Attitudinal Loyalty	0,937	0,945
Brand Experience	0,921	0,934
Brand Identity	0,917	0,932
Behavioural Loyalty	0,866	0,918
Customer Satisfaction	0,954	0,965
Cognitive	0,877	0,911
Conative	0,811	0,868

In this study, the value of the factor loading for almost each construct is higher than its crossloading score. However, the crossloading analysis showed that the item of BID_11 has crossloading score higher than the construct of customer satisfaction. Therefore, this item was deleted. The deletion of BID_11 slightly changed the score of AVE (0.604), composite reliability (0.932), and alpha Cronbach (0.917) for the construct of brand identity. In addition, these changes made that all of the values of factor loading for each construct is higher than the crossloading. Therefore, it can be said that there is no further discriminant validity problem (see Appendix 2).

The Evaluation of Inner Model

After ensuring the robustness of the measures, the next step is to provide validation that supports the theoretical model, as demonstrated by the structural model (Chin, 2010). For this study, the value ranged from 0.604 to 0.786. Figure 2 shows the PLS analysis for the model built.

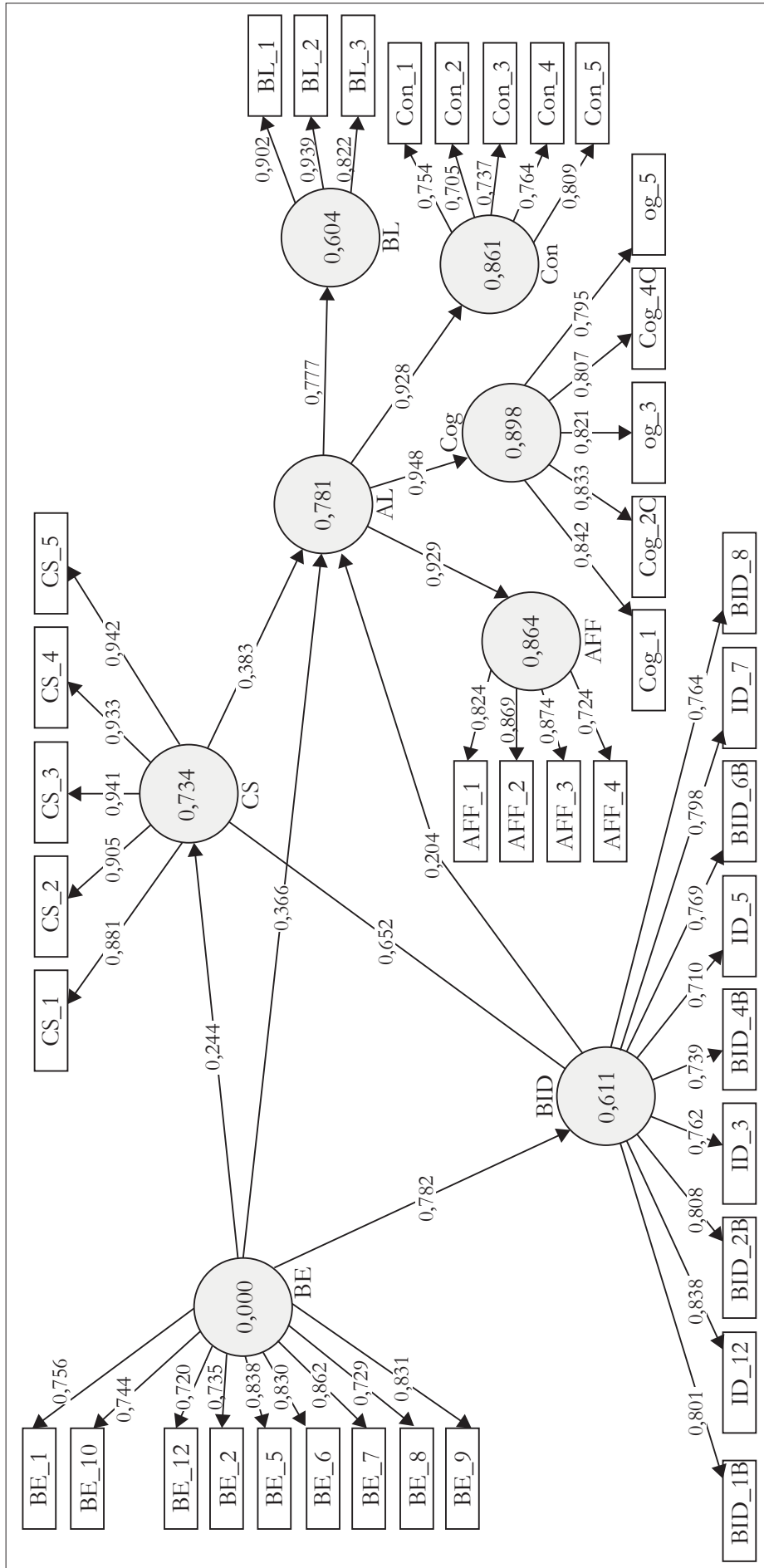


Figure 2. Path Analysis

To ensure the robustness of the model, this study also employed GoF indicator. The calculation of GoF indicates that the index is 0.557. Since GoF index for the model tested in this study exceeds 0.36, the model proposed in this study should be considered robust. See Table 3 for the score of and the calculation of GoF.

Table 3. Calculation of Goodness of Fit Index

Constructs	R2	Communality
Attitudinal Loyalty	0,785	0,557
Brand Experience	0,629	0,582
Brand Identity	0,604	0,604
Behavioural Loyalty	0,743	0,790
Customer Satisfaction	0,552	0,847
GoF	0.557	0,563

The results of the GoF index indicated that the model tested for this study is robust. Therefore, hypotheses testing can be conducted.

Hypotheses Testing

Research objective one is about the structure and formation of restaurant brand loyalty. The results of second order confirmatory factor analysis (CFA) indicated that cognitive ($\lambda = 0.948$; $t = 107.535$), affective ($\lambda = 0.929$; $t = 74.120$), and conative ($\lambda = 0.928$; $t = 71.753$) have a significant effect on attitudinal loyalty. These significant findings mean these three dimensions are the dimensions of attitudinal loyalty. It means Hypotheses 1a, 1b, and 1c are supported. A further finding indicates that cognitive ($R^2 = 0.898$) is the dimension which has the most dominant effect on attitudinal loyalty, followed by affective ($R^2 = 0.864$), and conative ($R^2 = 0.861$), respectively.

This study proposed that attitudinal loyalty is the determinant of behavioural loyalty. The hypothesis testing showed that attitudinal loyalty has a positive significant effect on behavioural loyalty ($\lambda = 0.777$; $t = 11.724$). This effect means that the more positive an individual's attitude toward restaurant brand, the more loyal the individual is toward the brand. This result supports Hypothesis 2.

While research objective one investigates the dimensions and structure of brand loyalty, research objective two determines the relationships among brand loyalty and its predictors, namely customer satisfaction, brand experience, and brand identity. Hypothesis 3 stated that customer satisfaction has a significant positive effect on attitudinal loyalty. The hypothesis testing finds that there is a significant positive effect of customer satisfaction on attitudinal loyalty ($\lambda = 0.383$; $t = 3.926$), which means Hypothesis 3 is supported.

The effect of brand experience on customer satisfaction was proposed by Hypothesis 4. The hypothesis testing demonstrated that there is a positive significant effect of brand experience on customer satisfaction ($\lambda = 0.244$; $t = 2.892$). The more positive the experience that the customer has with the brand, the more satisfaction the customer gets from the brand of the restaurant. This finding means Hypothesis 4 is supported. Similar to this effect on satisfaction, the positive significant effect ($\lambda = 0.365$; $t = 4.240$) is also found in the relation between brand experience and attitudinal loyalty, as proposed by Hypothesis 5. This positive effect indicates that the more positive the experience is perceived by the customer about the restaurant brand, the more positive their attitude will be, which leads them to be loyal to the brand. In addition, this study found that brand experience is an essential determinant for brand identity. The statistic estimation confirmed that there is a positive significant effect of brand experience on restaurant brand identity ($\lambda = 0.781$; $t = 22.223$). It means Hypothesis 6 is supported. Hypothesis 7 proposed that brand experience has indirect effects on attitudinal loyalty via customer satisfaction. To test these hypotheses, this study used the mediation analysis steps proposed by Baron and Kenny (1986) and also employed Sobel test. To test the mediation effect, the predictor should have a significant effect on mediating variable and mediating variable has a significant effect on criterion. In this study, brand experience has a significant effect on customer satisfaction and customer satisfaction has a significant effect on attitudinal loyalty. Therefore, there is an indirect effect of brand experience on attitudinal loyalty through customer satisfaction. Sobel test was employed to see whether this indirect effect has a significant effect. The result of Sobel test shows that the value of t-statistic is 2.348 ($p=0.02$). Therefore, it can be declared that there is a significant indirect effect of brand experience on attitudinal loyalty through customer satisfaction, which means Hypothesis 7 is supported.

Hypothesis 8 proposed that there is a positive significant effect of brand identity on customer satisfaction. Hypothesis testing found that t-statistic is 8.045 and path coefficient is 0.652, which means Hypothesis 8 is supported. While having a significant effect on satisfaction, brand identity does not have a significant effect on attitudinal loyalty ($\lambda = 0.203$; $t = 1.706$). For that reason, Hypothesis 9 is not supported. The indirect effect of brand identity on attitudinal loyalty is proposed by Hypothesis 10. Similar to the Hypothesis 7 testing, to test the indirect effect of brand identity on attitudinal loyalty through customer satisfaction, this study followed Baron and Kenny's (1986) suggestion. Based on this formulation, brand identity, as a predictor, has a significant effect on customer satisfaction (mediator), and customer satisfaction as a mediator has a significant effect on attitudinal loy-

alty (criterion). Hence, there is an indirect effect in this relationship. To test the hypothesis, the t-statistic was generated by using Sobel test calculation, indicating that t-statistic is 3.635 ($p < 0.05$). Thus, Hypothesis 10 is supported, which means there is a significant indirect effect of brand identity on attitudinal loyalty through customer satisfaction. Table 4 summarises the results of hypothesis testing.

Table 4. Summary of Hypothesis Testing

Path	Path Coefficient	T-statistics	Hypothesis
AL -> Cog	0,948	111,262	Supported
AL -> AFF	0,929	79,212	Supported
AL -> Con	0,927	77,048	Supported
AL -> BL	0,777	11,66	Supported
CS -> AL	0,383	4,088	Supported
BE -> CS	0,244	2,847	Supported
BE -> AL	0,365	4,544	Supported
BE -> BID	0,781	22,599	Supported
BE->CS->AL		2,348	Supported
BID -> CS	0,652	8,117	Supported
BID -> AL	0,203	1,735	Not supported
BID->CS->AL		3,635	Supported

DISCUSSION AND CONCLUSION

Two research objectives were addressed in this study. First, this study investigated the structure and the formation of brand loyalty in Indonesian moderate scale restaurants. Second, this study looked deeper on the linkages among brand loyalty and several marketing constructs, namely brand experience, brand identity, and customer satisfaction. To get a comprehensive idea related to the structure and formation of brand loyalty, tripartite hierarchical attitudinal loyalty combined with the approach of composite loyalty was used in this study. Overall, this study provides valuable insights in defining brand loyalty in the restaurant industry, as well as in determining the constructs which form brand loyalty. The following section will discuss the findings of this study.

As proposed by Hypothesis 1, this study found that attitudinal loyalty is formed in a hierarchical structure consisting of three dimensions, namely cognitive, affective, and conative. This finding is in accordance to Tripartite Theory (Rosenberg & Hovland, 1960), which proposed that attitude is a second-order hierarchical factor with cognition, affect, and conation serving as the first-order factors. Further,

this study indicated that cognition is the dimension that has the highest influence on an individual's attitude towards loyalty to restaurant brand. This finding means that, to have a more positive attitude towards loyalty, the cognitive aspect should be more emphasised. In the context of the restaurant industry, a cognitive aspect might be enhanced by creating a good perception of the restaurant services and products. Hence, restaurant business should be able to provide a good dining experience to their customers.

As predicted by Hypothesis 2, attitudinal loyalty is an essential predictor of behavioural loyalty. This finding is similar to previous studies, such as Li and Petrick (2008) and Suhartanto et al. (2013). This significant effect suggested that a restaurant customer's attitude toward the restaurant is the major determinant of whether the customer will re-visit the restaurant. This finding strengthens previous studies (Dick & Basu, 1994; Li & Petrick, 2008; Suhartanto et al., 2013) conceptualising that relative attitude is likely to provide a strong indication of repetitive patronage. This result suggested that restaurant customers who believe, like, and commit to a restaurant (showing attitudinal loyalty) would re-visit the same restaurant rather than the competitors.

The effect of customer satisfaction on attitudinal loyalty (Hypothesis 3) is confirmed by this study. The finding of this study indicated that customer satisfaction has a positive effect on attitudinal loyalty, which means the more satisfied the customers are with the services and products provided, the more loyal they are to the restaurant. This result is in accordance with Bennett and Rundle-Thiele (2004), Julander & Söderlund (2003), and Suhartanto et al. (2013), who also found this significant effect. Theoretically, this finding strengthens the Theory of Planned Behaviour (Ajzen, 1991) proposing that attitude (customer satisfaction) is the essential predictor of intention (attitudinal loyalty).

As one of the essential concepts in brand management study, brand experience is predicted to have a significant effect on customer satisfaction (Hypothesis 4), individual's attitudinal loyalty (Hypothesis 5), and brand identity (Hypothesis 6). The findings of this study confirmed that brand experience is the predictor of these constructs. The essential effect of brand experience on satisfaction is similar to Cleff, Dörr, Vicknair, & Walter (2013); Ha and Perks (2005); and Sahin, Zehir, & Kitapçı (2011), who also found that the better the individual's experience toward a particular brand is, the more satisfied they are with the brand purchased. For that reason, to create satisfaction among the customers, the restaurant industry should be able to provide a positive brand experience in the customer's mind. Similar to this effect on satisfaction, the finding of this study strengthened previous studies that found a significant effect of brand experience on attitudinal loyalty (Iglesias et al., 2011; Sahin et al., 2011). The important role of

brand experience on influencing attitudinal loyalty is signing that in retaining the customers, restaurants must be able to provide a good experience to their customers. The better the experience with the brand perceived by the customers, the more loyal they are to the restaurant. As an important construct in marketing study, scholars keep looking for the determinants of brand identity (Melewar, 2003). As proposed by Hypothesis 6, this study acknowledges that brand experience is the robust predictor of brand identity. From this finding, it can be interpreted that the customer who has a good experience with the brand of restaurant will have a thought of good identity toward the restaurant. An interesting finding is also showed by this study. While other studies (Iglesias et al., 2011; Sahin et al., 2011) investigated only the direct effect of brand experience on attitudinal loyalty, this study determines both direct and indirect effects. As proposed by Hypothesis 7, this study confirms that brand experience also has a significant indirect effect on attitudinal loyalty through customer satisfaction. Since brand experience has both direct and indirect effect on attitudinal loyalty, this study asserted that brand experience is an important construct in generating attitudinal loyalty.

The significant effect of brand identity on customer satisfaction is confirmed in this study. This finding is similar to previous study (He, Li, & Harris, 2012), which also found the significant relationship between these constructs. In the context of moderate upscale restaurants, the individual will expect to have a dining experience in a restaurant that is associated with a good reputation. To have a good reputation, a business organisation should be branded as an organisation that has a good identity. Thus, creating a positive brand identity will enhance the satisfaction of customers. While brand identity is indicated to be an essential predictor of customer satisfaction, this study does not find a significant effect between this construct and attitudinal loyalty (Hypothesis 9 is not supported). However, since this construct has a significant effect on customer satisfaction and customer satisfaction it is found to be a predictor of attitudinal loyalty, it can be summarised that brand identity has an indirect effect on attitudinal loyalty through customer satisfaction (supporting Hypothesis 10). This finding is interesting, since it generated a fact that, although brand identity is recognised as an important factor in business industry, it does not directly influence individual's loyalty in the context of a moderate upscale restaurant. The reason to explain this finding is probably because the food quality and the service quality are the factors influencing customers to revisit the restaurant. Identity is important; however, it is just creating the satisfaction of customers.

While this study makes a contribution to the body of hospitality and marketing literature, it has some limitations that need to be

acknowledged. The first is related to the sample used in this study. The samples participating in this study are the customers who had dined in several moderate upscale restaurants in Malang, Indonesia. Since these samples were recruited by convenience sampling approach, the samples do not represent the population of customers of Indonesian restaurants and thus the findings may not be generalised to all restaurants' customers in other places. The second limitation is about the self-administered questionnaire used in the data collection process. The lack of researcher's control in such situation may lead to misinterpretation by participants, which can create validity problems. Moreover, the self-administered method may also present limitations since participants may sometimes give expected answers (social response bias) or patterned responses to questions.

Appendix 1

Constructs	Sub-Dimensions	Code	Questions	Factor Loading
		BE_1	.....makes a strong impression on my visual sense	0.756
		BE_2	I find..... is interesting in sensory way	0.734
		BE_5	I have strong emotions with.....	0.838
		BE_6	.....is an emotional brand	0.829
	Brand Experience	BE_7	I engaged in physical actions and behaviors when I eat at....	0.862
		BE_8	eating at.....results in behavior experiences	0.728
		BE_9	....is action- oriented	0.831
		BE_10	I engage in a lot of thinking when I encounter....	0.744
		BE_12	....stimulates my curiosity	0.719
Brand		BI_1	This restaurant building exterior is impressive.	0.800
		BI_2	This restaurant building interior design is interesting.	0.807
		BI_3	This restaurant can be described as luxurious.	0.761
		BI_4	This restaurant can be described as up-to-date.	0.739
Brand Identity		BI_5	This restaurant has taken in local custom e.g., use the local greeting 'Selamat Datang'	0.709
		BI_6	I can identify the culture of this restaurant brand from the way they provide their services.	0.768
		BI_7	My relationship with this restaurant brand is related to the food qualities.	0.797
		BI_8	My relationship with this restaurant brand is based on loyalty.	0.763
		BI_12	I have a good impression toward this restaurant	0.838

<i>(cont.)</i>	Constructs	Sub-Dimensions	Code	Questions	Factor Loading
			Cog_1	No other restaurants perform services better than.....	0.842
			Cog_2	I consider restaurant as my first choice when I want to dine out	0.833
		Cognitive	Cog_3	..... restaurant provides superior service compare than other restaurants	0.820
			Cog_4	I am willing to pay more to dine in at	0.806
			Cog_5	..... restaurant has more benefits than the other restaurants in its category	0.795
			Aff_1	I like more than other restaurants.	0.824
	Attitudinal Loyalty	Affective	Aff_2	I feel better when I dine in at	0.868
			Aff_3	I like dining in very much.	0.874
			Aff_4	..... is the one that I appreciate most	0.724
			Con_1	Even if other hotels were offering a lower rate, I would still dine in at	0.754
			Con_2	I intend to continue dining at In the future	0.705
		Conative	Con_3	If were to raise the rate, I would still continue to dine in at.....	0.763
			Con_4	In the future, I intend to recommend .....to other people	0.764
			Con_5	I intend to say positive thing about....to other people	0.808
			CS_1	Dining in...is exciting for me.	0.880
	Customer Satisfaction		CS_2	I make a right choice to dine in...as my dining place.	0.905
			CS_3	I have a satisfying dining experience at...	0.940
			CS_4	Commonly, I feel satisfied with the decision to dine in...	0.933
			CS_5	Commonly, dining in ... is a pleasant experience for me.	0.942
	Behavioural Loyalty		BL_1	When I dining out, I always dining in.....	0.901
			BL_2	Compared other restaurants, I have dined in.....	0.938
			BL_3	I spent more money in this restaurant compared to in other restaurants	0.822

Appendix 2

	AFF	BE	BID	BL	CS	Cog	Con
AFF_1	0,824008	0,632856	0,620152	0,590119	0,689694	0,709128	0,681854
AFF_2	0,868581	0,688579	0,715105	0,696665	0,724554	0,790549	0,715323
AFF_3	0,874185	0,614395	0,66916	0,717799	0,700304	0,681116	0,707156
AFF_4	0,724322	0,568752	0,509255	0,633273	0,545677	0,486122	0,509878
BE_1	0,550019	0,756271	0,699388	0,541421	0,616626	0,624578	0,597786
BE_10	0,625213	0,744346	0,498898	0,496135	0,577404	0,623186	0,532466
BE_12	0,524775	0,719761	0,626604	0,525944	0,528287	0,566549	0,514146
BE_2	0,560831	0,734669	0,649438	0,483856	0,573235	0,618312	0,599084
BE_5	0,666202	0,83842	0,642326	0,609996	0,649889	0,704107	0,620893
BE_6	0,558903	0,82961	0,550735	0,545224	0,550109	0,635829	0,48939
BE_7	0,625528	0,862399	0,630449	0,557	0,603671	0,662876	0,597941
BE_8	0,596058	0,728546	0,509806	0,556653	0,528882	0,542008	0,476763
BE_9	0,648725	0,831086	0,675612	0,554326	0,668829	0,658823	0,575969
BID_1	0,56666	0,576318	0,800774	0,501696	0,669239	0,575332	0,564965
BID_12	0,714543	0,6628	0,838262	0,588287	0,798972	0,675835	0,714687
BID_2	0,608524	0,612435	0,807589	0,498537	0,698941	0,573703	0,589625
BID_3	0,546759	0,599717	0,761688	0,48047	0,580421	0,543796	0,474746
BID_4	0,558033	0,489592	0,739412	0,472557	0,596197	0,51787	0,531334
BID_5	0,476169	0,512805	0,709976	0,490435	0,520159	0,549428	0,441225
BID_6	0,530524	0,593025	0,768557	0,515944	0,569957	0,573985	0,528137

(cont.)

	AFF	BE	BID	BL	CS	Cog	Con
BID_7	0,65033	0,587423	0,797976	0,543252	0,743596	0,605488	0,612722
BID_8	0,668025	0,782071	0,763909	0,677093	0,662235	0,719187	0,664276
BL_1	0,70481	0,619836	0,610444	0,901842	0,590926	0,661714	0,586818
BL_2	0,772926	0,671135	0,623019	0,938745	0,615105	0,723764	0,646186
BL_3	0,642765	0,542241	0,603187	0,822089	0,579155	0,539331	0,499328
CS_1	0,739915	0,62879	0,762449	0,559158	0,880539	0,674897	0,733058
CS_2	0,741241	0,703088	0,723238	0,638442	0,9053	0,691649	0,73624
CS_3	0,735918	0,736776	0,807631	0,625982	0,940846	0,715246	0,69624
CS_4	0,767361	0,663542	0,762951	0,63277	0,933092	0,677883	0,733371
CS_5	0,752357	0,735681	0,821796	0,620306	0,942464	0,677306	0,692036
Cog_1	0,691961	0,658434	0,641135	0,661201	0,580997	0,842451	0,657057
Cog_2	0,664182	0,643176	0,618246	0,647286	0,612757	0,833177	0,681972
Cog_3	0,675503	0,67599	0,661984	0,59982	0,609079	0,820832	0,618283
Cog_4	0,668913	0,666947	0,670553	0,551022	0,689928	0,80659	0,737797
Cog_5	0,657258	0,63963	0,554925	0,520147	0,565249	0,795252	0,650178
Con_1	0,66316	0,537659	0,587071	0,567499	0,602332	0,728046	0,754394
Con_2	0,474248	0,381457	0,445894	0,412251	0,483216	0,467829	0,705484
Con_3	0,499066	0,483754	0,438644	0,428336	0,507325	0,554347	0,736873
Con_4	0,635806	0,589319	0,609786	0,513705	0,640269	0,597864	0,76443
Con_5	0,705348	0,659377	0,677864	0,523288	0,679949	0,694096	0,808793

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