

Brand engagement in self-concept (BESC), value consciousness and brand loyalty: a study of generation Z consumers in Malaysia

Ahmed Rageh Ismail, Bang Nguyen, Junsong Chen, T.C. Melewar and Bahtiar Mohamad

Abstract

Purpose – This study aims to examine the relationship between brand engagement in self-concept (BESC), value consciousness (VC) and brand loyalty among Generation Z consumers. In addition, the study aims to segment the Generation Z consumers based on BESC and VC and examine the differences between the segments.

Design/methodology/approach – A self-administered questionnaire was developed and administered to a sample of 346 undergraduate students in Malaysia. The hypothesized structural models are tested using partial least squares structural equation modeling. The study also uses cluster analysis to segment the Generation Z consumers.

Findings – The results reveal that among Generation Z consumers both BESC and VC have a positive effect on brand loyalty. Additionally, the mediation analysis established that BESC plays a mediating role in the relationship between VC and brand loyalty. The study also identified four consumer groups – attentive group, dedicated group, prospective group and switchers group. Furthermore, consumer classification according to BESC can be used by marketers and managers in marketing strategy development.

Originality/value – The study has originality and value in developing and testing a new model linking BESC with VC and brand loyalty. Further, market segmentation on the basis of BESC and VC has been rarely studied. Even less, has been studied among Generation Z consumers and this study fills this important gap.

Keywords Market segmentation, Brand loyalty, Generation Z consumers, Brand engagement in self-concept, Value consciousness

Paper type Research paper

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Introduction

Generation Z, also known as digital natives, iGeneration, screenagers, post-millennials, homeland generation and tweens are people who were born in 1995 or later (Bassiouni and Hackley, 2014; Fister-Gale, 2015; Budac and Baltador, 2014). They grew up in a hyper-connected world and have never lived without the internet (Williams and Page, 2011). As heavy users of technology (Van den Bergh and Behrer, 2016), they are highly educated and technically savvy (Priporas *et al.*, 2017). For marketers, Generation Z seems to be a challenge, as they behave differently than earlier generations such as Generations Y and X. For example, the new generation has higher expectations from their favorite brands; yet, they are also less loyal to brands and care more about the experience (Williams and Page, 2011). For Generation Z, engaging online with their preferred brands is an important part of their lives (Bernstein, 2015), and thus, understanding their engagement activities becomes highly interesting.

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Brand engagement is defined as “the extent to which consumers are willing to invest their own personal resources – time, energy and money – on the brand, beyond those resources expended during purchase or consumption of the brand” (Keller, 2013, p. 320). *Brand engagement in self-concept* (BESC) is a relatively new idea that has received little attention in the literature (Leckie *et al.*, 2016). BESC – considered a specific aspect of brand engagement – is defined as “an individual difference measure representing consumers’ propensity to include important brands as a part of how they view themselves” (Spratt *et al.*, 2009, p. 92). The notion of BESC is that consumers can become engaged with brands and make them part of their lives (Keller, 2001). In a broader sense, the concept of BESC is important because:

- it explains how consumers use brands to express their identities (Spratt *et al.*, 2009; Elliott, 2004);
- it explains how consumers develop relationships with those brands (Fournier, 1998); and
- it explains how consumers think about those brands as an extension of self and use the symbolic design of the brands to construct their self-identities (Belk, 1988).

Specifically, creating BESC is highly desired by marketers as it leads to loyalty and positive word-of-mouth (Hollebeek, 2011a; Bowden, 2009). In other words, marketers understand that engaged consumers are more loyal and spend more (Ong *et al.*, 2017).

However, there is little empirical evidence to establish the link between BESC, value consciousness (VC) and brand loyalty (Hollebeek, 2011a). No study has to date investigated these relationships among Generation Z consumers. Understanding the underlying values for a consumer’s engagement with their brands is paramount for brand success (Ismail *et al.*, 2018). In developing countries, in particular, significant problems are faced by marketers because of the lack of understanding of the concept of BESC (Nguyen *et al.*, 2014). Among those problems, is the problem of identifying the different consumers with respect to their VC, especially where the majority of consumers are price sensitive (Ailawadi *et al.*, 2001).

In view of this dearth of BESC studies, the objective of the present study is to explore the influence of BESC and VC on brand loyalty among Generation Z consumers. Generation Z consumers are interesting because they desire to express themselves, often through their buying behavior and purchases. Likewise, Generation Z consumers frequently engage with brands that support their selves or desired selves. Thus, the present study determines if it is, in fact, possible to identify possible relationships between the concepts of BESC, VC and brand loyalty. Further, based on the research model, the study proposes distinguishable and addressable Generation Z consumers segments with regard to BESC and VC. This categorization will help marketers to develop strategies and tactics to attract and maintain these Generation Z customers by satisfying their needs in every cluster and subsequently, increase sales, brand loyalty and market share (Keng Kau *et al.*, 2003). The structure of the paper is as follows: Section 2 will reviews literature on the generational theory, BESC, VC and brand loyalty and develop the study’s hypotheses. Then, Section 3 describes the research methodology and Section 4 mentions empirical results are presented. Finally, Section 5 discusses the research implications for theory and practice, Section 6 presents limitations and further research directions.

Literature review and hypothesis development

Generational theory

A generation is defined “as a cohort of persons passing through time who come to share a common habitus, hexis and culture, a function of which is to provide them with a collective memory that serve to integrate the cohort over a finite period of time” (Eyerman and Turner, 1998,

p. 93). The generational theory posits that generational cohorts share life experiences, which cause them to develop similar attitudes and beliefs (Meriac *et al.*, 2010). These shared life experiences distinguish one cohort from another and cause each generational cohort to develop beliefs, expectations and views different from other cohorts, and consequently, different behaviors (Lancaster and Stillman, 2002; Dries *et al.*, 2008). As a result, different generational cohorts are developing distinct characteristics (Kupperschmidt, 2000) values (Schewe and Meredith, 2004) and attitudes and beliefs (Meriac *et al.*, 2010).

Previous studies found no significant differences between similar cohorts in different countries (Yelkur, 2002; Dou *et al.*, 2006; Rajamma *et al.*, 2010). Therefore, Generation Z and their generational cohorts are expected to be more convergent (Kirkman *et al.*, 2006; Yelkur, 2002; Ger and Belk, 1996; Kjeldgaard and Askegaard, 2006). This global similarity extends to consumption and it is considered an important issue for marketers to examine. Using generational cohorts allows marketers to understand what makes appealing products and design effective marketing communications strategies (Meredith and Schewe, 2002). As a result, marketers will be better equipped to appeal to this generation and will be able to design effective marketing campaigns (Schewe *et al.*, 2000).

Brand engagement in self-concept

The concept of brand engagement has received much attention from both academics and practitioners (Hollebeek *et al.*, 2014; Brodie *et al.*, 2011; Calder *et al.*, 2009; Van Doorn *et al.*, 2010). Brand engagement is a relationship between a consumer and a brand, that is, strengthened over time and resulting in mutual value (Fournier, 1998; Sawhney *et al.*, 2005; Prahalad, 2004; Bijmolt *et al.*, 2010; Kumar *et al.*, 2010; Bowden, 2009). However, within the broader context of brand engagement, BESC is a niche area, which describes the general tendency of consumers to use brands to shape their identities and to express them to others. BESC is important to practitioners and scholars alike because it describes an important motivator for brand purchase and, in turn, for brand loyalty. Although there is limited empirical evidence on the link between BSEC and brand loyalty. Prior studies shed some light on this relationship and some evidence that consumer BESC, in general, promotes brand loyalty (Hollebeek, 2011b). (Hollebeek, 2011b) further explained that when consumers allocate cognitive capacity by concentrating on the brand they are more likely to develop loyalty toward the brand. Similarly, brand loyalty is also developed when consumers have affective bonds or attachments with the brand.

Hollebeek (2011b) also found that consumer brand engagement is positively related to the concepts of consumer trust, commitment and satisfaction, collectively known as “relationship quality” (Ganesan and Hess, 1997; Morgan and Hunt, 1994). Consequently, relationship quality is significantly related to repurchase intention. Furthermore, He *et al.* (2012) found that mobile phone consumers with strong brand identification are more likely to develop trust and perceive the high value of the brand and these, in turn, are found to positively impact brand loyalty. In the context of automobile consumers, Kressmann *et al.* (2006) concluded that consumers who are able to express their self-image with the brand report higher brand loyalty. Therefore, it is hypothesized as follows:

H1. BESC has a positive effect on brand loyalty.

Value consciousness

VC is defined as a concern for paying low prices, subject to some quality constraint (Ailawadi *et al.*, 2001). Value-conscious customers tend to be concerned equally about low prices and product quality. They are also more likely to check prices and compare the prices of different brands, to get the best value for their money. Thus, the price may have a greater influence on their purchase (Batra, 1997; Cui and Liu, 2001). Previous research

shows that “compared with consumers in developed markets, consumers in emerging markets tend to be more value-conscious and price-sensitive because of their relatively lower purchasing power, higher price elasticity of demand and greater tendency to spend their family savings rather than buy on credit (Brouthers and Xu, 2002)” (Sharma, 2011, p. 290). Therefore, it may be suggested as follows:

H2. VC has a positive effect on brand loyalty.

Value conscious consumers tend to seek low prices for a given brand (Burton *et al.*, 1998). As it describes an individual human trait, VC can, therefore, be viewed as an antecedent of BESC because, high VC is related to high level of involvement (Lichtenstein *et al.*, 1993; Zheng *et al.*, 2017) and high involvement leads to better cognitive elaboration and learning (Zheng *et al.*, 2017). For that reason, value-conscious consumers will think more deeply and collect more information, in an important and pre-requisite step, before engaging the brand in self-concept (Pillai and Kumar, 2012; Zheng *et al.*, 2017). In this study, we suggest that this direct effect of VC on brand loyalty will be mediated by BESC because the value-conscious consumer will engage in an information processing stage before choosing the brand, which is congruent with their self-concept (Chen *et al.*, 1999) to maximize the value-for-money of his/her purchases. Therefore, we hypothesize the following:

H3. The effect of VC on brand loyalty will be mediated by BESC.

Sprott *et al.* (2009) found that BESC is closely related to brand loyalty. Similarly, previous studies showed that highly brand-engaged consumers to have more involvement with fashion clothing and are more brand loyal (Goldsmith *et al.*, 2012) than their less engaged counterparts. Therefore, we propose that the impact of VC is stronger when the level of BESC is low and the impact of VC is lessened when the level of BESC is high because consumers are less concerned about the price. Therefore, we hypothesize as follows:

H4. BESC will moderate the relationship between VC and brand loyalty.

Brand loyalty and classification of generation Z consumers

Brand loyalty refers to the degree of attachment a customer has for a particular brand (Liu *et al.*, 2012). Loyal customers trust the brand and feel it is relevant to their values and lifestyles. Although brand loyalty is an important outcome variable in the marketing literature (De Villiers, 2015; He *et al.*, 2012), its operationalization and definitions vary across studies. Some studies focus on attitudinal loyalty (Kressmann *et al.*, 2006), while some focus on behavioral loyalty by measuring buying frequency and share of category requirements (Romaniuk and Nenycz-Thiel, 2013). This study follows a study by Ailawadi *et al.* (2001), which captures the overall attitudinal loyalty to a specific brand. Marketers have developed several strategies to create and to maintain brand loyalty (Fassott, 2004; Payne and Frow, 2005; Reichheld, 1996). Prominent among these strategies is segmentation and targeting efforts to identify customers who most likely to become loyal. This study is concerned with this aspect as it investigates brand loyalty variation among Generation Z consumers who showed less brand loyalty and less confidence in brands compared to previous generations (Kitchen and Proctor, 2015). That is, consumers can be categorized along a BESC continuum ranging from the low end, where consumers do not see brands as important elements of self-concept, to the high end where they identify with brands and have special bonds with them (brand loyalty). Similarly, consumers can be categorized along a VC continuum ranging from the low end, where consumers do not see price as important in their purchase decision-making, to the high end where they concerned about the low prices. In the current study, the clusters will result in four groups (2 × 2 matrix) along the high and low BESC, and high and low-VC. Brand loyalty is then compared across the four identified groups. Therefore, it is hypothesized that consumers with different levels of BESC and VC will be different with respect to brand loyalty:

H5. Generation Z consumers with different BESC and VC levels will have different levels of brand loyalty.

Methodology

Context

This study focuses on Malaysia's Generation Z. As Malaysia's true digital natives, Generation Z is the generation that has grown up with the internet all of their lives. Generally referring to those born between 1995 and 2010, Generation Z makes up 26 per cent of Malaysia's population and has unique characteristics that set them apart from the Millennials and Baby Boomers, particularly in the way they consume content and relate to brands. The oldest of the Generation Z demographic is now 24 and would have recently acquired spending power (Nielsen, 2019). Williams and Page (2011) mentioned that Generation Z is the new conservatives that adopt traditional beliefs, value the family, are self-controlled and have more responsibility. Moreover, they are able to influence the purchasing habits of their parents.

Malaysian Generation Z consumers place importance on value for money. Before making a purchase online, 85 per cent of online shoppers would compare prices at physical stores while 82 per cent would take the shipping rate into consideration (Decisionlab, 2019). Generation Z is completely different from Generations X and Y predecessors in connecting with brands. They will look to the online world for validation of their brand choice, rather than human interaction (Decisionlab, 2019). Most importantly to brands, Generation Z consumers are smart and despite being a younger generation, their opinions are trusted by their families and can influence their parents' decisions (Decisionlab, 2019). Therefore, understanding the changing consumption behavior of this cohort is of paramount importance to businesses, marketers, in particular, to reach them efficiently and effectively.

Study subjects

The sample for this study was drawn from students enrolled in the University of Northern Malaysia classes. Respondents consisted of Generation Z students born between 1995 and 2009 and enrolled in the marketing program in Semester 1, 2017. First-year undergraduate students were selected as the sample profile because their age range is considered a good representation of the Generation Z age group. Students were handed out copies of the self-administered questionnaires at the past 20 min of the lectures and asked to fill in the questionnaire, which began with an introduction about the study and the purpose of research, instructions and reassurance of confidentiality of the research data collected. The survey took place in week four to week six of the semester.

A total of 346 questionnaires were completed by the students. The questionnaire started with the question "take a moment to think about an important brand to you," and then the survey questionnaire consisted of four parts, namely, BESC, VC, brand loyalty and demographics. Seven-point rating scales (1 – strongly disagree or strongly unimportant and 7 – strongly agree or strongly important) were used to measure the three constructs as described below. Among the brand's students select are fashion, automobiles, mobile phones, etc.

Measures

BESC is measured with an eight-item scale that was developed by Sprott *et al.* (2009), "VC" scale was adapted from Lichtenstein *et al.* (1993) and "brand loyalty" scale developed by Ailawadi *et al.* (2001) was used in the current study. A pre-test of this instrument was conducted with 50 students first. Based on the results of the pre-test, items for the current

study were selected. Preliminary investigations were conducted successfully to test the psychometric properties of these scales.

Analysis and results

Participation in the survey was limited to students living in Malaysia only. Their age is between 19 and 25 years old. In total, 73.1 per cent were women, while 26.9 per cent were men. Partial least squares structural equation modeling (PLS-SEM) using the SmartPLS 3.0 software was used to test the study models. Next, cluster analysis, ANOVA and the Scheffe test were used using SPSS 23.0. PLS-SEM is used because the study is considered predictive and exploratory in nature (Chin, 1998; Hair *et al.*, 2012; Peng and Lai, 2012; Sarstedt *et al.*, 2014). Moreover, PLS is more adequate for small samples than the covariance-based approach (Chin, 1998; Tenenhaus *et al.*, 2005). In our study, it is expected that the resulting categories from cluster analysis to be small in size. Therefore, using PLS to running post hoc analysis is deemed to be appropriate. The study evaluates the main research model in two steps, namely, the outer model (measurement model) and the inner model (structural model) (Hair *et al.*, 2012). The study then applies all of the resampling procedures (i.e. bootstrapping and blindfolding) to 5,000 resamples (Hair *et al.*, 2012).

Outer model results

The preliminary analysis showed no factor loading score was less than 0.77, indicating a highly stable loading structure as shown in Table I. The Cronbach's α values are 0.94, 0.89 and 85 for BESC, VC and brand loyalty, respectively. Cronbach's α value above 0.60 is considered acceptable (Nunnally, 1978). Composite reliabilities (CR) and average variances extracted (AVE) were above the recommended threshold of 0.70 and 0.50, respectively (Fornell and Larcker, 1981). Thus, all factors demonstrated good internal consistency and high levels of convergence, supporting the reliability and validity of multiple-item scales (Table I).

All factor loadings for indicators measuring the same construct were statistically significant ($p < 0.01$), supporting convergent validity. Moreover, as Table II shows, correlations between constructs did not exceed 0.85 and were significantly less than one (Bagozzi and Yi, 1988); the square root of AVE for each construct was higher than the correlations between them (Fornell and Larcker, 1981), supporting discriminant validity (Anderson and Gerbing, 1988). Moreover, Following Henseler *et al.* (2015) suggestion, the Heterotrait-Monotrait (HTMT) ratios (Table II) are all lower than 0.85 and the upper confidence bounds (97.5 per cent) are less than one. These HTMT results indicate satisfactory discriminant validity within the data and cross-loadings examination revealed that no indicator loads higher on opposing endogenous constructs, indicating discriminant validity between the constructs (Henseler *et al.*, 2015). In addition, we examined common method bias (CMB) by checking all factor-level Variance Inflation Factors (VIFs). All factor-level VIFs resulting from full collinearity test are less than 3.3. Therefore, the model can be considered free of common method bias (Kock, 2015, p. 7). Finally, the correlation matrix (Table II) does not indicate any highly correlated factors ($r > 0.90$) (Pavlou *et al.*, 2007). Therefore, we consider CMB not to be a serious threat to our analyzes.

Inner model results

Having established the soundness of the measurement model, we test the hypothesized relationship through the structural (inner) model (Diamantopoulos and Winklhofer, 2001). The evaluations of the structural model include the examination of the R^2 estimates, standardized path coefficients (β) and p -values. The proposed antecedents predict a 40 per cent R^2 variance in the brand loyalty, larger than the cutoff value of 0.10 (Falk and Miller, 1992), which indicates a moderate prediction (Hair *et al.*, 2012). The structural model was estimated through a bootstrap re-sampling tool to determine path significances. Results

Table I Measures, factor loadings and Cronbach's α , composite reliability and AVE values

Constructs	Items	Mean	SD	Outer loadings	Cronbach's α	CR	AVE
Brand engagement in self-concept	I have a special bond with the brands that I like	3.94	1.59	0.79	0.94	0.95	0.72
	I consider my favorite brands to be a part of myself	4.08	1.55	0.88			
	I often feel a personal connection between my brands and me	3.77	1.51	0.90			
	Part of me is defined by important brands in my life	3.55	1.51	0.85			
	I feel as if I have a close personal connection with the brands I most prefer	3.57	1.44	0.89			
	I can identify with important brands in my life	3.98	1.49	0.81			
	There are links between the brands that I prefer and how I view myself	3.98	1.51	0.85			
	My favorite brands are an important indicator of who I am	3.74	1.61	0.82			
Value consciousness	I am very concerned about low prices, but I am equally concerned about product quality	5.60	1.30	0.81	0.89	0.91	0.74
	When shopping, I compare the prices of different brands to be sure I get the best value for the money	5.61	1.40	0.87			
	When purchasing a product, I always try to maximize the quality I get for the money I spend	5.60	1.36	0.91			
	When I buy products, I like to be sure that I am getting my money's worth	5.64	1.33	0.86			
	I would rather stick with a brand I usually buy than try something I am not very sure of	4.76	1.49	0.77			
Brand loyalty	I have certain types of brands that I always buy	4.85	1.47	0.89	0.85	0.92	0.70
	I consider myself to be loyal to one brand of product	4.30	1.50	0.85			
	I feel confidence in a brand that I always buy	5.05	1.40	0.85			

Table II Construct correlations, Fornell – Larcker criterion analysis and HTMT ratios

Constructs	Mean	SD	Brand engagement	Value consciousness	Brand loyalty
Brand engagement	3.84	1.29	0.850		
Value consciousness	5.60	1.16	0.198 (0.212)	0.863	
Brand loyalty	4.74	1.23	0.546 (0.600)	0.421 (0.480)	0.839

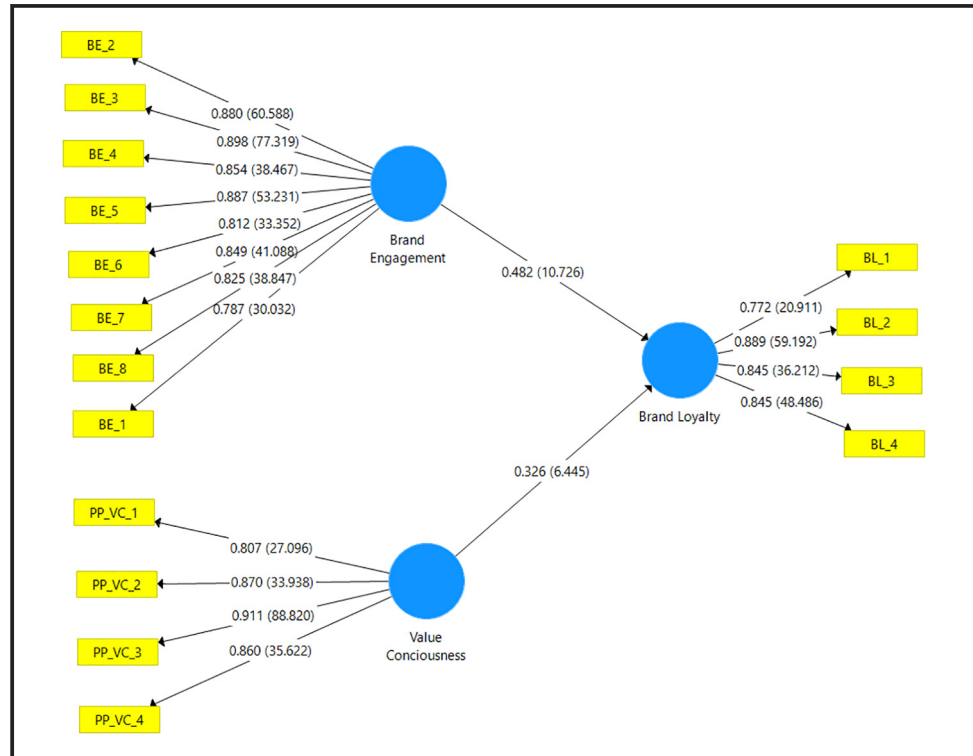
Notes: Diagonals are the square root of AVE of each factor; the remaining figures represent the correlations ($p < 0.01$). HTMT ratios are in the parentheses

showed that there is a positive relationship between BESC and brand loyalty ($\beta = 0.48$; t -value = 10.25) as shown in Figure 1 below. Therefore, $H1$ is supported. The finding is consistent with Bergkvist and Bech-Larsen (2010) study, which found that active engagement is strongly related to brand loyalty. Similarly, there is a positive relationship between VC and brand loyalty ($\beta = 0.32$; t -value = 6.35); therefore, the second hypothesis is also supported. Additionally, the Stone–Geisser's Q^2 is larger than zero (0.26) and that confirms the model's predictive validity (Hair et al., 2012).

Mediation analysis

In Model 2, BESC is postulated as a mediator variable that mediates the relationship between VC and brand loyalty. The mediation analysis established that BESC plays a

Figure 1 Measurement model



mediating role in the relationship between VC and brand loyalty as shown in Table III and Figure 2. Therefore, H3 is supported. The result demonstrated that Generation Z value-conscious consumer can be loyal to the brand through the engagement of the brand in self-concept.

Moderation analysis

Model 3 is an alternate view of the relationship between VC, BESC and brand loyalty. It presumes that BESC moderates the relationship between VC and brand loyalty. However, the moderation effect was found to be insignificant. As a result, H4 is rejected.

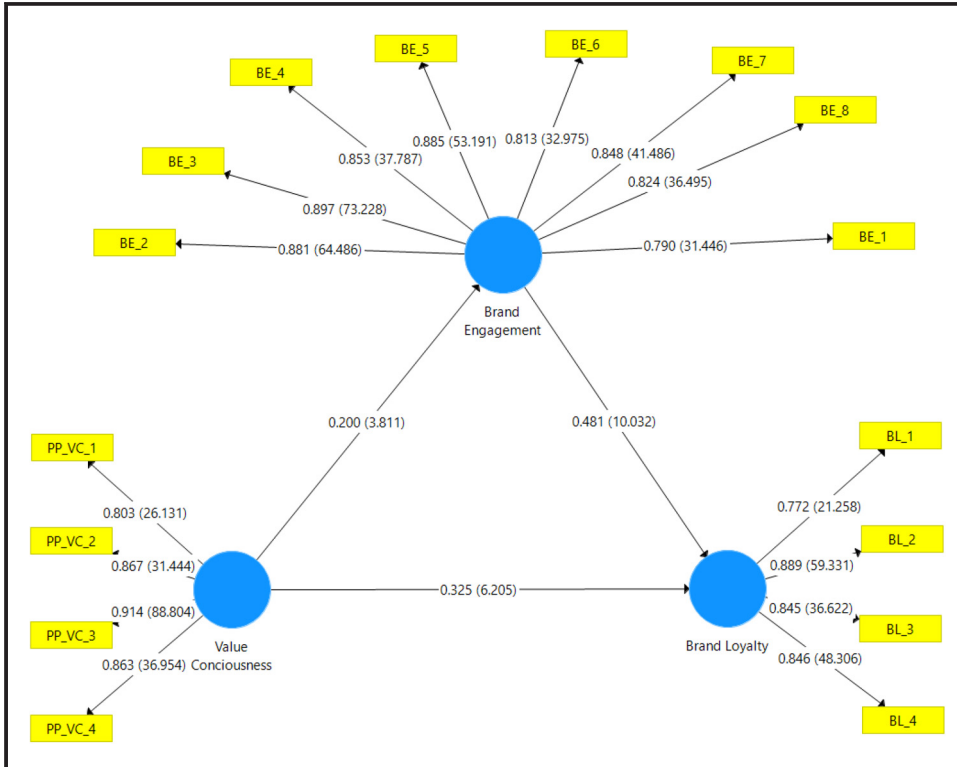
Classification and testing the fifth hypothesis

A K-means non-hierarchical cluster analysis using two factors of BESC and VC was conducted using SPSS 23.0. The K-means procedure can be used to cluster large numbers of cases efficiently (Krieger and Green, 1996; Milligan and Cooper, 1987; Furse et al., 1984). The cluster analysis was conducted to classify the respondents into different groups according to the level of BESC and the level of VC they have. All constructs were summed up and standardized in the form of a normalized Euclidean distance function.

Table III Mediation effect of BESC

Constructs	Original sample	Sample mean	SD	t-statistics	p-value
Value consciousness → brand engagement → brand loyalty	0.096	0.097	0.027	3.54	0.000

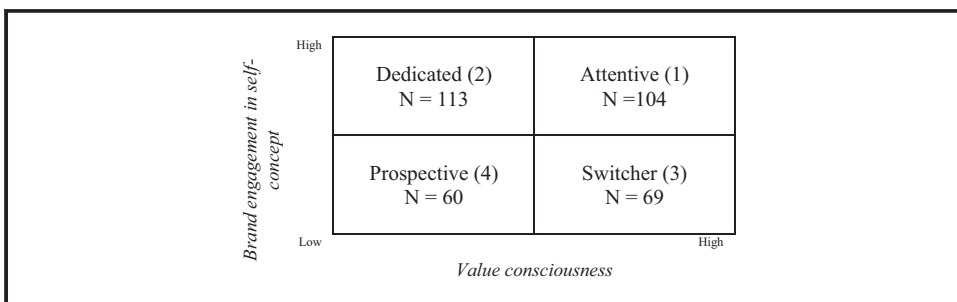
Figure 2 Mediation model



Standardization helps to eliminate effects resulting from differences in measurement units (Hair *et al.*, 2014).

A four-cluster solution appeared appropriate for the current analysis. The results of the cluster analysis are presented in Figure 3. Group 1 consisted of the respondents who are highly engaged with the brand and highly value-conscious. Group 1 is named as “attentive customers.” Group 2 was named as “dedicated customers” because the respondents included in Group 2 show the highest scores on brand engagement and a low score on VC. The respondents in Group 3 have low scores for brand engagement and a high level of VC. This group has a tendency toward other brands. Accordingly, Group 3 was named as “switcher” because they can easily engage with other brands in the category if they got lower prices. Group 4 consisted of the respondent who is less engaged with the brand but scored low in VC. This group is labeled as “prospective.”

Figure 3 Generation Z consumer categories



After the cluster solution was derived, an ANOVA test was conducted to identify the difference between groups using brand loyalty as a dependent variable to test the third hypothesis proposed. Table IV indicates there were significant differences in brand loyalty among the four groups. Consumers in the Attentive group consider the most loyal customers, followed by consumers in the dedicated group. Those two groups are highly engaged in self-concept than the other groups. This result means the higher the customer engagement with their brand the more loyal they are. This finding is consistent with previous studies (He *et al.*, 2012; Kressmann *et al.*, 2006).

Post hoc analysis

As BESC and VC have been proved to be antecedents to brand loyalty in this study, we conducted post hoc analysis to examine whether the relationships among BESC, VC and brand loyalty hold true for the four consumer groups and to test the mediation effect of brand engagement in the four groups. Separate models were estimated for each group and then a multi-group comparison was performed to assess whether the group-specific path coefficients differ significantly.

The path between BESC and brand loyalty was found to be significant in the four groups and the path between VC and brand loyalty was significant only in the attentive group. Furthermore, the mediation effect of BESC on the relationship VC and brand loyalty was established only in attentive group. To understand how the proposed relationships differ across consumer groups, a multi-group analysis (MGA) was performed. First, measurement invariance is an essential pre-requisite for conducting comparison across groups. Therefore, we assessed the MICOM (measurement invariance of composite models) prior to the multi-group analysis (Hair *et al.*, 2017; Henseler *et al.*, 2016; Sarstedt *et al.*, 2011). The results showed no significant difference exists between the groups (Table V). After confirming the existence of invariance, we proceeded to the comparison of standardized path coefficients across groups by conducting a multi-group analysis (Table VI) (Hair *et al.*, 2017; Henseler *et al.*, 2016; Sarstedt *et al.*, 2011).

Examining the structural model across the four groups, it was predicted that the structural relationships among the constructs would be different across groups. However, the PLS-SEM multi-group analysis failed to show a significant difference as shown in Table VI. A possible explanation is that sample sizes for prospectives and switchers groups, 60 and 69, respectively, are not large enough to meet the statistical power guidelines (Matthews, 2017). It is important to confirm that the new subgroups are large enough and comparable in size so as not to introduce error (Becker *et al.*, 2013; Hair *et al.*, 2016a). Additionally, the dedicated and attentive groups, 113 and 104, respectively, meet the minimum sample size criteria but are not the same sizes with prospective and switchers groups. While two subpopulations do not have to be exactly the same size, they do need to be comparable in size (Hair *et al.*, 2016b). A recommended approach here is to consider combining one or smaller groups with another group if the groups exhibit similar characteristics (Matthews, 2017). Therefore, we combined attention with switchers because both of them have similar characteristics of high VC and the resulting group sample size is 173. Also, we combined dedicated with prospectives because they exhibit similar characteristics of low VC and the resulting group sample size is also 173. Then, we have re-run MGA analysis again. The

Constructs	Attentive n = 104	Dedicated n = 113	Switchers n = 60	Prospective n = 69	F value	Significance
Brand engagement	4.98	4.27	2.94	2.20	235.395	0.00
Value consciousness	6.60	5.20	3.83	6.28	309.740	0.00

Table V Measurement invariance results

Constructs	Outer loadings differences		Outer loadings differences		Outer loadings differences	
		p-value		p-value		p-value
	Dedicated vs switchers		Dedicated vs prospective		Attentive vs switchers	
BE_1 ← brand engagement	0.008	0.499	0.057	0.415	0.135	0.767
BE_2 ← brand engagement	0.118	0.747	0.118	0.767	0.000	0.501
BE_3 ← brand engagement	0.139	0.17	0.025	0.599	0.202	0.029
BE_4 ← brand engagement	0.126	0.826	0.076	0.76	0.139	0.897
BE_5 ← brand engagement	0.148	0.886	0.142	0.849	0.109	0.92
BE_6 ← brand engagement	0.183	0.849	0.038	0.421	0.355	0.983
BE_7 ← brand engagement	0.082	0.659	0.166	0.85	0.162	0.844
BE_8 ← brand engagement	0.27	0.968	0.188	0.845	0.185	0.963
BL_1 ← brand loyalty	0.122	0.87	0.129	0.28	0.079	0.666
BL_2 ← brand loyalty	0.104	0.82	0.145	0.962	0.012	0.664
BL_3 ← brand loyalty	0.139	0.224	0.029	0.691	0.082	0.435
BL_4 ← brand loyalty	0.116	0.775	0.24	0.986	0.105	0.127
VC_1 ← value consciousness	0.363	0.228	0.157	0.607	0.105	0.42
VC_2 ← value consciousness	0.135	0.498	0.175	0.522	0.201	0.775
VC_3 ← value consciousness	0.236	0.852	0.091	0.587	0.167	0.873
VC_4 ← value consciousness	0.305	0.715	0.099	0.524	0.149	0.37
	Attentive vs prospective		Attentive vs dedicated		Switchers vs prospective	
BE_1 ← brand engagement	0.07	0.657	0.127	0.762	0.065	0.418
BE_2 ← brand engagement	0.000	0.628	0.118	0.27	0.000	0.642
BE_3 ← brand engagement	0.038	0.574	0.063	0.437	0.164	0.857
BE_4 ← brand engagement	0.088	0.791	0.012	0.568	0.051	0.62
BE_5 ← brand engagement	0.103	0.848	0.039	0.44	0.006	0.744
BE_6 ← brand engagement	0.133	0.759	0.171	0.826	0.221	0.113
BE_7 ← brand engagement	0.246	0.885	0.079	0.708	0.084	0.812
BE_8 ← brand engagement	0.103	0.796	0.085	0.361	0.081	0.35
BL_1 ← brand loyalty	0.173	0.211	0.043	0.342	0.251	0.067
BL_2 ← brand loyalty	0.029	0.703	0.116	0.105	0.041	0.429
BL_3 ← brand loyalty	0.086	0.924	0.057	0.799	0.168	0.837
BL_4 ← brand loyalty	0.02	0.621	0.22	0.03	0.124	0.923
VC_1 ← value consciousness	0.415	0.91	0.258	0.745	0.52	0.904
VC_2 ← value consciousness	0.241	0.835	0.066	0.625	0.04	0.524
VC_3 ← value consciousness	0.023	0.6	0.068	0.492	0.144	0.15
VC_4 ← value consciousness	0.355	0.105	0.454	0.149	0.206	0.272

measurement invariance and path coefficient comparison results are shown in [Tables VII](#) and [VIII](#).

Discussion

Consumer brand engagement is increasingly becoming an important concept in marketing literature, as it is shown to promote brand loyalty ([Verhoef et al., 2010](#)). Previous literature has referred to different constructs that express self-brand relationships ([Fetscherin and Heinrich, 2015](#)), however, few studies have examined the construct of brand engagement in self-concept and its relationship to brand loyalty and VC. Accordingly, this study attempted to address this gap in the literature. The key findings of this research are threefold as follows:

First, the study proposed and tested three models. Model 1 portrays the simultaneous effects of VC and BESC on brand loyalty. The results reported a direct effect of VC and BESC on brand loyalty. BESC has a strong positive effect on brand loyalty most likely

Table VI MGA results

	Path coefficient difference	p-value
<i>Dedicated vs switchers</i>		
Brand engagement → brand loyalty	0.045	0.599
Value consciousness → brand engagement	0.413	0.833
Value consciousness → brand loyalty	0.192	0.788
Value consciousness → brand engagement → brand loyalty	0.169	0.852
<i>Dedicated vs prospective</i>		
Brand engagement → brand loyalty	0.077	0.325
Value consciousness → brand engagement	0.328	0.822
Value consciousness → brand loyalty	0.123	0.666
Value consciousness → brand engagement → brand loyalty	0.122	0.838
<i>Attentive vs switchers</i>		
Brand engagement → brand loyalty	0.022	0.451
Value consciousness → brand engagement	0.474	0.885
Value consciousness → brand loyalty	0.257	0.893
Value consciousness → brand engagement → brand loyalty	0.213	0.891
<i>Attentive vs prospective</i>		
Brand engagement → brand loyalty	0.144	0.197
Value consciousness → brand engagement	0.389	0.917
Value consciousness → brand loyalty	0.188	0.86
Value consciousness → brand engagement → brand loyalty	0.167	0.944
<i>Attentive vs dedicated</i>		
Brand engagement → brand loyalty	0.067	0.337
Value consciousness → brand engagement	0.061	0.503
Value consciousness → brand loyalty	0.07	0.635
Value consciousness → brand engagement → brand loyalty	0.045	0.628
<i>Switchers vs prospective</i>		
Brand engagement → brand loyalty	0.122	0.253
Value consciousness → brand engagement	0.085	0.326
Value consciousness → brand loyalty	0.069	0.305
Value consciousness → brand engagement → brand loyalty	0.047	0.251
Note: The column “p-value” shows whether the path coefficients significantly differ between groups ($p < 0.05$)		

Table VII Measurement invariance between high and low VC groups

Constructs	Outer Loadings difference	p-value
BE_1 ← brand engagement	0.067	0.250
BE_2 ← brand engagement	0.067	0.101
BE_3 ← brand engagement	0.005	0.573
BE_4 ← brand engagement	0.161	0.944
BE_5 ← brand engagement	0.161	0.987
BE_6 ← brand engagement	0.043	0.652
BE_7 ← brand engagement	0.172	0.967
BE_8 ← brand engagement	0.210	0.986
BL_1 ← brand loyalty	0.052	0.277
BL_2 ← brand loyalty	0.006	0.588
BL_3 ← brand loyalty	0.017	0.629
BL_4 ← brand loyalty	0.003	0.496
VC_1 ← value consciousness	0.028	0.318
VC_2 ← value consciousness	0.076	0.976
VC_3 ← value consciousness	0.015	0.744
VC_4 ← value consciousness	0.015	0.618

because of the greater personal relevance of those brands and better brand image in consumers' minds (Keller, 1993).

The results were identical with prior findings by Hollebeek (2011b) that there was a direct, positive relationship between the three consumer brand engagement dimensions (cognitive processing, affection and activation) and brand loyalty. In Model 2, BESC is postulated as a mediator variable that mediates the relationship between VC and brand loyalty. The mediation analysis established that BESC plays a mediating role in the relationship between VC and brand loyalty. The result demonstrated that Generation Z value-conscious consumer can be loyal to the brand through the engagement of the brand in self-concept. Model 3 is an alternate view of the relationship between VC, BESC and brand loyalty. It presumes that BESC moderates the relationship between VC and brand loyalty. However, the moderation effect was found to be insignificant. The result means that Generation Z value-conscious consumers will remain concerned about low prices in both low and high levels of BESC. Comparing this finding with past research and drawing general conclusions is made more difficult because, to the best of our knowledge, this model has not been tested before. The finding warrants further replication to ensure the generalizability of our results.

Second, as the study recognized the importance of studying the different segments of Generation Z consumers and their preferences, it illustrated that Generation Z consumers can be categorized into four groups. Cluster analysis generated four clusters, namely, attentive, dedicated, switchers and prospective. Brand loyalty exhibited statistically significant differences between the four groups. Generation Z consumers in the attentive group considered the most loyal consumers than other groups. Moreover, Generation Z consumers in the dedicated group considered to be more loyal and more stable customer base than the prospective and switchers. This result means that the more Generation Z consumers view the brand as a reflection of their self-identity, the more the attachment between brands and themselves, as found in previous research (Chaplin and Roedder, 2005; Walker, 2008). The inevitable growth of Generation Z represents a new challenge for marketers. They need to revise communication strategies to meet the constantly changing buying behaviors of this cohort.

Finally, our post hoc analysis results established that the path between BESC and brand loyalty is significant in the four groups and the path between VC and brand loyalty was significant only in the attentive group. Furthermore, the mediation effect of BESC on the relationship VC and brand loyalty was established only in the attentive group. Moreover, a multi-group analysis showed no significant differences exist between the groups. However, when MGA conducted again between high and low VC groups, the results showed (Tables VII and VIII) evidence suggesting that VC plays an important role in brand loyalty. The high-value conscious consumers are also more likely to compare the prices of different brands and will be loyal to brands that offer the best value for their money. This finding is in line with previous research as suggested by Batra (1997), Cui and Liu (2001), Brouthers and Xu (2002) and Sharma (2011). The study also showed that VC to be less relevant if the consumers are engaging the brand in self-concept as the effect of BESC on brand loyalty remained insignificantly different between low and high VC groups (Table VIII). Suggesting that with a higher level of BESC, the influence of VC will be lessened even for high-value conscious consumers.

Table VIII MGA results for high and low VC groups

<i>Constructs</i>	<i>Path coefficients difference</i>	<i>t-value</i>	<i>p-value</i>
Brand engagement → brand loyalty	0.076	0.699	0.485
Value consciousness → brand engagement	0.523	4.748	0.000
Value consciousness → brand loyalty	0.292	2.937	0.039
Value consciousness → brand engagement → brand loyalty	0.208	4.218	0.000

Theoretical implications

BESC research is still scarce. To address this gap, this research tested three portrayals of the relationship between VC, BESC and brand loyalty. In the first model, VC and BESC are conceptualized as antecedents to brand loyalty and both constructs exerted a direct effect on brand loyalty.

In the second model, VC is postulated to directly impact brand loyalty and indirectly impact it through BESC. In the third model, VC and BESC are again postulated as independent variables in addition to the moderation effect of BESC. Likewise, this research contributed to the paucity of studies investigating Generation Z consumers and their behavior. The empirical findings support that BESC and VC are key drivers of brand loyalty. The linkage between BESC and brand loyalty is consistent with prior research by [Hollebeek \(2011b\)](#). Also, this research provides strong empirical evidence of the importance of BESC as a mediator of the relationships between VC and brand loyalty.

As generational theory asserted that shared life experiences distinguish one cohort from another and cause each generational cohort to develop beliefs, expectations and views different from other cohorts, and consequently, different behaviors ([Lancaster and Stillman, 2002](#); [Dries et al., 2008](#)). The current research contributes to the body of knowledge on generational theory ([Lancaster and Stillman, 2002](#); [Dries et al., 2008](#)) by clustering Generation Z consumers into four clusters. First, Generation Z consumers in the *attentive group* rated high in BESC and also high in VC. Second, Generation Z consumers in the *dedicated group* considered brands as a reflection of their identity to be more important than VC. Third, consumers in the *prospective group* rated low in both brand engagement and VC. Finally, *the switchers* who are rated low on BESC and high on VC.

Managerial implications

The current study provides some insights for brand managers who wish to enhance BESC. The findings of our study indicate that BESC and VC drive brand loyalty. Strategies to develop brand engagement may include supporting online brand communities. Also, promoting the value of the brand and ensuring customer satisfaction with the quality of the product may also improve brand loyalty. Another strategy that brand managers can use to strengthen the consumer-brand relationship is to conduct marketing research to understand Generation Z consumers' needs, values and interests.

Additionally, the cluster analysis results imply that it is necessary for brands to determine the different types of Generation Z customers by the level of engagement and VC. More detailed suggestions can be summarized as follows. First, Generation Z consumers in the *attentive group* rated high in BESC and also high in VC. Thus, there should be an emphasis on the reduction of prices of products or services to attract this segment. Second, Generation Z consumers in the *dedicated customers' group* considered brands as a reflection of their identity to be more important than VC. This result means people in this group are more interested in the brand relationship when purchasing branded products or services. Therefore, the emphasis should be on finding ways to connect with generation Z consumers and social media, perhaps, offers a perfect place; communicating value to customers and tapping into emotions. Both *attentive* and *dedicated* Generation Z consumers are highly engaged customers who have a personal connection to a brand, they are customers who recognize when a brand understands their personal needs and they believe that the brand reflects their personal identity. Brand managers should highlight for the two groups, the value that the customer will receive from the brand. Third, consumers in the *prospective group* are less sensitive to higher prices but still unengaged to the brand. Therefore, there is a need to think of different engagement strategies. Marketers, for instance, may consider optimizing their websites for mobile phones and engaging this cohort through social media platforms. Additionally, this study showed that value is important for

generation Z. Therefore, high-quality products will enhance brand image, positive word of mouth, reputation and loyalty among consumers in this cohort.

Limitations and future research directions

As with any other cross-sectional study, there are some limitations. Firstly, the current study focuses only on university students as a sample for testing the hypotheses. Therefore, replication and extensions to other consumer groups are needed before any generalization is made. Furthermore, this research only considered Malaysia, which is a country with a unique culture. However, other developing and developed countries should be investigated to explore the consistency of the groupings (attentive, dedicated, prospective and switchers) and test the hypothesized relationships. Moreover, when comparing the clusters, they do need to be comparable in size. The guideline to consider regarding group sample size differences is when one group is more than 50 per cent larger than the other; the difference is likely to bias the results of the statistical test of differences (Hair *et al.*, 2016b). Therefore, researchers are recommended, when possible, to collect more data for the cluster with the smaller sample size.

The brands reported by the respondents include fashion, automobiles, mobile phones, etc. Fashion and automobiles may resemble product continuums of two extremes, i.e. fashion being low involvement and automobiles being high involvement. The study has not examined if the high involvement product/low involvement product could have an implication on BESC, VC and ultimately the four clusters of customers identified. It will be important for future research to address these concerns. Similarly, findings on VC may differ if the study is conducted in a luxury branding segment. Furthermore, researchers need to clarify more what BESC means and identify different antecedents and consequences. Finally, future studies could explore the different communication strategies that may be effective for Generation Z consumers.

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