

THE IMPACT OF BRAND IMAGE AND CUSTOMER SATISFACTION ON INDOMARET CUSTOMER LOYALTY IN SUMBAWA CITY

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Abstract

The objective of this study is to assess the impact of Brand Image and Customer Satisfaction on Customer Loyalty at Indomaret in Sumbawa City. The study focused on the population of Indomaret customers in Sumbawa City. The study's sample consisted of 100 customer respondents who were at least 18 years old and had made purchases at one of the Indomarets in Sumbawa City within the past three months. The sample was chosen by a non-probability sampling technique, wherein a questionnaire was disseminated online using Google Form. Data analysis employs the Partial Least Squares (PLS) method, facilitated by the SmartPLS 3.2.9 software application. The research findings indicate that the brand image and customer satisfaction have a partially positive and considerable impact on the loyalty of Indomaret customers in Sumbawa City. Furthermore, this study demonstrates that enhancing brand perception and upholding a superior level of customer contentment are the primary determinants in sustaining and augmenting Indomaret client allegiance in Sumbawa City.

Keywords: *Brand image, Customer satisfaction, Customer loyalty.*

Abstrak

Tujuan dari penelitian ini adalah untuk menilai pengaruh Brand Image dan Kepuasan Pelanggan terhadap Loyalitas Pelanggan di Indomaret di Kota Sumbawa. Penelitian difokuskan pada populasi pelanggan Indomaret di Kota Sumbawa. Sampel penelitian terdiri dari 100 responden pelanggan yang berusia minimal 18 tahun dan telah melakukan pembelian di salah satu Indomaret di Kota Sumbawa dalam tiga bulan terakhir. Sampel dipilih dengan teknik non-probability sampling, di mana kuesioner disebarluaskan secara online menggunakan Google Form. Analisis data menggunakan metode Partial Least Squares (PLS), yang difasilitasi oleh aplikasi perangkat lunak SmartPLS 3.2.9. Temuan penelitian menunjukkan bahwa citra merek dan kepuasan pelanggan sebagian berdampak positif dan cukup besar terhadap loyalitas pelanggan Indomaret di Kota Sumbawa. Selain itu, penelitian ini menunjukkan bahwa meningkatkan persepsi merek dan menjunjung tinggi tingkat kepuasan pelanggan yang unggul adalah faktor penentu utama dalam mempertahankan dan meningkatkan loyalitas klien Indomaret di Kota Sumbawa.

Kata kunci: *Citra merek, kepuasan pelanggan, loyalitas pelanggan.*

INTRODUCTION

Significant alterations in company procedures have been brought about as a result of the growth of information technology. To be more specific, the expansion of technology has enabled improvements in the quality and availability of information for customers in the retail sector. This has enabled customers to make better decisions based on information that is both more comprehensive and more easily accessible (Seka, 2020). Consumers in today's market are more discerning purchasers, searching for the best possible value in terms of both the quality and the price of the products they purchase. According to Wardhani's research from 2020, retail businesses have established the ability to use marketing communication platforms that are known to customers, which has resulted in the establishment of a competitive advantage. Customer loyalty and happiness are crucial factors in the corporate realm, serving as primary markers of marketing effectiveness (Huda, 2020). The company's ability to effectively meet customer needs and expectations with its products or services has substantial consequences on customer loyalty (Rukhviyanti, 2021). Putri (2022) asserts that customer satisfaction positively correlates with customer loyalty. Branded products or services typically garner client satisfaction and loyalty more effortlessly. This phenomenon is evident in some consumer behaviours, as buyers frequently demonstrate a willingness to pay a higher price when they perceive a specific brand as providing superior value and quality. Citra (2017) states that customer

pleasure also promotes positive word-of-mouth marketing when customers speak favourably about the brand to others. Contented customers also exhibit steadfast behaviour, such as making recurring purchases or selecting the brand over its rivals. Hence, any firm must prioritise client loyalty and happiness as integral components of their marketing strategy (Sholikhah, 2023).

Two primary advantages come with having a positive and well-known brand image for a company: the ability to acquire new customers and the ability to keep existing customers. On the other hand, marketing managers frequently face a difficult undertaking when it comes to the creation and upkeep of a brand image. According to Andjarwati (2018), the level of customer happiness and the perception of the value supplied by the product or service are two major aspects that play a part in the retention of customers. According to Rasni (2022), customer satisfaction is achieved when a product or service can fulfil the requirements and expectations of the product or service offering. A company's ability to regularly meet or even surpass these expectations will lead to an improvement in customer satisfaction levels, which will in turn have a favourable effect on the company's ability to retain customers. Aside from that, the value that customers perceive can also play a role in determining whether or not they remain clients. Specifically, this relates to the advantages that clients enjoy in comparison to the expenses that they must bear to acquire the product or service.

Lay (2022) asserts that a favourable brand image of a firm can play a role in developing customer loyalty and that customer loyalty can also play a role in strengthening the brand image of the company. According to Charles (2022), a mutually beneficial connection is one in which a favourable brand helps to foster customer loyalty and customer loyalty, in turn, helps to foster the development of a powerful brand image. Because of this, brand image management is concerned not only with recruiting new customers but also with sustaining and deepening connections with existing customers. This is because of the rationale stated above. As a result, the image of a brand is an essential asset for businesses so that they can acquire and keep the loyalty of their customers Putra (2021). The author Amalia (2023) emphasises the significance of image in the marketing of a product because it affects the perceptions and expectations that consumers have regarding the products or services that are being supplied. In the end, this affects the level of satisfaction experienced by customers. In addition, several studies have demonstrated that the image of a firm has a substantial impact on the degree to which customers are satisfied. From the perspective of Ghofur (2021), the term "brand image" refers to the general impression that customers have of a certain brand, company, or product. This perception derives from several different elements, including personal experience with the product or service in question, exposure to advertising, feedback from other customers, and information obtained from a variety of sources.

Suastini (2018) conducted research that demonstrates that a favourable image can boost the level of satisfaction experienced by customers. Consumers tend to be more interested in making purchases from businesses or brands that have a positive image. This is because consumers have a perception of the quality, reliability, customer service, or value that is offered by the brand. Consumers tend to minimise risk by choosing to transact with businesses or brands that have a good reputation or positive image, as stated (Dachi, 2020). This is one reason why it is crucial to maintain a positive image. This has an impact on the decisions that they make regarding their purchases, and businesses frequently work hard to construct and preserve a positive image by employing marketing methods, providing excellent customer service, and managing their brands effectively.

Consumers mostly choose minimarkets such as Indomaret because of their convenient accessibility, wide range of products, and affordable pricing, to fulfil their daily requirements. This model has been devised and executed effectively by numerous other minimarkets, such as Indomaret in Sumbawa. The primary approach of Indomaret is to provide affordable costs while upholding product quality. Indomaret provides a wide range of everyday consumer goods, making it a convenient and comprehensive shopping destination for its clients. In addition, Indomaret employs social media as a highly successful marketing communication strategy that is tailored to its customer demographics. Indomaret has developed private labels that are often retailed at more affordable costs compared to products from other brands. This enhances their economically efficient pricing strategy and also contributes to the growth of client loyalty. In addition to the growing awareness, Indomaret and other convenience stores are consistently investing in establishing and upholding a robust and favourable brand image. This is a crucial aspect of their approach to staying competitive in a progressively competitive retail industry. This research aims to assess the impact of Brand Image and

Customer Satisfaction on the overall satisfaction of Indomaret customers in Sumbawa City, Sumbawa Regency, West Nusa Tenggara, based on the previously discussed problem backdrop.

RESEARCH METHOD

The purpose of this research was to test hypotheses and describe variables using sample data such as frequency, mean, and standard deviation. The research was prepared with the intention of characterising variables. Therefore, descriptive analysis and causality analysis are utilised in this research inquiry. This research focuses on Indomaret customers in Sumbawa City as its target population. The sample that was used for this research consisted of customers who had shopped at Indomaret within the past three months. The number of research respondents consisted of one hundred customers who filled out the questionnaire online using a Google form. PLS, which stands for partial least squares, is the method of data analysis that was utilised in this investigation. As well as being utilised for exploratory purposes, PLS can also be utilised for confirmatory purposes, such as testing hypotheses. PLS, in its most fundamental form, gives more weight to an exploratory approach than it does to confirmation. On the other hand, the primary objective of PLS is to provide an explanation of the relationships that exist between variables and to place an emphasis on the comprehension of the significance of these interactions.

RESULTS and DISCUSSION

This study employs three latent variables, which are assessed using multiple indicators as measurement instruments. The three variables under consideration are brand image, customer satisfaction, and customer loyalty. To maintain the accuracy and reliability of the measurement findings, it is necessary to establish multiple criteria for testing the validity and reliability of the instrument. The test criteria conducted using PLS software are as follows:

Convergent Validity

The convergent validity of the measurement model, which uses reflexive indicators, can be observed through the correlation between the scores of the items/indicators and the scores of the construct. The PLS model has convergent validity and is considered valid when the Fornell-Larcker Criterion value falls within the range of 0.5 (Ghozali, 2014). The output below displays the correlation results between the indicators and their constructions.

Table 1. Fornell-Larcker Criterion Test Results

	Digital Marketing (X1)	Entrepreneurial Capabilities (X2)	Marketing Performance (Y)
Brand Image (X1)	0,782		
Customer Satisfaction (X2)	0,722	0,843	
Customer Loyalty (Y)	0,714	0,811	0,729

Source: Data processed, 2024

Based on the data provided in Table 1, the Fornell-Larcker Criterion value is greater than 0.5, suggesting that the data is valid.

Discriminant Validity

The first need that must be satisfied for this discriminant validity test to be considered valid is that the AVE value must be higher than 0.50, as demonstrated in Table 2 below.

Table 2. AVE Test Results

Indicator	(AVE)	Standard
Brand Image (X1)	0,712	>0,5
Customer Satisfaction (X2)	0,780	>0,5
Customer Loyalty (Y)	0,668	>0,5

Source: Data processed, 2024

The findings indicated that the AVE value was greater than 0.5. According to the data presented in Table 2, this suggests that the indicators that were utilised in the model were regarded to be appropriate.

Composite Reliability

The composite reliability of the indicator block that assesses the construct can be assessed as another test (Ghozali, 2014). The composite dependability findings are displayed in Table 3.

Table 3. Composite Reliability Test Results

Indicator	Composite Reliability	Information
Brand Image (X1)	0,972	Reliable
Customer Satisfaction (X2)	0,911	Reliable
Customer Loyalty (Y)	0,951	Reliable

Source: Data processed, 2024

The study of Table 3 reveals that both Cronbach's alpha and composite reliability values surpass the threshold of 0.7, indicating that all variables have satisfactorily passed the reliability test requirements.

R-Square

Table 4. R-Square Test Results

	R-Square
Customer Loyalty (Y)	0,625

Source: Data processed, 2024

The R-squared value also referred to as the coefficient of determination, assesses how much of a dependent variable's variance the independent variables can account for. Customer loyalty (Y) has an R-squared value of 0.62,5 or 62,5%. This shows that the model's independent variable(s) explain 62,5% of customer loyalty variation. Other factors outside the model account for 37,5 % of the variation.

Hypothesis test

Table 5 contains the t-statistic, which can be used to respond to the study hypothesis.

Table 5. Bootstrapping Test Results

Effect	Path Coefficients	T-Statistics	P-Value
X1 -> Y	0,187	6,223	0,000
X2 -> Y	0,223	7,189	0,000

Source: Data processed, 2024

Based on the Bootstrapping data shown in Table 5 above, this study reveals the following research findings:

1. The positive influence of Brand Image on Customer Loyalty is supported by statistical evidence. The T-statistic value of 6.223 is greater than 1.96, and the significance value of 0.000 is smaller than 0.05. Therefore, we can accept the first hypothesis that Brand Image has a positive and significant influence on Customer Loyalty at Indomaret Sumbawa City. The customer's perception of a brand is referred to as the brand image. This perception is established as a result of the numerous encounters or experiences that the customer has with the brand, which may include product quality, price, customer service, and other aspects. An effective brand image generates a favourable impression in the minds of consumers, as this is a significant component in deciding the degree to which they will remain loyal to the brand. As a result of the favourable and considerable influence that the brand image of Indomaret has in Sumbawa City, client loyalty has increased. This indicates that the good opinions that consumers have about Indomaret contribute to the continued loyalty that they have for the brand. The reason for this might be attributed to several different aspects, including the availability of outlets, the satisfaction of customers with the service they receive, the reasonable

- prices, the variety of products offered, and other positive encounters with the brand. Research conducted by Suastini (2018) and Wardhani (2020) reveals that brand image has a positive and significant effect on customer loyalty. According to these researchers, the more favourable the brand image of a product or service, the greater the consumer loyalty to that brand. The findings of this research are consistent with these findings.
2. The positive impact of customer satisfaction on customer loyalty is supported by statistical evidence. The T-statistic value of 7.189 is greater than the critical value of 1.96, and the significance value of 0.000 is smaller than the threshold of 0.05. Therefore, we can confidently accept the second hypothesis, which states that customer satisfaction has a significant and positive influence on customer loyalty at Indomaret Sumbawa City. Customer satisfaction is the evaluation conducted by customers following their utilization of a product or service. The assessment typically revolves around determining if the product or service has fulfilled or surpassed their initial expectations. The research findings indicate a strong and positive correlation between customer satisfaction with Indomaret and brand loyalty in Sumbawa City. This implies that customers who are content with the products and services provided by Indomaret are more likely to exhibit loyalty towards the brand. Hence, if Indomaret consistently delivers gratifying experiences to its clients, it possesses the capacity to not only retain customer loyalty but also entice new customers. The findings of this study are consistent with those of research conducted by Rukhviyanti (2021) and Rasni (2022), which explains that customer satisfaction has a positive and significant effect on customer loyalty. According to this theory, the higher the level of customer or consumer satisfaction with a product or service, the greater the customer's loyalty to that brand.

CONCLUSION

From the findings and deliberations of the research, various conclusions can be inferred, including 1). Based on the findings of the analysis, the first hypothesis in this study is accepted, namely that the Brand Image variable has a significant and positive effect on Customer Loyalty. 2). Based on the findings of the analysis, the second hypothesis in this study is accepted, namely that the Customer Satisfaction variable has a significant and positive effect on Customer Loyalty.

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