EFFECT OF SERVICE QUALITY AND BRAND IMAGE ON SATISFACTION AND LOYALTY OF TIKI CUSTOMER IN JEMBER

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Abstract: This study purpose is to test the effect of service quality and brand image on satisfaction and loyalty of Tiki customer in Jember. The samples are 133 Tiki customers in Jember. The sampling technique is purposive sampling technique based on criteria set by researchers. The research model is composed of four variables, consist of two exogenous variables, one intervening variables and 1 endogenous variables. The 5 hypotheses are tested by Structural Equation Modeling (SEM) assisted by Analysis of Moment Structure (AMOS) version 5.0. Research results can be explained as follows: (1) service quality has positive and significant effect on satisfaction of Tiki customer in Jember; (2) brand image has positive and significant effect on satisfaction of Tiki customer in Jember; (3) service quality has positive and significant effect on loyalty of Tiki customer in Jember; (4) brand image has positive and significant effect on loyalty of Tiki customer in Jember; (5) customer satisfaction has significant and significant positive effect on loyalty of Tiki customer in Jember.

Keywords: Service quality, brand image, satisfaction, customer loyalty.

1. INTRODUCTION

Business competition in goods and document delivery enter to high competition era. This condition makes the company always strives maximally to retain their customer. One way is to provide good service at selling time or after-sales service.

Anderson and Lehman (1994) explain a good service as a service that capable to provide satisfaction to customers or able to provide service that exceeds the customer expectations. Parasuraman, Zeithaml and Berry (1998) said that service quality is built through the comparison between the two main factors, namely customer perception of service received (perceive service) and expectations regarding the services they should receive (expected service). Boulding et al. (1993) and Zeithaml et al. (1996) found that service quality directly affects on customer loyalty. The results of this study differ from the study by Anderson and Sullivan (1993), Caruana (2002), Wahyu (2008), Grace (2009); Aryani and Rosita (2010) that service quality indirectly affect on customer loyalty but mediated by customer satisfaction.

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Other consideration of customers when buying a product or service is brand image. Brand image as a value has been realized by company to create product differentiation. Product differentiation offered by company provides an alternative for consumers to meet their needs. Most companies today understand that many customers are not loyal only one particular brand only (Dekimpe, et al., 1997; Bennett and Rundle, 2005; Kapferer, 2005). The relationship between brand images with satisfaction is expressed by Aaker and Keller (1990), Aaron (2006), Tu et al. (2012), Thakur and Singh (2012), who found that brand image, has positive effect on satisfaction.

Improvements in service quality and brand image are believed to increase customer satisfaction. Zeithaml and Bitner (1996: 123) also show that customer satisfaction is exclusively affected by service quality, product quality, price, situational factors and human factors. Zeithaml et al. (1996) found that service quality can affect directly on loyalty. This reality shows that customer satisfaction and loyalty have been widely accepted as an important issue for all organizations and used as marketing standards to improve company performance (Bennett and Rundle, 2004).

2. RESEARCH SCOPE
This study analyzes the effect of service quality and brand image on satisfaction and loyalty of Tiki customer in Jember (East Java, Indonesia)

3. LITERATURE REVIEW
3.1. Service quality
Parasuraman, Zeithaml and Berry (1988) define service quality as a form of attitude, related but not the same as satisfaction, as a result of comparison between the expectations and performance. Service quality is also defined as the top customer ratings advantages or privileges of a product or service as a whole (Zeithaml, 1988).

Cronin and Taylor (1992) suggest that service quality is antecedent of consumer satisfaction. This result was found when they studied four industries, namely banking services, pest/disease, dry cleaning and fast food to investigate the relationship of service quality to customer satisfaction. Liosa Chandon and Orsinger (1998) explain that service quality is an instrument essential used by customers to rate the service or the service provided by company. It can be concluded that service quality relates and determine customer satisfaction (Anderson, Fornel and Lehmann, 1994).

Subsequent research of Parasuraman et al., (1998) defines five main factors of service quality. First is Tangibles, appearance of all physical facilities owned, equipment, employees and communication materials. This aspect includes all physical form held by company, either directly or indirectly to assist company operation. Second is Reliability, the ability to provide services as promised reliably and accurately. Third is Responsiveness, readiness/awareness and ability to help customers and provide
services quickly. Forth is Assurance, knowledge and courtesy of employees and their ability to convince the customer for product purchased. Fifth is Empathy, willingness to give special attention deeply to each individual customer.

The service quality in this study was measured of Parasuraman et al. (1988). It is consists (1) tangible, (2) reliability, (3) responsiveness, (4) Assurance, and (5) empathy. Measurement of this indicators use the service performance (SERVPERF) to assess the personnel performance and all facilities used in providing service to customers (Cronin and Taylor, 1992).

3.2. Brand image

Dobni and Zinkhan (1990), Low and Lamb (2000) defines brand image as rational and emotional perception of a product. Brand has very valuable function for company to run its operations. Brands can offer legal protection to companies for features or unique aspect of product. Brands can be protected by registered trade name, manufacturing process can be protected through patents and packaging may be protected by copyright. In addition, a strong brand can protect companies from competitors. Although competitors mimic the manufacturing processes and product design, but it is not easy to adjust the customer's mind to products already long-established in minds of consumers (Kotler, 2008: 259).

Hsieh, Pan and Setiono (2004) said that successful brand image allows consumers to identify needs that can be satisfied with a brand and comparing with other competitors. Thakur and Singh (2012) found that brand image directly affects on customer satisfaction. In addition, the brand image also has an effect on customer loyalty, either directly or indirectly, ie through the satisfaction variables. Other researchers of Tu, et al. (2012) at customer of Starbuck Coffee shop in Taiwan city found the same thing as Thakur and Singh (2012) that brand image has direct and significant effect on customer satisfaction and customer loyalty. Brand image also affects indirectly through customer satisfaction.

Shimp (2003: 592) mentions three parts to measure brand image. The first part is an attribute. Attributes defined as characteristics or the various aspects of advertised brand. Attributes are also divided into two parts, namely things that are not related to product (eg, price, packaging, users, and image usage), and matters relates to product (eg color, size, design). Then the second part of brand image measurement has a benefit (Shimp, 2003: 592). The benefits are divided into three parts. First is functional, namely the benefits to provide a solution to problems of consumption or potential problems that can be experienced by consumers, with assumption that a brand has specific benefits that can solve these problems. Second is Symbolic, it is directed at desire of consumers in an effort to improve themselves, appreciated as a member of a group, affiliates, and a sense of belonging. Third is experience, it is the representation consumer of their desire for a product that can give a sense of fun, diversity, and cognitive stimulation. Last part to measure brand image according to Shimp is the overall
evaluation, value or subjective interests where customers add on consumption results.

Based on above description, an indicator used to measure brand image in this study refers to theory of Shimp (2003: 592) and consists of: (1) attributes, (2) functional, (3) symbolic, (4) experience and (5) a thorough assessment.

3.3. Satisfaction

Kotler (2008: 138-139) defines satisfaction as the perceived performance of a product (or result) to their expectations. If the performance fails to meet expectation, customer is not satisfied, if the performance in accordance with expectation, then the customer is satisfied and if the performance exceeds expectations, customer was very satisfied or pleased.

Evaluation the factors to shape customer satisfaction needs to be done continuously to meet customer expectations to satisfy customers. Identification of products and services in accordance with customer expectations are absolute. Customer satisfaction is affected by several factors as service quality, quality product, customer emotional, price and cost (Zeithaml, et al. 1990). Cronin and Taylor (1994) strengthen the research Zeithaml et al. (1990)

According to Fornell, et al. (1996), there are three important things that need to be studied more deeply concerned with customer satisfaction measurement. They are (1) general satisfaction or overall satisfaction, (2) confirmation of expectation, degree of correspondence between the performance by expectations, and (3) a comparison with ideal situation (comparison to ideal), performance of product in comparison with ideal product according to consumer perceptions.

Based on above description, this customer satisfaction is measured by indicators of Fornell et al. (1996) as follows: (1) general or overall satisfaction; (2) Confirm - expectations; (3) Comparison ideal situation.

3.4. Customer loyalty

James et al. (2003) explain loyalty as a specific activity of customers characterized by a willingness to buy our products repeatedly. Oliver (1997) suggest that customer satisfaction is not the ultimate goal and not a guarantee for company to continue to grow and develop in conditions of very tight competition this, but customer loyalty can guarantee the company in developing its business for profit continuing.

Bowen and Chen (2001) explain the loyalty indicators as Behavioral, Attitudinal and Composite Measurements. Zeithaml et al. (1996) states that ultimate goal of company in establishing a relationship with customers is to form a strong loyalty. The indicators of a strong loyalty are: (1) Say positive things, say something positive about the product consumed; (2) Recommend to someone, is recommending the product that has been consumed to a friend; (3) Repurchase intention, is made to re-purchase the product that has been consumed.
Customer loyalty variable is measured by three indicators of Zeithaml et al. (1996), namely: (1) Say good of a product to others; (2) To recommend the product to others; (3) To repeat purchases.

4. RESEARCH METHODS

The research location is determined at Tiki Branch Jember (Indonesia). This company delivers documents and goods to various destinations in Indonesia and various foreign countries. The research design used is explanatory research or confirmatory research to describe causal relationships and examined the association between multiple variables through hypothesis testing or research explanations (Singarimbun and Efendi, 1995: 256).

The study population is users of goods and documents delivery service at Tiki Branch Jember, both retail and corporate customers. The sampling technique used is using purposive sampling. Researcher has certain considerations in sample collection. Terms used in this research was the respondents who have made the delivery of goods and documents in Jember Branch Tiki least 3 times and 2 last month. The numbers of samples taken are 133 people.

Primary data is collected directly from respondents through questionnaire. Secondary data is collected from the information or data of Tiki Jember and literature, journals or various forms of publications as listed in Bibliography.

The study variables consist of independent variables (service quality and brand image); intervening variables (satisfaction) and dependent variable (customer loyalty). The scale of measurement in this study is a five point Likert scale. Answer of every item has a gradation from very positive to very negative. The answers are given a score as follows: Strongly Disagree (STS) = 1; Disagree (TS) = 2; Just Disagree (C) = 3; Agree (S) = 4 and Strongly Agree (SS) = 5.

This study uses a multivariate analysis model of Structural Equation Modeling (SEM). SEM analysis model selection is based on considerations that SEM has the ability to combine measurement models and structural models simultaneously and efficiently. Software used to process data is Analysis of Moment Structure (AMOS) version 05.0

5. RESULTS AND DISCUSSION

5.1. Effect of Service quality on Customer Satisfaction

Research results shows that coefficient value of service quality amounted is 0.749 with CR of 4.123 and significance of (p) 0.000 <0.05. This means that service quality has positive and significant effect on customer satisfaction.

Confirmatory factor analysis shows that empathy indicator has largest contribution to determine the level of service quality. The next indicators that affect the service quality are tangibles, responsiveness, reliability and assurance. Customer satisfaction
is affected by variable service quality mainly empathy indicator, along with other indicators of tangibles, responsiveness, reliability and assurance. This condition is consistent accordance with opinion of Liosa Chandon and Orsingher (1998). Service quality is essentially an instrument that is used by customers to rate the service or the service provided by company. Meanwhile Aaker, (1991: 86) says that service quality is a global assessment based on consumer perceptions of what they think can create a quality product and how well the brand level in that dimension. 

This study also supports the findings of Bei and Chiao (2001), Caruana (2002), Aaron (2006) and Hidayat (2009) to prove that service quality has a positive effect on customer satisfaction.

5.2. Effect of Brand Image on Customer Satisfaction

The results of path analysis showed that brand image affect on customer satisfaction at coefficient of 0.301, with a CR of 2.513 and significance (p) 0.010 <0.05. This means that brand image has positive and significant effect on customer satisfaction.

Confirmatory factor analysis for brand image indicators shows that “full assessment” contribute the largest value with coefficient of 0.801, or 80.1% to measure brand image, the next are functional, attributes, symbolic and experience indicators.

This condition is consistent with opinion of Koo, (2003); Kandampully and Subhartanto, (2000); Ngunyen and Le Blanc, (1998) that image of a famous brand is beneficial to increase customer satisfaction, which in turn can create customer loyalty. Furthermore, Park, Jaworski, and MacInnis, (1986) said that company with strong brand image will get a better position, can sustain a competitive advantage and increase their market share. Compared with service quality variable, brand image variable has a relative small coefficient.

This study results support previous studies of Stephen (2007), Thakur and Singh (2012) who found that brand image has positive and significant effect on customer satisfaction. Similarly, a study of Neupane (2015) found that brand image has strong effect on satisfaction. Other researchers of Tu et al. (2012) also found that corporate brand image has positive and significant effect on customer satisfaction.

5.3. Effect of Service Quality on Customer Loyalty

This study shows that customer satisfaction affects on customer loyalty at coefficient of 0.726 with CR of 5,800 and significance (p) 0.000 <0.05. This means that service quality has positive and significant effect on loyalty Tiki customer in Jember. Confirmatory factor analysis of service quality indicators shows that of empathy indicator has the largest coefficient value to measure service quality.

This study results support the research of Parasuraman et al. (1988), who found a positive and significant relationship between the perception of service quality and desire to recommend to others. In addition, this study also supports studies of Cronin
and Taylor (1992), Boulding et al. (1993) and Zeithaml et al. (1996) that service quality positive and significant effect on loyalty.

5.4. Effect of Brand Image on Customer Loyalty

Research result shows that brand image variable has coefficient of 0.180 with CR at 1.688 and significance (p) 0.045 <0.050. This means that brand image has positive and significant on customer loyalty. Confirmatory factor analysis of brand image indicator shows that thorough assessment indicator contributes the highest value while the indicator of saying positive things is most influential on loyalty variables.

Hsieh, Pan and Setiono (2004) said that image of a successful brand is a brand image that allows consumers to identify the needs that can be satisfied with a brand and comparing with other competitors. According to Park, Jaworski, MacInnis, (1986), a company with a strong brand image will get a better position, can sustain a competitive advantage and increase their market share. The actor of today’s businesses reach consumers no longer limited to functional attributes attached to product, such as benefits or usefulness of product to be consumed, but has been associated with a brand that able to provide a special image for user (Aaker, 1991).

This results support most previous research results of Stephen (2007) who found that brand image (symbolic indicator, experience and social benefits) has a significant effect on loyalty. This finding also supports the partial results of Thakur and Singh (2012) who found that brand image (indicator symbolic and experience) has positive and significant effect on loyalty.

5.5. Effect of Customer Satisfaction on Customer Loyalty

Research result shows that customer satisfaction variable has coefficient of 0.726 with CR at 5.800 and significance (p) 0.000 <0.05. This means that customer satisfaction a significant and positive effect on loyalty of Tiki customer in Jember.

Confirmatory factor analysis shows that indicator “overall satisfaction” as a measure of customer satisfaction variables provide the largest contribution at coefficient of 0.902 or 90.2%, followed by confirmation-expectations, and product comparisons. It shows that overall satisfaction indicator dominate the measurement of customer satisfaction compared with other indicators. It can be concluded that customer loyalty is affected by Customer satisfaction, mainly overall satisfaction indicators.

Loyalty variable is measured three indicators, namely (1) saying positive things, (2) recommend to friends and (3) purchase again. Confirmatory analysis shows that saying positive things indicator as a measurement of customer loyalty variable provide the largest contribution at coefficient value of 0.892 or 89.2%, followed by recommendation to friends and repeat purchases.

These findings support the study results conducted of Cronin and Taylor (1992) who found a strong effect between satisfaction and loyalty. Fornell (1992), Boulding
et al. (1993), Selnes (1993), Bei and Chiao (2001) and Hidayat (2009) also found a positive and significant effect of satisfaction on loyalty. Kotler and Keller (2008: 139) explain that loyal and disloyal attitude is an accumulation of small problems that exist in the company, so the company strives to create an attractive customer experience. Zeithaml et al. (1996) stated that company’s goal is to establish relationships with customers to create a strong loyalty.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusion

Conclusions of this research can be explained as follows. First, service quality has a positive and significant effect on satisfaction of Tiki customer in Jember. Second, brand image has positive and significant effect on satisfaction of Tiki customer in Jember. Third, service quality has positive and significant effect on loyalty of Tiki customer in Jember. Forth, brand image has positive and significant effect on loyalty of Tiki customer in Jember. Last, customer satisfaction has positive and significant effect on loyalty Tiki customer in Jember.

6.2. Suggestion

1. The research results show that service quality provide the greatest effect on customer satisfaction. In addition, service quality also has a positive effect on loyalty. In order to increase customer loyalty and satisfaction, Tiki Jember management should give more attention to service quality as structured and continue training to clerk, customer service, and security to upgrade their quality, good behavior and communication with customers. Officers must be able to increase his empathy to customer needs. A small thing that also needs attention is the better vehicle parking arrangements, making it easier for customers to park their vehicles.

2. Tiki Brand may already be known by public as an experienced courier services provider in Indonesia. However, current positive image is different from the public perception of product image. Tiki Jember should more aggressive to promote the express service along with higher quality of Standard Time Delivery (STD), right to promise.

3. Future researchers should add other variables outside this study, which could affect customer satisfaction and loyalty. These variables include product quality, price, customer intimacy and product innovation.

References


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