

Impact of Ambient Advertising on Brand Loyalty with Mediating Effect of Customer Engagement in Food and Beverage Industry of Sri Lanka

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Abstract

In today's dynamic and competitive market environment, consumer behaviour is rapidly evolving, requiring brands to adopt innovative advertising strategies to sustain long-term relationships. Hence, this study investigates the impact of ambient advertising on brand loyalty in Sri Lanka's food and beverage industry, with particular emphasis on the mediating role of customer engagement. The objectives of the study are to examine the influence of creativity, unexpectedness, and novelty in ambient advertising on brand loyalty, while assessing the mediating effect of customer engagement. The study tested four hypotheses. H1–H3 proposed that creativity, unexpectedness, and novelty in ambient advertising positively influence brand loyalty, and H4 proposed that customer engagement mediates this relationship. A quantitative, cross-sectional design was adopted, and data were collected from 384 respondents representing diverse demographic profiles. A purposive sampling method was employed to ensure participants were exposed to ambient advertising. A structured, validated questionnaire was used, and reliability and validity were confirmed through Cronbach's alpha and factor analysis. Data were analysed using correlation, multiple regression, and mediation analysis in SPSS. The results reveal that all three dimensions of ambient advertising significantly and positively affect brand loyalty. Moreover, customer engagement partially mediates these relationships, confirming H1–H4 and rejecting alternative null hypotheses. These findings underscore that ambient advertising enhances brand loyalty directly and indirectly by fostering deeper engagement. The study makes both theoretical and practical contributions. Theoretically, it extends existing knowledge by empirically validating the mediating role of customer engagement in an emerging market context. Practically, it provides actionable insights for marketers in the food and beverage industry, highlighting the importance of designing creative, surprising, and novel campaigns that stimulate customer engagement and build stronger brand loyalty. Therefore, strategically leveraging ambient advertising, brands can strengthen loyalty and achieve sustainable competitive advantage in cluttered markets.

Keywords: ambient advertising, brand loyalty, customer engagement