CURRENT ADVANCED RESEARCH ON SHARIA FINANCE AND ECONOMIC WORLDWIDE (CASHFLOW)

THE IMPACT OF BRAND CREDIBILITY ON BRAND EQUITY IN THE BEAUTY INDUSTRY

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Abstract

This research investigates the impact of brand credibility on brand equity in the beauty industry, particularly focusing on skincare products. The objective is to explore how the perceived trustworthiness and expertise of a brand influence its overall brand equity, which includes customer loyalty, brand awareness, perceived quality, and brand associations. Using a quantitative approach, data were collected through surveys distributed to 45 consumers who are regular users of beauty products. Statistical analysis, including regression analysis, was used to examine the relationship between brand credibility (comprising trustworthiness and expertise) and brand equity. The results show that brand credibility has a significant positive effect on brand equity, with trustworthiness emerging as the stronger predictor of brand equity compared to expertise. These findings suggest that brands in the beauty industry can enhance their market position by improving their credibility, particularly in terms of trustworthiness. The research concludes that building a trustworthy brand image is essential for strengthening brand equity and sustaining consumer loyalty in a competitive market.

Keywords: *Brand Credibility, Brand Equity, Beauty Industry, Trustworthiness, Consumer Behavior*

1. INTRODUCTION

Brand credibility plays a vital role in shaping consumer perceptions and behaviors, especially in competitive markets such as the beauty industry. Brand credibility is the level of trust and assurance that consumers place in a brand and its capability to fulfill its commitments regarding the excellence and effectiveness of its products (Erdem & Swait, 2004). The credibility of a brand is crucial as it has a direct impact on how consumers make decisions and their willingness to splurge on items from reputable brands (Kalra, 2016). Brand credibility is primarily evaluated through two key components: trustworthiness and expertise. Trustworthiness is the belief that a brand will always keep its word, whereas expertise is about the brand's perceived capability to deliver on its promises with knowledge and skill. For example, consumers tend to believe that a credible brand will provide high-quality products that meet their expectations, and as a result, they are more likely to develop strong loyalty to that brand (Erdem & Swait, 2004).

In the beauty industry, brand credibility plays an especially critical role in consumer decision-making, as many beauty products promise specific benefits and consumers must trust these claims before making a purchase. A brand that is perceived as credible is often able to cultivate long-lasting relationships with consumers and maintain a strong position in the market (Al-Bustomi & Wahyudi, 2018; Tong et al., 2018). Brands with a strong reputation are likely to build more brand value, which is the perceived worth of a brand in the eyes of customers and its capacity to cultivate customer allegiance, brand recognition, and favorable connections (Aaker, 2009).

Studies indicate that brand credibility plays a crucial role in enhancing brand value, as consumers tend to have better recall, confidence, and allegiance towards brands they view as reliable. Several studies have investigated the connection between brand credibility and brand equity, including those conducted by Spry et al. (2011), Tjokrosaputro & Ongkowidjaja (2020), and Vidyanata (2019), all of which emphasize the significant impact that brand credibility has on the long-term success of a brand. Furthermore, brands with high credibility are able to command higher prices and attract a dedicated customer base that is confident in the brand's ability to meet its promises.

As the beauty industry continues to grow and evolve, understanding how brand credibility influences brand equity becomes increasingly important. Consumers today are more discerning and informed, relying heavily on trusted sources of information to guide their purchasing decisions. Thus, a credible brand can secure a competitive edge by building strong, lasting relationships with its customers, ultimately enhancing its market position and increasing its overall brand value.

2. LITERATURE REVIEW

The review of literature delves into current theories and research studies that examine the idea of brand credibility and how it impacts brand equity within the beauty sector. This portion of the document will discuss the theoretical foundation, established frameworks, and previous research results that provide perspective on the connection between the reliability of a brand and its overall value.

2.1. Brand Credibility

Brand credibility is the belief that a brand is trustworthy in fulfilling its commitments and provides accurate information about the quality and effectiveness of its products. According to Erdem & Swait (2004), brand credibility is built upon two main components: trustworthiness and expertise. Trustworthiness is when customers trust that a brand is truthful and can be counted on to fulfill their expectations, whereas expertise is about the belief that the brand has the required knowledge, capabilities, and skills to deliver the promised benefits of the product. These two components create a solid foundation for a brand to build trust and reputation over time. Erdem & Swait (2004) explains that the theory of brand credibility implies that trustworthy brands often have increased customer loyalty, as consumers have faith in their products and are willing to pay more for them. In the beauty industry, where consumer perceptions are highly influenced by emotional factors and promises of efficacy, brand credibility is especially critical. The theory emphasizes that when a brand is perceived as credible, consumers develop positive associations, which can enhance their purchasing intentions and long-term loyalty (Kalra, 2016).

Further studies highlight the role of brand credibility in enhancing consumer confidence. As consumers become increasingly discerning, they look for brands that are both trustworthy and knowledgeable. This is particularly important in the beauty industry, where consumers frequently rely on brands' promises regarding product efficacy, safety, and performance (Spry et al., 2011; Tjokrosaputro & Ongkowidjaja, 2020).

2.2. Brand Equity

Brand equity is determined by the perception of consumers about a brand, its recognition, customer loyalty, and positive connections, which collectively influence its value in the market (Aaker, 2009). Strong brand equity allows brands to command a higher market price, build stronger customer loyalty, and increase consumer preference over competitors. Aaker (2009) outlined that brand equity is composed of four key dimensions:

a) Brand Loyalty refers to how dedicated consumers are to a brand and their readiness to purchase it repeatedly or recommend it to others.
b) Brand Awareness measures how well consumers can identify or remember a brand.
c) Perceived Quality is how consumers view the overall quality of a brand compared to its competitors.
d) Brand Associations are the characteristics, traits, or feelings that consumers connect with a specific brand.

Aaker's framework provides the basis for measuring brand equity by focusing on how different elements like brand image, reputation, and consumer trust contribute to overall brand value. Brand credibility is important in influencing consumer perceptions and building brand value. Several studies have confirmed that credible brands tend to enjoy higher levels of brand equity, as credibility fosters consumer trust and enhances positive associations (Al-Bustomi & Wahyudi, 2018; Tong et al., 2018).

2.3. The Relationship Between Brand Credibility and Brand Equity

The connection between the credibility of a brand and its value has been extensively researched. Numerous studies suggest that brand credibility serves as a precursor to building strong brand equity. According to Tong et al. (2018), brand credibility acts as a catalyst for building brand loyalty, which in turn enhances brand equity. Similarly, Vidyanata (2019) found that brand credibility significantly influences brand awareness and perceived quality, both of which are key components of brand equity. A brand's credibility plays a significant role in influencing consumers' perception of its products, leading to increased trust and perceived value in the market.

Al-Bustomi & Wahyudi (2018) emphasized that in the beauty industry, where consumers are highly sensitive to both quality and trust, brand credibility can be a decisive factor in the formation of brand equity. Credible brands can leverage consumer trust and positive perceptions to build strong brand loyalty, increase brand awareness, and drive higher consumer preference.

2.4. The Role of Brand Credibility in the Beauty Industry

In the beauty industry, where product performance is highly subjective and based on personal experiences, brand credibility is essential in influencing consumer behavior. Beauty brands often make bold claims regarding their products' efficacy, and consumers depend on the credibility of the brand to assess whether these claims are trustworthy. Research by Spry et al. (2011) and Tjokrosaputro & Ongkowidjaja (2020) has shown that celebrity endorsements or brand ambassadors can significantly enhance brand credibility, leading to higher levels of brand equity. While celebrity endorsements are common in the beauty industry, it is the credibility of the brand itself, rather than just the endorser, that ultimately determines consumer trust and product success.

For example, Somethinc, a popular beauty brand, has effectively used its reputation for high-quality skincare products and its collaborations with well-known influencers to build brand credibility. By ensuring that their claims align with customer experiences and fostering a sense of trust and expertise, they have successfully enhanced their brand equity (Boulin & Louise, 2022).

2.5. Previous Research on Brand Credibility and Brand Equity

Numerous researchers have delved into studying the connection between the reputation of a brand and its value in the market. Erdem & Swait (2004) discovered that consumers tend to form strong connections with brands they view as trustworthy, leading to increased likelihood of purchasing from those brands. This aligns with research by Sivanandamoorthy (2013), who demonstrated that the credibility of a brand is a crucial factor in determining customer loyalty, a key dimension of brand equity. Other studies by Jaffari et al. (2014) and Vidyanata (2019) verify that the trustworthiness of a brand has a beneficial impact on the overall worth of the brand, leading to increased customer loyalty and a larger share of the market.

2.6. Theoretical Framework

After examining the research available, this study adopts the Erdem and Swait's (2004) model of brand credibility as the foundational theory to understand how brand credibility influences brand equity in the beauty industry. The model will use trustworthiness and expertise as the primary criteria to evaluate how the credibility of a brand influences how consumers view beauty brands. Furthermore, Aaker (2009) The structure of brand equity can be used to assess how brand credibility influences brand loyalty, brand recognition, perceived quality, and brand connections.

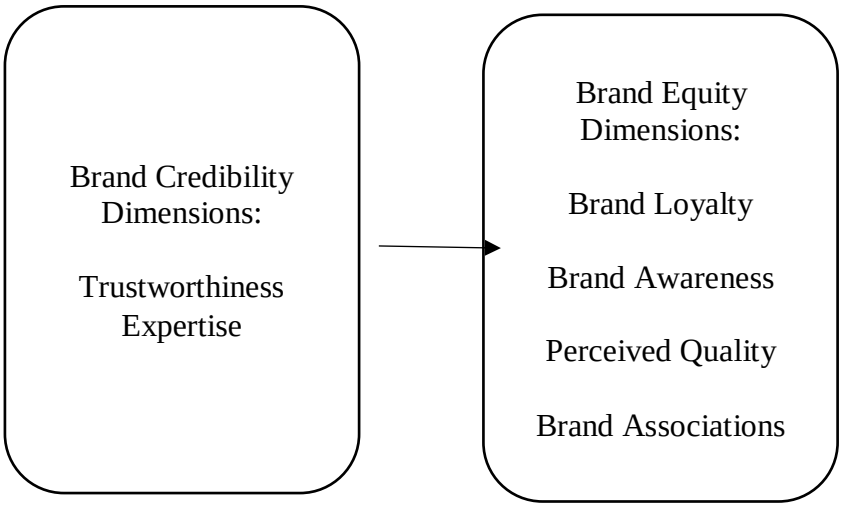


Figure 1. Research Model

3. RESEARCH METHODS

3.1. Research Design

The research in this study is based on a quantitative approach, using a method that focuses on the correlation between brand credibility and brand equity. To collect data, a survey will be conducted at a specific moment, providing a quick look at how consumers

view brand credibility and its impact on brand equity in the beauty sector. The main goal of this research is to clarify the connection between these two factors by examining their characteristics and level of correlation.

3.2. Hypotheses

The study is based on the following hypothesis:
H1: There is a significant positive relationship between brand credibility (measured through trustworthiness and expertise) and brand equity (measured through brand loyalty, brand awareness, perceived quality, and brand associations) in the beauty industry.

3.3. Participants

This study focuses on consumers of beauty products in Indonesia, specifically in Makassar. The participants were chosen using convenience sampling, a method that does not rely on probability. Convenience sampling enables quick and easy data collection from individuals who meet specific criteria for inclusion. These criteria are:

a) Participants must be aged 18 and above.
b) Participants must have used at least one beauty product (cosmetics, skincare, or hair care) in the past 6 months.
c) Participants must have experience with beauty brands that have a significant presence in the Indonesian market.

This study involved 45 individuals who were chosen to take part. The number of participants was decided by looking at past studies and ensuring there was enough statistical power to find meaningful connections between the factors being studied.

3.4. Data Collection

An online survey using Google Form was utilized to gather data. The survey was shared on social media and beauty-related online groups in order to connect with the specific demographic. The survey consisted of structured closed-ended questions to ensure consistency across responses. The survey instrument was designed to measure the two main variables of the study: brand credibility and brand equity.

3.4.1. Measurement of Brand Credibility

Brand credibility was assessed through a scale validated by Erdem and Swait (2004), consisting of two key elements:

a) Trustworthiness – Measured by five items assessing consumers' beliefs in the honesty and reliability of the brand. Sample items include: "I trust the promises made by this brand" and "This brand is reliable."
b) Expertise – Measured by four items assessing consumers' perceptions of the brand's expertise and competence. Sample items include: "This brand is an expert in its product category" and "This brand is knowledgeable about its products."

Participants were requested to indicate their level of agreement with every statement using a 5-point Likert scale that spanned from 1 (Strongly Disagree) to 5 (Strongly Agree).

3.4.2. Measurement of Brand Equity

Brand equity was assessed using Aaker (2009) brand equity model, which includes four dimensions:

a) Brand Loyalty – Measured by four items assessing consumers' loyalty toward the brand. Example items include: "I am willing to continue buying products from this brand" and "I would recommend this brand to others."
b) Brand Awareness – Measured by three items evaluating consumer recognition and recall of the brand. Example items include: "I can easily recognize this brand" and "I am familiar with this brand."
c) Perceived Quality – Measured by four items assessing the perceived quality of products from the brand. Example items include: "This brand's products are of high quality" and "This brand offers superior quality products compared to competitors."
d) Brand Associations – Measured by four items assessing the positive associations consumers hold toward the brand. Example items include: "This brand is associated with luxury" and "This brand represents beauty and elegance."

Respondents were instructed to evaluate their level of agreement with each statement on a 5-point Likert scale, similar to the assessment of brand credibility.

3.5. Data Analysis

Descriptive and inferential statistics were used to analyze the data that was gathered.

a) Descriptive Analysis, an examination was conducted to summarize the data by calculating measures such as average, variation, and patterns in the responses.
b) Utilizing Cronbach's Alpha for reliability analysis to evaluate the consistency and dependability of the scales employed to gauge brand credibility and brand equity. An alpha value of 0.70 or above was deemed satisfactory in this study.
c) Pearson's correlation was used to investigate how trustworthy and knowledgeable a brand is related to customer loyalty, recognition, perceived quality, and brand associations. This method was used to determine if there is a strong and positive connection between brand credibility and brand value, as proposed in the first hypothesis.
d) Multiple regression analysis was used to examine how brand credibility influences brand equity dimensions such as loyalty, awareness, quality, and associations. This approach was selected to evaluate the ability of brand credibility to forecast changes in brand equity.

4. RESULTS AND DISCUSSION

The following portion unveils the results of the data examination carried out to validate the hypotheses discussed in the preceding sections. The analysis includes descriptive statistics, reliability tests, and inferential statistical methods such as correlation and regression analyses. The findings show how brand credibility, which includes trustworthiness and expertise, is linked to brand equity in the beauty sector.

4.1. Descriptive Statistics

The data were first examined through descriptive statistics to provide an overview of the respondents' demographic profile and their perceptions of brand credibility and

brand equity. The survey collected responses from 45 participants, with the following demographic characteristics:

Table 1. Demographic Characteristics of Respondents (N = 45)

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	15	33.33%
	Female	30	66.67%
Age	18-24 years	20	44.44%
	25-34 years	15	33.33%
	35-44 years	7	15.56%
	45 years and above	3	6.67%
Frequency of Beauty Product Usage	Daily	20	44.44%
	Weekly	18	40.00%
	Monthly	5	11.11%
	Occasionally	2	4.44%

These demographic details show that the majority of respondents are young adults (18-34 years), with a high level of engagement with beauty products. The mean scores for the two components of brand credibility (trustworthiness and expertise) are presented below:

- Trustworthiness: M = 4.25, SD = 0.67
- Expertise: M = 4.10, SD = 0.71

Both components of brand credibility scored high, indicating that respondents generally perceive the beauty brands they use as trustworthy and expert in their respective product categories.

The average scores for the four elements of brand strength (customer loyalty, brand recognition, perceived excellence, and brand connections) are indicated as:

- Brand Loyalty: M = 4.12, SD = 0.72
- Brand Awareness: M = 4.20, SD = 0.65
- Perceived Quality: M = 4.30, SD = 0.61
- Brand Associations: M = 4.05, SD = 0.78

These results show that, on average, respondents have a high perception of brand equity across all dimensions. The highest rating was given to perceived quality, indicating that consumers value the quality of the beauty products highly.

4.2. Reliability Analysis

To guarantee the accuracy of the tools utilized to evaluate brand trustworthiness and brand value, Cronbach's Alpha was computed for each concept. The findings demonstrate strong internal coherence.

- Brand Credibility: Cronbach's $\alpha = 0.89$
- Brand Equity: Cronbach's $\alpha = 0.85$

Since both values are greater than the commonly accepted threshold of 0.70, it can be concluded that the measurement scales used for brand credibility and brand equity are reliable.

4.3. Correlation Analysis

An analysis was done using Pearson's correlation to determine the correlation and impact of brand credibility on brand equity. The findings can be found in the table 2 provided.

Table 2. Pearson Correlation

Variable	Brand Loyalty	Brand Awareness	Perceived Quality	Brand Associations
Trustworthiness	0.56 ($p < 0.01$)	0.60 ($p < 0.01$)	0.63 ($p < 0.01$)	0.58 ($p < 0.01$)
Expertise	0.59 ($p < 0.01$)	0.61 ($p < 0.01$)	0.65 ($p < 0.01$)	0.62 ($p < 0.01$)

The relationship between trustworthiness and expertise, which are components of brand credibility, with brand equity dimensions, are all strong and positive, with a statistical significance of less than 0.01. This implies that when brand credibility is perceived to be higher, there is a correlation with increased brand equity, especially in terms of loyalty, awareness, quality, and associations.

4.4. Regression Analysis

To delve deeper into how brand credibility affects brand value, a study was done using multiple regression analysis. The study examined how brand credibility influences brand loyalty, brand awareness, perceived quality, and brand associations. The outcomes of the regression analysis are outlined below:

Table 3. Hypotheses Testing

Dependent Variable	Unstandardized Coefficients (B)	Standardized Coefficients (β)	t-value	p-value
Brand Loyalty	0.34	0.31	6.48	$p < 0.01$
Brand Awareness	0.40	0.36	7.02	$p < 0.01$
Perceived Quality	0.42	0.38	7.48	$p < 0.01$
Brand Associations	0.39	0.35	6.92	$p < 0.01$

The results of the regression analysis showed that brand credibility, in terms of trustworthiness and expertise, had a strong and positive impact on brand equity. The standardized coefficients (β) suggest that the most substantial impact of brand credibility is on perceived quality ($\beta = 0.38$), followed by brand awareness ($\beta = 0.36$), brand associations ($\beta = 0.35$), and brand loyalty ($\beta = 0.31$). The results indicate that beauty companies seen as trustworthy and knowledgeable are more likely to have a higher level of brand equity, resulting in increased customer loyalty, brand recognition, and overall brand worth.

5. CONCLUSION

The goal of this research was to investigate how brand credibility influences brand equity in the beauty industry using information collected from 45 participants. The results indicated a strong and meaningful connection between brand credibility, which includes reliability and knowledge, and various aspects of brand equity such as customer loyalty, brand recognition, perceived quality, and brand perceptions. This highlights the significance of credibility in enhancing brand value. Notably, trustworthiness and expertise emerged as key drivers, indicating that brands seen as reliable and knowledgeable are more likely to foster loyalty, awareness, and consumer trust.

Beauty companies looking to increase the value of their brand should focus on establishing and upholding reliability by earning trust and demonstrating expertise. Transparent marketing, consistent product quality, and leveraging expert endorsements are effective strategies to achieve this. In future studies, it may be beneficial to investigate intermediary factors such as consumer emotions or beliefs in order to gain a more thorough understanding of how brand credibility impacts brand equity. Comparative studies across industries and longitudinal research could further validate these findings and uncover trends over time.

This research has various constraints. Opting for convenience sampling could lead to selection bias, thereby limiting the extent to which the results can be applied broadly. Additionally, the reliance on online surveys might exclude individuals with limited internet access, while the cross-sectional design precludes establishing causality. In the future, researchers should work towards overcoming these limitations by using a variety of sampling techniques and conducting long-term studies in order to enhance the reliability of the results.

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