

The Relationship between Customer Experience Values and Customer Loyalty in Virtual Brand Community

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ABSTRACT

This study aims to explore: the relationship between customer experience values and brand loyalty in virtual brand community, this study was a quantitative research, the instruments were questionnaires. The samples included 538 Chinese student in different universities in Bangkok. The data were collected by multistage random sampling technique. Path analysis was employed as the hypothesis testing tool. The structural equation modeling (SEM) was hired to test the customer loyalty model virtual brand community. The result showed that: 1) practical value was associated with community loyalty positively (H1: $\beta=0.28$); and brand loyalty positively (H2: $\beta=0.39$); 2) entertainment value was associated with community loyalty positively (H3: $\beta=0.21$); and brand loyalty positively (H4: $\beta=0.34$); 3) social value was associated with community loyalty positively (H5: $\beta=0.51$); and brand loyalty positively (H6: $\beta=0.39$); 4) community loyalty was positively associated with brand loyalty ($\beta=0.59$). The results of this study indicated that the practical value, social value should be put in the priority in virtual brand community for constructing brand loyalty toward customer in digital era, entertainment value also could be a factor that drives community loyalty and brand loyalty.

KEYWORDS: Customer Experience Value, Community Loyalty, Brand Loyalty

Introduction

With the development of social media and digital technique, virtual brand community has become an efficient platform of value co-creating and co-sharing between companies and customer, customer and customer (Li, 2014; Muniz & O'Guinn, 2011; Porter & Donthu, 2008; Schau, Muniz, & Arnould, 2009). In the platform, companies marketing, customer's experience sharing, communications between companies and customers to get value of customer and sustainable profit of companies, respectively. From the perspective of customer, value of customer needs is the value co-creating and co-sharing. As for companies, supplying value option to customer is the condition to develop sustainable, furthermore, to set high quality relationship between customers and companies, gaining the customer loyalty (Lemke, Clark, & Wilson, 2011). Customer experience value in virtual brand community platform is a kind of "communicative, relative and preferred experience (Holbrook, 2006)" feeling and perceive. Prahalad and Ramaswamy (2004) argued that value co-creating and co-sharing is the communication process between companies and customers, a type of personality process, virtual brand community became customer value co-creating and co-sharing platform, obviously, experience value not only be the value of

customer gained in virtual brand community, but also be the key factors to drive platform development sustainable. Customer loyalty is the key to develop the virtual brand community sustainable, customer loyalty become the most import, the most valuable, and the most stable property in platform. Different researchers have different arguments, (Huang, Liao, & Zhou, 2015; Jin, 2007; Zhou, 2013) studied customer loyalty in virtual brand community, in terms of defines and measurement index, they study customer loyalty in different focuses. Virtual brand community is the common linkage of brand and community, are there any kinds of relationship between them? What's the correlation between customer experiences and customer loyalty in virtual brand community? Some researchers discussed the reasons why the customer loyalty was set up in virtual brand community, for instance trust (Casalo, Flavian, & Guinalin, 2008), user engagement, online community promise, customer experience and community recognition (Huang et al., 2015), but no study focus on value co-creating and sharing drives to customer loyalty and their correlation among them. Although customer value is one of the important factors influencing to customer loyalty has been tested (Blackwell, Szeinbach, Barnes, Garner, & Bush, 2009; Ryan, Rayner, & Morrison, 1999), customer's experience value

is differs from customer value. The research to the correlation between customer experience value and customer loyalty in light of value co-creating and sharing is rarely.

Research Objectives

In light of the above theory analysis, this research focuses on 1), the study of the relationship between customer experiences value and brand loyalty in virtual brand community, 2) to set up the guidance for in strengthening customer experience value, finally, 3) to come arise the strategies of brand loyalty.

Research Hypothesis

The hypothesis of this research are designed as following: (see figure 1). H1: Practical value is positively associated with community loyalty; H2: Practical value is positively associated with brand loyalty; H3: Entertainment value is positively associated with community loyalty; H4: Entertainment value is positively associated with brand loyalty; H5: Social value is positively associated with community loyalty; H6: Social value is positively associated with brand loyalty; H7: Community loyalty is positively associated with brand loyalty.

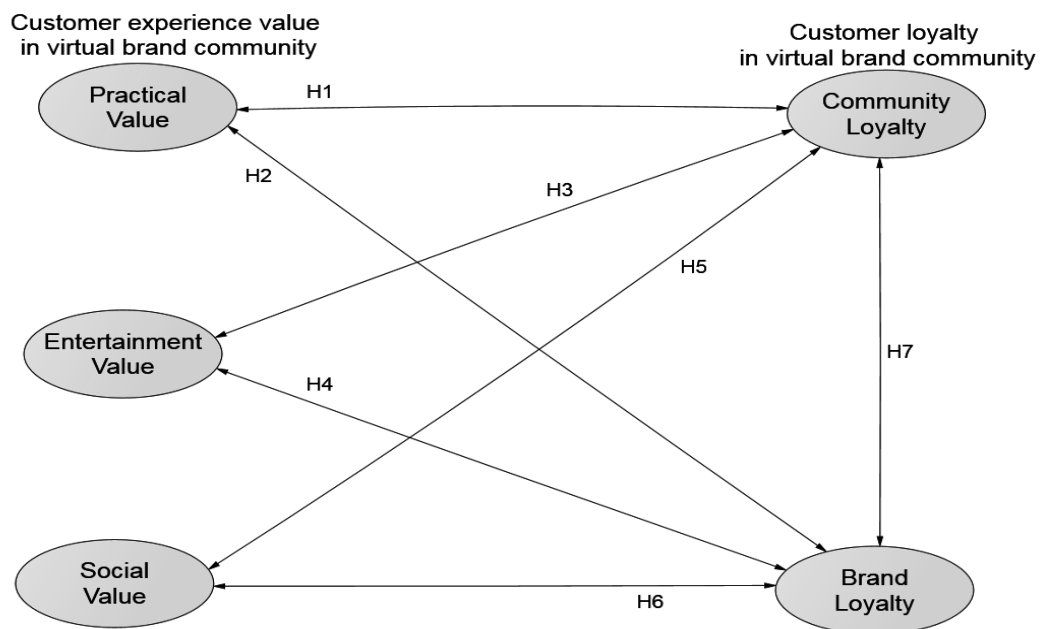


Figure 1 The conceptual framework

Source: Literature review

Benefit of Research

This study focuses on virtual brand community research, on basic of customer experience value, customer loyalty contents, aims to study the correlation between customer experience value and customer loyalty in virtual brand community platform, furthermore, to come arise the scientific recommendations of developing virtual brand community sustainable, and finally, to set up the guidance in strengthening customer experience value for creating profits.

Literature Review

Virtual brand community is the value co-creating and sharing platform; customer is the core of value creating and sharing, experience value. Up to now, there are following types of arguments to customer experience value in virtual brand community: five perspectives, information and financial value, social communication Value, image value and entertainment value (Jin, 2007); four perspectives: function value, knowledge value, society value and mood value (Wei, 2013); three perceptions: function value, society value and entertainment value (Ma & Yang, 2014; Sicilia & Palazon, 2008); two perceptions: practical value and virtual value (Overby & Lee, 2006). Even different researchers defined customer experience value in different perceptions, it

is easy to get common conceptual contents from different definitions, for instance: function value, practical value and information value, knowledge value, emotional value, entertainment value and hedonism value. Virtual brand community is the linkage between customer and companies, different customers, the value co-creating and co-sharing in virtual brand community supply knowledge, information, and furthermore, constructs internet relationship, information sharing, emotion communication in social value, and supply entertainment value. Therefore, this study adapts three perceptions as the research perceptions that is to define customer experience values in virtual brand community into practical value, entertainment value and social value.

With the development of cyber brand community, customer loyalty was developed to internet customer loyalty, community loyalty and so on. Therefore, customer loyalty means the response between subjects (customers) and objects (brand, products, companies, and community) in attitude and behavior, which focuses on brand in brand loyalty and community in community loyalty. Therefore, this study defines customer loyalty of virtual brand community to two perceptions, including community loyalty and brand loyalty. More and more companies focus on constructing relationship between

companies/platform and customers in terms of brand and loyalty, obviously, there are drives relationship between customers loyalty to community and brand. Currently, some researches focus on community loyalty (Jin, 2007), and brand loyalty (Huang et al., 2015), but it is in shortage of researching the influencing system both of them in one model.

The influence of customer experience value to community has been verified, for instance, (Wang, et al., 2011) studied and indicated the non-trade virtual brand community which has reflected that the perceived value of customer in virtual brand community has positive influence to community loyalty. The virtual brand community is one of the types of communities, practical value (information value), entertainment value and social value had positive influence to virtual brand community theme in car (Jin, 2007). Experience value is the core target of customer taking part in virtual brand community, for the non-limited in space and time, it is easy that users take part in and take off from virtual brand community, therefore, it is assumed their experience value co-creating and co-sharing and perceiving in virtual brand community is positively associated with their loyalty to community.

The virtual brand community features in the themes of brand, which has become the platform building customers loyalty to brand, furthermore, customer experience value is the key to drive brand loyalty. Kim, Chang, and Hiemstra (2004) argued customer have loyalty to the internet web community on condition getting information value and practical value. Positive entertainment experience drives entertainment value for customer, the entertainment experience in virtual brand community positively influence to brand loyalty (Huang et al., 2015), and so, it is assumed entertainment is associated with brand loyalty positively. Virtual brand community was set up on the common hobby of customers, which is constructed in special and non-space limitation (Muniz & O'Guinn, 2011).

More and more companies construct the non-trade relationship between companies and customer, brand and customer by means of setting up and management to virtual brand community, further, to target at the selling and buying relationship, aiming at benefits and profit of companies. For instance, MI group, Alibaba group. As the important media of non-formal word of mouth, virtual brand community is influencing more and more customer brand attitudes, it is efficiency to influence customer's attitude and behavior to brand by promoting brand and

products in the platform. Kim et al. (2004) studied at an internet store for researching the customer loyalty, which shows that the customer who has higher position in community can organize activities in the platform, becoming the users who have deep loyalty to the community which transfer to brand loyalty. This kind of higher community recognition and community loyalty means that the community user keep same value with community value (Hur, Ahn, & Kim, 2011), which transfer to the emotion and recognition of the brand loaded on the community (Zhou, 2013), finally, become

the brand loyalty. So, community loyalty is associated with brand loyalty.

Research Process

Questionnaires Development

Data of this study was collected through questionnaire. Referring to abundant of academic literature, 9 questions related to customer experience values and 7 questions related to customer loyalty are finalized (see table 1). The reliability of data was tested in light of the Cronbach's alpha, the composite reliability indices show that the measurement table and model are reliable (see table 2).

Table 1 Questionnaires development

Dimension	Sub-dimension	Items in Sub-dimension
Customer experience value	Practical value	3(PV1,PV2,PV3)
	Entertainment value	3(EV1,EV2,EV3)
	Social value	3(SV1,SV2,SV3)
Customer loyalty	Community loyalty	3(CL1,CL2,CL3)
	Brand loyalty	4(BL1,BL2,BL3,BL4)

Source: Author's calculation

Table 2 Composite reliability indices of model

Unobserved Variables	Observed Variables	Indicator Loading λ	Reliability	Measurement Error	Composite Reliability	Average Variation Extracted
PV	PV1	0.814	0.662	0.337	0.662	0.854
	PV2	0.831	0.690	0.309		
	PV3	0.798	0.636	0.363		
EV	EV1	0.745	0.555	0.445	0.592	0.812
	EV2	0.788	0.621	0.379		
	EV3	0.774	0.599	0.401		
SV	SV1	0.704	0.495	0.504	0.578	0.804
	SV2	0.770	0.593	0.407		
	SV3	0.800	0.693	0.360		
CL	CL1	0.773	0.597	0.402	0.625	0.833
	CL2	0.814	0.663	0.337		
	CL3	0.784	0.615	0.385		
BL	BL1	0.832	0.692	0.308	0.665	0.888
	BL2	0.832	0.691	0.308		
	BL3	0.748	0.559	0.440		
	BL4	0.847	0.718	0.286		

Source: Author's calculation

Population and Sample

The data collection was started from March 1st to August 30th, 2018. The measurement table of this study was designed on “Questionnaire star Website”, the respondents are Chinese students in Bangkok, the sample can response the features of customer in virtual brand community. In order to get correct data, the questionnaire was distributed in two ways: first, taking part in the social media, such Wechat and QQ community, secondly, putting the questionnaire on the web forum, and members of virtual brand community answer it freely. For the abundant customers in virtual brand community, the Chinese

students in different universities in Bangkok were equipped with internet technique, so they can response the features of customer in virtual brand community. The missing items of sample through online questionnaire were deleted, in order to ensure the quality of the data, this study tested and kept track the time of answering the questionnaire, average 4.5 minutes for answering the questionnaire, after deleted ineffective questionnaires, finally, 538 samples were kept, the characteristics of the sample: gender, marriage, educations, hours of surf on internet per week, times in virtual brand community per week, details are as indicated in table 3.

Table 3 Demography of respondents (Total n=538)

Characteristics	N	%	Coded	Remarks
Gender				
Male	260	48.29	0	Code 0: Male
Female	278	51.71	1	Code 1: Female
Age				
<23	246	45.61	0	Code 0: Age under 23
23-26	196	36.43	1	Code 1: Age 23 to 26
27-35	66	12.30	2	Code 2: Age 27 to 35
>36	30	5.56	3	Code 3: Age above 36
Marriage				
Married	195	36.23	0	Code 0: Married of marriage
Single	327	60.77	1	Code 1: Single of marriage
Others	16	3.00	2	Code 2: Others of marriage

Table 3 Demography of respondents (Total n=538) (continued)

Characteristics	N	%	coded	Remarks
Education backgrounds				
Undergraduate	211	39.16	0	Code 0: Undergraduate students
Graduate	173	32.22	1	Code 1: Graduate students
Postgraduate	154	28.62	2	Code 2: Postgraduate students
Hours of surfing on internet per-week (hours)				
<5	118	21.90	0	Code 0: Surfing on internet lower than 5 hours
6-15	263	48.90	1	Code 1: 6-15 hours surfing on internet
16-25	125	23.30	2	Code 2: 16-25 hours surfing on internet
>26	32	5.90	3	Code 3: Surfing on internet above 26 hours
Times in virtual brand community per-week				
<3	237	44.10	0	Code 0: In virtual brand community under 3 hours.
3-8	246	45.70	1	Code 1: In virtual brand community 3-8 hours
>8	55	10.20	2	Code 2: In virtual brand community higher above 8 hours

Source: Author's calculation

Instruments

Questionnaires were the instruments. A preliminary examination of the data for the sample provided the descriptive statistics for the observed variables. The respondents were given the statement for each observed variables and gave a response with agree

level (“Likert” 5 scales) from 1=Very disagree, 2=Less disagree, 3=Agree, 4= More agree, 5=Very agree. The collected data on the surveys “Likert” questions were documented and analyzed, the percentage of distribution and means of respondents to variables were indicated in table 4.

Table 4 Percentage of distribution and mean of respondents to variables (n=538)

Dimensions	Sub-dimensions and Items	% of Total Percentages Strongly agree...Strongly disagree					\bar{X}	S.D.	
		5	4	3	2	1			
Customer experience value	PV	PV1	18.80	41.80	23.00	13.40	3.00	3.05	1.131
		PV2	17.80	40.30	24.50	12.10	5.20	2.91	1.078
		PV3	24.90	45.00	19.70	8.60	1.90	3.37	0.963
	EV	EV1	16.90	44.60	26.80	9.10	2.60	3.64	0.953
		EV2	22.70	50.00	23.20	2.80	1.30	3.90	0.824
		EV3	18.20	44.40	29.90	6.90	0.60	3.73	0.857
	SV	SV1	8.70	28.60	33.10	18.40	11.20	3.05	1.137
		SV2	5.80	28.30	31.40	19.90	14.70	2.91	1.125
		SV3	9.30	40.50	33.10	11.70	5.40	3.37	0.989
Customer loyalty	CL	CL1	8.90	28.80	33.50	21.60	7.20	3.11	1.068
		CL2	8.60	30.50	35.50	19.50	5.90	3.16	1.027
		CL3	12.50	38.80	31.00	13.80	3.90	3.42	1.002
	BL	BL1	18.80	50.40	22.70	6.90	1.30	3.78	0.873
		BL2	19.10	48.90	25.70	4.50	1.90	3.79	0.867
		BL3	19.90	46.10	24.20	8.40	1.50	3.75	0.920
		BL4	2.20	36.40	37.20	10.80	2.20	3.48	0.932

Source: Author’s calculation

Data Analysis

Descriptive and explanation were employed in this study. Structural equation modeling (SEM) was equipped to examine the conceptual model and associated hypothesis under the literature review. Software NO.22 version of SPSS and AMOS were employed as the tools of measurement in this study, Maximum Likelihood estimation (ML) method was hired for theory testing and developing the conceptual model, and for examine the hypotheses and an overall test of model fit. Confirmatory factor analysis (CFA) was employed to test the measurement model that set of observed (indicator) variables identified the hypothetical latent construct

and confirming theory generated model. The hypothesis model for brand loyalty in virtual brand community in perceptions of customer's experience value was measured with 5 latent variables (practical value, entertainment value, social value, community loyalty and brand loyalty) and 16 observed variables, as indicated in chapter 3, nine of observed variables were measurements to customer experiences value and 7 of observed variables were measurements to customer loyalty in virtual brand loyalty. The results of all the indices exceed acceptable standards of model showed a good fit to the data (see figure 2 and table 5).

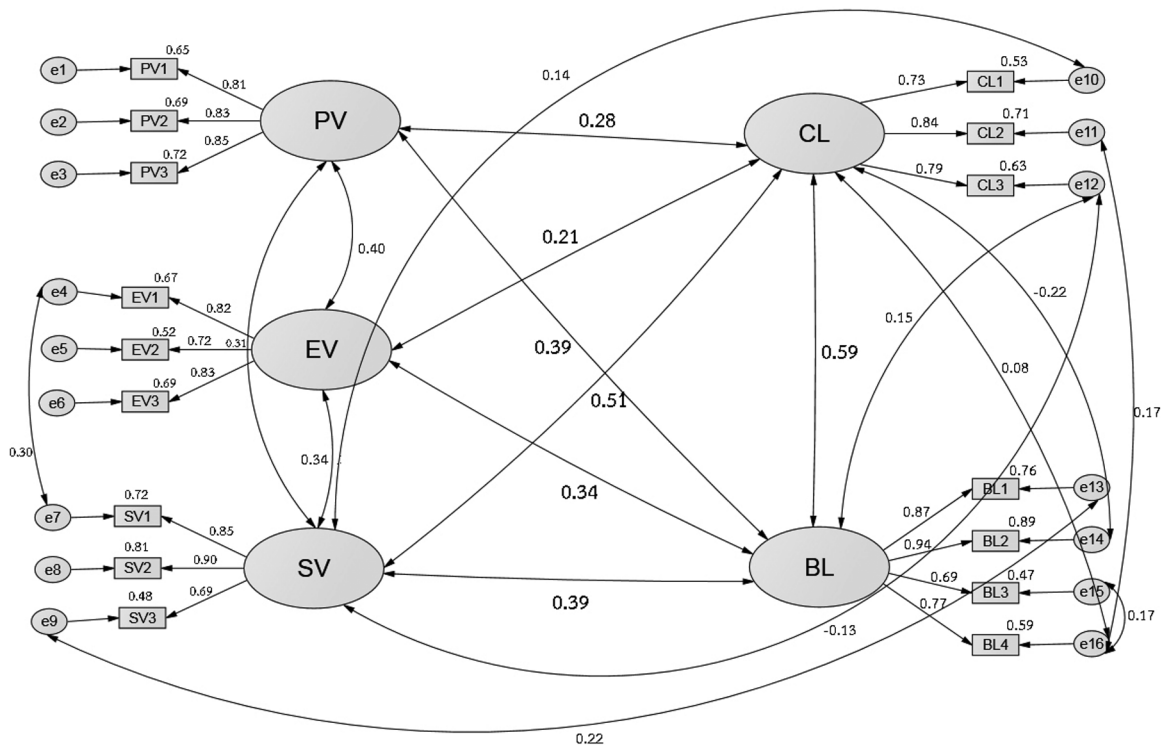


Figure 2 The hypothesis analysis result

Source: Author's calculation

Table 5 Structuring equation modeling fitting

Model Statistics	Goodness-of-fit	Acceptable Criteria	Levels	Hypothesis Model
Chi-square		--		219.59
DF		--		87
CMINDF		<3		2.512
p-value		>0.050		p=0.702
GFI		>0.900		0.951
AGFI		>0.900		0.930
RMR		<0.080		0.040
RMSEA		<0.080		0.050
CFI		>0.900		0.971
IFI		>0.900		0.980
NFI		>0.900		0.962
CN		>200		271

Note: *t-value>1.96 had significant at 0.05 level (**p<0.001) and supported the hypotheses

Source: Author’s calculation

Factor Loading

The results of this study indicated that there are factor loading between practical value, entertainment value, social value and brand loyalty 0.39, 0.34, and 0.39 respectively. The factor loading between

practical value, entertainment value, social value and community loyalty are 0.28, 0.21 and 0.51 respectively. The factor loading between community loyalty and brand loyalty is 0.59, more details see table 6.

Table 6 Factor loading of the measurement

Factors		Factor Loading: λ			
Unobserved, Endogenous variables	Unobserved, Exogenous variables	b	S.E.	Beta: β	t-value
BL	PV	0.241	0.034	0.342	7.501**
	CL	0.340	0.043	0.590	9.172**
	SV	0.202	0.030	0.391	6.944**
	EV	0.180	0.031	0.342	6.491**
CL	EV	0.193	0.031	0.213	4.032**
	SV	0.272	0.044	0.512	7.320**
	PV	0.181	0.033	0.281	5.282**

Note: Significant ** $p < 0.001$

Source: Author's calculation

Results of Hypotheses

The hypotheses model for the study fitted data well as above. All structural paths shown in the model were statistically significant at $p < 0.001$. The results indicated: firstly, practical value was associated with community loyalty positively, (H1: $\beta = 0.28$); secondly, practical value was associated with brand loyalty positively (H2: $\beta = 0.39$); thirdly, entertainment value was associated with

community loyalty positively (H3: $\beta = 0.21$); fourthly, entertainment value was associated with brand loyalty positively (H4: $\beta = 0.34$); fifthly, social value was associated with community loyalty positively (H5: $\beta = 0.51$); sixthly, social value was brand loyalty positively (H6: $\beta = 0.39$); seventhly, community loyalty was positively associated with brand loyalty (H7: $\beta = 0.59$) (see table 7).

Table 7 Summary of structural paths and hypothesis test results, standardized estimates (relationship)

Hypotheses	Between	Standard Estimate	t-value	Hypotheses Support
H1	PV → CL	0.281	5.282**	Accepted
H2	PV → BL	0.391	7.501**	Accepted
H3	EV → CL	0.213	4.032*	Accepted
H4	EV → BL	0.342	6.491*	Accepted
H5	SV → CL	0.512	7.320**	Accepted
H6	SV → BL	0.391	6.941*	Accepted
H7	CL → BL	0.590	9.172**	Accepted

Note: Significant ** $p < 0.001$, * $p < 0.5$

Source: Author's calculation

Conclusion

The hypotheses made for this study fitted data well as above. All structural paths shown in the model were statistically significant at $p < 0.001$. Structural paths and their estimates were summarized in table 7 with results of hypotheses tests. The result showed: Practical value was correlated with community loyalty and brand loyalty. Entertainment was correlated with community loyalty lightly but was correlated with brand loyalty significantly. Social value was correlated with community and brand loyalty at a very significant level. Community loyalty was correlated with brand loyalty at a high level.

For constructing brand loyalty toward customer, in light of the results of this study, an integrated model with the empirical testing should be developed, focus on practical value and social value in virtual brand community the practical value, social value should be put in the priority in the virtual brand community, thirdly, community loyalty in virtual brand community should be gained by promoting practical value and social value. In nutshell, in the course of putting the research into practice, it is efficient to equip the practical value, entertainment value and social value into the constructing and building of virtual brand community for companies.

Discussion

The customer values in virtual brand community could be defined in different perspectives, but for all industries, including tangible and intangible industry, to meet the needs of customer's value is the common strategy to build customer's loyalty. With the development of mobile internet and digital techniques, there will be not boundary lines between online and offline, on the one hand, to take measurement to set up the mobile virtual brand community is the strategy to meet. The trends of mobile internet, on the other hand, the research to construct customer loyalty by in strengthening the responses to customer's experience values in virtual community online and real community offline is the further research in the coming era.

Recommendation

Customer value is the key to success marketing, firstly, it is the things that consumer needs, wants and demands, secondly, it is the profit that companies get return from consumer as the profit of the companies, supply the value that consumer need and want is the key to construct customer loyalty, in other words, the future research should be focused on strengthening the customer experience values by ways of increasing consumer engagement. It is highly recom-

mended that for companies who supply products and services to consumer, especially, for internet companies to construct strategy toward customer loyalty on the foundation of the relationship among the customer experience value and the virtual brand community.

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