

## The Influence of Digital Reputation Management on the Success of Local Brands with Customer Trust as a Mediator

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### ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Digital Reputation Management (DRM) terhadap keberhasilan merek lokal dengan Kepercayaan Pelanggan sebagai variabel mediasi. Latar belakang penelitian ini berangkat dari meningkatnya intensitas persaingan merek lokal di era digital yang menuntut perusahaan untuk secara strategis mengelola reputasi mereka melalui konten yang kredibel, pengelolaan ulasan daring, dan interaksi digital yang konsisten. Metode penelitian menggunakan pendekatan Structural Equation Modeling – Partial Least Squares (SEM-PLS) dengan data yang diolah dari hasil survei konsumen merek lokal. Hasil penelitian menunjukkan bahwa DRM memiliki pengaruh positif yang signifikan terhadap Kepercayaan Pelanggan, dan Kepercayaan Pelanggan juga berpengaruh positif signifikan terhadap keberhasilan merek lokal. Selain itu, Kepercayaan Pelanggan terbukti menjadi mediator penting yang menjembatani hubungan antara DRM dan keberhasilan merek lokal. Penelitian ini menegaskan bahwa reputasi digital yang dikelola secara efektif tidak hanya berdampak pada peningkatan citra, tetapi juga pada pembentukan kepercayaan yang pada akhirnya mendorong loyalitas dan advokasi konsumen. Temuan ini memberikan kontribusi teoretis terhadap literatur manajemen pemasaran digital serta implikasi praktis bagi pelaku usaha lokal dalam merancang strategi reputasi digital berbasis kepercayaan untuk memperkuat daya saing merek di pasar.

**Kata Kunci:** Kepercayaan Pelanggan; Loyalitas Konsumen; Merek Lokal; Manajemen Reputasi Digital; SEM-PLS

### ABSTRACT

This study aims to analyze the influence of Digital Reputation Management (DRM) on the success of local brands with Customer Trust as a mediating variable. The research background departs from the increasing intensity of competition for local brands in the digital era that requires companies to strategically manage their reputation through credible content, online review management, and consistent digital interaction. The research method uses the Structural Equation Modeling – Partial Least Squares (SEM-PLS) approach with data processed from the results of a local brand consumer survey. The results of the study show that DRM has a significant positive effect on Customer Trust, and Customer Trust has a significant positive effect on the success of local brands. In addition, Customer Trust has proven to be an important mediator that bridges the relationship between DRM and local brand success. This research confirms that an effectively managed digital reputation not only impacts image enhancement, but also on the formation of trust which ultimately drives consumer loyalty and advocacy. These findings provide theoretical contributions to the digital marketing management literature as well as practical implications for local businesses in designing trust-based digital reputation strategies to strengthen brand competitiveness in the market.

**Keywords:** Consumer Loyalty; Customer Trust; Digital Reputation Management; Local Brands; SEM-PLS



## INTRODUCTION

Digital transformation has changed consumption patterns and interactions between customers and brands. The presence of social media, e-commerce platforms, and online review systems allows consumers to assess a brand's reputation instantly. This change opens up great opportunities for local brands to expand the market, but at the same time poses new challenges in maintaining a positive image in the digital space (Moslehpour et al., 2021; Arora & Sanni, 2023; Zhao & Zhang, 2023). In this context, digital reputation becomes a strategic asset that determines how consumers build perceptions of brand credibility, reliability, and authenticity in a highly dynamic online environment (Nguyen & Huynh, 2024; Kim & Park, 2024).

Local brands in Indonesia face a competitive situation in the midst of national and global brand dominance. Their success is not only determined by the quality of the product, but also by the digital image that is built in the minds of consumers. Studies in the MSME and retail sectors show that a positive digital reputation correlates with increasing consumer preferences, loyalty, and purchasing decisions (Aldi & Adisaputra, 2024; Pramesti et al., 2024). Cross-border research also confirms that online reputation plays an important role in strengthening brand equity as well as increasing consumer trust in local brands (Liu, Wang, & Lin, 2025; Singh & Gupta, 2024).

Digital Reputation Management (DRM) emerged as an important strategy for managing public perception. DRM includes managing content on social media, monitoring customer reviews, and responding quickly to complaints (Ramadhani & Ariyanti, 2024; Nguyen & Huynh, 2024; Kim & Park, 2024). Effective reputation management allows brands to maintain message consistency, increase credibility, and foster ongoing engagement. Previous research confirms that good DRM can strengthen brand image, increase satisfaction, and expand market reach (Fathoni et al., 2025; Hapsari et al., 2023; Arora & Sanni, 2023). However, the success of DRM does not stand alone. *Customer trust* is a determining factor that bridges digital reputation with customer loyalty. Trust is born from the consistency of the brand in conveying information, maintaining service quality, and interacting transparently with consumers (Supriadi & Pramudito, 2025; Zhao & Zhang, 2023).

The latest data also shows the urgency of digital reputation management. Based on the We Are Social (2024) report, the number of internet users in Indonesia reaches 213 million people, with more than 90% actively using social media. The Katadata Insight Center (2024) notes that 70% of Indonesian consumers read online reviews before making a purchase, and 64% prefer local brands because of the emotional proximity factor and competitive prices. However, their loyalty is heavily influenced by digital reputation, especially the consumer reviews they encounter on online platforms (Liu et al., 2025; Singh & Gupta, 2024). This fact shows that effective DRM is an urgent need for local brands in the face of global brands.

Although the relationship between DRM, *customer trust*, and *brand success* has been extensively researched, there are still some *research gaps*. First, most studies focus on large e-commerce, while local brands and MSMEs with different characteristics have not been widely explored (Jain, 2024; Rahman & Yuliani, 2025). Second, DRM's strategy in dealing with negative reviews and adaptation to local culture is still minimally researched (Agustina & Purba, 2025; Zhao & Zhang, 2023). Third, there have not been many longitudinal studies that examine the long-term impact of DRM on brand success (Rahman & Yuliani, 2025).

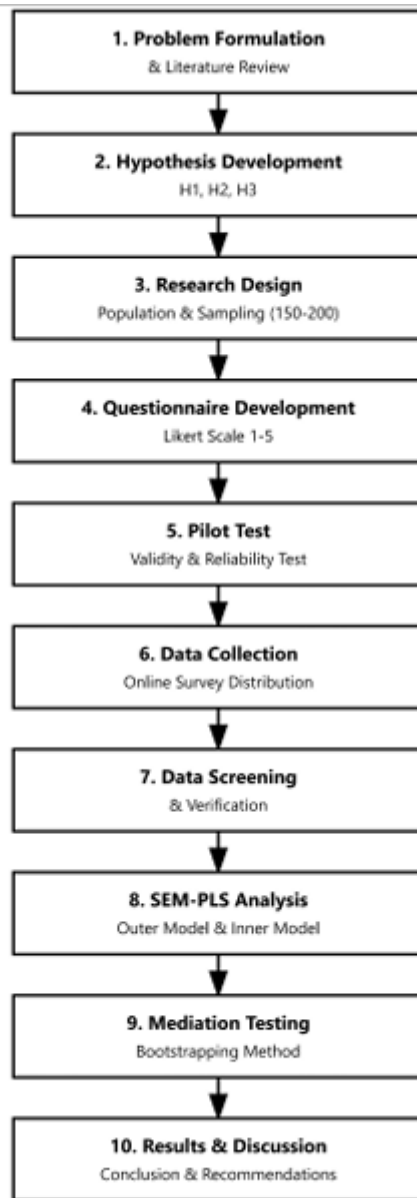
Based on this, this study seeks to analyze the influence of *Digital Reputation Management* on the success of *local brands* with *customer trust* as a mediator. The focus

on the context of local Indonesian brands is expected to make a theoretical contribution in strengthening the DRM literature as well as a practical contribution for business people in developing a more adaptive, trust-based, and sustainable digital reputation strategy.

## **METHODS**

This study uses a quantitative approach with a survey design to test the influence of Digital Reputation Management (X) on the Success of Local Brands (Y) with Customer Trust (M) as a mediating variable. The research population is local brand consumers who actively use digital platforms, such as social media, e-commerce, and online review forums. The sampling technique was carried out by purposive sampling, which is to select respondents who have real experience interacting digitally with local brands. The number of samples set ranged from 150–200 respondents, according to the rules of Structural Equation Modeling (SEM-PLS) analysis. The research instrument is an online questionnaire with a Likert scale of 1–5 (1 = strongly disagree, 5 = strongly agree), which was developed and adapted from previous research (Aldi & Adisaputra, 2024; Ramadhani & Ariyanti, 2024; Cindrakasih et al., 2024). The Digital Reputation Management variables are measured through indicators of information transparency, review responsiveness, content credibility, and interaction through social media. Customer Trust variables are measured through indicators of reliability, integrity, and brand consistency, while Local Brand Success is measured through customer loyalty, repurchase intent, word of mouth, and brand image improvement.

Data analysis was carried out using SEM-PLS with the help of SmartPLS software. The analysis stages include testing the validity and reliability of the instrument (outer model), testing the relationship between variables in the structural model (inner model), and mediation analysis with bootstrapping techniques to test whether Customer Trust plays a significant role as a mediator. Based on the conceptual framework that has been prepared, the research hypothesis includes: (1) Digital Reputation Management has a positive effect on the Success of Local Brands (H1); (2) Digital Reputation Management has a positive effect on Customer Trust (H2); and (3) Customer Trust mediates the influence of Digital Reputation Management on the Success of Local Brands (H3).



**Figure 1. Research Steps**

## **RESULT AND DISCUSSION**

### **Result**

#### **4.1 Outer Model Test (Validity and Reliability)**

Based on the results of the SEM-PLS calculation, all indicators in the research variables showed an outer loading value of  $> 0.7$  and significant at the  $p$  level of  $< 0.05$ . This confirms that the indicators used are valid in measuring each construct.

- Customer Trust: the value of outer loading ranges from 0.887–0.937.
- Digital Reputation Management: the value of outer loading ranges from 0.863–0.941.
- Local Brand Success: the value of outer loading ranges from 0.927–0.961.

In addition, the results of the construct reliability test also met the set criteria. Cronbach's Alpha value for each variable is greater than 0.7, Composite Reliability (CR)

value is greater than 0.9, and Average Variance Extracted (AVE) value is greater than 0.5. In detail it is shown in the following table:

**Tabel 1. Construct Reliability dan Validity**

| Variabel                      | Cronbach's Alpha | Composite Reliability | AVE   |
|-------------------------------|------------------|-----------------------|-------|
| Local Brand Success           | 0.971            | 0.977                 | 0.894 |
| Customer Trust                | 0.954            | 0.965                 | 0.845 |
| Digital Reputation Management | 0.953            | 0.963                 | 0.841 |

These results show that all research variables have good validity and reliability, making them suitable for further analysis.

#### 4.2 Uji Inner Model (Path Coefficient)

The results of the path analysis showed that the relationship between variables was significant. The values of the path coefficient and significance are shown in the following table:

**Table 2. Hypothesis Test Results (Path Coefficients)**

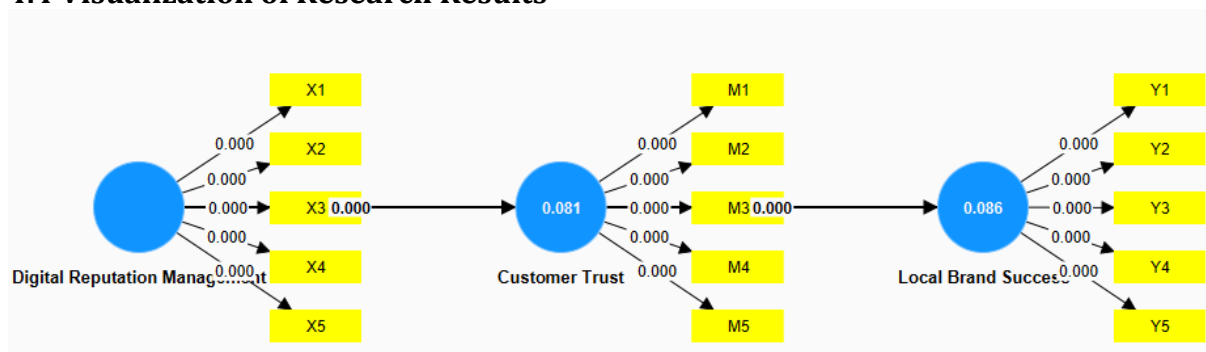
| Hubungan                                       | Original Sample (O) | T-Statistic | P-Value | Conclusion |
|------------------------------------------------|---------------------|-------------|---------|------------|
| Customer Trust → Local Brand Success           | 0.293               | 4.369       | 0.000   | Signifikan |
| Digital Reputation Management → Customer Trust | 0.285               | 4.345       | 0.000   | Signifikan |

From the above results, it can be concluded that Digital Reputation Management has a significant positive effect on Customer Trust, and Customer Trust has a significant positive effect on the success of Local Brands.

#### 4.3 Interpretation of Results

These findings suggest that good digital reputation management, such as information transparency, response to reviews, and content credibility, contributes directly to building consumer trust. This trust then plays an important role in increasing the success of local brands through customer loyalty, repurchase intent, and a positive brand image.

#### 4.4 Visualization of Research Results



**Figure 2. Research Outcome Model:** displays the relationship between variables with path coefficients.

**Table 3.** Present the results of the reliability and validity test of the construct.

|                               | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | Average variance extracted (AVE) |
|-------------------------------|------------------|-------------------------------|-------------------------------|----------------------------------|
| Local Brand Success           | 0.971            | 0.982                         | 0.977                         | 0.894                            |
| Customer Trust                | 0.954            | 0.955                         | 0.965                         | 0.845                            |
| Digital Reputation Management | 0.953            | 0.963                         | 0.963                         | 0.841                            |

**Table 4.** Present a summary of the results of the hypothesis test.

|                                                 | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics ( O/STDEV ) | P values |
|-------------------------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| Customer Trust -> Local Brand Success           | 0.293               | 0.298           | 0.067                      | 4.369                    | 0.000    |
| Digital Reputation Management -> Customer Trust | 0.285               | 0.291           | 0.066                      | 4.345                    | 0.000    |

Overall, the results support the hypothesis that Customer Trust is an important mediator in the relationship between Digital Reputation Management and Local Brand Success.

## Discussion

The results of this study show that *Digital Reputation Management* (DRM) has a significant effect on *customer trust*, and *customer trust* has a significant effect on the success of *local brands*. These findings confirm that DRM is one of the important strategies in managing consumer perception of brands. Local brands that consistently maintain their digital reputation through information transparency, content credibility, and quick response to consumer complaints are able to foster sustainable trust (Nguyen

& Huynh, 2024; Kim & Park, 2024). It is this trust that then drives loyalty, repurchase intent, and positive *word of mouth*, which ultimately contributes to the success of *local brands* (Singh & Gupta, 2024; Liu, Wang, & Lin, 2025).

The position of *customer trust* as a mediator in this study shows that digital reputation does not necessarily guarantee the success of a brand without strong trust from consumers. This reinforces the argument that digital reputation strategies should be oriented towards the formation and maintenance of trust, not just on branding alone (Arora & Sanni, 2023; Zhao & Zhang, 2023). These results are consistent with previous research that states that trust is a key variable that links digital marketing activities to brand loyalty and advocacy (Hapsari et al., 2023; Supriadi & Pramudito, 2025). In this context, proactive and responsive digital reputation management not only increases credibility, but also strengthens consumer perception of brand integrity and authenticity (*digital authenticity*), as affirmed by Putri and Hidayat (2025).

The latest phenomenon also further emphasizes the importance of trust in building brand success. Katadata data (2024) shows that most Indonesian consumers read reviews before buying products, while the We Are Social (2024) report reveals that the number of internet users in Indonesia has reached more than 213 million people with the majority active on social media. With this condition, local brands need to realize that digital reputation is a strategic asset that determines their competitiveness in an increasingly competitive market. Cross-border studies show that DRM strategies that focus on social *media engagement* and transparency can increase trust, ultimately impacting long-term loyalty (Arora & Sanni, 2023; Nguyen & Huynh, 2024).

In addition, global research indicates that a rapid response to negative reviews on online platforms contributes greatly to the restoration of digital reputation, especially for brands based on local values and emotional proximity to consumers (Zhao & Zhang, 2023; Rahman & Yuliani, 2025). This approach is not only important in building positive perceptions, but also in strengthening *brand advocacy* among loyal customers. This is in line with research by Liu et al. (2025) who found that trust-based reputation management has a long-term effect in strengthening brand success in the post-pandemic era, where consumer behavior is increasingly oriented towards credibility and digital authenticity.

The novelty of this research lies in the focus given to *local Indonesian brands*, in contrast to previous research which generally focused on large e-commerce or global brands (Jain, 2024). This research also contributes by emphasizing the role of *customer trust* as the main mediator in the relationship between DRM and *brand success*. Thus, this study not only confirms the existing theory, but also expands the literature by providing a new perspective on the context of local brands (Rahman & Yuliani, 2025).

In terms of practical implications, these findings provide direction for local brands to emphasize trust-based DRM strategies, such as providing credible content, responding to negative reviews professionally, and adapting communication strategies to local culture (Liu et al., 2025; Singh & Gupta, 2024). This strategy is important to build a competitive advantage, especially for MSMEs who want to increase competitiveness in the midst of global brand dominance. Thus, this research makes a dual contribution, namely strengthening the theoretical understanding of the relationship between DRM, trust, and *brand success*, and offering practical recommendations for local business actors to be more adaptive in managing digital reputation in the era of trust-based business transformation.

## **CONCLUSION**

This study concludes that Digital Reputation Management (DRM) has a significant influence on the success of local brands, both directly and through Customer Trust as a mediator. The results of the SEM-PLS analysis show that a well-managed digital reputation, through information transparency, content credibility, and quick response to consumer reviews, is able to increase the level of customer trust. This trust further drives loyalty, repurchase intention, and brand advocacy, which ultimately strengthens the success of local brands in the midst of competition with global brands. Theoretically, this study enriches the literature on digital marketing and reputation management, especially in the context of local brands and MSMEs in Indonesia. Meanwhile, practically, the results of the study provide important implications for local business people to emphasize more trust-based DRM strategies as the core of efforts to build a positive image and brand sustainability.

However, this study also identified a number of limitations, including limited long-term measurement of the influence of digital reputation, lack of exploration of negative review handling strategies, and adaptation of DRM to local wisdom. Therefore, further research is recommended to examine more deeply the digital reputation strategy that is contextual, sustainable, and able to respond to local and global market dynamics.

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