THE INFLUENCE OF BRAND IMAGE AND SERVICE QUALITY ON CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION IN BOSOWA BERLIAN MOTORS IN THE CITY OF MAKASSAR

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ABSTRACT

Today the competition in the business world is getting tighter, this is indicated by the number of competing companies that have sprung up that are engaged in the same type of business in capturing the market so that consumers buy the products offered and try to keep their customers so as not to turn to the same product from different companies. This study aims to analyze the effect of Brand Image and service quality on customer satisfaction, Brand Image and service quality on customer loyalty, the effect of customer satisfaction on customer loyalty, the influence of brand image and service quality on customer loyalty through customer satisfaction at PT. Bosowa Berlian Motor in Makassar city. To implement these objectives, data collection techniques are used through observation, questionnaires and documentation, using the Partial Least Square (PLS) analysis method. The results of the study found that brand image and service quality had a positive and significant effect on customer satisfaction. Brand image and service quality have a positive and significant effect on customer loyalty. Customer satisfaction has a positive and significant effect on customer loyalty. Customer satisfaction can partially mediate between brand image and service quality on customer loyalty. It can be indicated that the better the quality of service, the more satisfied the customer will be, thus impacting customer loyalty.

Keywords: brand image, service quality, customer satisfaction and loyalty

INTRODUCTION

Today the competition in the business world is getting tighter, this is indicated by the number of competing companies that have sprung up that are engaged in the same type of business. The companies compete with each other in capturing the market so that consumers buy the products offered and thus try to keep their customers so as not to turn to the same product from different companies. The High demand from the market insists some automotive products loaded with technology and power saving to produce competition between automotive industry companies in Indonesia to be getting stronger and competitive.

Intense competition makes it increasingly difficult for companies to increase the number of consumers or customers. The number of players in the market with all kinds of product advantages offered makes it even more difficult for the company to seize competitor's market. Intense competition will indirectly affect a company in maintaining market share, companies must work hard in maintaining customer loyalty. Owing to that efforts to maintain consumer loyalty are important things that companies must always perform. Retaining all existing customers is generally more profitable than customer turnover because the cost of attracting new customers can be five times the cost of retaining an existing customer. (Kotler, 2018: 207).
Customer loyalty is a deep enduring commitment to re-subscribe or re-purchase selected products or services consistently in the future, even though the influence of the situation and marketing their efforts affects the potential that causes behavior change (Huriyati, 2018: 129). Thus it can be stated that customer loyalty is very important in overcoming intense competition in the automotive business such that there is a need for a factor in increasing customer loyalty. Therefore Hasan (2013: 126) states that the longitudinal study indicates the main drivers of customer loyalty in the long-term are customer satisfaction, service quality, brand image, perceived, trust, customer relationship, switching costs, waiting time, reliability, dependability. From the key driver stated by Hasan (2013: 126), this study determines several variables affecting customer loyalty, i.e. brand image, service quality, and customer satisfaction. The reason is because these three factors are decisive in increasing customer loyalty.

Customer satisfaction is a requirement for customer loyalty, which is based on the opinion stated by Hasan (2013: 126) that customer satisfaction is one of the determinants of customer loyalty, at a higher level, customer satisfaction can increase customer loyalty. Then research conducted by Jannah, et al. (2018) stated that customer satisfaction positively and significantly affects customer loyalty.

Efforts to increase customer satisfaction and loyalty are largely determined by the presence of a brand image, Kotler and Keller (2016: 332) stated that brand image is how consumers perceive or assess (brand) a company actually as reflected in the associations that occur in their memory. Brand image has an effect on customer satisfaction, which is based on the opinion expressed by Hasan (2013: 126) that there is a positive relationship between brand image and customer satisfaction, while Hartono, et al (2015) found that brand image affects customer satisfaction.

Brand image affects customer loyalty which is based on the opinion expressed by Hasan (2013) that brand image appears to be a determining factor for customer loyalty, at a higher level, customer satisfaction increases customer loyalty and they participate to build a more positive corporate image as well. Empirical studies find a positive relationship between company image and customer satisfaction which leads to loyalty, brand or company image that plays an important role in customer loyalty. Then Gabrielle, et al (2018) suggest that there is a positive and significant influence between brand image on customer loyalty.

Another aspect that needs to be considered in order to increase customer satisfaction is the quality of service, thus it has implications for customer loyalty. From the opinion expressed by Lovelock, et al(2013: 154), service quality is the result of an evaluation process where customers compare their perceptions of services and the results with what they expect. Were the service quality of a service good, the customer will be satisfied. Otherwise, were the quality of service not meeting the expectations, customers will not be satisfied, thus affect their attitudes in the future. Hariyanto, et al (2013) found that service quality has an effect on customer satisfaction.

Lupiyoadi (2016: 153) stated that one of the factors affecting the level of customer loyalty is service quality. Companies need to improve service quality to develop customer loyalty, because low quality products or services will bear the risk of unfaithful customers. If the quality is concerned, customer loyalty will be easier to obtain. Lubis and Saryadi's (2013) research found that service quality positively and significantly affects customer loyalty. Meanwhile, research conducted by Ari Anggara Winadi Prasetyoning Tyas, et al (2016) stated that Service Quality insignificantly affects on Consumer Loyalty. With inconsistent research, there is a research gap in this study so it is a necessity that the effect of service quality on customer loyalty be reevaluated.

Later in this study, a mediation test will be carried out, that is the effect of brand image on customer loyalty with customer satisfaction as the intervening variable. This is based
on research conducted by Prasetyoning Tyas and Kenny (2016) where the findings indicate that customer satisfaction can mediate the effect of brand image on customer loyalty. Furthermore, the second mediation test is the effect of service quality on customer loyalty through customer satisfaction as done by Cintya Damayanti (2015), in which the findings indicate that customer satisfaction can mediate the effect of service quality on customer loyalty.

PT. Bosowa Berlian Motor Makassar, which is one of the largest Mitsubishi brand car dealers in Eastern Indonesia, focuses on Xpander Cars, which have a slightly higher price and more complete offered features when compared to other car brands. The sales of Mitsubishi Xpander and its competitors during 2018 to 2019 achieved by the branches, i.e. Urip, Pettarani and Kima have decreased, where one of the factors that caused the decline in sales is because the quality of service still needs to be improved especially those related in terms of employee reliability in serving customers still needs to be improved and there is a need to increase employee responsiveness when serving customers as well, thus customer satisfaction can be improved. Therefore, with the phenomenon that occurs, this is an important factor to study, in which there are some previous researchers who get inconsistent research results and besides that because of the phenomena faced by the company at PT Bosowa Berlian Motor in Makassar.

LITERATURE REVIEW
A. Definition of Brand
Brand is an important thing in a product because it can reveal the identity of a product or service created by the companies. Companies that are good at giving a brand to product or service then that products or services possess privilege in the eye of their customers.

According to Kotler and Keller (2018: 258) a brand is a name, term, sign, symbol, design, or a combination of these, which is intended to identify the goods or services of a seller or group of sellers to differentiate from competitors’ goods or services.

B. Definition of Brand Image
Brand image is the description about the association and the customer belief against certain brand. Thus, the good brand image is an important necessity for some product to create characteristics or direction of the product brand. With assessment from the customer in the experience of using or enjoying a product or service from that brand, consumers will easily distinguish which product or service is good or not by recognizing the brand.

According to Sangadji and Sopiah (2016: 327), a brand image can be considered as an association that appears in the minds of consumers when remembering a certain brand. This association can simply appear in the form of a particular thought or image associated with a brand, because brand image can have a positive or negative effect, depending on one's perception of a brand on purchasing decisions.

C. Service Quality
Service quality can define as how far the difference between reality and customer expectation from the service they got (Parasuraman, 2011). Service quality is the level of excellence that they have expected and controlled over that level of excellence to fulfill customer desires. So that the service itself has its own value for customers in terms of creating values for customers. According to Lovelock, et al (2013: 154) suggested that "Service quality is the result of an evaluation process in which customers compare their perceptions of services and the results with what they have expected".

Based on several definitions of service quality according to some of the experts above, the authors draw the conclusion that service quality is a process that can be used to compare their perceptions of the reality of the services provided with what they have expected.
D. Customer Loyalty

Customer loyalty is a manifestation and continuation of customer satisfaction in using the facilities and services provided by the company and to remain a consumer of the company (Juniardi, Haerani, & Munir, 2018). Loyalty is a proof of consumers who constantly has the strength and positive attitude towards the company.

Tjiptono and Diana (2019: 128) stated that customer loyalty is a combination of the possibility of a customer to repurchase from the same supplier in the future and the possibility to buy a company's products or services at various price levels (price tolerance). Customer loyalty is an important component in the ACSI model because it acts as a principle for profitability.

E. Customer Satisfaction

Customer satisfaction is an important concept in marketing and customer research. It is common opinion if a customer is satisfied with a product or brand, they are more likely to keep buying and use it and tell other people about their safe experience with the product. If they are not satisfied, they tend to switch brands and raise objections to manufacturers, retailers, and even tell other customers or customers about it (Edar, Asdar, & Munir, 2019). Viewed from high customer satisfaction result so called quality, because it can be defined as something that satisfies and exceeds customer wants and needs.

RESEARCH METHODS

Study Location and Design

This study is conducted at an automotive company to be precise at PT. Bosowa Berlian Motor, located at Jalan Urip Sumohardjo No.188 Makassar. The research design is a quantitative research using a case study method that seeks to clearly describe the object under study in order to obtain an adequate conclusion. The research design was to determine the effect of Brand Image and Service Quality on loyalty through customer satisfaction.

Data Collection Technique

To obtain data, data collection techniques are used through observation, interviews, questionnaires, and documentation. The method of measurement is to use the Likert scale, which according to Umar (2013: 61), the measurement method is to confront a respondent with several statements submitted in the questionnaire and then requested to provide an answer. The data collected from the questionnaire will then be measured with a weight of 1 to 5, with categories: strongly agree with a weight of 5, agree with a weight of 4, neutral with a weight of 3, disagree with a weight of 2 and strongly disagree with a weight of 1.

Data Analysis Technique

The data analysis technique used in this study is the Partial Least Square (PLS) approach using the Smart PLS 2.0 software. PLS is a variant-based Structural Equation Modeling (SEM) statistical method designed to solve multiple regression when specific data problems occur, such as small study sample sizes, missing data and multicollinearity (Jogiyanto and Abdillah, 2010).

The Partial Least Square (PLS) approach can be used for small sample size data. The fundamental difference between covariance-based and variant-based SEM is their intended use. Covariance-based SEM aims to estimate the model for theory testing or confirmation, while variant SEM aims to predict causality or the relationship used for theory development (Jogiyanto and Abdillah, 2010). This research is a study that aims to predict models for theory development so that the analysis technique used is to use PLS. The data analysis steps in this study are as follows:
1. **Descriptive Analysis**

Descriptive statistics is intended to provide a vision about demography of research respondents and variables of it to figure out absolute distribution of frequency indicating average number of actual range (mean), standard deviation, and tendency of respondents’ answers.

2. **Hypothesis Test**

Hypothesis test in this research is performed by Partial Least Square (PLS) analysis tool. PLS is a variant-based structural equation analysis (SEM) which can test the outer model and the inner model simultaneously. Outer model is used for validity and reliability test, while inner model is used for causality test (hypothesis and prediction model test) (Jogiyanto and Abdillah, 2015:14)

3. **Outer Model**

Outer model is a measuring to evaluate validity and measuring of model parameter (convergent validity, discriminant validity, composite reliability, and cronbach’s alpha) including $R^2$ value as a parameter of accuracy of prediction model (Jogiyanto and Abdillah, 2015:57)

4. **Validity Test**

Convergent validity from measuring model with indicator reflective model is rated based on loading factor (correlation between component score and construct score) which is calculated with smartPLS. Reflective measurement is referred to as high if it correlates more than 0.70 with the construct that will be measured.

5. **Reliability Test**

There are two methods which can be used in reliability test in LPS, those are Cronbach’s alpha and composite reliability. Cronbach’s alpha measures the lower limit of reliability of a construct while composite reliability evaluates the actual value of reliability of a construct. A construct is referred to as reliable if the value of Cronbach’s alpha is more than 0.6 and the value of composite reliability has to be more than 0.7 (Jogiyanto and Abdillah, 2015:81)

6. **Structural Model (Inner Model)**

Structural model in smart PLS is evaluated by using $R^2$ for dependent construct, path coefficient value or t-value of each path for significance test among each construct in inner model. The value of $R^2$ is used to measure the various level of independent variable change with dependent variability. The higher the value of $R^2$, the better the production model of the proposed research model. The value of path coefficient or inner model reveals the level of significance in hypothesis test. The value or the score of t-statistics value has to be more than 1.96.

**RESEARCH RESULT**

**SEM Partial Least Square (PLS) Analysis**

SEM Partial Least Square (PLS) is used to analyze the data of this research. The result is supposed to analyze the influence of brand image and service quality to customer loyalty through their satisfaction in which the analysis of the data uses SEM-PLS to perform two steps of analysis those are outer loading and inner model analysis.

Outer model analysis or measuring model uses the relationship between indicator block and latent variable. The result using Smart Path Least Square 3.0 with algorithm process is illustrated in figure below:
Based on the results of the pathway test, the results of hypothesis testing can be presented, that are:

a) The effect of brand image on customer satisfaction at PT. Bosowa Berlian Motor
The effect of brand image on customer satisfaction, which is has a coefficient of 0.552 with a $\rho$ value of 0.000. It means there is a positive and significant effect, it shows that the higher of Xpander car brand image, the significantly increased consumer satisfaction in buying a car. Thus the first hypothesis which states that brand image affects consumer satisfaction at PT. Bosowa Berlian Motor in Makassar is acceptable.

b) The effect of service quality on customer satisfaction at PT. Bosowa Berlian Motor
The effect of service quality on customer satisfaction at PT. Bosowa Berlian Motor, which the results of data processing with PLS 3.0, the coefficient value is 0.406 and the $\rho$ value is 0.000. These result shows that service quality positively and significantly affects customer satisfaction. This indicates that the better the quality of services provided by PT. Bosowa Berlian Motor in Makassar will have an effect in increasing customer satisfaction. Thus, the second hypothesis which states that service quality affects customer satisfaction at PT. Bosowa Berlian Motor in Makassar is acceptable.

c) The effect of brand image on customer loyalty at PT. Bosowa Berlian Motor in Makassar
The results of hypothesis testing are the effect of brand image on customer loyalty at PT. Bosowa Berlian Motor in Makassar obtained a coefficient value of 0.212 and a $\rho$ value of
Therefore, the value of \( \rho \) is 0.040 < 0.05, which suggests that it positively and significantly affects customer loyalty at PT. Bosowa Berlian Motor in Makassar. This can be revealed that the better the brand image will have a real effect on increasing customer loyalty at PT. Bosowa Berlian Motor in Makassar. Thus, the third hypothesis, brand image, that affects customer loyalty can be accepted.

d) The effect of service quality on customer loyalty
The effect of service quality on customer loyalty, after the results of data processing with PLS 3.0 are obtained, a coefficient value of 0.125 and an \( \rho \) value of 0.009, because of a \( \rho \) value of 0.009 < 0.05, it can be referred that service quality positively and significantly affects towards customer loyalty, it can be identified that the better the service quality will have a real effect in increasing customer loyalty at PT. Bosowa Berlian Motor in Makassar.

e) The effect of customer satisfaction on customer loyalty
The effect of customer satisfaction on customer loyalty, after processing the data with PLS 3.0, the coefficient value as of 0.655 and the \( \rho \) value as of 0.000. Where with a \( \rho \) value of 0.000 < 0.05, it can be referred to as customer satisfaction positively and significantly affects customer loyalty, which indicates that high customer satisfaction will give a significant effect in increasing customer loyalty at PT. Bosowa Berlian Motor in Makassar.

f) The indirect effect of brand image on customer loyalty through customer satisfaction
The indirect effect of brand image on customer loyalty through customer satisfaction which can be found as of 0.362 (0.552 x 0.655). This illustrates that the magnitude of the indirect effect of brand image on customer loyalty through customer satisfaction is 36.20%.

The result of the Sobel test analysis regarding the effect of service quality on customer loyalty through customer satisfaction, where \( \rho \) value is 0.000 < 0.05, it is indicated that customer satisfaction can mediate the effect of service quality on customer loyalty, where it can be indicated that service quality effect on customer satisfaction so that it has an effect on customer loyalty at PT. Bosowa Berlian Motor in Makassar.

1. The effect of brand image on customer satisfaction
The result of research data analysis that has been done is the effect of brand image on customer satisfaction, especially at PT. Bosowa Berlian Motor in Makassar. It can be said that a high on brand image will give an effect on increasing customer satisfaction, it can be said that Mitsubishi Xpander car sales network and it has spread throughout the country besides that the Mitsubishi Xpander car has guaranteed product quality and is in accordance with the consumer's personality.

These results reveal that brand image of Xpander car sold by PT. Bosowa Berlian Motor has increased customer satisfaction because Xpander car products has guaranteed quality. This is because the Xpander car has advantages, i.e. the Mitsubishi Xpander car is equipped with an exterior which is an attractive and futuristic mix of MPV-SUV. Then the advantages of the Mitsubishi Xpander car so that it can increase customer satisfaction, because it has a very strong suspension and high enough ground clearance, tough performance and its equipped with reliable features. Another advantage is that it has a spacious cabin space and can save on maintenance costs or the price of car spare parts.

2. The effect of service quality on customer satisfaction
The finding of this research is the effect of service quality on customer satisfaction at PT. Bosowa Berlian Motor in Makassar. It can be said that service quality significantly and positively affects customer satisfaction in which service quality given by PT. Bosowa Berlian Motor in Makassar can be indicated for increasing satisfaction because of the skilled employees in serving the customer. Each employee is reliable in serving customer who will buy the car. They also have good responsiveness in giving information about the car, Xpander, to each customer.
Service quality applied by PT. Bosowa Berlian Motor in Makassar can improve strong physical performance that can travel in long distance, thus service quality performed by PT. Bosowa Berlian Motor in Makassar City affects customer satisfaction because of the quality of the sparepart is already guaranteed and available everywhere as well. Tjiptono (2014:271) emphasized that more the attribute performance increases than the expectations or the related attribute, the satisfaction and the quality of the service are increased as well and vice versa. Therefore, the theory which is put forward in this research corresponds with the theory found by researcher that the service quality can increase customer satisfaction.

Some of former researchers, Jannah (2018) and Fajario (2013), found that service quality positively and significantly affects customer satisfaction as well. Thus, what they previously found is in line with this research.

3) Effect of brand image on customer’s loyalty

Result of research data analysis is impact of brand image on customer loyalty at PT. Bosowa Berlian Motor in Makassar where the finding in this research indicates that brand image of Xpander car can positively and significantly affect customer loyalty. It can be indicated that brand image of Xpander car will increase customer to remain loyal for using Xpander car. It can be observed from customer’s perception where the customers will repurchase if there is the latest launch of Xpander car with customers who are not change over to choose another car.

Some previous researchers i.e. Winadi, et.al (2016), and Agustina (2018) in line regarding the research performed by researchers stated that brand image positively and significantly affects. Besides that, in the hypothesis previously published stated that brand image can positively and significantly affects the increase of customer loyalty.

4) Impact of service quality on customer loyalty

The findings obtained by researchers from questionnaire distributions suggest that service quality positively and significantly affects customer loyalty. It can be indicated that service found to be satisfying by customer will increase the customer loyalty. It can be seen on skill of PT. Bosowa Berlian motorcycle contributing good impression, thus can increase the service to remain using Xpander car. Another factor with service quality so that the customer loyal using Xpander Car is because the car branding Mitsubishi Xpander already has strong physical appearance that can cover long distances.

The findings obtained by researchers after performed observations have been in line with research conducted by Agustina (2018), Gabrella, et al. (2018), Damayanti (2015), Jannah (2018) stated that service performance positively and significantly affects customer loyalty. Thus, in this study has been in accordance with the previous hypothesis.

5) Impact of Customer Satisfaction on Customer Loyalty

The results of data analysis in this study indicate that customer satisfaction has a positive and significant effect on customer’s satisfaction. It can be indicated that high customer satisfaction will increase customer loyalty, particularly at PT. Bosowa Berlian Motor in Makassar, the reason is because customers are satisfied with the Mitsubishi Xpander brand car which is in accordance with what the company promises and there is a commitment from the customer to continue using the Mitsubishi Xpander car as well.

The findings obtained by several previous researcher, Jannah (2018), stated that customer satisfaction positively and significantly affects customer loyalty and is in accordance with the hypothesis that has been stated previously as well.

6) Impact of Brand Image on Customer Loyalty through Customer Satisfaction

The results in this study suggest that customer satisfaction can mediate the effects between brand image and customer satisfaction. It can be revealed that a high brand image will lead to satisfied customers so that it can have an impact on customers to stay loyal using the Mitsubishi Xpander car.
The findings obtained by researchers regarding the effect of brand image on customer loyalty through customer satisfaction are in line with research conducted by Rahmatia, S. (2016) that customer’s satisfaction can mediate the effect of brand image on customer’s loyalty and accept this research hypothesis.

7) The Effect of Service Quality on Customer Loyalty Through Customer Satisfaction
The findings in this study indicate that customer satisfaction can mediate the effect of service quality on customer loyalty. It can be suggested that the service quality carried out by PT. Bosowa Berlian Motor can provide satisfaction for customers so that it has an impact on customers to remain loyal in using Mitsubishi Xpander car.

Then the previous research performed by Fajariano (2013), is in line with the researcher's findings that customer satisfaction can mediate the effect of service quality on customer loyalty and is in accordance with the research hypothesis as well.

CONCLUSIONS AND RECOMMENDATIONS
Based on the results of the analysis and discussion that have been stated in this study are the conclusions of the analysis that follows: Brand image positively and significantly affects customer satisfaction. Service quality positively and significantly affects customer satisfaction, where the better the service quality at PT. Bosowa Berlian Motor to customers, the more satisfactory felt by customers can increase. Brand image affects positively and significantly affects customer loyalty at PT. Bosowa Berlian Motor in Makassar. Service quality positively and significantly affects customer loyalty; thus, it will increase customer loyalty for Xpander cars. Customer satisfaction positively and significantly affects customer loyalty. Customer satisfaction can partially mediate between brand image and customer loyalty. The higher the brand image is, the more customer will feel satisfied, thus affects customer loyalty in buying Xpander brand cars at PT. Bosowa Berlian Motor in Makassar city. Customer’s satisfaction can partially mediate service quality to customer loyalty. It can be indicated that the better the quality of service, the more customer will be satisfied, thus it affects customer loyalty. From the conclusions that have been described, there are suggestions connecting to the results of this study, those are : it is recommended that PT. Bosowa Berlian Motor improve employee responsiveness in providing information about the features of the Xpander car, including their accessories, to maintain the quality of service, thus the customers feel satisfied. It is recommended that PT. Bosowa Berlian Motor further expand its car marketing network to remote areas as well to increase the brand image further, thus customer loyalty can further be enhanced. Lastly, it is suggested that PT. Bosowa Berlian Motor pay more attention about service aspects by improving the physical appearance of the Xpander car to be more attractive to customers to increase customer loyalty.

PREFERENCES


