The Role of Consumer Satisfaction in Mediating Service Quality and Brand Image on Consumer Loyalty

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Abstract. The purpose of this study is to analyze the role of job satisfaction in mediating the effect of service quality and brand image on consumer loyalty at the Holic Padang Shoe Store. The population and sample of the study were 80 consumers of Holic Padang Shoes Shop. The sample collection technique is used the census method with Structural Equation Modeling (SEM) research models with SmartPLS software tools. The results of the study concluded that service quality and customer satisfaction are factors that influence customer loyalty. While brand image is not a factor that can influence and determine customer loyalty. Other findings also indicate that service quality is also a factor influencing customer satisfaction, while brand image is still a factor that does not affect consumer satisfaction. For indirect effects, service quality affects customer loyalty through customer satisfaction while brand image does not have a significant effect on customer loyalty through customer satisfaction.

Keywords: Capital Market Reaction, Election, Abnormal Return, Trading Volume Activity

Introduction

The rapid growth of SMEs (Small and Medium Enterprises) in Indonesia has influenced the overall economic sector improvement. P.ernyataan Director General of Small and Medium Industries (UKM) Ministry of Industry (KEMENPERIN), Gati Wibawanginsi inHariandy (2019), statedThroughout 2018, the footwear industry in Indonesia recorded a production of 1.41 billion pairs of shoes or contributed 4.6 percent of total world shoe production. He further saidthat the growth of shoes industry SMEs in Indonesia is experiencing rapid progress. Because this industry is able to produce shoes in large numbers with around 388 companies in 2019. Meanwhile, the Central Statistics Agency (BPS) recorded footwear export performance in the first quarter of 2019 rising 8.66 percent,(Zunaidi & Dewi, 2019), but this growth is still relatively low compared to some countries in Asean.Yunika and Pazli (2017), stated that China is one of the biggest footwear
exporting countries which is Indonesia's competitor in shoes exports to the United States. Hariandy (2019), Mongisidi, Sepang, and Soepeno (2019) and Yunika and Pazli (2017) China has several advantages, besides the adequate quality of its products and low prices it is also a competitive force that determines the increasing value of Chinese shoe exports to the United States.

In the era of globalization, the climate of competition will be increasingly fierce with the existence of free trade, therefore the Indonesian shoe industry must have competitive strength to win market share both domestically and abroad. For this reason, customer orientation must be a concern, in order to foster and increase consumer loyalty to Indonesian shoe products and brands. The concept of customer loyalty is generally related to customer behavior consuming products or services. According to Kotler and Keller (2012), Consumer loyalty is a picture of customer commitment to a brand, store, or supplier, with a very positive attitude and reflected in consistent repurchases. Lusiana (2017) and (Griffin, 2005), states if a person is a loyal customer it will be reflected in the buying behavior done from time to time. Another opinion Christian and Dharmayanti (2013), also said that if consumers have done this, then the company has a great opportunity to get loyal and satisfied buyers for the products they release.

Shoes Holic is a shoe store that is well known among the people in the city of Padang, West Sumatra, especially for women. Shoes Holic was founded in 2012. Shoes Holic is located at Jalan Pemuda No.7, Olo Village, Padang Barat District, Padang City. Shoes Holic has a shoe design, besides following the current trend or model, it also considers the quality and satisfaction of its customers. So the shoes produced have an elegant appearance and attract the attention of consumers to buy it. Following is a graph of the growth of the sales value of Shoes Holic during the last 2 years from April 2018 to March 2019:

![Figure 1. Growth in Sales Value of Holic Shoes](image)

From the data above, the rate of growth in the value of shoe sales at the store Shoes Holic as a whole fluctuates. Where The highest number of sales occurred in January 2019 with 614 pairs, this is related to the conditions of the year turnover or semester break. While the lowest shoe sales occurred in October 2018 totaling 257 pairs. Thus it can be concluded that the growth in the value of shoe sales at the Padang Holic Shoes Shop for the period April 2018 - March 2019 has a trend of varying sales values or fluctuations that depend on demand and conditions or the time that is
happening. So it is important that the Shoe Shop Shoes Holic, pay attention to and maintain the consistency of behavior of consumers in service that will later impact consumer loyalty to their products.

In marketing products and services, customer loyalty is greatly influenced by a variety of internal and external factors. Research related to customer loyalty has been done a lot, research Shamsudin, Esa, and Ali (2019), stated that customer loyalty is influenced by job satisfaction and job satisfaction is influenced by Brand image, Trust, Service quality, and Price. Research Durmaz, Çavuşoğlu, and Özer (2018) in Turky, S. Ashraf, Ilyas, Imtiaz, and Ahmad (2018) in Pakistan proving factor service quality, company image, and customer value has a significant impact on customer satisfaction and customer loyalty. Next research by MA Ashraf, Peng, Zare, and Rhee (2018) in Pakistan concluded that Brand image, service quality, and trust have a positive influence on customer loyalty.

Based on the problems and existing research studies, this study aims to analyze the role of consumer satisfaction in mediating the effect of service quality and brand image on consumer loyalty at the Holic Shoes Shop.

Quality of service is the service expected by the customer / visitor and public perception of the service. Siregar (2019), product quality is the overall features and characteristics of a product or service on the ability to satisfy stated or implied needs. Consumers will be satisfied if their evaluation results show that the products they use are of high quality. Companies that can provide high quality services will be able to increase behavioral intentions that benefit customers (customer loyalty). Ramadania Service quality has been recognized as a factor that can achieve customer satisfaction with service providers, (Syaqirah & Faizurrahman, 2014), (Sinaga, Saudi, Roespinoedji, & Razimi, 2019).

Brand image (brand image) is a picture of the overall perception of the brand and is formed from information and past experience of the brand. According to Siregar (2019), brand is a symbol or sign that helps customers to identify products, companies that have products with a favorable brand image will definitely get a good position in the hearts of the public or customers. Dewi (2016), brand is one of the most important attributes of a product whose use is currently widespread for several reasons. Another opinion Das (2012) and Maksun, Yuliansyah, Razimi, and Muhammad (2018), in Shamsudin et al. (2019), states that the brand image (brand image) is an important factor that influences customer loyalty and is seen as an important factor for making and maintaining connections between companies and customers. Another opinion states that brand image is the first thing that comes to a customer's mind when buying a product.

Furthermore the variables that are thought to affect customer loyalty are customer satisfaction is a feeling of pleasure or disappointment someone perceived by customers of the performance of a product or service desired by. Tjiptono and Chandra (2012), states customer satisfaction is "The level of one's feelings after comparing the performance or results he feels compared to his expectations. Bulkia (2018), in Immawati and Rauf (2020) states that the main key to winning
competition is to provide and increase the value of satisfaction to consumers through service quality. The more satisfied the customer is with the quality of service, the more growing customer loyalty and interest in products and services can ultimately increase customer loyalty,(Al Rasyid, 2017).

**Research methods**

The population used in this study was customers who visited Soes Holic Padang Shoe Shop, with a total sample of 80 people. Incidental data collection techniques and carried out randomly to customers who visited the Soes Holic Padang Shoe Shop. Furthermore, to be able to understand each research variable, the operational definition of the research variable can be described.

Assessment of customer loyalty indicators using indicators which includes a). Repeat Purchase, b). Retention and c). Referalls. While the service quality variable (X1) is the service expected by the customer / visitor and public perception of the service, with indicators that include a). Tangible, b). Empathy (Empathy), c). Responsiveness, d). Reliability, and e). Assurance.

Next is the brand image variable (X2)(brand image) is a representation of the overall perception of the brand and is formed from information and past experience of the brand. Where the indicator consists of a). Recognition (recognition), b). Reputation (reputation), c). Affinity and d). Domain. Furthermore, consumer satisfaction variable (Z) is a feeling of pleasure or disappointment someone who arises because of comparing the performance of prepared products (or results) with their expectations, with indicators consisting of a). Re-purchase, b). Creating Word-of-Mouth, c). Creating a brand image, and d). Create Purchasing decisions at the same company.

This research model is a Structural Equation Modelings (SEM) model, with SmartPLS 3 as a tool for data processing. There are 2 stages of testing, namely the first stage of testing the measurement (Outer Model), namely the initial testing stage that deals with validity and reliability testing, namely measuring whether all indicators or statement items that construct a construct or variable are valid or already reliable or reliable. The second stage of testing the inner model is structural testing related to testing the research hypothesis. To test the significance of the research hypothesis, it is done through an assessment of the path coefficient or inner model as indicated by the value of the T-Statistic or T count compared to the T table value of 1.96 on the error rejecting data of 5% alpha,(Ghozali, 2008), where: If the Statistical T value> 1.96, then the hypothesis is accepted, If the Statistical T value <1.96, the hypothesis is rejected.
Results and Discussion

The results of testing the Structural equation modelings (SEM) data model with SmartPLS, produce the following output:

![Figure 2. Research Model]

The first output of SmartPLS 3 is path analysis that describes the relationship or causality of certain exogenous variables with endogenous variables or even with intervening variables. In the sense of path analysis describes the relationship or the relationship of a particular exogenous variable to a specific endogenous either directly (direct effect) or indirectly (indirect effect) through intervening variables. So in his analysis we get the knowledge whether the effect of service quality and brand image on customer loyalty is better directly than the effect of the influence of service quality and brand image on customer loyalty through customer satisfaction.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Original Sample (O)</th>
<th>T Statistics</th>
<th>Significant</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality of Service -&gt; Consumer Loyalty</td>
<td>0.696</td>
<td>10.370</td>
<td>0.000</td>
<td>Hypothesis Accepted</td>
</tr>
<tr>
<td>2</td>
<td>Brand Image -&gt; Consumer Loyalty</td>
<td>-0.020</td>
<td>0.324</td>
<td>0.746</td>
<td>Hypothesis Rejected</td>
</tr>
<tr>
<td>3</td>
<td>Consumer Satisfaction -&gt; Consumer Loyalty</td>
<td>0.553</td>
<td>7.634</td>
<td>0.000</td>
<td>Hypothesis Accepted</td>
</tr>
<tr>
<td>4</td>
<td>Quality of Service -&gt; Consumer Satisfaction</td>
<td>0.589</td>
<td>6.634</td>
<td>0.000</td>
<td>Hypothesis Accepted</td>
</tr>
<tr>
<td>5</td>
<td>Brand Image -&gt; Consumer Satisfaction</td>
<td>-0.029</td>
<td>0.241</td>
<td>0810</td>
<td>Hypothesis Rejected</td>
</tr>
</tbody>
</table>
The SmartPLS test results in Table 1, show that the results of the research hypothesis testing started from the first hypothesis up to the fifth hypothesis which is a direct effect of the construct of service quality, brand image and customer satisfaction on consumer loyalty and the influence of service quality and brand image on satisfaction consumer. The findings above conclude there is a significant influence on service quality and customer satisfaction on consumer loyalty. Likewise, there is a significant influence on service quality on customer satisfaction. While brand image has not been proven to have a significant effect on customer satisfaction and customer loyalty.

Furthermore SmartPLS results for indirect effects inform the role of intervening variables in this case customer satisfaction in mediating influences service quality and brand image on consumer loyalty on Padang Holic Shoes Stores, which are hypotheses 6 and 7.

Table 2. Result For Inner Weights for Indirect Effects (Indirect Effect)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Original Sample (O)</th>
<th>T Statistics</th>
<th>Significant Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Brand Image-&gt; Consumer Satisfaction-&gt; Consumer Loyalty</td>
<td>-0.016</td>
<td>0.241</td>
<td>0810</td>
</tr>
<tr>
<td>7</td>
<td>Service Quality -&gt; Consumer Satisfaction -&gt; Consumer Loyalty</td>
<td>0.326</td>
<td>5.583</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The results of testing the data to assess the role of consumer satisfaction as an intervening variable in hypotheses 6 and 7, conclude that there is no positive and significant influence of brand image on customer loyalty through customer satisfaction. Furthermore, there is a positive and significant influence on service quality on customer loyalty through customer satisfaction. In other words, the variable of customer satisfaction is able to strengthen the effect of service quality in increasing consumer loyalty at the Padang Holic Shoes Shop.

Discussion

Effect of Service Quality on Consumer Loyalty

The results of testing with SmartPLS 3 in table 1, found a significant positive effect on service quality on consumer loyalty Soes Holic Shoe Shop. Where the regression coefficient value of 0.696 with a t value of 10.370 and a probability value of 0.000. If the significant value or probability is compared with the error rate of rejecting the data of 0.05 then the resulting probability value is lower or 0.000 <0.05 or statistical t value> 1.96 which means the hypothesis is accepted. Thus it can be stated that service quality is very decisive and a concern for consumers in determining the level of their loyalty to a product or service. This finding is in line with theoretical studies by Tjiptono and Chandra (2012), which states dith a good quality of service the company
can create customer satisfaction which in turn can be the basic capital for the company in forming
customer loyalty. These findings also support the results of the study Shamsudin, Esa, and Ali
and who discovered that perceived service quality customers or consumers have a significant
positive impact on customer loyalty.

**Effect of Brand Image on Consumer Loyalty**

The results of testing the Inner SmartPLS 3 model in table 1, show that brand image has no
significant effect on consumer loyalty Soes Holic Shoe Shop. Where the value of the regression
coefficient, t statistic and probability are respectively -0.020, 0.324 and 0.746. This probability
value is greater than the error of rejecting the data of 0.05 or 0.746 > 0.05 with a small statistical T
value of 1.96 (0.746 < 1.96), which means the hypothesis is rejected. It can be interpreted that
consumers of Soes Holic Shoes Stores do not make the brand image as a determinant of consumers'
loyalty to shoe products produced by Soes Holic Shoe Stores. The findings of this study differ
from theoretical studies which state that brand image is a sense of loyalty from customers by using
a brand that they trust and is usually characterized by repeat purchases from customers, (Mowen &
Minor, 2002). The results of this study are not in line with the research Shamsudin, Esa, and Ali
Pakistan who discovered that brand image has a significant positive impact on customer loyalty,
Das (2012) and Makhson, Yuliansyah, Razimi, and Muhammad (2018).

**Effect of Consumer Satisfaction on Consumer Loyalty**

From testing the Inner SmartPLS 3 model above, finding consumer loyalty is influenced by
customer satisfaction positively and significantly on Soes Holic Shoe Shop. Value of the regression
coefficient 0.553 with a statistical t value 7.634 and the probability value is 0.000. With
this probability value lower than the error value rejecting data of 0.05 or 0.000 < 0.05 and a
statistical T value greater than 1.96 (7.634 > 1.96), the hypothesis can be proven. These results
indicate that customer satisfaction is an important factor and determines the level of loyalty to
certain products or services. This finding is consistent with the opinion Swastha (2009), states that
when customers find a level of satisfaction with a company's product or service, then they have a
tendency to move to another company's product or service. The findings of this study are consistent
with the results of the study. Other opinions, Kotler and Keller (2012), customer satisfaction is a
factor that determines customer loyalty as a description of the level of customer feelings after
comparing the perceived service performance compared with expectations. The results of this
study are in line with research S. Ashraf et al. (2018) found that customer satisfaction affects
customer loyalty. Furthermore, the results of this study are also in accordance with the
findings Umar (2014), Espejel, Fandos, and Flavian (2008), prove that customer loyalty is largely

**Effect of Service Quality on Consumer Satisfaction**
The results of testing the Inner SmartPLS 3 model show that service quality has a positive and significant effect on customer satisfaction Soes Holic Shoe Shop. Where is the regression coefficient 0.589 with a statistical t value 6.634 and the probability value is 0.000. Where the probability value is smaller than the error value rejecting data of 0.05 or 0.000 < 0.05 with a statistical T value greater than 1.96 (6.634 > 1.96), thus it can be said that the hypothesis is accepted. These results also indicate that good service quality and making consumers comfortable will have an impact on increasing customer satisfaction. According to Saladin (2002), companies must have sensitivity so that customers can get satisfaction with the quality of the products produced by the company. The findings of this study are also in line with research Ahmad and Ahmad (2008) prove that Service Quality has an effect on Consumer Satisfaction of GSM information technology services. Chen, Leo, and Teo (2009) prove that the marketing mix, especially service quality has a positive effect on customer satisfaction.

**Effect of Brand Image on Consumer Satisfaction**

The results of testing the Inner model SmartPLS 3, concluded that brand image has no significant effect on customer satisfaction on Soes Holic Shoe Shop. Where is the regression coefficient -0.029 with t statistics .241 and significant 0.810. Where the significant resulting from error reject data is 0.05 or 0.810 > 0.05 with a statistical T value lower than 1.96 (0.241 < 1.96), thus it can be said the hypothesis is rejected. These results explain that brand image does not become a primary assessment for customers or consumers in forming customer satisfaction in consuming certain products or services. The findings of this research differ from theoretical studies which state that Maylina (2003), stated that brand image affects consumer satisfaction, because basically satisfied consumers tend to be loyal, but loyal consumers are not necessarily satisfied. This finding does not support the findings Durmaz et al. (2018) in Turky, S. Ashraf et al. (2018) in Pakistan shows that customer satisfaction is very much determined by company image.

**Effect of Service Quality on Consumer Loyalty Through Consumer Satisfaction**

The findings of the indirect effect (Indirect effect) in table 2, show that service quality has a significant effect on customer loyalty through customer satisfaction. In other words, customer satisfaction as a mediating variable can strengthen the effect of service quality on customer loyalty. Where is the regression coefficient 0.326 with a statistical T value of 5.583 and a probability value 0.000. With a small probability value of error rejecting data or alpha (0.000 > 0.05) and a small statistical t value of 1.96 (5.583 < 1.96), the hypothesis is proven. These empirical results are consistent with the findings Durmaz et al. (2018) in Turky, S. Ashraf et al. (2018) in Pakistan shows that quality of service has a significant positive impact on customer satisfaction and customer loyalty. Other opinions, Caruana (2002), stating that good service quality can directly affect customer loyalty mediated by customer satisfaction, (Al Rasyid, 2017).

**Influence of Brand Image on Consumer Loyalty Through Consumer Satisfaction**

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The findings of the indirect effect (Indirect effect) in table 2, conclude that brand image does not have a significant effect on customer loyalty through customer satisfaction. Where is the regression coefficient -0.016 with a t value of statistics 0.241 and significant 0.810. With a significantly higher value than the error rejecting data or alpha (0.810 > 0.05) and a t-statistic value smaller than 1.96 (0.241 < 1.96), the hypothesis is rejected. This finding indicates that customer satisfaction is not always determined by the brand image of the product or company, but is also determined by crucial invoices that according to consumers are important, for example service quality, price, product quality and others. So that in this case it is not seen that consumer satisfaction is able to mediate the influence of brand image in increasing its influence on consumer loyalty. The findings of this hypothesis also contradict research Durmaz et al. (2018) in Turkey, S. Ashraf et al. (2018) in Pakistan that states product or company image has a significant positive impact on customer satisfaction and customer loyalty. Likewise with research (Son & Wahyono, 2018), which found that brand image has a significant effect on customer loyalty through customer satisfaction. Other studies Tu and Chang (2012), states that consumer loyalty is determined by the brand image of a company's product or service that indirectly increases consumer satisfaction in maximizing customer loyalty.

Conclusion

Based on the above research findings, it can be concluded, that the quality of service and customer satisfaction is an important part that determines the level of ups and downs of consumer loyalty to the product in at the Shoe Holic Shoe Shop. Whereas brand image turns out not to be a determining factor in the level of consumer loyalty to products at the Holic Shoes Store, while of the two variables service quality and brand image, the research findings also found the fact that in determining consumer satisfaction in making a purchase or consumption of the product, not paying attention to the brand image but rather taking into account the quality of services provided. These results once again prove that service quality is more important than brand image in determining that consumers are satisfied or loyal to a particular product or service. Other findings from this study also reveal that customer satisfaction is largely determined by how the company is able to provide maximum quality or service so that ultimately it has an impact on consumer loyalty. On the other hand empirical findings of this study also prove that consumer satisfaction and customer loyalty are not always determined by the brand image of the company's products or services, but more evidenced how the company is able to provide maximum service quality which ultimately has an impact on customer satisfaction.

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