

# Building Credible Service Brands: Exploring the Mediating Role of Customer Trust in Driving Loyalty

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## ABSTRACT:

The central role in conditioning consumer responses in the service environment of intangibility and increased risk is brand credibility. This research will focus on the influence of brand credibility on customer trust and customer loyalty and evaluate whether customer trust is a mediating factor between credibility and customer loyalty. The sample of 300 service consumers was provided and the measurement and structural models were tested with the help of Partial Least Squares Structural Equation Modeling (PLS-SEM). The results have shown that brand credibility has a significant positive effect on customer trust and customer loyalty. Customer loyalty, in its turn, is greatly increased by customer trust. The mediation analysis finds a partial mediating role of customer trust, which proves that trust is an important psychological process by which credibility reinforces the results of loyalty. This research makes a contribution to the body of service marketing literature by presenting solid-grounded evidence of the mechanisms through which brand credibility is related to service loyalty. Under managerial considerations, the findings indicate credibility-building programs and trust-enriching measures as being critical towards establishing better and more durable customer relationships.

**Keywords:** Brand credibility; Customer trust; Customer loyalty; PLS-SEM; Service branding; Mediation analysis..

## 1. Introduction

In the current competitive service market, customer relationship is an issue of strategic necessity in the face of firms aiming to grow and be profitable in the long term. With customers

becoming more and more discriminating in regards to the number of available options and their rising expectations, service brands have to distinguish themselves not only in terms of functional performance, but also in terms of

psychological hints, influencing consumer perceptions and behavioural intentions. Brand credibility, customer trust and customer loyalty are some of these cues and they have become focal constructs in the manner consumers compare brands and repeat purchase decisions. The rise in the significance of brand credibility is based on the assumption that consumers are using more and more brand cues to minimize uncertainty and assess the dependability of service providers. In case services cannot be observed (intangible), their quality varies (variable) and is often not observable with a provider (inseparable) (Parasuraman, Zeithaml, and Berry, 1988), customers often rely on extrinsic indicators, including brand reputation, credibility and consistency of communication in making judgments. Brand credibility refers to the plausibility of the brand information and confidence that the brand will deliver on its promises (Erdem and Swait, 2004) and this assists the customers to go through perceived risks as a diagnostic tool that helps them in the quality of services. According to previous studies, credible brands alleviate the problem of information asymmetry, develop perceived reliability, and improve the overall customer experience (Erdem, Swait, and Louviere, 2002). Although the critical role of brand credibility has been well-known, empirical findings with regard to its influence on customer attitudes within the service industry remain dynamic.

Customer trust is an additional support element of relationship marketing, which is parallel to credibility. Trust means that a customer is convinced that a brand is reliable, truthful and able to meet its commitments (Moorman, Deshpande, and Zaltman, 1993). Trust is an important factor in service situations as customers are not always able to evaluate service performance fully before they make a purchase and they have to rely on the guarantees of the service provider, the name, and past experience. The commitment-trust theory developed by Morgan and Hunt (1994) holds that trust is the foundation of effective relational transactions and the antecedent of the long-term consumer

engagement. Customers are likely to create emotional attachments, decrease doubtfulness in making choices, and stay loyal to the brand despite the availability of promising alternatives in case they trust a brand. Therefore, the analysis of customer trust as a mediating factor proposes further understanding of the cognitive and affective activities that represent the relationship between brand perceptions and the behavioural consequences.

Besides this, customer loyalty remains among the most researched marketing outcomes as it directs profitability, customer retention and competitive advantage. Loyalty is a sign of how a customer wants to remain loyal to a brand and to refer to others as well as to resist switching to other brands even in the face of competition (Oliver, 1999). Such customers are likely to make repeat purchases, create a positive word of mouth, and need less incentives in terms of promotions. The loyalty is particularly crucial in the case of service brands since customer acquisition is much more costly than retention (Kumar and Reinartz, 2016). Consequently, the contribution of brand credibility and customer trust developing loyalty can be viewed as a worthwhile field of research among scholars and practitioners.

Credibility and trust are the predictors of loyalty that have been identified in existing literature, but the associations between the constructs in service context also need to be explored empirically. Literature in this area dwells on product-oriented settings or online environments, with limited literature dwelling on service brands operating in high contact, people industries. The drivers of the loyalty of customers may vary in a service industry as compared to traditional product markets owing to the unique nature of services, such as intangibility, heterogeneity, and simultaneous production and consumption (Zeithaml, 1988). Credibility is also an important source of confidence and trust in such environments, a prerequisite to consumers who have no physical clues at their disposal to assess the quality-of-service delivery. However, there are still questions as to whether credibility directly

or indirectly affects loyalty or there are several combinations of both channels.

In addition, trust is now being perceived as an intermediary in consumer-brand relations. Past research indicates that the trust assists in converting cognitive assessments like credibility into positive emotional as well as behavioural reactions including contentment, devotion and loyalty (Chaudhuri and Holbrook, 2001; Delgado-Ballester, 2004). Nevertheless, the mediating effect of trust on the relationship between brand credibility and loyalty in a service setting has not been well studied, particularly in developing economies where fast digitalization and increasing customer demands are transforming service relationships. The competitive nature of the environment is a challenge that demands service brands to implement more advanced branding and trust-forming strategies, and a closer comprehension of such relations is timely and topical. To address these gaps the current study analyses the impact of brand credibility on customer trust and customer loyalty and explores whether customer trust is a mediating variable between credibility-loyalty relationship in service brands. This study will use 300 service consumers dataset and apply Partial Least Squares Structural Equation Modeling (PLS-SEM) to make empirical contributions to elucidate such relationships. PLS-SEM is also effective in complex model analysis, mediation effects, and exploratory research questions and is a perfect technique to be used in the present study (Hair et al., 2017).

The research has a number of contributions to literature. First, it empirically confirms the influence of brand credibility in determining customer trust in service settings, which confirms the relevance of the signalling theory according to which credible brand signals assist customers to generalize the quality of the service. Second, it advocates the trust-loyalty paradigm of relationship marketing by indicating that trust is a major way of increasing customer loyalty. Third, it builds on previous research by validating the mediator role of customer trust thereby providing a more refined perspective of the effect of

credibility on loyalty. Lastly, the research has added to the service branding literature by highlighting the psychological processes by which loyalty is generated, which may be applicable to managers who are interested in enhancing the relationship with customers and shaping the brand performance. In general, this study highlights the significance of credibility and trust as the key elements in the loyalty formation process of service brands. The study is useful in both theoretical and practical ways because it determines the relationship between these constructs in influencing customer behavior. With competition in the service markets and consumers developing and adopting new expectations, the more brands manage to remain credible and create trust, the more chances they have to establish strong customer relations and be successful over time.

## 2. Literature Review

Customer loyalty is also one of the major goals of the service firms in search of sustainable competitive advantage, profitability, and customer retention. Within the past 20 years, marketing scholars have stressed that the combination of the cognitive, affective, and behavioural factors determines the loyalty. Brand credibility and customer trust among these have proved to be effective predictors of loyalty particularly where perceived risk and uncertainty limited to service contexts and absence of physical cues makes consumer decision making difficult. Even though significant studies have been done about these constructs independently, there is a rising demand to learn the interaction of these constructs in influencing customer loyalty in service-related industries. This literature review incorporates the groundworks and modern-day empirical data on brand credibility, trust formation, and loyalty behavior, which leads to the conclusion of the mediating role played by customer trust.

### 2.1 Conceptual Foundations

The brand credibility can be understood as the degree to which the consumers believe that the information of the brand is believable, reliable

and trustworthy (Erdem and Swait 2004). Based on the theory of signalling, the brand credibility is a signal that minimizes information asymmetry between the firms and the consumers. The customers in service markets are very dependent on extrinsic brand cues to judge the reliability and competence of a company in service markets that are intangible, heterogeneous, and perishable (Parasuraman et al., 1988). The work by Erdem and Swait (1998, 2004) conceptualizes credibility in two dimensions namely expertise (capacity to meet promises) and trustworthiness (consent to meet promises). This theoretical concept is commonly used in the marketing research field especially in the research on consumer choice, perceived quality, and purchase intentions.

## 2.2 Brand Credibility in Service Contexts

The problem of brand credibility is especially significant to service industries, in which it is impossible to test the quality of service completely prior to consumption. Consequently, customers tend to judge the effectiveness of a service provider through the reputation, their previous experience, marketing messages and the recommendation of third parties (Kim and Park, 2013). A brand of credible service boosts perceived risk reduction, customer confidence, and readiness among the consumers to form a long-term relationship (Srivastava and Owens, 2020).

## 2.3 Brand Credibility as an Antecedent of Trust and Loyalty

A number of researches show that credibility plays a significant role in building trust. To illustrate the point, Lau and Lee (1999) discovered that the more customers trust the brand, the more they tend to trust its statements and that gives the brand a strong credibility. On the same vein, Delgado-Ballester (2004) proposes that credibility is an antecedent of consumer-brand relationships, which relates trust. Furthermore, reputable brands have been indicated to determine customer loyalty positively by creating the perceptions of brand value and perceived risk reduction (Esch et al., 2006). On the whole, the literature has indicated that brand

credibility has the power of not only determining the perceptions but also determining the behavioural outcomes through their trust-based process, which is the primary variable in service-brand relationship models.

## 2.4. Customer Trust

### 2.4.1 Concept and Dimensions of Trust

Customer trust refers to a consumer's confidence that a brand will act in their best interest and deliver consistent value (Moorman et al., 1993). Trust is multi-dimensional, typically comprising:

- Reliability: Consistent performance over time.
- Honesty: Truthfulness and ethical behavior.
- Benevolence: Concern for customer well-being.
- Competence: Ability to fulfill promises.

Trust reduces psychological uncertainty and strengthens customer-brand relationships, making it a cornerstone of relationship marketing theory (Morgan & Hunt, 1994).

### 2.4.2 Trust in Service Branding

Trust is particularly relevant in-service settings because customers cannot fully evaluate the quality of a service before consumption. As a result, they depend on trust signals such as brand reputation, communication clarity, employee behavior, and service consistency (Wong & Sohal, 2003). Trust helps customers navigate intangible service features, perceived risks, and variability in service performance.

### 2.4.3 Predictors of Customer Trust

Empirical research identifies several antecedents of customer trust:

- Brand credibility (Erdem & Swait, 2004)
- Perceived service quality (Cronin & Taylor, 1992)
- Corporate social responsibility (Kim & Park, 2013)
- Customer satisfaction (Gefen, 2002)

- Transparency and communication (Sirdeshmukh et al., 2002)

Among these, brand credibility consistently emerges as one of the strongest predictors of trust, particularly in high-risk consumption environments.

#### 2.4.4 Trust as a Precursor to Loyalty

Trust is a key driver of customer loyalty. Chaudhuri and Holbrook (2001) found that trust leads to both attitudinal and behavioural loyalty by fostering emotional attachment, reducing switching intentions, and increasing purchase intentions. Trust creates a sense of security that encourages long-term consumer commitment to a brand (Liu et al., 2013).

### 2.5. Customer Loyalty

#### 2.5.1 Conceptual Definitions

Customer loyalty is defined as a customer's commitment to repurchase a preferred product or service consistently in the future (Oliver, 1999). Loyalty encompasses two major forms:

- Attitudinal loyalty: emotional attachment or psychological preference.
- Behavioural loyalty: actual repeat purchases or usage behavior.

Both forms are critical to organizational success because loyal customers are less price-sensitive, engage in positive word-of-mouth behavior, and require lower marketing expenditures (Keller, 2003; Kumar & Reinartz, 2016).

#### 2.5.2 Determinants of Customer Loyalty

Numerous factors influence loyalty formation in service brands:

- Brand credibility (Erdem & Swait, 2004)
- Customer trust (Chaudhuri & Holbrook, 2001)
- Satisfaction (Cronin & Taylor, 1992)
- Perceived service quality (Parasuraman et al., 1988)
- Customer engagement (Homburg et al., 2005)

- Brand equity (Keller, 1993)

Among these, trust and credibility consistently demonstrate strong predictive power, indicating that loyalty is built on psychological foundations rather than purely transactional factors.

### 2.6. Relationships Among the Constructs

#### 2.6.1 Brand Credibility → Customer Trust

The fact that brand credibility has direct influence on trust is confirmed in many studies (Erdem and Swait, 2004; Lau and Lee, 1999). Whenever customers have the trust of a brand, they are assured that the brand will behave in a consistent manner, speak the truth, and meet its commitments. Trustworthy branding lowers the level of cognitive load, which would help people to believe in what the brand offers.

Credibility is further valued when dealing with services since customers do not have tangible quality cues (Zeithaml, 1988). As such, customer trust can be strongly predicted by brand credibility.

#### 2.6.2 Customer Trust → Customer Loyalty

One of the main factors of loyalty is trust (Chaudhuri and Holbrook, 2001; Morgan and Hunt, 1994). Trust minimizes apparent danger, builds emotional attachments and develops customer loyalty. Loyalty is also improved by trust as it provides psychological assurance as well as decreased switching intentions (Turel and Serenko, 2006). This relationship has been continually confirmed in the service categories such as banking, hospitality, telecommunications and healthcare.

#### 2.6.3 Brand Credibility → Customer Loyalty

**Perceived credibility results in fewer risk perceptions and greater satisfaction and increased confidence in future service performance, which means that the perceived credibility of a brand has a higher likelihood of influencing the consumer to become loyal (Erdem and Swait, 2004; Srivastava and Owens, 2020).** Credibility also creates the positive attitudes and leads to repeat patronage. Nevertheless, other studies propose that the

impact of credibility on loyalty might be mediated through trust, satisfaction and emotional attachment.

## 2.7. Customer Trust as a Mediator

### 2.7.1 Theoretical Basis for Mediation

Trust is an intermediary that links the cognitive assessment (credibility) and the behavioural outcomes (loyalty). The authors suggest that trust creates emotional reactions on cognitive judgments which leads to long term loyalty (Chaudhuri and Holbrook 2001). Morgan and Hunt (1994) place trust as a central intervening variable in a relationship marketing transaction.

### 2.7.2 Evidence of Mediating Relationships

Delgado-Ballester (2004) discovered that brand reliability and brand loyalty are linked by trust to some extent. Equally, Kim and Park (2013) established that trust mediates the relationship between corporate responsibility and loyalty which implies that customers use trust to convert brand perceptions to behavioural loyalty.

Within the services context, mediation takes place because trusted brands create trust through lessening uncertainty, and this trust will eventually lead to loyal actions like repeat buying and favorable word of mouth.

## 2.8. Literature Gaps

Despite the many studies done on credibility, trust and loyalty, there are various gaps:

1. Very few studies in service-specific situations, even though very relevant.
2. Not many models include both formal and indirect influences of credibility on loyalty.
3. There is a lack of trust mediation particularly in emerging markets.
4. Scarcity of empirical evidence with the usage of PLS-SEM that is more suitable in exploratory mediation research.

Filling these gaps, the following paper will look into the influence of brand credibility on customer trust and customer loyalty in service brands and whether the role is mediated by trust.

## 3. Objectives of the Study

1. To examine the impact of brand credibility on customer loyalty in service brands.
2. To analyze the influence of brand credibility on customer trust.
3. To investigate the effect of customer trust on customer loyalty.
4. To test the mediating role of customer trust in the relationship between brand credibility and customer loyalty.

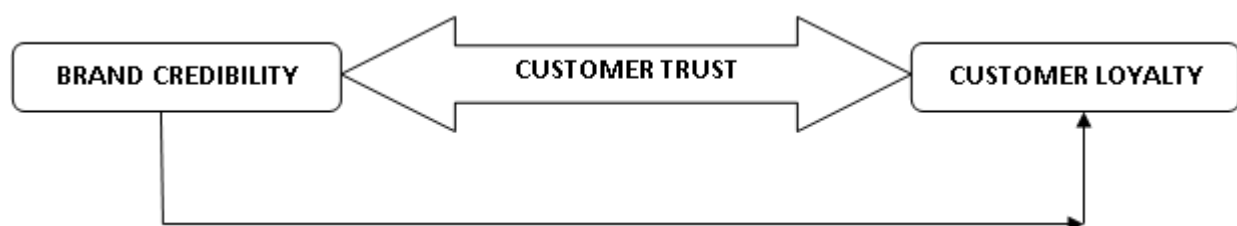


Figure 1: Conceptual Framework

## 4. Hypotheses Development

This paper explores the correlation between brand credibility, customer trust and customer loyalty of service brands. Conceptual model is based on the signalling theory, relationship marketing theory, as well as customer-brand relationship framework. The hypotheses are formulated based on the literature as well as theoretical support.

### 4.1. Brand Credibility and Customer Trust

Brand credibility is a practicability of the brand information and how convincing the customers the brand is, whether it is reliable, truthful as well as able to perform its promise (Erdem and Swait, 2004). According to the signalling theory, credibility is an important signal that mitigates information asymmetry in service settings where the quality of the received service cannot be easily

evaluated prior to consumption. Trustworthy brands minimize the levels of uncertainty, assist consumers in making certain judgments and act as dependable predictors of future performance. Previous studies always prove that customers tend to believe in a brand which seems to be credible. Credibility was found by Lau and Lee (1999) to be a significant boost of trust because credibility reduces the perceived risk and increases the reliability expectations. Delgado-Ballester (2004) goes on to state that credibility is the cognitive background on which trust is established. Credibility is even more vital in the development of trust in service scenarios, where customers place a lot of trust in the promises of the provider and the psychological fundamentalism.

Considering this good theoretical and empirical evidence, it is hypothesized that:

**H1: Brand credibility has a significant positive effect on customer trust.**

#### **4.2. Customer Trust and Customer Loyalty**

Trust is a core value of the relationship marketing and it is a term used to describe the confidence of the customers towards the honesty, reliability and the goodwill of a brand (Moorman et al., 1993). Trust minimizes uncertainty in relationships and promotes long term relations among customers towards a brand. Trust according to the commitment-trust theory (Morgan and Hunt, 1994) is a major factor leading to customer loyalty since it forms emotional attachment and minimal switching to other alternatives. The trust-loyalty relationship is backed by a large amount of literature. Chaudhuri and Holbrook (2001) established that trust not only leads to attitudinal and behavioural loyalty, but also to the development of the feeling of security and satisfaction. On the same note, Wong and Sohal (2003) state that long-term buyer-seller relationships in the services context require trust to be maintained. The consumers who trust a brand tend to repurchase, refer and even recommend the brand even in cases where the service fails.

Consequently, the hypothesis is presented below:

**H2: Customer trust has a significant positive effect on customer loyalty.**

#### **4.3. Brand Credibility and Customer Loyalty**

Customer loyalty is a manifestation of the repeat purchase behaviour as well as an emotional attachment to a brand (Oliver, 1999). Brand credibility and its role in the formation of loyalty is also thoroughly covered. Brands that are credible are regarded to be offering a steady quality, promise keeping and acting morally which positively affects customer loyalty (Erdem & Swait, 2004). Credibility will minimize perceived risk, enhance psychological attachment and consumer satisfaction. According to the work of Srivastava and Owens (2020) and Esch et al. (2006), credible brands inspire more loyalty as a customer will be more secure and confident with his or her decisions. Credibility can cause loyalty even when there are no strong emotional connections because the credibility will send signals of reliability and value.

Thus, it is hypothesized that:

**H3: Brand credibility has a significant positive effect on customer loyalty.**

#### **4.4. Customer Trust as a Mediator Between Brand Credibility and Customer Loyalty**

Despite the fact that brand credibility does have the power to influence loyalty directly, several studies have shown that it is likely to be mediated through customer trust. The emotion of trust, which converts behavioural outcomes (loyalty) into cognitive estimates (credibility), is an intermediary. Chaudhuri and Holbrook (2001) state that trust enhances the customer-brand relationship and is a determinant of the loyalty behaviours such as repurchases and advocacy. Delgado-Ballester (2004) and Kim and Park (2013) both, empirically, confirm the presence of the mediative role of trust between the brand perceptions and loyalty. The credibility, in the case of service - where the customers rely on intangible cues - enhances the trust and the trust is what allows loyalty to be built.

Following the reasoning of the theory and the past experience, the following mediation hypothesis is created:

**H4: Customer trust significantly mediates the relationship between brand credibility and customer loyalty.**

## 5. Methodology

The research design is quantitative and cross-sectional based on the structured questionnaire that is given to service consumers in all the mentioned sectors, telecommunications, banking, hospitality, retail sector and online services. The hypothesis is to test the cause-and-effect relationship between brand credibility and customer trust and customer loyalty as well as using customer trust as a mediator of the relationship. SmartPLS was used in the implementation of Partial Least Squares Structural Equation Modeling (PLS-SEM) because the model is appropriate in complex models and small sample sizes as well as mediation analysis. The sampling approach was a non-probability convenience and 300 valid answers were obtained- more than the minimum sample size according to the 10-times rule. The survey contained demographic data, Brand Credibility (Erdem and Swait, 2004) and

## 6. Results

Customer Trust (Morgan and Hunt, 1994; Chaudhuri and Holbrook, 2001) and Customer Loyalty (Oliver, 1999; Zeithaml, 1988) validated scales, measured on a five-point Likert scale. Before analysis, data screening was made to ensure that there were no missing values, no critical outliers and acceptable normality.

The PLS-SEM analysis was conducted according to the two steps proposed by Hair et al. (2017). The measurement model revealed high levels of reliability and validity since all the outer loadings were above 0.70, Cronbach's Alpha and Composite Reliability showed above 0.70, AVE was above 0.50 and discriminant validity was proved through Fornell-Larcker criterion and the HTMT ratios (less than 0.85). The structural model did not have any problems of collinearity ( $VIF < 3.3$ ) and yielded significant path coefficients when bootstrapped (5000 samples). The model described 8.3 percent of Customer Trust and 10.5 percent Customer Loyalty variance. The effect size analysis showed that there were significant but negligible effects of BC - CL ( $f^2 = 0.034$ ) and CT - CL ( $f^2 = 0.072$ ). The mediation tests established that customer loyalty and brand credibility have a partial relationship mediated by customer trust.

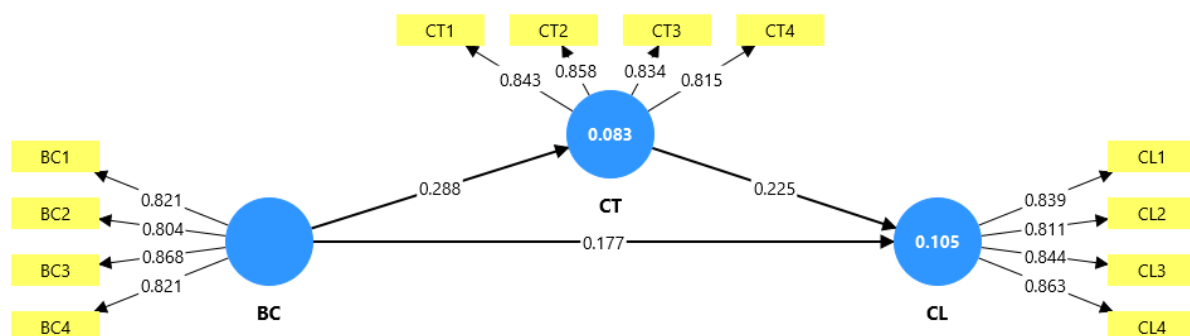


**Figure 2: Structural Equation Model (SEM) Showing the Relationships among Brand Credibility (BC), Customer Trust (CT), and Customer Loyalty (CL)**

The research goals of this study were to research on (a) the influence of Brand Credibility on Customer Trust and Customer Loyalty, and (b) the mediating effect of Customer Trust on the relationship between Brand Credibility and Customer Loyalty in service brands. The study involves the application of Partial Least Squares

Structural Equation Modeling (PLS-SEM) to come up with novel ideas regarding the psychological processes responsible to credible brands to determine consumer attitude and loyalty to the brand. The results of the research play significant roles in helping to add to the scholarly literature as well as managerial practice.

### 6.1 Brand Credibility as a Driver of Customer Trust

The findings reveal that Customer Trust is positively and significantly affected by Brand Credibility ( $b = 0.288$ ,  $p < .001$ ). This means that the customers will be more willing to trust a brand when they feel that it is honest, trustworthy, and one that can always fulfil its commitments. This conclusion follows the previous studies based on the signalling theory and information economics that propose that believable brands lead to less perceived risk and uncertainty among consumers (Erdem and Swait, 1998). Brand credibility is particularly important in-service oriented environments where intangibility and variability are established. Brand signals are important elements that customers use to measure the quality of a service and believable brands serve as powerful indicators of competency and trustworthiness. Furthermore, the medium intensity of the relationship indicates that credibility is a factor that has a significant but not the only role in determining trust. The consumers can also take into account previous experience, individual conduct of the employees, the service delivery, as well as the recommendation of other persons. However, the element of credibility is one of the pillars of trust-building, and it confirms that the steadiness of brand behavior is a key to the development of trust-based relationships with the customers.

### 6.2 Customer Trust as a Predictor of Customer Loyalty

Customer Loyalty was also determined to be affected by Customer Trust ( $b = 0.225$ ,  $p = .004$ ). The current finding is in line with the relationship marketing theory that focuses on trust as one of the primary antecedents of loyalty (Morgan and Hunt, 1994). Trust minimizes uncertainty in the relationship, prompts customers to engage in long-term relationships with the brand, and has a desirable behavioural outcome, including repetition of purchase, positive word of mouth, and less switching intentions. The size of the effect implies that it has a medium level of influence and this implies that trust is very

important but it combines with other variables, like perceived value, satisfaction among customers and brand devotion to influence loyalty. Trust in service industries is especially important to maintain customer relationships in the long-term, as quality of service can be considered by the service experience and emotional experience. Customers can be loyal even in case services are standardized due to the fact that they believe in the brand to provide the same results in all situations.

### 6.3 Direct Effect of Brand Credibility on Customer Loyalty

The findings also demonstrate that there is a weak yet significant direct impact of Brand Credibility on Customer Loyalty ( $b = 0.177$ ,  $p = .035$ ). This implies that trust does not have a direct impact on customer loyalty since credibility does. That is, when trust is moderately high, customers can opt to be loyal to a credible brand. This is in accord to the hierarchy-of-effects model which says that cognitive perceptions (credibility) can directly affect the attitudinal outcomes (loyalty) without necessarily involving a strong emotional or affective mediator. This observation has a practical value: communication curative efforts, including open communication, continuity of messaging, and endorsements, as well as correct advertising and secure delivery of services, can reinforce loyalty even when there is no high emotional involvement. It is especially applicable to service brands, which have to work on competitive markets where differentiation is not easy.

### 6.4. Mediation Effect of Customer Trust

Among the key contributions of the research is the proof that the impact of Brand Credibility on Customer Loyalty is partly mediated by Customer Trust. The indirect effect ( $b = 0.065$ ,  $p = .001$ ) is significant and positive, which proves that credibility leads to trust, which in turn results in loyalty. The concept of partial mediation implies that the direct (cognitive route) and indirect (trust-based emotional route) relationship between credibility and loyalty is explained. This observation is consistent with the dual-path

model of consumer behavior according to which cognitive and affective evaluations interact to determine behavioural loyalty. Credibility creates a starting point of trust through lessening uncertainty and trust creates a continuation of loyalty through creation of confidence in the future performance of the brand. The partial mediation also indicates that other emotional constructs, which might have a role in this pathway, are brand affect, brand attachment, or brand satisfaction. Further studies involving these other mediators may be sought in the future so as to come up with a more detailed perspective of the brand credibility-loyalty relationship.

### **6.5. Model Strength and Implications of R<sup>2</sup> Values**

The Customer Trust (0.083) and Customer Loyalty (0.105) values are low but acceptable in behavioural research. There are several psychological, social, and contextual factors that determine the consumer decision-making regarding services. The R<sup>2</sup> is rather low, so it is possible to conclude that the consumers do not evaluate credibility and trust only, but many other dimensions, including perceived service quality, customer satisfaction, brand image, and service recovery experiences. Even though credibility and trust do not balance the whole picture of loyalty, their existence is the key to the long-term relationships. These R<sup>2</sup> values are in line with other marketing and consumer behavior studies, particularly in the case of three constructs used in the model. Notably, the large path coefficients show that although the explained variance is low, the relationships are practical and theoretically valid.

## **7. Theoretical Contributions**

### **7.1 Extension of Signalling Theory in Service Branding**

The results build on the signalling theory by showing that reputable brands can be effective markers of reliability when providing services. Credibility is also a risk-reduction mechanism of consumers because services are intangible and heterogeneous. The article provides empirical

evidence of the significance of credibility in determining future trust and loyalty responses.

### **7.2 Strengthening the Trust–Loyalty Paradigm**

The positive relationship between loyalty and trust supports the already established models on relationship marketing. Our trust is confirmed as one of the important driving forces, turning cognitive beliefs on the brand into well-grounded behavioural intentions.

### **7.3 Mediation Mechanism in Credibility–Loyalty Link**

Through setting up a partial mediation, the research paper forms part of the new turn of literature discussing how brand credibility can be converted into loyalty. Credibility is a psychological avenue that trust helps to maintain a customer. This shows the multi-phase aspects of consumer evaluations.

### **7.4 Empirical Support in Service Contexts**

Most of the earlier studies made on the credibility and trust have been done in product-based markets. This paper extrapolates these results to service brands, where the dependence of consumers on the symbolic and emotional cues is heavier.

## **8. Managerial Implications**

Managers must be able to provide consistent brand messages, transparency, and brand promise. Credibility and customer perceptions are enhanced by ethical practices, accurate advertisements as well as reliable delivery of services.

Good service quality, effective employee training, fairness in complaints management, and personalized communication could help to build trust. Good trust will make customers be loyal even in case of frequent failures in the service.

Credibility and trust initiatives ought to be incorporated in the loyalty-building. Customer advocacy and commitment can be supported by customer loyalty programs, reward programs and outstanding service experiences.

Brands that have credibility will be at a better position to salvage service failures. Where customers perceive a brand as trustworthy and reliable they are more lenient and they explain failures by the issues of the situations rather than incompetence of the brand.

### 9. Limitations and Directions for Future Research

1. The research involves just three variables, which are brand credibility, customer trust and customer loyalty. The model should be augmented in future studies by inclusion of other constructs like customer satisfaction, perceived value, service quality and brand experience.
2. The data were taken at one time, and therefore the study cannot measure the development or change in the credibility and trust. Longitudinal research may be able to give more informative details concerning the development of customer-brand relationships.
3. Self-reported data usage can cause a social desirability effect or bias in the response. Future studies are to be designed with the use of behavioural data, transactional data or experimentation to confirm the results.
4. The study concentrates on service brands, which can be a weakness to wider applicability. The model should be replicated in other settings in retail, e-commerce, digital platforms, and high-involvement industries in future research.
5. The partial mediation of trust accentuates that the loyalty of customers is determined by various cognitive and emotional

subsidiary factors. Future studies can focus on exploring more other mediators and moderators thus capturing the multi-dimensional aspect of loyalty development.

### 10. Ethics Statement

This study was conducted in accordance with accepted ethical standards for research involving human participants. Data were collected through a structured questionnaire administered to service consumers from various sectors, including banking, telecommunications, hospitality, retail, and online services. Participation in the study was entirely voluntary, and informed consent was obtained from all respondents before data collection. Participants were informed about the purpose of the study and assured that their responses would be kept anonymous and confidential and used solely for academic research purposes. No personally identifiable information was collected, and respondents had the right to withdraw from the survey at any stage without any consequences. The study posed minimal risk to participants and complied with ethical principles for social science research.

### Statement of Declaration

We the authors of this article, wish to declare that we do not have any conflict of interests among us.

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There is no funding agency or source related to this article

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