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The Influence of Service Quality, Brand Image, and Store Atmosphere on Customer Loyalty through Customer Satisfaction at Indomaret Plus Jember

Diah YULISETIARINI[1*], Tita Dicky MAWARNI[2]

[1,2]Faculty of Economics and Business, University of Jember, Indonesia
[*]Corresponding author; E-mail: diahyuli@unej.ac.id

Abstract

This study aims to determine the influence of service quality, brand image, and store atmosphere on customer loyalty through customer satisfaction at Indomaret Plus Jember. The research sample consisted of 100 respondents who were at least 18 years old and had spent at least twice at Indomaret Plus. Data collection techniques using online and offline questionnaires. The analytical method used is path analysis. The results showed that service quality, brand image, and store atmosphere had a direct effect on customer satisfaction. Customer satisfaction has a direct effect on customer loyalty. Service quality, brand image, and store atmosphere have an indirect effect on consumer loyalty. Service quality provides the greatest influence on customer loyalty.

Keywords: service quality; brand image; store atmosphere; customer satisfaction; customer loyalty.

1. Introduction

Retail is one of the trade sectors that has a large contribution to the economy in Indonesia. Retail is the business activity of trading goods or services directly to end consumers (Tjiptono 2008: 191). The national retail business is spread throughout all regions in Indonesia. One of the largest retail businesses in Indonesia is Indomaret. Indomaret is a trademark owned by PT. Indomarco Prismatama. Jember is a city that has Indomaret Plus outlets.

Indomaret consists of three types in Jember, namely Indomaret, Indomaret Plus, and Indomaret Point. The object of this research is Indomaret Plus. The difference between Indomaret Plus and other Indomaret lies in the greater diversity of products, strategic location, and other facilities such as the live acoustic area and WIFI corner. Based on preliminary observations and surveys conducted, Indomaret Plus Jember has several problems, including employees who get consumer complaints about the price difference between the price tag and the cashier; an acoustic live area that cannot be used, and declining sales turnover.

PT. Indomarco Prismatama, as the parent company of Indomaret, experienced a decline in profit, which was quite declining in 2017 by 71.03% (detikfinance.com, 2017). Based on this, Indomaret Plus Jember needs to make improvements and development to increase profits and be able to compete with other retailers. Customer satisfaction is proven to have the greatest effect on customer loyalty (Andriana et al. 2019). According to Limakrisna and Palurian (2017) states, satisfaction is proven to increase loyalty so that the company is able to obtain high profits. Utami (2006: 252) states that service quality is the main driver of customer loyalty. Good service quality has an influence on consumer satisfaction and ultimately increases customer loyalty (Afthanorhan et al. (2019); Paramita and Sahid (2014); Yulisetiarini, 2013; Shanka, 2012; Caruana, 2002).

Mosahab et al. (2010) also states that customer satisfaction is proven to have a major influence on customer loyalty. Brand image is one of the determinants of the success of a type of service (Yulisetiarini and Ade, 2019). According to Fitriana and Made (2018), a strong brand image enables a company to increase its profits. Tu et al. (2012); Amanah (2011); Ogba and Zhenzhen (2009); Hung (2008) states the company's brand image significantly influences customer satisfaction and customer loyalty, and customer satisfaction has a strong impact on customer loyalty. According to Hussain and Mazhar (2015), the store atmosphere in the form of store cleanliness, sound, lighting, and product layout can increase consumer interest in making purchases. Alfin and Sahidillah (2017); Andriyana (2017); Dwi and Agus (2016); Irena and Sugiono (2015); Harianto and Subagio (2013) state that the store atmosphere has a direct effect on customer satisfaction and the store atmosphere has an indirect effect on customer loyalty.

2. Literature Review

Service quality is a consumer's assessment of real experiences that can be perceived as appropriate services and can exceed consumer expectations (Kotler and Keller, 2016: 155; Sangadji and Sopiah, 2013: 100; Wijaya, 2011: 11). Mehta et al. (2000) put forward the attribute dimensions in assessing service quality in retail businesses, including service personnel, physical aspects, merchandise, trustworthiness, and parking.

Brand image is a perception that is in the minds of consumers in a brand that has been felt and experienced both directly and indirectly obtained from friends, family, or other media. (Fitriana and Made, 2018; Tjiptono, 2011: 23). According to Keller (2017: 78), the factors that shape brand image are as follows:

1. strength of brand associations;

2. favorability of brand association, and
3. uniqueness of brand associations.

Store atmosphere is one of the marketing management strategies related to the creation of a store atmosphere relating to building design, interior spaces, hallway layout, carpet and wall texture, odor, color, shape, and sound experienced by consumers in an effort to exert influence on consumers to make purchases (Utami, 2006: 127; Mowen and Michael, 2002: 139). According to Levy and Barton (2001: 118), the store atmosphere consists of two things, namely the in store atmosphere and the out store atmosphere:

1. in store atmosphere, namely settings in the room that concern: internal layout; sound; smell; texture; and building interior design;
2. out store atmosphere, namely outdoor arrangements involving: external layout; texture and exterior design of buildings.

Customer satisfaction is an assessment by consumers of the use of a product or service where the product can meet their expectations and needs (Kotler and Keller, 2016: 153; Sunyoto, 2013: 35; Tjiptono, 2008: 24). According to Yuliarmi and Putu (2007), there are three indicators that can be used to measure customer satisfaction consisting of conformity of expectations, level of satisfaction, and complaints or complaints posted against the company.

Customer loyalty is a commitment of consumers in the use of a company's product or service so that it tends to repurchase and recommend company products to their partners (Lovelock and Jochen, 2010: 76; Sopiah, and Syihabudin, 2008: 105; Utami, 2006: 58). Companies that have loyal customers are important in maintaining the profits of competitors. According to Sopiah and Syihabudhin (2008: 105), loyal consumers have the following characteristics:

1. make purchases regularly;
2. make a purchase on all product or service lines;
3. recommend other products, and
4. shows the immunity of the attractiveness of similar products from competitors.

3. Research Methods

The study was conducted at Indomaret Plus Jember. The population in this study were all customers of Indomaret Plus Jember. The sample in this study was that some Indomaret Plus customers met several criteria, namely respondents aged at least 18 years and respondents had made purchases at least twice at Indomaret Plus Jember. The number of respondents in this study was 100 people. Data collection techniques using a questionnaire with a spread ratio of 50 online and 50 offline. The study was conducted from October to December 2019. The analysis tool used in this study was path analysis. Path analysis examines the direct effect of service quality, brand image, and store atmosphere on customer satisfaction and tests the indirect effect of service quality, brand image, and store atmosphere on customer loyalty.

4. Result and Discussion

Figure 1 states that service quality (X_1) directly influences customer satisfaction (Z) with a beta value of 0.367, brand image (X_2) has a direct effect on consumer satisfaction (Z) with a beta value of 0.350, store atmosphere (X_3) has a direct effect on consumer satisfaction (Z) with a beta value of 0.228. Service quality (X_1) has a direct effect on consumer loyalty (Y) with a beta value of 0.488, brand image (X_2) has a direct effect on consumer loyalty (Y) with a beta value of 0.166, the store atmosphere (X_3) has a direct effect on consumer loyalty (Y) with a beta value of 0.124, and customer satisfaction (Z) directly affect consumer loyalty (Y) with a beta value of 0.278. Based on

these data, service quality variables provide the greatest direct effect on consumer loyalty of 0.488. The effect of total service quality (X_1) on customer loyalty (Y) through customer satisfaction (Z) of 0.590. The effect of total service quality (X_2) on customer loyalty (Y) through customer satisfaction (Z) of 0.263. The effect of total service quality (X_3) on customer loyalty (Y) through customer satisfaction (Z) of 0.187.
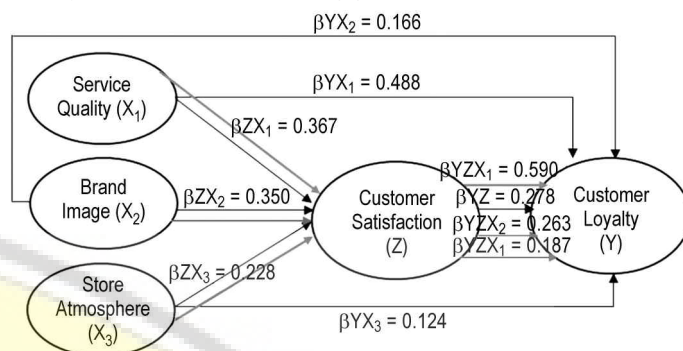
Figure 1.Path Analysis

Based on this, the direct effect of service quality (X_1), brand image (X_2), and store atmosphere (X_3) on consumer loyalty (Y) has a path coefficient value greater than the indirect effect of service quality (X_1), brand image (X_2) and store atmosphere (X_3) towards consumer loyalty (Y), so that customer satisfaction (Z) has a small mediating role. Service quality has the biggest direct effect on customer loyalty, meaning that the quality of service by consumers states loyal without having to declare satisfaction.

The results showed that service quality has the most significant and significant influence on customer satisfaction, meaning that the better the quality of service, customer satisfaction will increase. This is in line with previous research supporting Rahman (2019); Yulisetiarini and Ade (2019); Sari et al. (2016); Heryati (2015); Saidani andSamsul (2012); and Sureshchandar, et al. (2002) which states that service quality has a significant effect on customer satisfaction. Consumers are satisfied with the quality of services provided by employees, are ready to respond to consumer demand, and the layout of goods makes it easy for consumers to pick it up.

Brand image has a significant influence on customer satisfaction, meaning that the better the brand image, customer satisfaction will increase. The results of this study are in line with research conducted by Yulisetiarini and Ade (2019); Irmawati et al. (2017); Rizky (2016); and Malik, et al. (2012) states brand image has a significant effect on customer satisfaction. Consumers say that the private label product brands in Indomaret Plus Jember are guaranteed quality.

The results showed the store's atmosphere had a significant effect on customer satisfaction. The results of this study are in line with research conducted by Rahman (2019); Alfin and Sahidillah (2017); Andriyana (2017); Heryati (2015); Harianto and Subagio (2013) state that the store atmosphere has a significant effect on customer satisfaction, meaning that the better the atmosphere of the store, the customer satisfaction will increase. Indomaret Plus Jember customers will be interested in visiting and making purchases because they have enough seats in front of the store, the side of the store, and the WI-FI corner is sitting area.

The results showed that service quality has a significant effect on customer loyalty, meaning that the better the quality of service, the higher the level of customer loyalty. The results of this study are in line with previous studies conducted by and Heryati (2015); Budiono and Yohanes (2014); Yulisetiarini (2013); Santouridis and Trivellas (2010) stated that service quality has a significant effect on consumer loyalty. Diverse products make consumers make repeat purchases.

Research shows that brand image has a significant effect on

consumer loyalty, meaning that the better the brand image, the higher the customer loyalty. The results of this study are in line with previous studies conducted by Rizky (2016); Amanah (2011); Ogba and Zhenzhen (2009); and Hung (2008) state that brand image has a significant effect on consumer loyalty. The Indomaret Plus Jember brand is well known for having a competitive advantage.

The shop atmosphere influences the consumer satisfaction of Indomaret Plus Jember. This means that the better the atmosphere of the store, customer satisfaction will increase. The results of this study are in line with previous studies conducted by Alfin and Sahidillah (2017); Dwi and Agus (2016); Irena and Sugiono (2015) state that the store atmosphere has a significant effect on consumer loyalty. Cool store atmosphere and bright lighting add to the convenience of consumers in shopping.

The results showed that customer satisfaction had a significant effect on consumer loyalty, meaning that the more consumers felt satisfied, the higher the level of customer loyalty. The results of this study are in line with previous studies conducted by Yulisetiarini and Susanto (2018); Alfin and Sahidillah (2017); Rizky (2016); Irena and Sugiono (2015); Paramita and Sahid (2014); Kandampully and Dwi (2000) state that customer satisfaction has a significant effect on customer loyalty. Consumers are satisfied with the performance given by Indomaret Plus Jember, which is better than other retailers.

The results of the regression coefficient indicate that there is a positive mediation or intervening relationship so that service quality can be interpreted as having a significant effect on customer loyalty through customer satisfaction. The results of this study are in line with previous studies conducted by. Yulisetiarini (2015); Shanka (2012); and Caruana (2002) showed that service quality has a significant effect on customer loyalty through customer satisfaction. Indomaret Plus Jember employees are ready to help and respond to consumer demand. Products at Indomaret Plus Jember are neatly arranged according to the needs of consumers. Products at the diverse Indomaret Plus Jember and large parking areas can attract consumers to shop at Indomaret Plus Jember. The quality of Indomaret Plus Jember services that are already good and appropriate can increase the probability of respondents to be loyal.

The results showed the regression coefficient there is a positive mediation or intervening relationship so that it can be interpreted that the brand image influences consumer loyalty through customer satisfaction. The results of this study are in line with previous studies conducted by Rizky (2016); and Tu et al. (2012) shows brand image has a significant effect on consumer loyalty through customer satisfaction. The product brands sold at Indomaret Plus Jember are well-known in the community so that consumers have no doubt about their quality. The quality of these products can be a competitive advantage of Indomaret Plus Jember against other retailers that sell similar products. Indomaret Plus Jember brand image, which has been good and appropriate, can increase the probability of respondents to be loyal.

The results showed the regression coefficient there is a positive mediation or intervening relationship so that it can be interpreted that the store atmosphere influences consumer loyalty through customer satisfaction. The results of this study are in line with previous studies conducted by Alfin and Sahidillah (2017), and Novia (2015) showed that shop atmosphere has a significant effect on customer loyalty through customer satisfaction. Consumers feel safe because the Indomaret Plus Jember building is sturdy and looks modern from the outside. The location of Indomaret Plus Jember, which is close to the city center, makes Indomaret Plus Jember much traveled by the community so that it becomes a convenient place to shop or stop by because of the seats available at Indomaret Plus Jember are also quite a lot. The good and appropriate atmosphere of Indomaret Plus Jember store can increase the probability of respondents to be loyal.

5. Conclusion

Service quality has a significant effect on customer satisfaction. Brand image has a significant effect on customer satisfaction. The store atmosphere has a significant effect on customer satisfaction. Consumer satisfaction has a direct effect on consumer loyalty. Service quality, brand image, and store atmosphere have an indirect effect on consumer loyalty. Quality of service provides the greatest influence on consumer loyalty. The direct effect of service quality on customer loyalty is greater than the indirect effect of service quality on customer loyalty, meaning that the mediating role of customer satisfaction is small.

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