The Influence of Product Quality and Brand Image on Customer Loyalty with Customer Satisfaction as Intervening Variable

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ABSTRACT

This research analyzed the influence of product quality and brand image on customer loyalty with customer satisfaction at Janji Jiwa coffee shop in Blitar city. This type of research uses explanatory research, survey method and quantitative. Data were collected using questionnaires from 160 Janji Jiwa coffee shop consumers in Blitar city. The collected data was then tested using the Structural Equation Model (SEM) method in the Smart PLS 3 program application. This research found that product quality, brand image, and customer satisfaction positively and significantly affect customer loyalty. At the same time, product quality and brand image positively and significantly affect customer satisfaction. Customer satisfaction as an intervening variable can mediate the influence of product quality and brand image on customer loyalty positively and significantly.

INTRODUCTION

Customer loyalty is very important because loyalty is an impulse that arises from within the consumer in a high commitment to buy products/services again. Customers loyal and satisfied with the product/service will make purchases consistently or repeatedly and do not switch to other products/services. According to Wulf et al. (2001) customer loyalty illustrates the frequency of purchases made by customers for goods or services repeatedly at the same provider. Loyalty can be said as customer loyalty to certain products and services. Customers with high loyalty will always be loyal to using products or services from the same provider. There are several previous research results
which state that the importance of good customer loyalty is evidence of customer loyalty to the products or services provided by the provider. Services can't just create high consumer loyalty, but it is determined by the quality of the product that satisfies the customer. Product quality is the first thing that consumers see when they want to purchase. Good product quality stimulates consumers to buy it, and the better product quality makes these consumers make purchases of the same product repeatedly and makes customers stay (loyal customers). So, product quality is very important to creating customer loyalty. Kotler & Amstrong (2015) states that product quality is the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs. This state means that product quality is a characteristic of a product or service based on its ability to meet stated or implied customer needs.

According to Wibowo (2014) product quality follows customer expectations by the products offered. Based on this understanding, product quality is indicated by the ability of a product to fulfill customer desires. Product quality can receive good product quality under customer expectations either continuously with a stable level of consistency and vice versa. This research is in line with previous studies such as Savitri & Wardana (2018) and Agustin & Azhad (2019) which state that product quality has a positive and significant effect on customer loyalty. In contrast to the results of research by Koampa et al. (2017) and Amryyanti et al. (2012) which state that product quality has no significant effect, as well as the results of research by Kususmasasti et al. (2017) stated that product quality does not affect customer loyalty.

Customer loyalty is created apart from product quality, also formed by a good brand image. Brand image is very important because a brand image is a consumer's view of a product or service that is considered good and worthy of continuous consumption. According to Kotler & Keller (2012) brand imagery describes the extrinsic properties of the product or service, including how the brand attempts to meet customers' psychological or social needs. It means that the brand image describes the extrinsic nature of the product or service, including how the brand tries to meet customers' psychological or social needs. Armstrong (2014) stated that the beliefs held about a particular brand are known as brand image. It means that brand image is a set of beliefs held about a particular brand. A positive brand image will make consumers like a product with the relevant brand. This research was supported by several previous researchers, such as Siregar (2019), Syoalehat et al. (2016) and Garcia et al. (2020) state that a strong brand image has a positive and significant impact on customer loyalty. Unlike the case with the results of research, Kurniawati (2014) state that brand image has a positive but not significant effect on customer loyalty.

Loyal customers are customers who have loyalty to products/services that are considered good. Loyalty is indicated by the satisfaction with the product/service that has been consumed. So that in addition to product quality and brand image, the forming factor
for customer loyalty is satisfaction (Basith et al., 2014). Customers who are satisfied with certain products/services directly foster loyalty to the products/services that are consumed. So that customer loyalty will be created when consumers are satisfied with the products/services consumed. According to Armstrong (2014), customer satisfaction is a feeling of pleasure or disappointment that arises after the product results are thought to match the expected performance. Customer satisfaction occurs due to the psychological response that occurs by consumers who compare the gap between what was previously expected and what was experienced after consuming a product (Zena & Hadisumarto, 2012). Customers who are satisfied with the product/service will plan to repeat the purchase. Based on several results of previous studies such as Haron et al. (2020), Wijanarka et al. (2015), Hamsinah et al. (2014), and Satti et al. (2020) state that customer satisfaction has a positive and significant effect on customer loyalty. In contrast to Pradana (2018) which states that customer satisfaction has a negative and insignificant effect on loyalty.

Customer satisfaction is created because of the supporting factors, namely product quality, service quality, emotional (brand image), price, and cost (Sembiring et al., 2014). Based on the many factors driving customer satisfaction created by the quality of the product and a good brand image. The quality of the product received by the customer is good and in accordance with customer expectations, then a customer is directly satisfied with the product or service. Good product quality is very important for customer satisfaction. This is in line with the results of previous studies such as Siregar (2019), Pranata et al. (2019) and Runtunuwu (2014) stated that product quality has a positive influence on customer satisfaction. However, this is contrary to the research results of Kususmasasti et al. (2017) which states that product quality has no effect on customer satisfaction.

Another factor that supports customer satisfaction is the brand image. Customer satisfaction is also created because the product has a good brand image in the eyes of its customers. Products that already have a good brand image will be a distinct satisfaction for customers when enjoying the product. This research is supported by several previous researchers Nasution (2017) and Tomida & Satrio (2016) who stated that brand image positively influences customer satisfaction. However, this is different from the research results of Kho et al. (2014) stated that brand image has no significant effect on customer satisfaction. The phenomenon that recently emerged that drinking coffee in shops had become a habit for Indonesian people, not just drinking coffee. Still, coffee shops are also a destination for certain activities, such as meeting with clients, as a place for socialization, as a free photo studio, or as a place of study for students and college students. In Indonesia, the coffee shop business has local coffees such as Kenangan coffee, Soe coffee, Tuku coffee, Janji Jiwa coffee, Kulo coffee, Kokali, and Sagaleh,
which are local coffees that have various characteristics according to the wishes of consumers.

One of Indonesia's fastest-growing local coffee shops is the Janji Jiwa Coffee Shop. This shop is a local Indonesian coffee brand growing rapidly and won an award from the Indonesian World Record Museum (MURI) as a record-breaker for the fastest coffee shop growth in one year (Supihati, 2014). In addition, the Janji Jiwa Coffee brand won the top brand award in 2021. It can be seen from the Top Brand Index (TBI) results with a total of 39.5%. It proves that Janji Jiwa Coffee is a brand that is well known by the Indonesian people (Andriani, 2019). The Janji Jiwa Coffee Shop has also spread to 700 shops in 50 cities in Indonesia, and the target is to reach 1000 shops throughout Indonesia (Handayani, 2019). The Janji Jiwa Coffee Shop has begun to expand to Blitar City. The customers of the Janji Jiwa coffee shop in Blitar show high enthusiasm. This is reflected in the number of visitors with the same people coming to the coffee shop every day. The phenomenon of coffee drinks can be seen with the naked eye from the crowds of visitors at the Janji Jiwa coffee shop every day, even though they are willing to queue long and wait for hours to enjoy drinking coffee. Apart from that, Janji Jiwa provides facilities for its loyal customers to purchase Janji Jiwa coffee through dine-in, takeaway, and online delivery.

Visitors who come to enjoy the coffee shop of Janji Jiwa are customers of the same people. It proves that the customer is loyal to the Janji Jiwa coffee shop. The loyalty shown by the Janji Jiwa coffee shop customers is a manifestation of the satisfaction they get as long as they enjoy the coffee. Satisfied customers will provide feedback on high loyalty to the Janji Jiwa coffee shop. This feeling of the satisfaction arises because the product's quality is very good, and the brand image attached to the customer's mind is also good for the Janji Jiwa coffee shop. So that the current coffee shop has become a place for young people to share happiness with friends and family and even relax to fill their spare time enjoying coffee in a modern atmosphere Febrini et al. (2019). This phenomenon inspires researchers to examine customer loyalty more deeply and its antecedents, including product quality and brand image, which are considered quite relevant to customer satisfaction as intervening variables in the context of the Janji Jiwa Coffee Shop. This study aimed to determine, test, and analyze the effect of product quality and brand image on customer loyalty and positioning customer satisfaction as an intervening variable.

LITERATURE REVIEW

According to Kotler & Keller (2012) loyalty is a deep and persistent customer commitment to re-subscribe or re-purchase selected products/services consistently, even though situational influences and marketing efforts can cause customer behavior to shift. Customer loyalty is a behavioral impulse to make repeated purchases. Building customer
loyalty to a product or service produced by the business entity takes a long time through a repetitive buying process (Peter et al., 2013). According to the experts above, it can be concluded that customer loyalty is customer loyalty that is presented in consistent purchases of products or services over time and a good attitude to recommend to others to buy these products. So, it can be concluded that customer loyalty is created when customers feel comfortable and make repeated purchases of the product. According to Gaffar (2007) the indicators used to measure customer loyalty. Repeat purchases. 2). Purchases outside product/service lines (Purchases across product and service lines). 3) Recommend the product to others. 4). Demonstrate immunity (unaffected) by the attractiveness of competitors' products. If a customer is every one of the products and no product can match the product he likes, the competitor's strength will lose because loyal customers will not switch to competitors. According to Kotler & Keller (2012) indicators of customer loyalty are 1) repeat purchases (loyalty in purchasing products), 2) retention (resistance to negative influences about the company), and 3) referrals (referencing the total existence of the company). Meanwhile, Tjiptono (2010) suggests that there are six indicators used to measure customer loyalty, namely 1) repeated purchases, (2) the habit of consuming the brand, 3) always like the brand, 4) continue to choose the brand, 5) believe that the brand the best, and 6) recommend the brand to others. Based on the indicators above, the researchers chose research indicators, namely making repeated purchases, recommending to others, not being influenced by competing products' attractiveness, and believing that the brand is the best.

According to Greforius (2016) product quality describes all sides of the product offering that produce a benefit for the customer of the product or service. According to Kotler & Keller (2016) "Product quality is the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs". Product quality is the suitability of using the product to meet customer needs and satisfaction (Nasution, 2015). From the description above, it can be concluded that product quality is related to the value contained in a product that can be enjoyed by customers in the long term. The dimensions of product quality into several indicators which, 1) performance, 2) Features, 3) Reliability (reliability), 4) Conformance to specifications, 5) Aesthetics (aesthetics), 6) Durability, 7) Perceived quality (impression of quality), and 8) serviceability. According to Armstrong (2018) product quality indicators: 1) good taste, concerning the customer's assessment of the taste of a product offered. 2) product features, feature indicators are a competitive tool to differentiate the company's products from competitors' products. 3) packaging durability, durability shows in packaging and product age. Based on the indicators above, the researchers chose indicators as research, namely good taste, product features (product characteristics), packaging durability, and product beauty (Aesthetics).

Kotler & Keller (2012) states that Brand Imagery describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet
customers psychological or social needs. Meanwhile, according to Armstrong (2014), states that brand image is the set of beliefs held about a particular brand is known as brand image. Brand image is a set of memories that are in the minds of consumers about a brand, both positive and negative (Sopiah, 2013). So, it can be concluded that the brand image is the customer’s trust in a particular brand so that the brand association is attached to the minds of customers both positive and negative. The indicator of brand image according to Aaker (2018), namely recognition, is the level of recognition of a brand by consumers. Reputation is a brand that has a fairly high level or status because it is proven to have a good track record. Affinity is a brand that has a good relationship with its consumers. Finally, the domain, is how big the scope of a product that wants to use the brand in question. Measurement of brand image according to Kotler & Keller (2012) first is brand identity (Brand Identity, second is brand personality, third is brand association (Brand Association, fourth is brand attitude and behavior), fifth is brand benefit and competence. Brand Excellence Based on the indicators above, the researcher chose indicators as research, namely recognition, reputation, affinity, and domain.

Armstrong (2014) states that customer satisfaction is a feeling of pleasure or disappointment that arises after the product results are thought to match the expected performance. Customer satisfaction occurs as a result of the psychological response that occurs by consumers who compare the gap between what was previously expected and what was experienced after consuming a product (Zena & Hadisumarto, 2012). Customer satisfaction can be created when the company can meet the needs of its customers well and the company is able to provide according to customer expectations (Sopiah, 2013). Based on the opinion of several experts, it can be concluded that satisfied customers will have plans to repeat purchases on the product and use it and tell others about their pleasant experience with the product. The indicators that can be used in measuring customer satisfaction according to Keller (2016) theory are 1) creating Word-of-Mouth. 2) Creating a brand image. 3) A strong brand is a product added value for customers. 4) Repeat purchases. Indicators according to Tjiptono (2014) namely overall experience satisfaction, good mood and pleasure; fulfillment of customer expectations; customer satisfaction with the quality of service provided; willingness of customers to recommend to other parties; and associated with good choices, satisfactory products, satisfactory physical facilities, satisfactory service. In addition, according to Setyo (2017) indicators of customer satisfaction are meeting customer expectations, always using products, recommending to others, service quality, loyalty, good reputation, and location. Based on the indicators above, the researchers chose indicators as research, namely the fulfillment of customer expectations, product use, overall customer satisfaction, and creating word-of-mouth. Therefore, hypotheses in this research described as follow:

H1: Product quality has a positive and significant effect on customer loyalty
H2: Brand image has a positive and significant effect on customer loyalty
H3: Customer satisfaction has a positive and significant effect on customer loyalty
H4: Product quality has a positive and significant effect on customer satisfaction
H5: Brand image has a positive and significant effect on customer satisfaction.
H6: Customer satisfaction mediates the effect of product quality on customer loyalty
H7: Customer satisfaction mediates the effect of brand image on customer loyalty.

The framework of thought in this research is as follows:

![Conceptual Framework of the Antecedents of Customer Loyalty](image)

**Figure 1. Conceptual Framework of the Antecedents of Customer Loyalty**

**RESEARCH METHOD**

This research is explanatory, and the approach used quantitative. Furthermore, the population used is all Instagram followers of the Promise Kopi Kedai Jiwa in Blitar City and to determine the size of the sample, it is based on Sugiyono (2011) which states that a minimum sample size of 10 multiplied by the total number of research indicators of 16 indicators, then the number of samples is obtained: Number of samples = 16 x 10 = 160. Based on the calculations, a sample of 160 visitors was obtained, and the respondents were customers who had visited the Janji Jiwa Coffee Shop. The characteristics of the respondents are that they have bought coffee at least two times at Janji Jiwa Coffee Shop in Blitar and are non-dine-in consumers. This research was conducted at the Janji Jiwa Coffee Shop in Blitar City, located at Jl. Dr. Wahidin No.5, Kepanjen Lor, Kec. Kepanjenkidul, Blitar City, East Java, with the Instagram site @kopipromisejiwa.bltdrwahidin. In this study, the authors used a probability sampling technique, which is a random sampling technique. In addition, the data collection technique used in this study was a questionnaire. The questionnaire was used online with the help of using a google form linked to the Janji Jiwa Coffee Shop Blitar Instagram account. The implementation process includes a google form link in the caption that has been uploaded on the Instagram of Janji Jiwa Coffee Blitar. The research time was one month in December 2021. In this research, the assessment technique for respondents' answers to the questionnaire given uses a liked scale of 1-5. The analytical technique used in this research is the Incomplete Least Square (PLS) method. PLS is a method of solving Structural Equation Modeling (SEM).
RESULT AND DISCUSSION

In this study, the research sample by meeting the purposive sampling criteria was 160 customers with an average customer visiting more than 2 times. The data processing process starts from the recap of the data from the research questionnaires that have been collected according to the research variables studied. After processing the data, it is continued by using the Structural Equation Model (SEM) method in the Smart PLS 3 program application.

### Table 1. Hypothesis Test Results Direct Effect Between Variables

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Coef</th>
<th>Standard Deviation</th>
<th>T Statistic</th>
<th>P Values</th>
<th>Ha</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1→ Y</td>
<td>0,230</td>
<td>0,078</td>
<td>2,935</td>
<td>0,003</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>X2→ Y</td>
<td>0,246</td>
<td>0,105</td>
<td>2,339</td>
<td>0,020</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>Z→ Y</td>
<td>0,465</td>
<td>0,083</td>
<td>5,604</td>
<td>0,000</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>X1→ Z</td>
<td>0,390</td>
<td>0,115</td>
<td>3,385</td>
<td>0,001</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>X2→ Z</td>
<td>0,416</td>
<td>0,124</td>
<td>3,354</td>
<td>0,001</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: Primary Date processed, 2021

Based on the information on the results of data processing above, product quality (X1), brand image (X2), and customer satisfaction (Z) have a positive and significant relationship to customer loyalty (Y). This means that partially when product quality, brand image, and customer satisfaction increase, the customer loyalty of the Janji Jiwa Coffee Shop also increases significantly. In addition, product quality and brand image also have a positive and significant relationship to customer satisfaction. This also means that when product quality and brand image increase, it has an effect on increasing customer satisfaction at the Janji Jiwa Coffee Shop significantly. So that this research is in line with the results of the research Siregar (2019), Widiaswara (2017), dan Haron et al. (2020) which states that product quality, brand image, and customer satisfaction have a positive and significant effect on customer loyalty, and product quality and brand image have a positive and significant effect on customer satisfaction partially.

### Table 2. Hypothesis Test Results Indirect Effect of Mediation Variables

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Coef</th>
<th>Standard Deviation</th>
<th>T Statistic</th>
<th>P Values</th>
<th>Ha</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1→ Z→ Y</td>
<td>0,181</td>
<td>0,061</td>
<td>2,984</td>
<td>0,003</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
<tr>
<td>X2→ Z→ Y</td>
<td>0,193</td>
<td>0,075</td>
<td>2,578</td>
<td>0,010</td>
<td>Accepted</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: Primary Date processed, 2021

Based on the results of data processing above, it can be concluded that there is a positive and significant influence between product quality on customer loyalty through
customer satisfaction. This proves that when the customer satisfaction of the Janji Jiwa Coffee Shop increases because of the good quality of the product for the customer, the customer loyalty of the Janji Jiwa Jiwa Coffee Shop increases significantly. Furthermore, there is a positive and significant influence between brand image on customer loyalty through customer satisfaction. This also proves that when customers feel maximum satisfaction with the brand image that Janji Jiwa has, customer loyalty can increase significantly. So that this research is in line with the results of the research Widiaswara (2017) and Siregar (2019) which states that customer satisfaction mediates the effect of product quality and brand image positively and significantly on customer loyalty.

CONCLUSION

This research can be concluded that product quality, brand image, customer satisfaction and customer loyalty have a relationship and influence each other as a whole. The better the quality of the Janji Jiwa Coffee Shop products, the more loyal the customers are to the Janji Jiwa products, besides the better the brand image in the eyes of the Janji Jiwa Coffee shop customers, the higher the customer loyalty of the Janji Jiwa Coffee Shops. Furthermore, the customers of the Janji Jiwa Coffee Shop are satisfied with their products, so the loyalty of the customers of the Janji Jiwa Coffee Shop is high. This is because if the customer is satisfied, the customer will be loyal to the Janji Jiwa Coffee Shop. In addition, customer satisfaction is also able to mediate between product quality and brand image on customer loyalty. The better the quality of the product of the Janji Coffee Shop that is given to customers, so that the perceived customer loyalty is high if previously the customer felt satisfied and the better the brand image of the product or company of the Janji Kopi Kedai Jiwa, the higher the level of customer loyalty if previously the customer felt satisfaction with the Janji Jiwa Coffee Shop.

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