THE INFLUENCE OF RISK AVERSION ON BRAND LOYALTY WITH BRAND TRUST AND BRAND AFFECT AS MEDIATING VARIABLES

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ABSTRACT

Nowadays, cosmetic products are no longer exclusively designed for women but also for men. This creates opportunities and a conducive environment for the emergence of new companies. With the increasing number of companies in the men's cosmetic industry today, building brand loyalty is one of the biggest challenges that companies will face. This research aims to explore the relationship between risk aversion and brand loyalty, and test whether this relationship is mediated by brand trust and brand affect in the purchase of cosmetic and body care products by men. The sample selection was done using purposive sampling method with 110 male respondents who are students in Surabaya. Data analysis was conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method with the SmartPLS program. The results showed that risk aversion significantly influences brand trust, brand affect, and brand loyalty. Brand trust and brand affect also significantly influence brand loyalty. By analysing brand loyalty and its influencing variables, companies in the men's cosmetic and body care industry can understand how to develop it, especially by paying attention to aspects such as risk aversion, brand trust, and brand affect.

Keywords: men; brand; companies; trust; loyalty

1. Introduction

In recent years, there has been a growing trend of men becoming more conscious of their overall body care and appearance. Cosmetic products are no longer exclusively designed for women to maintain their appearance but are also targeted towards men. Currently, men are increasingly aware of the importance of taking care of their skin for both aesthetic and health reasons (Agusty & Muttaqin, 2022). Men are realizing that caring for the body is crucial.

The positive development of the cosmetic industry and trends in Indonesia has created a conducive environment for the emergence of new brands. New companies continue to emerge, and existing businesses are also growing, creating a more competitive market. With the increasing number of companies in the men's cosmetic and body care industry today, the attempt of making consumers more loyal to certain cosmetic brands is one of the biggest challenges faced by companies. In this competitive market, understanding consumer behaviour is crucial for companies. By mastering consumer behaviour, companies can easily grasp consumer preferences that influence purchasing decisions. This understanding enables companies to develop more effective marketing strategies and product offerings.

Based on the Theory of Planned Behavior (TPB), a social psychological model developed by Ajzen (1991), individual attitudes toward a product or brand can significantly influence their purchasing decisions through three key factors: attitude, subjective norm, and perceived behavioural control. This theory has proven to be very useful and robust in predicting various behaviours, ranging from food consumption to the intention to purchase skincare products (Miguel et al., 2022).

Building brand loyalty is crucial for a company's survival and growth. Brand loyalty refers to the perceived connection customers have with a particular brand and is considered one of the most crucial outputs in most marketing literature (Samarah et al., 2022).

It is known that the formation of brand loyalty is influenced by several components. One component that can affect brand loyalty is the influence of risk aversion. Consumers vary in their willingness to tolerate risk in certain situations, known as their risk aversion (Rostami et al., 2019). When consumers perceive themselves in a risky purchasing situation, they tend to not try new products because they are unsure of their performances compared to well-known products and brands (Alhosseini Almodarresi & Rasty, 2019). Risk-averse consumers tend to be loyal to brands they are already familiar with.

One of the primary goals of marketing is to create an emotional bond between the brand and the customer. This relationship is built through trust and is crucial for sustainable long-term growth (Fatma & Khan, 2023). Consumer confidence in a brand, known as brand trust, is believed to act as a mediator between risk aversion and brand loyalty. When consumers have a high level of brand trust, they are more likely to remain loyal to a brand even when they perceive a high risk associated with the products or services of that brand.

In addition to brand trust, another variable that may influence the role of risk aversion in brand loyalty is brand affect. According to Sjabadhyni et al. (2019), each individual processes information differently or has different perceptions towards an object. This can influence their attitudes, behaviours, and decisions. Brand affect refers to a brand's potential to evoke positive emotional responses from the average customer as a result of using that brand. Therefore, consumers with high brand affect perceive that the brand makes them happy, joyful, and full of affection (Huaman-Ramirez et al., 2019).

Hence, this research aims to explore the relationship between risk aversion and brand loyalty with the mediation of brand trust and brand affect. The researchers are interested in investigating the relationship between risk aversion and brand loyalty and testing whether this relationship is mediated by brand trust and brand affect in the purchase of men's cosmetic and body care products.

2. Literature Review
2.1 Theory of Planned Behaviour
The Theory of Planned Behaviour (TPB) is a social psychology model that explains how human behaviour is influenced by individual beliefs, attitudes, and intentions. This theory was proposed by Ajzen and Fishbein (1980) and later refined by Ajzen (1991). According to Ajzen (1991), behaviour is influenced by an individual's intention towards a specific behaviour. TPB can elucidate how customers' behavioural intentions, such as the intention to purchase a product, influence their actual behaviours, such as the actual purchase of products. TPB is one of the theories in social psychology that effectively identifies the factors driving customer behaviour in planned, intended, or goal-oriented purchasing situations (Ashaduzzaman et al., 2022).

2.2 Risk Aversion
Risk aversion is a commonly used term in economics and finance to describe the extent to which individuals feel uncomfortable or threatened by uncertain circumstances and have established their own beliefs and systems to avoid such situations (Alhosseini Almodarresi & Rasty, 2019). According to Aren and Nayman Hamamci (2020), the extent to which individuals are unwilling to accept risk is known as risk aversion. It is believed that different biases and psychological traits can influence how people behave in risk-avoidant situations.

According to Kumar Mishra et al. (2016), risk aversion can be measured by an indicator developed by Raju (1980), which includes:

a. When I buy a product, I feel it is safer to buy a brand I am familiar with.
b. I would rather stick with a brand I usually buy than try something I am not very sure of.

2.3 Brand Trust

Brand trust is expressed as a crucial factor in commercial success and is defined as the average consumer's willingness to trust a brand's ability to fulfill its stated functions (Akoglu & Özbek, 2022). According to Nguyen et al. (2022), brand trust is the willingness to depend on a brand based on beliefs about the brand, regardless of the risks or uncertainties associated with it. It is the perception held by customers that a brand will fulfill its promises and consistently provide products or services that meet consumer expectations.

Brand trust is formed through direct experiences between consumers and the brand. Trust in a brand is built over time through consistent and positive interactions between the brand and its customers (Nguyen et al., 2022).

According to Gültekin & Kiliç (2022), brand trust can be measured by four indicator items developed by Chaudhuri & Holbrook (2001), which include:
a. I trust this brand.
b. I rely on this brand.
c. This is an honest brand.
d. This brand is safe.

2.4 Brand Affect

The definition of brand affect, according to Chubukova et al. (2019), is a concept that reflects the emotional involvement of consumers with a brand because the brand acts as a significant reflection of self-identity or is a meaningful symbol for the consumer. It reflects an individual's overall feelings or sentiments toward a brand and can encompass both positive and negative emotions. According to Gültekin & Kiliç (2022), brand affect refers to the relationship between the brand and the consumer. Having a high brand affect means that consumers have positive impressions and feelings about the brand and hold it in high regard.

According to Huaman-Ramirez et al. (2019), brand affect can be measured by three indicator items developed by Chaudhuri & Holbrook (2001), which include:
a. I feel good when I use this brand.
b. This brand makes me happy.
c. This brand gives me pleasure.

2.5 Brand Loyalty

The definition of brand loyalty, according to Haq et al. (2022), is a strong preference that customers have for a particular brand or product, leading them to consistently repurchase in the future. The act of repeatedly buying a product is not just a random response but is influenced by emotional, normative, and psychological factors (Rostami et al., 2019). According to Febriana (2018), brand loyalty is a measure of consumer's loyalty to a brand, a deep-seated commitment to repurchase the product or brand in the future, even when situational changes tempt them to switch to other brands.

According to Sjabadhyni et al. (2019), brand loyalty is measured by agreement with four statements developed by Chaudhuri & Holbrook (2001). Specifically, behavioural loyalty is measured by agreement with the following two statements:
a. I will buy this brand the next time I buy [product name].
b. I intend to keep purchasing this brand.

Attitudinal loyalty is measured by two statements:
a. I am committed to this brand.
b. I would be willing to pay a higher price for this brand over other brands.

Hypothesis:
H1: Risk aversion is positively related to brand trust.
H2: Risk aversion is positively related to brand affect.
H3: Brand trust is positively related to brand loyalty: behavioural and attitudinal loyalty.
H4: Brand affect is positively related to brand loyalty: behavioural and attitudinal loyalty.
H5: Risk aversion is positively related to brand loyalty: behavioural loyalty and attitudinal loyalty.
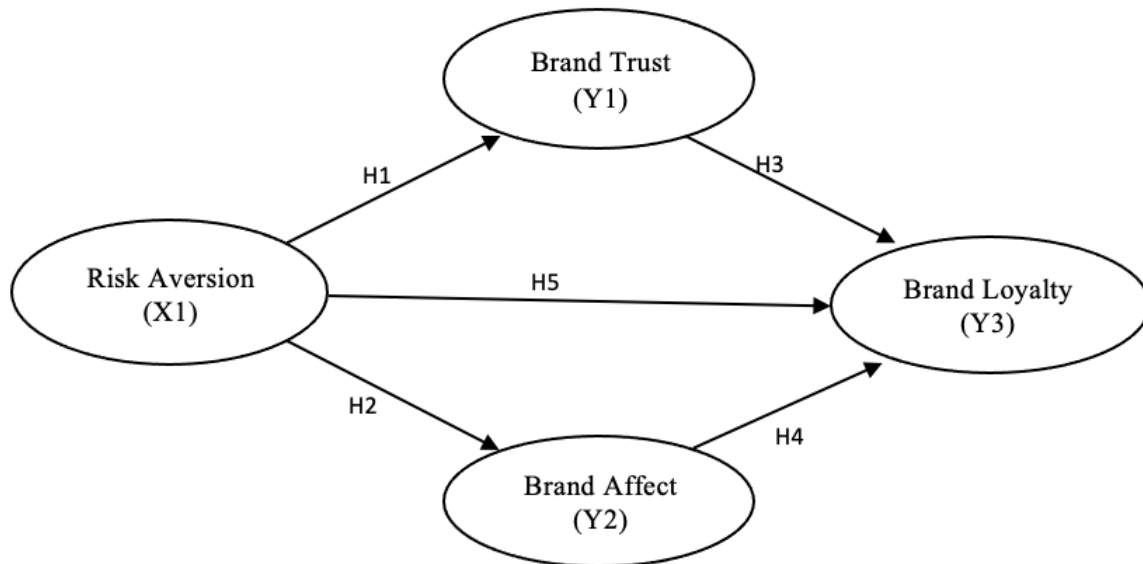
3. Research Methods

The proposed research titled "The Influence of Risk Aversion on Brand Loyalty with Brand Trust and Brand Affect as Mediating Variables" adopts a quantitative research approach. According to Hardani & Fardani (2020), quantitative research is a systematic scientific study of the parts and phenomena and their relationships. Quantitative research emphasizes the analysis of numerical (numeric) data, which is then analyzed using appropriate statistical methods.

The population used in this study is male students in Surabaya, who are users of cosmetic and body care products. This population is expected to provide accurate data about the current use of cosmetic and body care products.

Sampling is conducted by the researcher to make it a representative sample of the population so that calculations and data collection become more effective. Sampling is used in research due to constraints such as time, finances, manpower, or logistical limitations that may not allow the study of the entire population (Smith et al., 2017). Sampling in this study applies the purposive sampling method, involving the selection of respondents based on specific criteria, which is relevant to the research objectives and characteristics of the studied population.

The type of data applied in this study is quantitative data, and primary data sources are obtained through a questionnaire. The questionnaire is distributed directly to the main informants, namely students in Surabaya. The measurement scale used is a seven-point Likert scale consisting of "1 indicating Strongly Disagree," "2 indicating Disagree," "3 indicating Somewhat Disagree," "4 indicating Neutral," "5 indicating Somewhat Agree," "6 indicating Agree," and "7 indicating Strongly Agree."

Data analysis in this study is conducted by applying the Structural Equation Modeling (SEM) method based on Partial Least Squares (PLS) using the SmartPLS software. According to Hair et al. (2019), SEM-PLS consists of two models: the measurement model which

represents how measured variables represent constructs and the structural model which shows how constructs are related to each other. In SEM-PLS, the measurement model is often referred as the outer model, and the structural model is referred as the inner model. However, both models essentially operate in exactly the same way in their approach.

4. Research Findings and Discussion

Data collection was carried out through the online distribution of questionnaires to 110 respondents. The criteria for respondents required for this study have been explained on the initial page of the questionnaire, ensuring that the respondents who want to fill out the questionnaire are in line with the criteria needed. This research utilized the Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis method with the SmartPLS program.

The first step undertaken was the testing of the outer model, which consists of validity and reliability tests. Tables 1 and 2 below show the results of the validity test for each variable by examining the outer loading values (convergent validity) and reliability tests by considering the values of composite reliability and Cronbach's alpha.

Table 1 Outer Loading

Variable	Indicator	Outer Loading (OL)	Average Variance Extracted (AVE)	Information
Risk Aversion	X1.1	0.910	0.846	Valid
	X1.2	0.929		Valid
Brand Trust	Y1.1	0.778	0.573	Valid
	Y1.2	0.758		Valid
	Y1.3	0.744		Valid
	Y1.4	0.747		Valid
Brand Affect	Y2.1	0.746	0.682	Valid
	Y2.2	0.899		Valid
	Y2.3	0.824		Valid
Brand Loyalty	Y3.1	0.811	0.682	Valid
	Y3.2	0.852		Valid
	Y3.3	0.807		Valid
	Y3.4	0.833		Valid

Based on Table 1, it is known that each indicator has an outer loading value > 0.7, and each variable has an AVE (Average Variance Extracted) value > 0.5. Therefore, it can be concluded that each variable and indicator in this study are valid as they meet all the criteria for convergent validity testing.

Table 2 Reliability Test

Variable	*Composite Reliability*	*Cronbach's Alpha*
Risk Aversion	0.916	0.818
Brand Trust	0.843	0.752
Brand Affect	0.865	0.765
Brand Loyalty	0.896	0.844

Based on Table 2, it is found that each research variable has composite reliability and Cronbach's alpha values ≥ 0.7. Therefore, it can be concluded that all variables in this study are reliable as they meet the criteria for this testing.

The second analysis involves testing the inner model, which includes R Square (R2) and Q Square (Q2) values.

Table 3 R Square

	R-square	R-square adjusted
Brand Trust	0.379	0.374
Brand Affect	0.270	0.264
Brand Loyalty	0.694	0.686

Based on Table 3, it is observed that the R-square values for each variable are as follows:
▪ Brand Trust: The R-square value for brand trust is 0.379, indicating that the influence of risk aversion on brand trust is 37.9%.
▪ Brand Affect: The R-square value for brand affect is 0.270, suggesting that the influence of risk aversion on brand affect is 27%.
▪ Brand Loyalty: The R-square value for brand loyalty is 0.694, meaning that the impact of risk aversion on brand loyalty is 69.4%.

Table 4 Q Square

	Q² (=1-SSE/SSO)
Brand Trust	0.181
Brand Affect	0.160
Brand Loyalty	0.451

Based on Table 4, it is evident that the Q-square values for brand trust, brand affect, and brand loyalty are greater than 0, indicating that the model has good predictive relevance. Therefore, in this study, the latent exogenous variable, risk aversion, is suitable as an explanatory variable that can predict or anticipate the endogenous variables: brand trust, brand affect, and brand loyalty.

The third stage involves hypothesis testing to compare the path coefficients and outer loadings between the T Statistic and T Table values, using a significance level of 5% or 1.96.

Table 5 Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
RA -> BT	0.616	0.591	0.117	5.249	0.000
RA -> BA	0.519	0.509	0.107	4.858	0.000
BT -> BL	0.275	0.278	0.076	3.636	0.000
BA -> BL	0.246	0.250	0.084	2.951	0.003
RA -> BL	0.450	0.442	0.072	6.216	0.000

Hypothesis Testing Results:

1. H1: Risk Aversion has a positive relationship with Brand Trust.
   - T-statistics: 5.249 > 1.96
   - P-values: 0.000 < 0.05
   - Conclusion: Hypothesis 1 is accepted. This implies that risk aversion significantly and positively influences brand trust.
2. H2: Risk Aversion has a positive relationship with Brand Affect.
   - T-statistics: 4.858 > 1.96
   - P-values: 0.000 < 0.05
   - Conclusion: Hypothesis 2 is accepted. This suggests that risk aversion significantly and positively influences brand affect.
3. H3: Brand Trust has a positive relationship with Brand Loyalty.
   - T-statistics: 3.636 > 1.96
   - P-values: 0.000 < 0.05
   - Conclusion: Hypothesis 3 is accepted. This means that brand trust significantly and positively influences brand loyalty.
4. H4: Brand Affect has a positive relationship with Brand Loyalty.
   - T-statistics: 2.951 > 1.96
   - P-values: 0.003 < 0.05
   - Conclusion: Hypothesis 4 is accepted. It indicates that brand affect significantly and positively influences brand loyalty.
5. H5: Risk Aversion has a positive relationship with Brand Loyalty.
   - T-statistics: 6.216 > 1.96
   - P-values: 0.000 < 0.05
   - Conclusion: Hypothesis 5 is accepted. This concludes that risk aversion significantly and positively influences brand loyalty.

5. Conclusion

The evolving trends in cosmetic and body care products for men have intensified market competition. To endure and compete effectively, companies in the men's cosmetic and body care product sector can focus on aspects identified as variables in this study, including risk aversion, brand trust, brand affect, and brand loyalty. The research results indicate that the variable of risk aversion significantly and positively influences brand trust, brand affect, and brand loyalty. Additionally, brand trust and brand affect also have a significant positive impact on brand loyalty. According to Matzler et al. (2008), brand trust and brand affect contribute to a better understanding of brand loyalty in the context of risk aversion. By analysing brand loyalty and its influencing variables, companies in the men's cosmetic and body care product industry are expected to sustain their presence in the market.

For future research, it is recommended to explore different scopes, such as other industries that require further investigation to support Indonesia's economic growth. Seeking different research models is also advised, including adding more variables to uncover other independent factors influencing brand loyalty.

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