

The Brand Image and Its Effect on Consumer Loyalty and Satisfaction as a Variable Intervening of Aqua Mineral Water Product

(Study on Undergraduate Student of Management Study Program, Universitas Simalungun)

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Abstract

Brand Image and its influence on consumer loyalty and consumer satisfaction as intervening variables of Aqua Mineral Water Products (study on undergraduate student of Management Study Program, Universitas Simalungun). The purpose of this research is to find out how the influence of brand image on consumer loyalty by intervening variable consumer satisfaction. The formulation of the problems of this study, 1). Does brand image influence consumer satisfaction of Aqua Mineral Water product?, 2). Does consumer satisfaction affect consumer loyalty Aqua Mineral Water product?, 3). Does brand image influence consumer loyalty of Aqua Mineral Water product?, 4). Does brand image influence customer loyalty through customer satisfaction as an intervening variable for Aqua Mineral Water product? The sampling technique used purposive sampling with the consideration that the respondents were students who had consumed Aqua brand mineral water for 77 respondents. The analysis technique used is a simple linear analysis technique and by using path analysis, then it is processed using SPSS Version 24. From the research result obtained by regression equation 1). $Z = 10.861 + 0.457(X) + 0.77$, and from equation 2). $Y = 11,943 + 0,230(X) + 0,233(Z) + 0,93$. The results of this study indicate that the brand image variable (X) has a positive and significant effect on poverty (Z) shown by a positive coefficient of 0.457 and a significance of $0.000 < 0.05$. Satisfaction (Z) has a positive and not significant effect on loyalty (Y) with a positive coefficient of 0.233 and a significance of $0.257 > 0.05$. Brand image (X) has a positive and significant effect on loyalty (Y) with a positive coefficient of 0.230 and a significance of $0.038 < 0.05$. Satisfaction is able to provide an intervening effect and significant positive influence on 2 variables of brand image and loyalty with a positive coefficient of 0.230 (X); 0.233 (Z) and significance $0.181 < 1.66$.

Keywords

brand image, consumer loyalty,
consumer satisfaction



I. Introduction

A brand is a name, term, sign, symbol, design or combination of which is used for the identity of a person, organization or product and at the same time distinguishes it from the others. Brand image is a representation of the overall perception of the brand and is formed from information and past experience of the brand.

Brand image is able to give effect to consumers to be more loyal to buy a product brand compared to similar products with other brands as well as customer satisfaction can affect consumer loyalty. Consumer satisfaction as an interrelated variable is also able to influence consumer loyalty. Brand image also influences consumer loyalty through customer satisfaction as an intervening variable.

The background of the problem above is the basis of researchers conducting research with the title "The Brand Image and Its Effect on Consumer Loyalty and Satisfaction as a Variable Intervening of Aqua Mineral Water Product (Study on Undergraduate Student of Management Study Program, Universitas Simalungun)".

II. Review of Literature

2.1. Brand Image

a. Understanding the Brand

Sunyoto and Danang (2012) stated "A brand is a name, term, sign, symbol or design or even a combination of all." Kotler and Armstrong (2012) state "a brand as a name, term, or design or a combination of them, aimed at identifying goods or services produced by producers".

Article 1 number (1) of the 2016 Law on Trademarks and Geographical Indications (IG Trademark Law) defines "marks are signs that can be displayed graphically in the form of images, logos, names, words, letters, numbers, and color arrangements, in the form of two (two) dimensions and / or 3 (three) dimensions, sound, hologram, or a combination of 2 (two) or more of these elements to distinguish goods and / or services produced by persons or legal entities in the trading of goods and / or services "

From the definition above, it can be concluded that the brand is a sign in the form of a picture, name, word, letters, numbers, arrangement of colors or a combination of these elements or symbols that possess distinctive power and are used in trading activities in goods and services.

b. Definition of Brand Image

Image is a concept that is easy to understand, but difficult to explain systematically because of its abstract nature Simamora (2004). American Marketing Association defines the brand ‘

"As a name, term, sign, symbol, or design or combination thereof intended to identify goods or services from one of the sellers or groups and differentiate them from competitors" (Kotler, Keller, 2008. Good brand requirements need to be considered, easy to remember, foster a positive impression, right for promotion (Buchari Alma 2018). Tjiptono states (2015) stating "brand image is a description of the association and consumer confidence in certain brands."

Based on the description above, it can be concluded that brand image is a series of consumer beliefs about a particular brand so that the brand association is inherent in the minds of consumers.

2.2. Consumer Loyalty

a. Understanding Consumer Loyalty

Oliver (1996) in Huriyati (2010) states "that loyalty is a deep commitment of customers to subscribe or re-buy selected products or services consistently in the future

even though the influence of the situation and marketing efforts have the potential to cause changes behavior".

While customer loyalty, according to Drake (1998) in Sukmawati (2011) states "that loyal customers always make repeat purchases, which in turn guarantees a stream of income for the company, has a tendency to buy more, is willing to pay a higher price, which will have an impact directly to the benefits of the company".

From the definition of dedication above, it can be explained that consumer loyalty is very important to the company and can guarantee the survival of a business because of customer satisfaction and will be loyal or loyal Sheth (1986) in (Fandy Tjiptono, 392), "brand loyalty as a function of frequency pembelian relative satu brand in situations that are time dependent and independent of time".

2.3. Consumer Satisfaction

Definition of Consumer Satisfaction

Kotler and Keller (2008,) says satisfaction is feelings of pleasure or disappointment someone who appears after comparing the performance (results) that are thought about the expected performance (results). According to Swan (1980) in (Fandy Tjiptono, 2014), customer satisfaction is as conscious evaluation or cognitive assessment involves whether the product's performance is relatively good or bad or whether the product is suitable or not suitable for the intended use.

Satisfaction will encourage consumers to buy back products. Conversely, if disappointed, consumers will not buy the same product again in the future. Consumer satisfaction is a post-purchase evaluation in which the alternative chosen is at least the same or exceeds consumer expectations. Disappointment arises when actual performance does not meet consumer expectations.

2.4. Thinking Framework

This thinking framework illustrates the effect of one independent variable, brand image in building consumer loyalty, the dependent variable with the intervening variable, which is customer satisfaction in a Aqua Mineral Water product. Framework for thinking as follows.

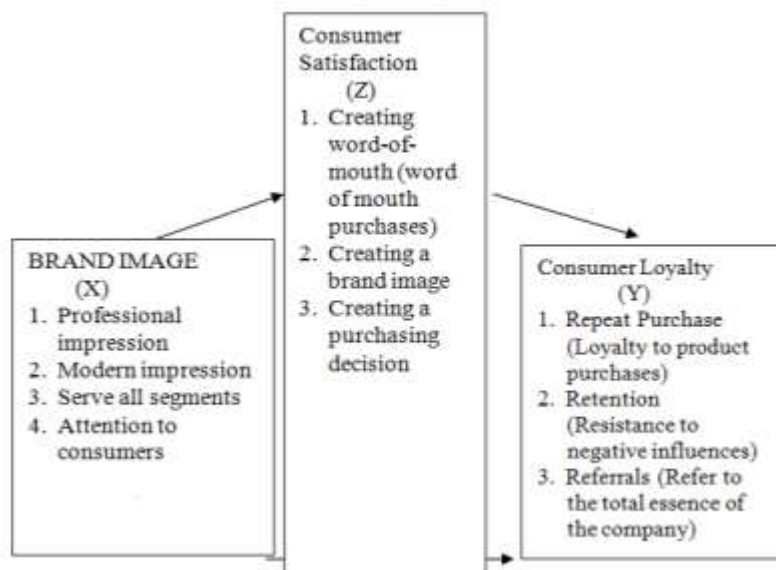


Figure 1. Framework of Thinking

2.5. Hypothesis

By looking at the formulation of the problem above, the hypothesis that the author puts forward is as follows:

"It is suspected that Brand Image has a significant effect on consumer loyalty with an intervening variable Consumer Satisfaction".

III. Research Methods

3.1. Research Location

This research was conducted in Universitas Simalungun (USI) Campus Environment in Pematangsiantar located at Jl. West Sisingamangaraja, Bah Kapul Village, Siantar Sitalasari District, Pematangsiantar City.

3.2. Population and Samples

The population in this study were all students of Faculty of Economics, Management Study Program VIII semester, amounting to 215 people, and the sample was intentionally determined as many as 77 people, namely students who have consumed mineral water aqua brand

3.3. Data Collection Techniques

To collect data, researchers distributed questionnaires to 77 students of VIII semester of Management Study Program who had consumed Aqua mineral water product.

3.4. Data Analysis Techniques

The analysis technique used is a simple linear analysis technique and by using path analysis, then it is processed using the SPSS Version 22 Program.

$$Y = Z = a + b1X + e$$

Where :

a	= constant
b	= regression coefficient
X	= Brand Image
Y or Z	= Consumer Satisfaction
e	= error

Path Analysis

Path analysis consisting of direct and indirect effects. To get the value of direct and indirect effects, regression analysis with intervening variables is used. Intervening variables are intermediate variables, which function to mediate the relationship between the independent variable and the dependent variable

3.5. Variable Operational Definition

a. Independent Variable

The independent variables in this study are:

Brand image

Brand image is a representation of the overall perception of the brand and is formed from information and past experience of the brand. The image of the brand associated

with attitudes in the form of beliefs and preferences towards the brand. Consumers who have a positive image of a brand, will make it possible to make a purchase. (Kotler and Keller, 2010), in their research indicators:

- Professional impression
- Modern impression
- Serve all segments
- Attention to consumers

b. Dependent Variable

Consumer loyalty.

Kotler and Keller (2006), loyalty is a deeply held commitment to buy or support a product and service that is favored by the future even though the influence of the situation and marketing efforts have the potential to cause consumers to switch. In the research indicators:

- Repeat purchase (Loyalty to product purchases)
- Retention (Resistance to negative influences)
- Referrals (Refer to the total essence of the company)

c. Intervening Variable

Consumer Satisfaction.

According to Kotler (2011) the key to retaining customers is customer satisfaction and the indicators are:

- Creating word-of-mouth (word of mouth purchases)
- Creating a brand image
- Create purchasing decisions at the same company

IV. Discussion

4.1. Research Results

Path Analysis

Path analysis is an extension of multiple linear regression analysis. In this study the parameters of brand image, customer satisfaction and customer loyalty. From the results of the SPSS output the following equation is obtained:

$$\text{Satisfaction} = a + p_2 \text{ brand image} + E_1 \quad (1)$$

$$Z = 10.861 + 0.457 (X) + 0.77$$

$$\text{Loyalty} = a + p_1 \text{ brand image} + p_3 \text{ satisfaction} + e_2 \quad (2)$$

$$Y = 11,943 + 0,230 (X) + 0,233 (Z) + 0,87$$

Note: Z = Satisfaction; Y = Loyalty; a = constant; p1, p2, p3 = path; e1, e2 = error



Source: Data processed, 2019

Figure 2. Path Analysis

Unstandardized beta coefficient value 0.457 in the regression equation 1, which means that brand image affects consumer satisfaction Unstandardized beta coefficient value 0.457 is a path value or p2, in regression equation 2 unstandardized beta coefficient value for brand image 0.230 and consumer satisfaction 0.233 all have a positive effect. The unstandardized beta coefficient value of brand image 0.230 is the path value of path p1 and the unstandardized beta value of customer satisfaction 0.233 is the path value of path p3. The value of $e1 = \sqrt{(1 - R^2)} = \sqrt{(1 - 0,237)} = 0,77$ and the amount of value $e2 = \sqrt{(1 - R^2)} = \sqrt{(1 - 0,126)} = 0,87$.

The path analysis results show that brand image can have a direct effect on consumer loyalty and can also have an indirect effect, that is, from brand image to consumer satisfaction (as an intervening) and then to consumer loyalty. The magnitude of the direct effect is 0.457 while the magnitude of the indirect effect must be calculated by multiplying the indirect coefficient $(0.457) \times (0.233) = 0.107$ or the total effect of brand image to consumer loyalty $= 0.230 + (0.457 \times 0.233) = 0.337$

The mediating effect shown by the multiplication coefficient $(p2 \times p3)$ of 0.107 is significant or not tested with the Sobel test as follows:

Calculate the standard error of the indirect effect coefficient (Sp_{2p3})

$$Sp_{2p3} = \sqrt{p3^2 Sp2^2 + p2^2 Sp3^2 + Sp2^2 Sp3^2}$$

$$Sp_{2p3} = \sqrt{(0,233)^2(0,095)^2 + (0,457)^2(0,116)^2 + (0,095)^2(0,116)^2}$$

$$Sp_{2p3} = \sqrt{(0,08854) + (0,212048) + (0,04408)}$$

$$Sp_{2p3} = 0,587084321 (0,59)$$

Based on the results of Sp_{2p3} , the t_{value} of the mediating influence statistic can be calculated using the following formula:

$$t = \frac{p2p3}{Sp_{2p3}} = \frac{0,107}{0,59} = 0,181$$

Because the value of t arithmetic $= 0.181$ is smaller than t table with a significance level of 0.05 which is 1.66, it can be concluded that the mediation coefficient of 0.107 is positive and significant which means there is a mediating effect. And the results of the study indicate that consumer satisfaction by brand image on consumer loyalty has a positive and significant effect.

4.2. Discussion

Based on the test results using SPSS V22 to test the structural relationship models that have been shown the following results are obtained:

a. Brand Image of Consumer Satisfaction

Based on the equation of the brand image of consumer satisfaction obtained by the equation $Z = 10.861 + 0.457 (X) + 0.77$. A constant of 10.861 states that if there is no brand image, the satisfaction value is 10.861 and the magnitude of the influence of other variables is called an error with a value of 0.77.

Brand image has a positive effect of 0.457 and is significant for customer satisfaction, this is indicated by the probability value (p) of $0,000 < 0.05$ (significance level of 5%). These results also show that the better the brand image, the better the customer satisfaction.

Brand image is one of the factors that can influence one's satisfaction in making a purchase. So brand image is very important to guarantee buyer satisfaction. Aqua Mineral Water has a very famous brand image, so when people are looking for Mineral Water, it will definitely be called the Aqua brand.

In the future, satisfaction will determine whether consumers will make a repeat purchase or not at all. Then one of them is to improve the brand image of Aqua Mineral Water in this case so that consumers do not switch and consumers are satisfied.

b. Consumer Satisfaction of Consumer Loyalty

Based on the equation of consumer satisfaction with consumer loyalty, the equation $Y = 11.943 + 0.233 (Z) + 0.87$ is obtained. A constant of 11,943 states that if there is no customer satisfaction, the value of consumer loyalty is 11,943 and the magnitude of the influence of other variables is called an error with a value of 0.87.

Consumer satisfaction has a positive effect of 0.233 and is not significant to consumer loyalty, this is indicated by the probability value (p) of $0.257 > 0.05$. These results also show that the better the customer satisfaction, the better the customer loyalty.

Satisfaction is a condition when needs, desires and expectations can be fulfilled through the product to be consumed. Satisfaction can be said as a feeling of pleasure or disappointment someone from the comparison of products purchased according to or not in accordance with expectations. For consumers to still be able to maintain that consumers continue to make repeat purchases or maintain customer loyalty, so it is very important to be concerned about customer satisfaction. When consumers are satisfied with what has been obtained and expected, this can encourage the realization of loyalty to consumers.

Students as respondents of Aqua Mineral Water were satisfied with what they had consumed. Satisfied consumers will be loyal longer and give good comments to others.

c. Brand Image of Consumer Loyalty

Based on the brand image equation on consumer loyalty, the equation $Y = 11,943 + 0,230 (X) + 0,87$. The constant of 11,943 states that if there is no brand image, the loyalty value is 11,943 and the magnitude of the influence of other variables is called an error with a value of 0.93 .

Brand image has a positive effect of 0.230 and is significant for consumer loyalty, this is indicated by the probability value (p) of $0.038 < 0.05$. These results also show that the better the brand image, the better the customer loyalty.

Brand image is an important factor for retaining consumers. Consumers will feel whether the products consumed have a positive brand image or not. This they will indirectly

perceive in the minds of consumers. Brand image is the starting point for creating a positive brand image and maintaining long-term consumer loyalty.

d. Brand Image of Consumer Loyalty through Consumer Satisfaction

Based on the equation of the brand image of consumer loyalty through customer satisfaction obtained the equation $Y = 11,943 + 0,230 (X) + 0,233 (Z) + 0,87$ coefficient positive value 0,230 (X); 0.233 (Z) which means there is a positive influence. A constant of 11,943 states that if there is no brand image, the value of loyalty through satisfaction is 11,943 and the magnitude of the influence of other variables is called an error with a value of 0.87.

Consumer satisfaction as an intervening variable is able to mediate the brand image of consumer satisfaction. This is indicated by the value of t arithmetic of 0.181 smaller than the significance level of 0.05 which is 1.66, so it can be concluded that the mediation coefficient of 0.107 is positive and significant. So this result means there is a positive influence of 0.230; 0.233 and significant between brand image on consumer loyalty mediated by consumer satisfaction.

And based on the brand image equation on consumer loyalty that is not through consumer satisfaction or directly obtained the equation $Y = 11,943 + 0,230 (X) + 0,87$ coefficient positive value 0,230. A constant of 11,943 states that if there is no brand image, the loyalty value is 11,943 and the magnitude of the influence of other variables is called an error with a value of 0.87. That there is a positive and significant influence of 0.230 as indicated by the probability value (p) of $0.038 < 0.05$.

The positive brand image of Aqua Mineral Water that is easy to remember and famous can give consumers a perception and satisfaction. Satisfaction can also encourage consumers to remain loyal consumers. Besides getting loyal customers, increasing brand image and satisfaction can provide benefits and recommends by word of mouth.

V. Conclusion

Variable brand image has a positive and significant effect on customer satisfaction. These results also show that the better the brand image, the better the customer satisfaction. The variable of customer satisfaction has a positive and significant effect on customer loyalty. These results also show that the better the customer satisfaction, the better the customer loyalty. The brand image variable on consumer loyalty has a positive and significant effect. These results also show that the better the brand image, the better the customer loyalty. Satisfaction is an intervening variable influence between brand image on consumer loyalty. Further research needs to be done by adding other variables to see more broadly how the brand image can satisfy consumers in order to increase consumer loyalty.

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