

Exploring the Influence of Brand Experience on Value Co-Creation and Loyalty Among Consumer Cooperative Members

Akmal Nashren Abd Malik¹, Yusman Yacob^{2*} and Jati Kasuma Ali²

¹*Faculty of Business and Management, Universiti Teknologi MARA (UiTM) Sabah Branch, 88997 Kota Kinabalu, Sabah, Malaysia*

²*Faculty of Business and Management, Universiti Teknologi MARA (UiTM) Sarawak Branch Kampus Mukah, K.M 7.5 Jalan Oya, 96400 Mukah, Sarawak, Malaysia*

ABSTRACT

Over the past few decades, researchers have increasingly focussed on value co-creation behaviour, especially in the retail sector, where it is seen as a key driver for growth and long-term sustainability. Although earlier studies have predominantly concentrated on uncovering the elements and key drivers of the co-creation of value, comparatively limited scholarly attention has been devoted to examining its influence on various dimensions of relational marketing. This paper introduces a conceptual framework for value co-creation behaviour, SD-Logic and ELT, as the underpinning theories. The framework highlights the significance of cooperative brand experience and member loyalty. However, a significant gap exists in the literature concerning the examination of this relationship within the specific context of consumer cooperatives, particularly about brand experience as the moderating variable. In addition, the practical application of these constructs concentrating on cooperative contexts in emerging economic settings has received limited scholarly attention and remains inadequately understood. Therefore, it is crucial to examine value co-creation behaviour in relation to cooperative brand experience and member loyalty, specifically contextualised from the consumer cooperatives context in developing market environments

Keywords: Cooperatives brand experience, experiential learning theory, loyalty, SD-logic, value co-creation behaviour

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E-mail addresses:

akmalnashren94@gmail.com (Akmal Nashren Abd Malik)

yusmanyacob@uitm.edu.my (Yusman Yacob)

jati@uitm.edu.my (Jati Kasuma Ali)

* Corresponding author

INTRODUCTION

According to Grönroos (2012), value co-creation refers to the joint efforts of parties engaged in active collaboration, aimed at increasing the value gained by one or both participants. A core objective of business organisations is to create customer value

by delivering products and services that correspond to the needs and expectations of their customers. Value creation is a key indicator of business performance, as it plays a vital role in fostering customer satisfaction and loyalty (Yi, 2014). The idea of it becomes more widely recognised and important, highlighting the need for a consistent and shared interpretation among scholars and industry professionals (Rubio et al., 2020). While much research has focussed on the effects of rational elements (such as trust from customer) and emotional components (like affective commitment) on customer loyalty, there has been insufficient attention on interactional elements, including value co-creation, as drivers of loyalty (Iglesias et al., 2020). Kaufmann et al. (2016) found that active customer participation in co-creation within brand communities enhances brand loyalty. Additionally, Egan (2011) emphasised that delivering superior value and engaging customers in the value creation process promotes retention and loyalty, as such involvement enables customers to identify new opportunities and establish stronger connections with service providers, thereby decreasing the risk of relationship dissolution. These insights highlight the influential role of co-creation in fostering customer loyalty.

PROBLEM STATEMENT

Member loyalty is crucial for the survival and sustainability of cooperatives. Cooperatives must consistently nurture and strengthen member loyalty by fostering strong relationships, gaining deeper insights into member needs, and cultivating commitment and satisfaction toward the cooperative (Maghfiroh & Rusdarti, 2016). A cooperative is a business or organisation owned and run by a group of people who work together to meet their shared needs or goals. The success of cooperatives in delivering mutual benefits largely depends on the active involvement and commitment of their members. A major challenge faced by most of the cooperatives today is sustaining consistent member engagement and support, which is closely linked to the concept of member loyalty (Malik et al., 2025). Harisudin et al. (2020) highlighted several critical challenges confronting cooperatives, such as heightened market competition, declining membership rates, and weak member loyalty. These factors were identified as major barriers to effective cooperative performance. Unlike conventional business models, cooperatives depend heavily on their members for both operational success and long-term viability, given their unique reliance on active member involvement and sustained support (Othman et al., 2012).

Furthermore, Sleilati and Stefier (2021) reported that brand experience does not have a strong impact on the link between online value co-creation behaviour and customer loyalty. In contrast, previous research by Khan and Hussainy (2017) and Nysveen and Pedersen (2014) indicated a positive association between online brand experience and customer loyalty in digital environments. Supporting this, according to Iglesias et al. (2020), the impact of brand experience on customer loyalty is contingent upon the presence

of a strong emotional bond or affective commitment between the customer and brand. A strong emotional connection with a brand can substantially strengthen the impact of online brand experience on the development of loyalty from the customer. However, Sleilati and Stefier (2021) found no strong evidence of a link between brand experience and customer loyalty. These mixed results suggest that more research is needed to better understand the relationship between the two variables. Therefore, this study aims to explore how brand experience may influence or modify the relationship between key factors within the context of cooperatives.

Research Questions

- RQ 1: Does value co-creation behaviour (member participation and member citizenship) affect loyalty?
- RQ 2: Does cooperative brand experience moderate the effect of value co-creation behaviour (member participation and member citizenship) on loyalty?

Conceptual Framework and Hypotheses

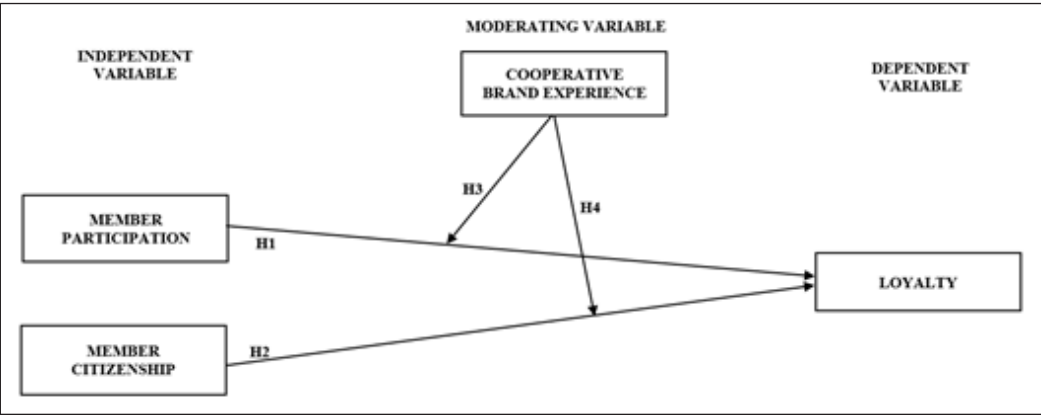


Figure 1. Conceptual framework adapted by Yi (2014) and Kolb and Kolb (2015)

Given the inconsistent findings in previous research, the following hypotheses have been formulated:

- H1: There is a significant relationship between Member Participation and Loyalty.
- H2: There is a significant relationship between Member Citizenship and Loyalty.
- H3: Cooperatives Brand Experience moderates the relationship between Member Participation and Loyalty.
- H4: Cooperatives Brand Experience moderates the relationship between Member Citizenship and Loyalty.

METHODOLOGY

This study was targeted to members of consumer cooperatives located in different parts of Sarawak. This study utilised purposive sampling, guided by predetermined selection criteria. Participants needed to be cooperative members who regularly buy or use products and services from consumer cooperatives. Sarawak was chosen as the study location because of its diverse ethnic background and the relatively low number of cooperatives, highlighting the importance of cultural differences among cooperative members. Furthermore, Sarawak holds the position of being the tertiary-largest contributor to Malaysia's overall economic output (Lee & Voon, 2022) and its slower development of the cooperative movement compared to other states further highlights the importance of studying this context. Meanwhile, consumer cooperatives become the fourth-largest contributors to the national economy (Zakaria et al., 2022). Questionnaire distribution and data collection was carried out concurrently through both physical and online platforms, with the same enumerators assigned to administer both methods. To ensure the robustness of the findings and mitigate the risk of response errors, this study recruited approximately 250 respondents. A power analysis done earlier with G*Power showed that a minimum number of participants for this study is 129. The data was analysed using the IBM SPSS Statistics and SmartPLS to ensure comprehensive statistical and structural equation modelling. Upon completion of the data collection, the researcher undertook a data screening and cleaning process to reduce potential errors such as missing values and inconsistencies. The data were input into SPSS and frequency analyses were carried out to detect and manage missing responses. Questionnaires with more than 15% missing data were excluded from the analysis. For cases with scattered missing values, the Expected Maximisation (EM) algorithm was employed to estimate and impute the missing data based on the relationships among observed variables. Prior to conducting data analysis using the Structural Equation Modelling (SEM), outliers defined as extreme responses to individual items or across the entire dataset were identified and addressed in accordance with the guidelines of Hair et al. (2014). Outlier detection was based on the standardised latent variable scores exceeding a threshold of 3. While most problematic responses were removed, outliers were generally retained unless compelling evidence indicated that they were highly influential and not representative of the target population (Hair et al., 2006). A reliability test was conducted to assess the accuracy and consistency of the measurement instruments. This method facilitates the verification of whether measurement items effectively capture the intended constructs and appropriately differentiate between constructs that are conceptually related and those that are distinct (Hair et al., 2017).

CONCLUSION

This research offers useful insights for Malaysia's cooperative movement by showing how important value co-creation behaviour is for the success and sustainability of cooperatives. It also helps create a clear framework to understand value co-creation in consumer cooperatives, giving both useful ideas and practical ways to apply the model in real-life situations. The framework presented highlights on how co-creation activities influence member loyalty, providing practitioners with a useful guide to strengthen and better tailor their marketing approaches. The study further highlights the essential importance of member participation as fundamental aspects of value co-creation, demonstrating their contribution in enhancing loyalty within consumer cooperatives.

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