

RETAIL ADVERTISING'S ROLE IN CONSUMER BRAND LOYALTY FORMATION

O PAPEL DA PUBLICIDADE NO VAREJO NA FORMAÇÃO DA LEALDADE DO CONSUMIDOR À MARCA

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Abstract

This paper examines the role of advertising spending in shaping brand loyalty at FPT Shop, a leading retail chain in Vietnam. The study analyzes how advertising expenditure functions as an external stimulus that influences consumer perceptions using the Stimulus-Organism-Response model and signaling theory. Primary data were collected from 1,036 respondents across 12 FPT Shop outlets. Several data analysis techniques were executed to validate the measurement scales and test the proposed model. The results indicate that advertising spending has a significant direct positive effect on brand loyalty, while its impact is also mediated by improvements in store image and customer satisfaction. The mediating effect of perceived quality was observed to be relatively modest, its contribution to the overall influence of advertising on loyalty is acknowledged. These findings provide valuable insights for retail practitioners seeking to optimize advertising strategies, enhance customer perceptions, and strengthen brand loyalty in a competitive market environment.

Resumo

Este artigo examina o papel do investimento em publicidade na formação da fidelidade à marca na FPT Shop, uma importante rede varejista no Vietnã. O estudo analisa como o investimento em publicidade funciona como um estímulo externo que influencia as percepções do consumidor, utilizando o modelo Estímulo-Organismo-Resposta e a teoria da sinalização. Os dados primários foram coletados de 1.036 respondentes em 12 lojas da FPT Shop. Diversas técnicas de análise de dados foram aplicadas para validar as escalas de mensuração e testar o modelo proposto. Os resultados indicam que o investimento em publicidade tem um efeito positivo direto significativo na fidelidade à marca, sendo seu impacto mediado também por melhorias na imagem da loja e na satisfação do cliente. O efeito mediador da qualidade percebida mostrou-se relativamente modesto, embora sua contribuição para a influência geral da publicidade na fidelidade seja reconhecida. Essas descobertas fornecem informações valiosas para profissionais do varejo que buscam otimizar estratégias de publicidade, aprimorar as percepções do cliente e fortalecer



Keywords: Branding. Brand Loyalty. Advertising Spending. Marketing Strategy. Retailer Industry.

a fidelidade à marca em um ambiente de mercado competitivo.

Palavras-chave: Branding. Fidelidade à Marca. Investimento em Publicidade. Estratégia de Marketing. Setor Varejista.

1 INTRODUCTION

Companies cannot overlook the significance of brand loyalty. It offers various advantages, including positive word-of-mouth, enhanced bargaining power, and improved return on investment (ROI). Previous studies show that 80% of a company's profits are generated from its top 20% of consumers (Goodman, 2019; Yu et al., 2021). Thus, nurturing a robust relationship between the company and its customers is crucial for a successful business. It is essential to identify the influencing factors of loyalty to boost customer loyalty and maintain high retention rates. As a result, many studies have emerged since the 2010s, employing diverse theories to pinpoint the antecedents of brand loyalty (Jai, Tong, & Chen, 2022; Pan, Sheng, & Xie, 2012). This research analyzes existing literature and identifies the key factors scholars have utilized to establish a robust framework of current theories. Utilizing this framework, this study aims to equip business leaders with the most critical factors affecting brand loyalty.

Research on loyalty in Vietnam exists, but a distinct separation between customer and brand loyalty is still unclear. Researcher Vo and Tran (2020) examined customer loyalty among four prominent commercial banks, yet it overlooked brand loyalty. Although brand loyalty is considered a higher-level concept than customer loyalty, it has been neglected mainly because of the confusion and overlap in understanding these two concepts. With the development of technology and the internet, users increasingly upgrade their phones, and product offerings continue to expand. The mobile phone retail industry remains a hot market, with overall market revenue projected to increase at a CAGR of 19% during 2020-2024 and smartphone consumption forecasted to expand at a CAGR of 7.4% during 2020-2025. Building brand loyalty is crucial for every brand to ensure continuous usage of their products and services, especially as foreign companies and investors have more opportunities to compete with domestic companies in the open market.

The literature on brand loyalty is limited, and the gap in understanding its nuances within the context of the Vietnamese retail sector still exists. As consumer expectations evolve and the market becomes increasingly saturated with options, it becomes crucial to identify the factors that drive brand loyalty among Vietnamese consumers. This study seeks to fill this gap by exploring the complex factors influencing Vietnamese retailers' brand loyalty. By illuminating these factors, the research offers valuable insights for retailers looking to improve their brand loyalty strategies and succeed in this competitive market. Study advertising's impact on brand loyalty at FPT Shops in Hanoi by examining related theories. Since research on the impact of advertising on brand loyalty is relatively new, especially in the Vietnamese context and the technology retail sector, significant investment in expertise is necessary to strengthen the existing theoretical foundation.

2 LITERATURE REVIEW

2.1 Theoretical framework

Advertising spending (AS) plays an instrumental role in shaping consumer attitudes and reinforcing brand loyalty (BL), particularly in competitive retail environments. Drawing on the Stimulus-Organism-Response (S-O-R) model, this study posits that advertising expenditure serves as an external stimulus that influences consumer perceptions of store image (SI), perceived quality (PQ), and customer satisfaction (CS). These intermediary factors function as cognitive and affective responses that ultimately shape brand loyalty. The theoretical foundation is further supported by signaling theory, which suggests that increased advertising spending signals brand credibility and enhances perceived value. Accordingly, the model hypothesizes direct positive relationships between AS and SI, PQ, and CS, reinforcing the strategic importance of advertising investment in the retail sector.

Moreover, the model proposes indirect effects, where SI and CS mediate the relationship between AS and BL. A strong SI enhances customer trust and perceived quality, fostering greater commitment to the brand. Similarly, CS serves as a key determinant of brand loyalty, as satisfied customers are more likely to develop emotional attachment and repeat purchase intentions. While most hypotheses in the model establish positive associations, inconclusive findings for two hypotheses suggest the need for

further refinement and empirical validation. By integrating multiple theoretical perspectives, this framework offers a holistic understanding of how advertising spending influences brand loyalty through mediating mechanisms, providing valuable insights for retail practitioners aiming to strengthen customer retention strategies.

2.2 Definitions of brand loyalty and its influencing factors

2.2.1 Brand loyalty (BL)

Jacoby and Kyner postulated that brand loyalty is the customers' high regard for one or several brands compared to others, formed through repeated purchase decisions (1973). Subsequently, Pritchard and Howard expanded the notion of BL into a network of customer-oriented buying behavior characterized by a reduced proclivity for brand switching (Pritchard & Howard, 1997), heightened commitment to information processing regarding the brand, and brand prioritization, and to accomplish this, the brand must exemplify values and imagery that closely align with the customers. In summary, brand loyalty is a psychological process occurring among customers, and brands view it as an ongoing effort to influence customer perceptions. This process and sends starts with initial brand awareness, followed by familiarity, liking, attachment, and ultimately, loyalty.

2.2.2 Advertising spending (AS)

Advertising is essential in reinforcing and enhancing consumer awareness and experience regarding a particular product or service from a specific brand. Through advertising spending, businesses can communicate their operational efficiency and build customer trust in the company. Ha et al. (2011) have provided a measurement approach for perceived advertising spending, which includes customers' perception of the frequency and cost of the brand's advertising strategy. The more advertising expenditure, the more positive impact it will have on customers' perceptions of the quality of the products and services of that brand (Aaker & Jacobson, 1994).

2.2.3 *Store image (SI)*

In this context, the structure of the store image has been studied to determine its domain and describe its fundamental components. Store image refers to customers' mental image or impression of a store. It encompasses their overall impressions of the store's product offerings, the physical store itself, and the expected shopping experience (Dunne, Lusch, & Carver, 2013). It can be understood as a reflection of customers' perception of the store environment.

Lindquist discovered that the store image is intricate, comprising both tangible elements and intangible psychological factors as perceived by consumers (1973). Many definitions highlight that the store image reflects customers' perceptions of the store, shaped by a collection of key attributes (Priporas, 2002; Thang & Tan, 2003).

2.2.4 *Perceived quality (PQ)*

PQ refers to how consumers subjectively view a product's quality (Zeithaml, 1988). It refers to how consumers assess a brand's product in terms of its ability to meet their expectations. Hence, a high level of PQ suggests that consumers are able to recognize the uniqueness and excellence of the brand based on their rich experiences with it (Dwivedi, Nayeem, & Murshed, 2018). However, the actual quality of a brand, as provided by the manufacturer, may not always align with the perceived quality because consumers are not experts in the field. Consequently, consumers rely on their perceived quality as the basis for their consumption decisions, mainly when there is an information asymmetry between manufacturers and consumers (Boccaletti & Nardella, 2000). Furthermore, when consumers view a brand as being of high quality, they tend to express positive emotions towards it since they find its attributes more appealing and desirable than those of competing brands.

2.2.5 *Customer satisfaction (CS)*

CS with a retail establishment's products or services is frequently regarded as a fundamental element contributing to the organization's success and long-term competitive advantage. Customer satisfaction enhances repeat purchase behavior and encourages

customers to buy other products from the same store. According to Hansemark and Albinsson, CS reflects the overall attitude of customers toward a service provider and their expectations regarding the emotions and experiences associated with fulfilling specific needs, goals, or desires (2004). Kotler defined CS as a person's pleasure or disappointment from comparing a product's performance to their expectations (2003).

2.3 The relationships of factors affecting brand loyalty

2.3.1 The relationship between advertising spending and brand loyalty

Advertising activities are a tool to reinforce customers' perceptions and experiences with a specific brand of products or services (Moorthy & Hawkins, 2005). Through advertising, companies can convey information about their products and services, while also sending signals to attract customers towards using and experiencing them (Moorthy & Zhao, 2000). The more advertising spending, the greater the awareness it will generate for customers about the assurance of product and service quality, thereby positively influencing brand loyalty (Hameed, 2013; Yoo, Donthu, & Lee, 2000) If advertising costs increase, it can imply to customers that the business is operating effectively, leading to more customer trust in using the products and, consequently, positively impacting their brand loyalty. Based on these analyses, the authors propose the following hypothesis:

H1: Advertising spending has a direct and positive impact on brand loyalty.

2.3.2 The relationship between advertising spending and store image

According to Aaker, there are several benefits of establishing a reputable brand, such as increasing the likelihood of brand choice, maintaining customer relationships, achieving higher profit margins, having the ability to charge premium prices, effective marketing communications, word-of-mouth referrals, brand upgrade opportunities, and easier brand extensions (Aaker, 2009). Ross also suggests that a popular brand provides added value to customers by improving their perceptions and trust in purchase decisions and providing higher levels of satisfaction (Ross, 2006). Based on these analyses, the authors propose the following hypothesis:

H2: Advertising spending has a direct and positive impact on the store image.

2.3.3 The relationship between advertising spending and perceived quality

Kirmani and Wright point out that "repetition is a reasonable explanation for why advertising expenditure influences perceived quality expectations" (Kirmani & Wright, 1989). Frequent repetition of advertising specifically can encourage consumers to expect high-quality service. The effort invested in advertising must align with consumers' perceptions. Information processing theory by Moorthy and Zhao provides the theoretical foundation for the role of advertising expenditure in shaping customer perception (2000). It demonstrates that information processing based on advertising expenditure increases with the frequency of advertising, indicating that advertising expenditure influences customer perception of quality. Using these materials, the authors propose the following hypothesis:

H3: Advertising spending has a direct and positive impact on perceived quality.

2.3.4 The relationship between advertising spending and customer satisfaction

As mentioned earlier, advertising is also part of the business's marketing campaign. Therefore, it is suggested that perceived advertising expenses are directly related to customer satisfaction, helping to evaluate the effectiveness of marketing activities by assessing this satisfaction. Perceived advertising expenses are a specifically designed strategy implemented across various media to achieve desired outcomes such as increased brand awareness, higher sales volume, and improved communication within a specific market. All of these objectives are accomplished through advertising. Many businesses believe that executing an advertising campaign involves merely creating an advertisement. However, reality has shown that advertising must be well-organized to yield the best results. Based on this analysis, the authors propose the following hypotheses:

H4: Advertising spending has a direct and positive impact on customer satisfaction.

2.3.5 *The relationship between store image and brand loyalty*

There exists a direct correlation between SI and BL, whereby an enhancement in the brand image of a company, product, or brand corresponds to an increase in customer loyalty (Azizan & Yusr, 2019). A favorable SI is derived from various shopping attributes, which influence customer patronage intentions (Kim, Fiore, & Lee, 2007). These intentions, in turn, play a significant role in fostering BL towards the retail establishment. The attributes of the store are regarded as foundational for establishing interactive relationships with retailers. Based on these previous findings, the authors propose the following hypothesis:

H5: Store image has a direct and positive impact on brand loyalty.

2.3.6 *The relationship between perceived quality and brand loyalty*

PQ influences relationship quality, which includes trust and affective commitment, affecting BL. The cognitive facets of brand affinity serve as primary drivers of behavioral intentions, followed by affective facets. Among these, the affective aspect of brand affinity significantly impacts price tolerance, whereas trust does not exert a direct influence. In light of these analyses, the authors propose the following hypothesis:

H6: Perceived quality has a direct and positive impact on brand loyalty.

2.3.7 *The relationship between customer satisfaction and brand loyalty*

Research indicates that customer satisfaction is essential for fostering BL. By prioritizing CS, companies can boost BL, resulting in repeat purchases of their products or services. However, CS and BL should not be confused. CS represents the initial response to a product, whereas BL is a later response. Given these insights, the authors suggest the following hypothesis:

H7: Customer satisfaction has a direct and positive impact on brand loyalty

Additionally, the indirect effects of advertising expenditure on BL through SI, PQ, and CS yield three subsequent hypotheses:

H8a: Store image mediates the relationship between advertising spending and brand loyalty.

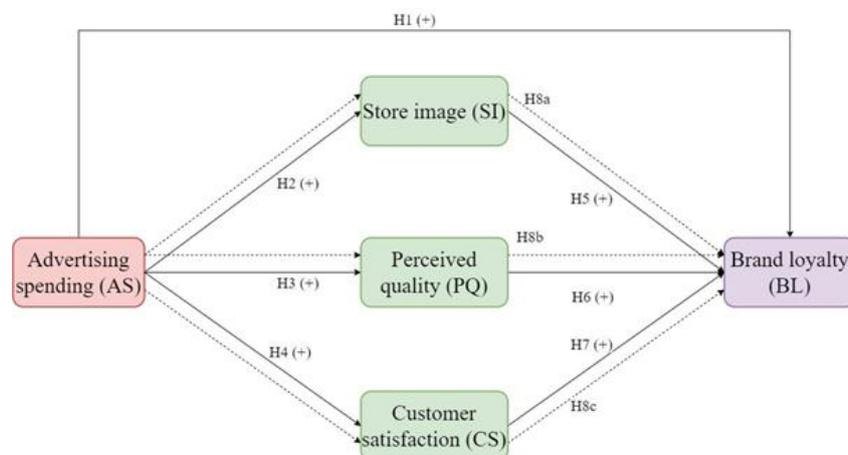
H8b: Perceived quality mediates the relationship between advertising spending and brand loyalty.

H8c: Customer satisfaction mediates the relationship between advertising spending and brand loyalty.

Drawing from the aforementioned research overview and theoretical foundations, the author suggests a model with these hypotheses in Fig. 1.

Figure 1.

Theoretical proposed model



2 METHODOLOGY

The data was collected in 3 months in 12 FPT Shop stores in different districts in Hanoi City. A total of 1604 surveys were collected, of which the authors personally gathered 750, 600 were paper surveys assisted by store staff, and 254 were conducted online. Out of the 1604 collected surveys, 568 did not meet the requirements and were excluded due to certain missing mandatory information in the paper surveys. Therefore, 1036 surveys were included in the analysis (response rate 64.59%).

The updated metrics for Advertising Spending (AS), Store Image (SI), Perceived Quality (PQ), and Brand Loyalty (BL) were utilized to assess respondents' loyalty to FPT Shop's products and services. A Likert-5 scale, ranging from 1 to 5, was employed to gauge each aspect of the study, where 1 signifies 'Totally disagree' and 5 means 'Totally agree.' All scales demonstrated a Cronbach's Alpha value exceeding 0.6, indicating their reliability.

The study used SPSS 26 and AMOS 24 to analyse the primary data. First, the Cronbach's Alpha coefficients for all scales were examined to ensure they met the minimum threshold of 0.6 (Nunnally & Bernstein, 1994). Then, Exploratory Factor Analysis (EFA) was performed using the principal component analysis extraction method, coupled with oblique rotation (Promax), to investigate the structure of the observed variables and identify latent constructs. Bartlett's test (with Bartlett's Sig < 0.05 considered acceptable) and the Kaiser-Meyer-Olkin (KMO) measure (with KMO > 0.8 deemed acceptable) were used to assess whether the observed variables were sufficiently correlated. Before applying Covariance-Based Structural Equation Modeling (CB-SEM) to test the proposed model and research hypotheses, Confirmatory Factor Analysis (CFA) was conducted to evaluate the data fit, the quality of the observed variables, as well as their convergent and discriminant validity.

3 RESULTS

3.1 Demographic characteristics

Regarding **Table 1**, among the 1036 respondents, 623 were male, accounting for 60.14%, and 413 were female, accounting for 39.86%. Most respondents reported a monthly income ranging from 15 million to below 30 million VND, accounting for 74.23%. The subsequent segment consisted of those with an income above 30 million VND, with 144 respondents, accounting for 13.90%. Those with an income below 15 million VND constituted 11.87%, totaling 123 respondents. Most respondents were single or living together without being married, accounting for 86.48% with 896 responses. Among the 1036 survey respondents, those holding a university degree constituted the highest proportion, with 584 responses, corresponding to 56.37%.

Table 1.

Participant demographic details (n=1036)

Information	Frequency (n)	Percentage (%)
<i>Gender</i>		
Male	623	60.14
Female	413	39.86
<i>Marital status</i>		

Single/Cohabiting, unmarried	534	51.54
Married/Living with spouse	362	34.94
Divorced/Separated/Widowed	140	13.52
<i>Average monthly income in the last 12 months (Unit: million VND/month)</i>		
Below 15	123	11.87
From 15 to below 30	769	74.23
Above 30	144	13.90
<i>Highest educational level</i>		
High school	119	11.49
University	584	56.37
Postgraduate	333	32.14
	Mean	SD
Age	36.74	6.34

3.2 Scale validation

The study consists of 5 measured constructs, in which AS includes 6 items; SI includes 7 items; PQ includes 6 items; CS includes 5 items; BL includes 8 items.

Table 2 shows that the Cronbach's Alpha values for the scales range from 0.890 to 0.924, indicating high reliability (Hair et al., 2010). The EFA results reveal that the KMO value is 0.986 (well above the minimum threshold of 0.50), and Bartlett's Sig. is under 0.05, which is very good (Kaiser, 1974). The factor loadings for the five factor groups are all higher than 0.50, which is acceptable. Specifically, for each construct: AS with 6 items has the lowest factor loading at 0.675; SI with 7 items has a lowest factor loading of 0.687; PQ comprising 6 items has the lowest factor loading in this group at 0.568; CS with 5 items holds a lowest factor loading of 0.705; and BL with 8 items also has a lowest factor loading in this group 0.705. The Eigenvalues value is 1.295 (>1), and the five extracted factors account for 60.89% (>50%) of the total variance (Field, 2005). Therefore, the collected data is suitable for CFA analysis.

Table 2.

Quality criteria and factor loadings

Constructs	Items	Factor Loadings	Cronbach's Alpha	AVE	CR
Advertising spending	AS1	0.847	0.918	0.653	0.918
	AS2	0.787			
	AS3	0.675			
	AS4	0.711			

Constructs	Items	Factor Loadings	Cronbach's Alpha	AVE	CR
Store image	AS5	0.853	0.919	0.617	0.919
	AS6	0.748			
	SI1	0.811			
	SI2	0.687			
	SI3	0.724			
	SI4	0.776			
	SI5	0.786			
	SI6	0.779			
	SI7	0.772			
Perceived quality	PQ1	0.798	0.890	0.577	0.891
	PQ2	0.624			
	PQ3	0.706			
	PQ4	0.892			
	PQ5	0.751			
	PQ6	0.568			
Customer satisfaction	CS1	0.823	0.906	0.659	0.906
	CS2	0.796			
	CS3	0.705			
	CS4	0.839			
	CS5	0.777			
Brand loyalty	BL1	0.785	0.924	0.603	0.924
	BL2	0.796			
	BL3	0.705			
	BL4	0.717			
	BL5	0.750			
	BL6	0.804			
	BL7	0.775			
	BL8	0.710			
KMO	0.986	Eigenvalues	1.295		
Barlett's Sig	0.000	Cumulative %	68.070		

AVE: Average Variance Extracted; CR: Composite Reliability

The CFA results show that the CR values for each latent variable range from 0.891 to 0.924 (>0.6), indicating strong internal consistency, and the AVE values are greater than 0.50 (ranging from 0.577 to 0.659), which is acceptable (Mikulincer & Shaver, 2010). Hence, the measurement scales for the latent variables AS, SI, PQ, CS and BL meet the required criteria and exhibit high reliability.

3.3 Model fit

Table 3 illustrates the fit indices for the CFA and SEM analyses. The results indicate that all model fit indices are within acceptable ranges. Therefore, it can be concluded that the SEM fits the collected data well.

Table 3.

Model Fit Indices

	X²/df	GFI	RMSEA	CFI	TLI	NFI
CFA	2.742	0.932	0.041	0.965	0.962	0.947
SEM	2.897	0.928	0.043	0.962	0.959	0.943
Acceptance criteria	< 5	> 0.90	< 0.08	> 0.90	>0.90	>0.90
Source	Hair et al. (2010)			Bentler (1990)		

3.4 Direct path analysis

Based on the results of the Structural Equation Modeling (SEM) analysis presented in **Table 4**, we can draw the following conclusions regarding the impact of FPT Shop's advertising activities on key customer-related constructs:

AS directly influences BL (Hypothesis H1: AS → BL) with a coefficient of 0.155 ($p < 0.01$). This suggests that effective advertising fosters a direct connection with customers, encouraging them to remain loyal to the brand. FPT Shop's AS also has a significant and positive influence on SI (Hypothesis H2: AS → SI) with a coefficient of 0.692 ($p < 0.001$), indicating that effective advertising substantially enhances customers' perceptions of SI. Similarly, AS positively affects PQ (Hypothesis H3: AS → PQ) with a coefficient of 0.759 ($p < 0.001$), demonstrating that customers view the quality of products and services more favorably when exposed to strong advertising campaigns. Moreover, CS (Hypothesis H4: AS → CS) is significantly improved by AS, as evidenced by a coefficient of 0.696 ($p < 0.001$). This finding shows that advertising not only attracts customers but also contributes to their overall satisfaction with the store.

Beyond the direct effects of advertising, SI itself has a notable positive impact on BL (Hypothesis H5: SI → BL) with a coefficient of 0.377 ($p < 0.001$). This reinforces the idea that a strong and positive SI, built in part through advertising, plays a critical role in securing customer loyalty. PQ (Hypothesis H6: PQ → BL) also significantly influences

BL, as indicated by a coefficient of 0.090 ($p < 0.05$). However, the relatively low coefficient suggests that while customers recognize high quality as a result of advertising, it does not automatically translate into loyalty without the mediation of other factors. Finally, CS (Hypothesis H7: CS \rightarrow BL) significantly and positively impacts BL with a coefficient of 0.312 ($p < 0.001$), confirming that satisfied customers are more likely to remain loyal to the brand.

Table 4.

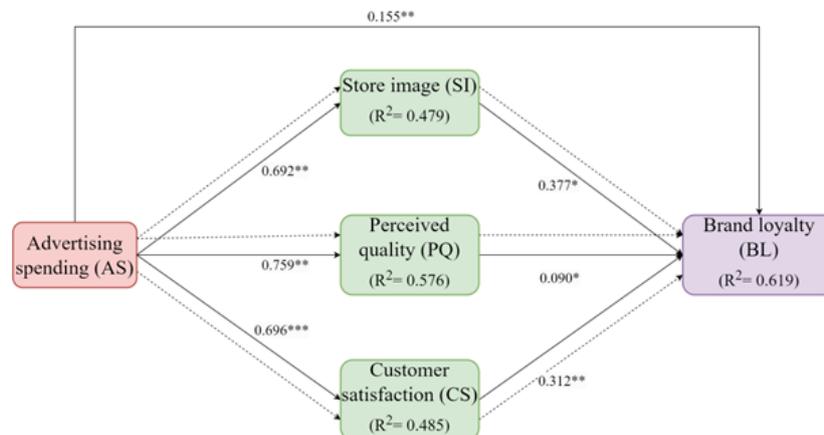
Direct Path Analysis

Hypothesis	Pathway	Coef.	p-value	Decision
H1	BL \leftarrow AS	0.155	**	Accepted
H2	SI \leftarrow AS	0.692	***	Accepted
H3	PQ \leftarrow AS	0.759	***	Accepted
H4	CS \leftarrow AS	0.696	***	Accepted
H5	BL \leftarrow SI	0.377	***	Accepted
H6	BL \leftarrow PQ	0.090	*	Accepted
H7	BL \leftarrow CS	0.312	***	Accepted

*** $P < 0.001$; ** $P < 0.01$; * $P < 0.05$

Figure 2.

Empirical Framework



3.5 The mediation analysis

Table 5 presents the mediating path analysis, illustrating the indirect effects of advertising spending (AS) on brand loyalty (BL) through store image (SI), perceived quality (PQ), and customer satisfaction (CS).

Table 5.

Mediating Path Analysis

Hypothesis	Pathway	Coef.	p-value	Decision
H8a	AS --> SI --> BL	0.261	**	Accepted
H8b	AS --> PQ --> BL	0.068	*	Accepted
H8c	AS --> CS --> BL	0.217	**	Accepted

** $P < 0.01$; * $P < 0.05$

The results indicate that AS indirectly influence BL via multiple pathways. Specifically, the mediation through SI (H8a: AS → SI → BL) is statistically significant with a coefficient of 0.261 ($p < 0.01$), suggesting that effective advertising enhances the SI, which in turn boosts BL. Similarly, the pathway through perceived quality (H8b: AS → PQ → BL) is supported by a significant coefficient of 0.068 ($p < 0.05$), indicating that improved PQ partially mediates the relationship between AS and BL. Furthermore, the mediation through CS (H8c: AS → CS → BL) is significant with a coefficient of 0.217 ($p < 0.01$), underscoring that advertising not only attracts customers but also elevates their satisfaction, which subsequently fosters loyalty.

4 DISCUSSIONS

This study explored the impact of advertising spending on brand loyalty by examining both its direct effects and its indirect effects via key mediators—store image, perceived quality, and customer satisfaction. Drawing on the Stimulus-Organism-Response (S-O-R) model and signaling theory, our theoretical framework posited that advertising functions not only as an external stimulus but also as a credible signal of brand value. The empirical results obtained via SEM lend considerable support to this integrated framework.

This analysis reveals that AS has a direct positive impact on BL, consistent with previous research (Hameed, 2013; Moorthy & Hawkins, 2005). By conveying quality and credibility, effective advertising instills trust and confidence among consumers, which is essential for long-term loyalty. In addition to this direct relationship, this study finds that AS significantly enhances key intermediary factors—SI, PQ and CS. Specifically, advertising spending substantially improves SI, which aligns with Aaker's (2009) assertion that a reputable brand image boosts consumer trust and loyalty. Similarly, the positive effect of AS on PQ confirms the idea from Kirmani and Wright (1989) and

Moorthy and Zhao (2000) that repeated advertising fosters higher quality expectations. Furthermore, our results show that advertising enhances CS, leading to a better overall shopping experience and increased satisfaction levels.

The mediation analysis further enriches our understanding by demonstrating that the relationship between AS and BL is not solely direct. Instead, it operates indirectly through its influence on SI and CS. A strong SI not only elevates consumer trust but also enhances the perceived value of the brand, which is critical for loyalty (Ross, 2006). Similarly, improved CS serves as a mechanism that translates advertising efforts into repeat patronage and stronger emotional attachment to the brand. However, one noteworthy observation is the relatively modest mediating effect of PQ. Although previous studies suggest that repeated advertising should strongly elevate quality perceptions, our findings indicate a lower coefficient for this pathway (Kirmani & Wright, 1989; Moorthy & Zhao, 2000). This discrepancy might be attributed to market-specific factors, measurement differences, or the possibility that in a highly competitive retail environment, other factors—such as customer service or overall brand experience—play a more dominant role in shaping loyalty than perceived quality alone.

4.1 Implications and recommendations

From a practical perspective, the study's findings have important implications for retail marketers. First, investing in advertising is not merely about increasing visibility; it is a strategic tool that enhances key consumer perceptions, which are critical for building long-term loyalty. Retailers should focus on developing advertising campaigns that not only promote product features but also foster a strong, positive store image and elevate customer satisfaction.

To address the relatively modest impact of perceived quality, managers might consider integrating quality-focused messages or testimonials into their advertising strategies. Enhanced communication regarding product quality, backed by consumer reviews or expert endorsements, could strengthen the quality perception and, in turn, further drive loyalty. Moreover, given the complexity of consumer responses, a multi-channel advertising strategy that consistently reinforces brand values across various platforms may be more effective in establishing and maintaining a positive store image and high customer satisfaction.

5 CONCLUSIONS

This study set out to investigate the impact of advertising spending on brand loyalty in the competitive retail environment of Vietnam, with a specific focus on FPT Shops in Hanoi. By integrating the Stimulus-Organism-Response (S-O-R) model with signaling theory, the research examined both the direct effects of advertising spending on brand loyalty and its indirect effects through critical mediators—store image, perceived quality, and customer satisfaction.

The empirical findings, derived using Structural Equation Modeling (SEM), indicate that advertising spending directly enhances brand loyalty by instilling consumer trust and confidence. Moreover, the study confirms that advertising spending significantly improves key intermediary constructs. In particular, the enhancement of store image and the elevation of customer satisfaction emerged as strong mediators that further reinforce brand loyalty. Although the mediating effect of perceived quality was relatively modest, it nonetheless contributes to the overall process by which advertising influences consumer behavior.

These results have important theoretical implications. They validate the S-O-R framework and underscore the strategic role of advertising as both an external stimulus and a signal of brand credibility. The findings extend prior research by highlighting the multifaceted pathways through which advertising expenditure can shape consumer perceptions and drive long-term loyalty.

Practically, the study offers valuable insights for retail marketers. It underscores that effective advertising should go beyond mere visibility and must actively enhance consumer perceptions of store image and satisfaction. To maximize the impact of advertising, managers are encouraged to employ multi-channel strategies that consistently communicate quality and reinforce positive brand values. Additionally, integrating quality-focused messaging and leveraging consumer testimonials may further strengthen perceived quality and, in turn, bolster brand loyalty.

Despite the valuable insights gained from this study, several limitations warrant attention. The cross-sectional design limits the ability to make causal inferences, and the findings may not generalize beyond the specific retail context studied. Future research should adopt longitudinal methodologies and consider additional moderating variables

such as digital engagement, market segmentation, and demographic differences to further elucidate the nuances of the advertising-loyalty relationship.

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Authors' Contribution

Both authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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