THE EFFECT OF STORE BRAND IMAGE AND SERVICE QUALITY TOWARDS CUSTOMER LOYALTY AT FRESHMART SUPERSTORE MANADO

PENGARUH CITRA MEREK TOKO DAN KUALITAS PELAYANAN TERHADAP KESETIAAN PELANGGAN PADA FRESHMART SUPERSTORE MANADO

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Abstract: Customer loyalty has been recognized as the dominant factor in a superstore’s success. The customer loyalty subject has become of increased interest to most superstore in the competitive situation over the last few years. Store brand image and service quality describes what customers are looking for that is likely to be advantageous to the Superstore. The objectives of this research are to analyze the effect of store brand image, and service quality towards consumer loyalty, simultaneously and partially. Data was analyzed quantitatively and through use of statistical package for social scientists (SPSS). The research method that used in this research is multiple linear regression analysis with the sample of the respondents is 100 samples that were obtained from all the customers who shopping in Freshmart Superstore Manado. The result from this research shown that the store brand image and service quality have a significant effects simultaneously on customer loyalty. Whereas store brand image does have positive effect but not significant partially to customer loyalty. This study reveals that store brand image and service quality in a superstore has a strong effect to bring customer satisfaction, trust, and commitment to being loyal customer. It can improve more by should keep and maintain the worker inside the store, especially in terms make an interesting services at Freshmart Superstore.

Keywords: store brand image, service quality, customer loyalty


Kata kunci: citra merek toko, kualitas pelayanan, kesetiaan pelanggan
INTRODUCTION

Research Background

The development of increasingly modern era makes the increasing human needs. The growing human needs along with the variety of changes that are occurring now, especially the socio-economic conditions of society. The higher socio-economic status of the community and then higher also the demands on their needs and demands for services. Society today increasingly wants satisfying service and quality, that is the services correspond to their expectations and ultimately can satisfy the requirement.

Along with the times, the existence of traditional markets began incontestably or even displaced by a number of superstore found in many cities, the presence of a superstore in the center of the society is becoming increasingly important. This is caused due to a change in the perspective of customers to the superstore itself. Most people want a shopping center that provides all the necessities. Competition to attract customer even more stringent with the increasing number of domestic shopping centers that have sprung up. Competitive reality is that shopping malls had to work hard to attract customer from other shopping centers, therefore needed a good strategy to compete for customers. One strategy that a shopping center can compete is to build a good image in the eyes of customers and the public, because the image can affect the process of purchasing a product or service, and therefore the image is an important factor for the success of marketing a shopping center.

Customer loyalty towards a superstore is very need to be maintained and improved. It means that customer satisfaction is the beginning of the creation of customer loyalty to a shopping center. In addition, the customer loyalty is need for an evaluation of the level of customer satisfaction achieved. It is very necessary, because by knowing the level of customer satisfaction with the services of superstore then management can determine the marketing strategy used in the future as well. Business competition is a challenge that must be faced by superstore. The tight competition requires superstore to more carefully in determining marketing strategies in order to win the competition. In order to get out of a situation that threatens the superstore, then the management of the superstore are required to design and implement a marketing strategy that is able to create, maintain and enhance customer satisfaction and finally can create the loyalty to the superstore.

The physical environment, price, service and condition or quality of the product becomes an important factor in influencing consumer behavior to re-purchase, although it is widely believed that the store brand image is an important factor in a superstore, in this study store brand image of the superstore and service quality shaping customer loyalty, especially in Indonesia. Considering that the development of superstore which are very rapidly and there are still many opportunities to enter the business market, then the study store brand image of the superstore and service quality is needed to measure their competitiveness in the market.

Darmadi, Sugiarto & Sitinjak (2001) defined store brand is the image of a superstore built by the brand associations that are associated with a habit, lifestyle, benefits, product attributes, geographic, price, competitors, celebrities and others. Store brand image and service quality shown by Freshmart superstore may not be able to create loyalty for their customers optimally, so that needs to be evaluated. Information about the store brand image that displayed by the superstore and the service quality means for managing Freshmart superstore to reevaluate things that need to be improvement along with how big their influence on the creation of customer loyalty.

Research Objectives

The objectives of this research are to know the effect of:
1. Store brand image and service quality towards customer loyalty at Freshmart Superstore Manado simultaneously.
2. Store brand image towards customer loyalty at Freshmart Superstore Manado partially.

THEORETICAL REVIEW

Marketing

The definition of marketing according Kotler and Armstrong (2001: 6-7) marketing is the fulfillment of customer needs for the sake of a profit. Two main purpose of marketing is to attract new customers by promising superior value and retain current customers by providing satisfaction. Many people think that
marketing is just selling or advertising. However, sales and advertising is the marketing iceberg peaks. Now, marketing has to realized in the old sense, but the new sense that is satisfying the customers well, to develop products that have a superior value, set a price, distribute and promote their products effectively then these products will be sold easily. Thus, the sales and advertising is only part of a larger marketing mix that works together to influence the market. Most important part of marketing is not about selling products or services, but is to know and understand what customers need and wants, make a products or services that fits them and let it sells itself.

**Consumer Behaviour**

Kotler and Armstrong (2012:160) defined consumer behaviour is simply the individual purchasing and/or consuming decision of an individual – and/or household – whoever buys goods and services for personal consumption. That purchase can be the consumption of a good or service in the marketplace or can even include the purchase of a stock and other investment decisions as well. This good or service can be either publicly supplied or privately produced by the organisation. Peter and Olson (2005) defined consumer behavior as the physical actions of consumers that can be directly observed and measured by others. The behavior of consumer is very important for marketing strategies because from consumer behavior marketer design strategies to affect and cognition the consumer, that is why the marketer has to be able to analyze, understand, and influence overt behavior.

**Store Brand Image**

Chang and Luan (2010) defines store brand image as the way in which the store is defined in the shopper’s mind. This image is a combination of more visible attributes (functional qualities), such as the quality and availability of merchandise and the less tangible attributes (psychological attributes) such as the atmosphere (e.g. lighting, sounds, smells and colors) of the store. The understanding and comprehension about store brand image is very important because store brand image is often considered as a predictor of consumer behavior and store performance. Palmer (2001: 184) asserts that the brand is always used by companies to present evidence in the form of a fixed standard and is especially important for companies that do not have the opportunity to develop relationships with customers continuously. Store brand image is important in guiding customer when choosing between one superstore and other.

**History of Store Brand**

Herstein and Gamliel (2004) stated a scenario of the retailing phenomenon discovers five eras in the history of store brands which the starting of store brands in the industry (1840-1860); the power and influence of store brand decline (1861-1928); store brand’s reemergence and ascend (1929- 1945); store brand become stable in the market for two decades (1946-1975); and intense competition between store brands and national brands era (1976-present). Based on research, there are few elements associated with store brand such as brand trust, brand image and brand innovation.

**Service Quality**

Service quality has been conceptualized as the difference between customer expectations regarding a service to be received and perceptions of the service being received. According to Zeithaml & Bitner (2003), service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, Empathy, tangibles. Satisfaction, on other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors. Patras (2013) defined quality of service is a combined overall characteristic of the resulting services from marketing, engineering, production and maintenance of products and services that make it can be used to meet the expectations of customers or consumers. Babakus & Boller (1992) defined service quality is an important antecedent of consumer assessment of value, which in turn influences customer satisfaction, which then motivates loyalty. High service quality motivates positive customer behavioral intention to repurchase, and in turn, promotes customer retention. Quality is indirectly linked to repurchase intention and customer loyalty through customer perceived value.
Customer Loyalty

Seyed (2007) defined customer loyalty has been described as customer’s willingness to continue patronizing a firm over the long term, purchasing and using its goods and services on a repeated and preferably exclusive basis, and voluntarily recommending it to friends and associates. Lin (2009) stated that customer satisfaction has measurable impact on customer loyalty in that when satisfaction reaches a certain level; on the high side, loyalty increases dramatically; at the same time, when satisfaction falls to a certain point, loyalty reduces equally dramatically. As Sudharshan (2010) found there is a positive relationship between customer satisfaction and customer loyalty but this connection is not always a linear relation. This relationship depends on factors such as market regulation, switching costs, brand equity, existence of loyalty programs, proprietary technology, and product differentiation at the industry level.

Previous Research

Nosica, Leis and Suzanawaty (2012) from the study retailers produce their own private label brand as one of the strategies to distinguish their products from competitors. This study is conducted to analyze whether store image and service quality have an effect on private label brand image and purchase intention towards private label brand product. Besides that, this study also includes perceived risk and price consciousness as a variable that can form an attitude towards the purchase of private label brand products. Wisnalmawati, Idrus and Rahayu (2014) this study results contribute to consumer behavior in retail management, for business strategy maker, government to increase income in rural areas, for Tridharma to create a training program for regeneration of batik makers to improve the perceived quality to realize store loyalty. Syahfudin, Ruswanti (2015) this study proposes that banking managers should strive to keep and maintain the positive service quality and brand image of banks in order to enhance customer satisfaction and loyalty. Several strategies regarding the keeping and maintenance of the positive serve quality and brand image of banks are also suggested in this study.

Montolalu (2013) the impact of service quality and price to customer satisfaction and customer loyalty in swiss-bellhotel maleosan manado. The study indicate that customer satisfaction is important to build the customer loyalty. Satisfaction and loyalty relationship happen when consumer satisfaction positively influences consumer loyalty. Customers will feel satisfy when their needs can be fulfilled by the service that they use. The customer satisfaction has strong influence to customer loyalty. Customers who satisfy with the service will recommend the service to other people and they will also increase their purchase intention.

Research Hypothesis

H₁: Store brand image, service quality have effect towards customer loyalty at Freshmart Superstore Manado simultaneously.
H₂: Store brand image have effect towards customer loyalty at Freshmart Superstore Manado partially.
H₃: Service quality have effect towards customer loyalty at Freshmart Superstore Manado partially.

RESEARCH METHOD

Type of Research

This research is causal type of research where it will investigate the effect of store brand image and service quality on customer loyalty.

Place and Time of Research

This research is conducted in Manado, North Sulawesi, Indonesia. This research will be held during September-December 2015.
The Effect of Store Brand Image and Service Quality on Customer Loyalty at Freshmart Superstore Manado

Conceptual Framework

Population and Sample
The research populations are customers in Freshmart Superstore Manado. The samples of this research are 100 customers or respondents. This research will collect sample of all customer at Freshmart Superstore Manado.

Data Collection Method
The source of data can be from primary and secondary sources. Primary data is data originated by the researcher specifically to address the research problem (Sekaran and Boogie, 2009:35). The researcher obtains primary data from results of survey and questionnaires.

Operational Definition and Measurement of Research Variables
1. Store brand image is to generate value in terms of helping customer to process information, differentiating the brand store, generating reasons to buy, give positive feelings, and providing a basis extension for the Freshmart Superstore Manado.
2. Service quality is an important antecedent of consumer assessment of value, which in turn influences customer satisfaction, which then motivates loyalty customers for Freshmart Superstore.
3. Customer loyalty creates mutual rewards to benefit Freshmart Superstore Manado and the customers, and increase superstore revenue.

Data Analysis Method

Validity and Reliability Test
Validity is evidence that the instrument, technique, or process used to measure a concept does indeed measure the intended concept (Sekaran and Bougie, 2009:449) to analyze the validity of questionnaire, Pearson Product Moment is used. An instrument measure is valid if the instrument measure what should be measured. Reliability is a test to the consistency and stability of the measuring instrument (Sekaran and Bogie, 2009:444). The higher of the coefficient prove the better of measuring instrument.

Multiple Regression Analysis Model
Sekaran and Bougie (2009:350) stated that multiple regression is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval scaled dependent variable. Once gathered the data from the field, the next step to analysis the data and solving the problem using Multiple Regression Method, it also to test the hypotheses that have been stated. The data then inserted into the statistical tools SPSS 22. This method has been chosen to measure the effect of store brand image and service quality towards customer loyalty at Freshmart Superstore Manado.
RESULT AND DISCUSSION

Result

Validity and Reliability

The value of Corrected Item - Total Correlation with SPSS 22 of the indicators are all above the acceptance limit 0.5, therefore the research instrument is valid. The Reliability test is done by looking at the Cronbach Alfa value, in this research the value of Cronbach Alfa for store brand image is 0.681, service quality is 0.751 and customer loyalty is 0.645 which is above the acceptance limit of 0.6, therefore the research instrument is reliable.

Multiple Regression Analysis Model

Multiple Regression Analysis is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval - scaled dependent variable.

Classical Assumption Test

Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Coefficients x Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.000</td>
</tr>
<tr>
<td>Store Brand Image</td>
<td>1.000</td>
</tr>
<tr>
<td>Service Quality</td>
<td>1.000</td>
</tr>
<tr>
<td>a. Dependent Variable: Organizational Performance</td>
<td></td>
</tr>
</tbody>
</table>

The tolerance value of store brand image is 1.000, and service quality is 1.000, which are more than 0.1. The VIF value of store brand image is 1.000, and service quality is 1.000, which are less than 10 show that the model concluded to be free from multicollinearity.

Heteroscedasticity

Heteroscedasticity occurs of the dots form certain patterns. In this research the dots spreading above and below of zero point in ordinate. This is proved that there is no heteroscedasticity in this regression.

Normality

Normality test can be identifying by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of the graph. The dots are spreading near the diagonal line and follow the direction of the diagonal line. Therefore the normality test is completed.

Multiple Regression Analysis

Table 2. Multiple Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.936</td>
<td>.260</td>
<td></td>
<td>3.600</td>
</tr>
<tr>
<td>Store_Brand_Image_X1</td>
<td>.052</td>
<td>.042</td>
<td>.060</td>
<td>1.262</td>
</tr>
<tr>
<td>Service_Quality_X2</td>
<td>.751</td>
<td>.040</td>
<td>.884</td>
<td>18.723</td>
</tr>
</tbody>
</table>

Source: SPSS 22, 2015

The value of R is 0.885 indicating a substantial positive association between independent and dependent variable. The value of R² is 0.784, meaning that store brand image (X₁), and service quality (X₂) as independent variables have very strong positive association and influence customer loyalty (Y) as much as 78% while the rest 22% other factor is not included in this research.
Hypothesis Testing

Table 3. F – Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>11,680</td>
<td>2</td>
<td>5,840</td>
<td>175,745</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>3,223</td>
<td>97</td>
<td>.033</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>14,904</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Predictors: (Constant), Store Brand Image, Service Quality

Source: SPSS 22, 2015

The F-test results on Table 3, $F_{\text{count}} = 175,745$ with a significance level of 0.000. In this research, $F_{\text{count}} > F_{\text{table}}$ ($F_{\text{count}}$ is greater than $F_{\text{table}}$), then the regression model of F-Test can be $175,745 > 3.93$ that means $H_0$ is rejected and $H_1$ is accepted. The regression model can be used to declare that the independent variable of $X_1$ (Store Brand Image), and $X_2$ (Service Quality) simultaneously affects the dependent variable $Y$ (Customer Loyalty).

Table 4. T test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.936</td>
<td>.260</td>
<td></td>
<td>.001</td>
</tr>
<tr>
<td>Store_Brand_Image_X1</td>
<td>.052</td>
<td>.042</td>
<td>.060</td>
<td>1.262</td>
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<tr>
<td>Service_Quality_X2</td>
<td>.751</td>
<td>.040</td>
<td>.884</td>
<td>18.723</td>
</tr>
</tbody>
</table>

Source: SPSS 22, 2015

Store brand image, and service quality affects customer loyalty simultaneously which means $H_1$ is accepted. Store brand image does not effect organizational performance partially which means $H_2$ is rejected. Service quality affect customer loyalty partially which means $H_3$ is accepted.

Discussion

Store brand image does not effect customer loyalty significantly. The customer at Freshmart superstore did not agree that store brand image effect the customer loyalty. Service quality affect customer loyalty significantly. The customer at Freshmart superstore agreed that service quality effect the customer loyalty. This result supports the previous research conducted by Marcelitha T. Montolalu (2013) that found out loyalty of the customers has been recognized as the dominant factors in a business organization's success. Freshmart superstore increases its service quality to makes customer satisfy and keep maintain the positive service quality and brand image of the store in order to enhance customer loyalty. When the customer satisfaction is already built, the customer loyalty will increase automatically.

CONCLUSION AND RECOMMENDATION

Conclusion

There are three constructive findings in this research, which are listed as follow:

1. The store brand image and service quality give significant simultaneous effects on customer loyalty. Store brand image and service quality are important elements to influence customer perceptions and drive store choice to being loyal customer in a superstore.
2. Variable store brand image on customer loyalty has positive effect but not significantly on customer loyalty at freshmart superstore Manado. From this research most customers have perception about the store brand image of Freshmart Superstore did not significantly affect their intention to become a loyal customer because manadonese are more likely to see the price of the goods is cheap than see the store brand image of...
Freshmart Superstore. But for some loyal customer the store brand image was give them intention to thinking the store was interesting to their shopping.

3. Variable service quality on customer loyalty has significantly effect customer loyalty at freshmart superstore Manado. Manadonese see the quality of services that Freshmart superstore provided; wide place to shop, the workers were friendly, responsive, reliability, etc. That the reason why manadonese really convenient for shopping and wants to be loyal customers in Freshmart Superstore Manado.

**Recommendation**

Therefore, recommendations given are: For the superstore, the result of this research service quality has the most significant effect the customer loyalty at Freshmart Superstore. It can improve more by should keep and maintain the worker inside the store, especially in terms make an interesting services. Freshmart Superstore should continuously maintain and improve the marketing strategies that have been carried out which one of them the store brand image in terms of brand trust in order to make customer loyalty.

**REFERENCES**


