

THE INFLUENCE OF BRANDING CREDIBILITY ON WORD OF MOUTH THROUGH CUSTOMER SATISFACTION AND CUSTOMER SATISFACTION AND CUSTOMER LOYALTY AT INDOMARET SURABAYA SUPERMARKET

Angelina Gayatri^{1)*}, Elyzabet Gultom²⁾, Imelda Fransisca³⁾, Trifena Ferren Tiwow⁴⁾

^{1), 2), 4)} *Fakultas Ekonomi dan Bisnis, Universitas Pelita Harapan, Tangerang, Indonesia*

³⁾ *PT Ultra Prima Abadi, Indonesia*

e-mail: 01015210017@student.uph.edu
(Corresponding Author indicated by an asterisk *)

ABSTRACT

This article provides analysis for retail developments to retain customers and acquire new customers, rapid business development, and tight business development can affect certain variables. The method used is the brand credibility method by creating satisfaction and loyalty to a word of mouth that can have a positive impact on customers and businesspeople. The research approach used is the technical research of Indomaret Swalayan respondents by means of an approach between customers as consumer actors.

Keywords: Brand Credibility; Brand Loyalty; Customer; Word of Mouth

INTRODUCTION

Based on the times, the development of retail business in Indonesia has experienced rapid development. Retail business is all business activities that involve the sale of goods or services, or goods and services by a company or business institution that is carried out directly to consumers so that consumers can use them to meet personal, family, or household needs, with the main sales volume or more than 50% sourced from consumers, while a small part comes from the business market (Utomo, 2009). With a very profitable retail business flow for businesspeople, there will be many other businesspeople who are interested in moving in the retail business industry which will have an impact on increasingly fierce business competition in competing to multiply and retain customers.

In building a business, the aspect of creating a brand makes the company have credibility that can be known by customers to increase the level of interaction. Credibility itself has an impact on customers to make decisions in buying a product. Credibility according to Erdem and Swait (2004) is the commitment, belief, or intention of an entity at a certain time with the main component being trust and expertise. While brand credibility is the ability to trust in an brand that has a suitable composition or can give something that has been promised in a product.

To maintain and improve customer satisfaction, within the company for business managers must be able to have long-term relationships with customers to know the needs of current and future customers. Hill and Alexander (2017) defines customer satisfaction as a benchmark for how the total product performance of a company can be connected to a set of customer needs, as a form of assessment that customers accept the product or reject the product.

To maintain business, the influence on customer loyalty will give businesspeople to be customer-oriented in giving a repeat feeling to be able to make repeated purchase activities to cause customer consistency with the product, so that the loyalty has a satisfied influence generated on the purchase of a product. And in terms of word of mouth obtained has an influence in the form of promoting a product and providing recommendations to other potential customers from a customer who provides the information, the decision taken is assessed from customer satisfaction which receives purchase behavior that can achieve its own satisfaction.

Indomaret as one of the many supermarkets spread in Indonesia which aims to provide services to customers by providing a variety of products in accordance with good quality and prices in accordance with product capacity to provide benefits for customers to receive these prices in accordance with the products received. Indomaret has a market share which includes all customers, both individuals, families, and economic circles both middle and lower middle class. Indomaret is the best choice for customers who want to find needs easily without having to look for products too far, usually Indomaret itself is widely spread and located close to the area of residents' homes or along the road and in the gas station area, so that customers who have sudden needs can be easily met because Indomaret has a strategic location. And the products sold are very complete for daily needs and make everyone's place of choice to shop for needs at Indomaret. This research method greatly affects brand credibility, customer satisfaction, and customer loyalty to word of mouth at Indomaret supermarkets.

LITERATURE REVIEW

Brand Credibility

In general, credibility is built by a company with an action that repeatedly affects customers with good intentions at a certain time towards a certain brand with the aim of creating

brand credibility. Because credibility is an important factor for customers to make purchasing decisions. This is clearly acknowledged by Ghorban and Tahernejad (2012), that in addition to having a good relationship, credibility is also built-in order to create a sustainable business.

Credibility, according to Erdem and Swait (2004), is a commitment, belief, or intention of an entity at a certain time with the main components being trust and expertise. As for Erdem and Swait (2004), brand credibility is the ability to trust a brand that has the appropriate composition or can provide something that has been promised in a product.

Customer Satisfaction

Hill and Alexander (2017) defines customer satisfaction as a benchmark for how the total product performance of a company can be connected to a set of customer needs. Customer satisfaction can also be reflected in whether customers feel happy about the expected product. According to Nugroho (2007), if customers are happy and satisfied, it will increase company sales because customers will be loyal and often make purchases for a long time.

Customer Loyalty

According to Oliver (1999), Customer Loyalty is a commitment formed consciously or unconsciously to make repurchases or more often like products or services that have been consistently trusted for a long time with the same brand repeatedly, despite situational influences and marketing efforts that have the potential to cause behavior to switch.

Customer Loyalty arises from a brand that has succeeded in providing a positive and interesting experience for customers so that there is a feeling of satisfaction and trust that this brand can provide other more interesting experiences (Loureiro & Roschk, 2014, p. 213).

Based on the discussion, the hypothesis of this study was formulated as follows:

H1: Brand Credibility has an influence on Customer Satisfaction at Indomaret's supermarkets.

H2: Brand Credibility has an influence on Customer Loyalty at Indomaret's supermarkets.

Word of Mouth

According to De Angelis et al. (2012), word of mouth is the largest part of our daily lives. Everyone tends to share opinions, news, or information both with friends, family members, and other social ties.

When viewed from a business point of view, of course, word of mouth can be used as a profitable marketing strategy because it can make customers talk and recommend products or company brands to potential customers. The effect will arise from customer behavior in making purchase decisions and word of mouth results. If the word of mouth results are positive, it will encourage the decision to make a purchase. If the word of mouth results are negative, people will think again before making a purchase decision.

Based on the discussion, the hypothesis of this research was formulated as follows:

H3: Customer Satisfaction has an influence on Word of Mouth in Indomaret's supermarkets.

H4: Customer Loyalty has an influence on Word of Mouth at Indomaret's supermarkets.

H5: Customer Satisfaction has an influence on Customer Loyalty at Indomaret's supermarkets

H6: Customer Satisfaction mediates the influence of Brand Credibility on Word Mouth on Indomaret's supermarkets.

H7: Customer Loyalty mediates the influence of Brand Credibility on Word Mouth on Indomaret's supermarkets.

The following is an overview that shows the hypothesis in this study:

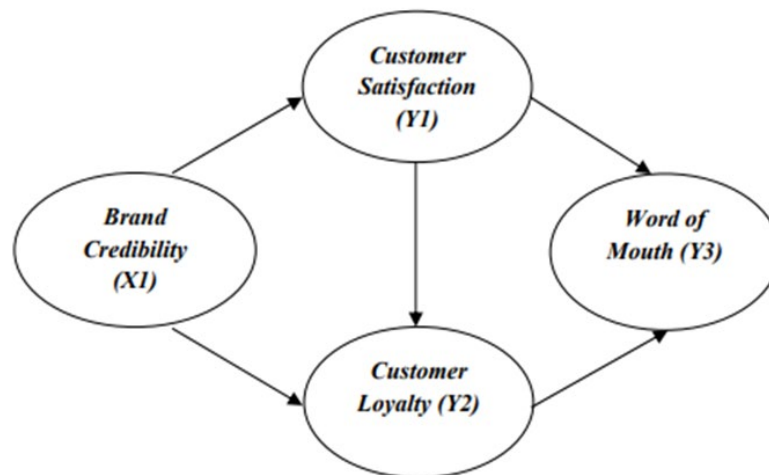


Figure 1. Analysis Model

Source: Modified from Ghorban & Tahernejad (2012); Mohsan et al. (2011)

RESEARCH METHOD

Forms of Research

This form of research is informal and uses hypotheses, where this informal research aims to see the relationship between a cause/causal of a thing. The design of this study is in the form of survey research, which is carried out by giving questionnaires to several respondents to obtain information from respondent data sources.

Operational Definition

a. Brand credibility

Brand credibility is a parameter of the level of consumer trust in a product information contained in a brand, in the form of ability or expertise and willingness or trust to fulfill the promises given (Erdem & Swait, 2004). Indicators of brand credibility are measured through three questions, namely:

1. The store has a trustworthy name.
2. The store can deliver what it promises.
3. The in-store shopping experience gives consumers hope to keep believing in the store's promises.

b. Customer satisfaction

Customer satisfaction is a person's perception of the performance of a product or service compared to those compared to their expectations (Kotler, 2003, p. 61). Indicators of customer satisfaction are measured through four questions, namely:

1. Feeling satisfied with the decision to shop in the store.
2. Shopping in stores is the right choice.
3. The in-store shopping experience is pleasant.
4. Feeling satisfied with the products and services in the store.

c. Customer loyalty

Consumer loyalty is customer attachment to a brand, manufacturer, service provider, or other entity characterized by repeat purchases (Tunggal, 2008, p. 6). Indicators of customer loyalty are measured through three questions, namely:

1. Desire to visit the store again.

2. The decision to shop again at the store.
 3. The store is the first choice if you want to shop.
- d. Word of mouth
- Word of Mouth is an activity consisting of thoughts, ideas and information shared among customers from their personal experiences, according to Mikkelsen et al. (2003) in Ghorban and Tahernejad (2012). Word of mouth indicators are measured through three questions, namely:
1. Saying positive things about the store to others.
 2. Recommend the store to others.
 3. Encourage friends and family to shop in stores.

Population and Sample

The target population in this study is all consumers who have shopped at Indomaret, Surabaya. Respondents in this study amounted to 150 people.

Sampling Technique

The sampling technique or sampling technique in this study is nonprobability sampling. The technique used to draw samples is purposive sampling. The target sample in this study is all consumers who have shopped at Indomaret, Surabaya with the characteristics:

- a. Respondents were both male and female.
- b. Respondents had a minimum age of 17 years.
- c. Respondents have shopped at Indomaret at least 2 times in the last 3 months.

Data Analysis Techniques

The data analysis technique used in this study is Structural Equation Modeling (SEM). With this SEM method, a comprehensive model can be displayed with the aim of explaining the relationship between one construct and another.

ANALYSIS AND DISCUSSION

Data Analysis

Table 1. Normality Test univariate

	P-value	P-value	P-value	
BC1	0.371	0.472	0.517	Normal
BC2	0.227	0.283	0.271	Normal
BC3	0.196	0.497	0.344	Normal
CS1	0.169	0.838	0.380	Normal
CS2	0.543	0.476	0.644	Normal
CS3	0.085	0.203	0.101	Normal
CS4	0.274	0.877	0.543	Normal
CL1	0.377	0.086	0.075	Normal
CL2	0.179	0.740	0.384	Normal
CL3	0.792	0.380	0.192	Normal
WOM1	0.341	0.653	0.575	Normal
WOM2	0.336	0.110	0.175	Normal
WOM3	0.086	0.158	0.085	Normal

Based on Table 1, the p-values for Skewness, Kurtosis, and Skewness and Kurtosis each have p values > 0.05 . This means that each variable follows a normal distribution function.

Table 2. Multivariate Normality Test

<i>Skewness</i>		<i>Kurtosis</i>		<i>Skewness and Kurtosis</i>		Keterangan
Z-score	P-value	Z-score	P-value	Chi-Square	P-value	
24.944	0.115	9.784	0.094	717.907	0.138	Normal

Based on Table 2, the p-values for Skewness, Kurtosis, and Skewness and Kurtosis each have p values > 0.05 . This means that each variable follows a normal distribution function so that it can be concluded that the data in this study both univariate and multivariate are abnormally distributed so that assumptions are met and analysis can be continued in the next procedure.

Table 3. Validity Test Results with Statistical T Values

Variabel Laten	Indikator	T - value	Cut-off Value	Keterangan
<i>Brand Credibility (BC)</i>	BC1	1,00	Acuan	<i>Valid</i>
	BC2	7,04	$> 1,96$	<i>Valid</i>
	BC3	5,13	$> 1,96$	<i>Valid</i>
<i>Customer Satisfaction (CS)</i>	CS1	1,00	Acuan	<i>Valid</i>
	CS2	12,20	$> 1,96$	<i>Valid</i>
	CS3	4,05	$> 1,96$	<i>Valid</i>
	CS4	6,16	$> 1,96$	<i>Valid</i>
<i>Customer Loyalty (CL)</i>	CL1	1,00	Acuan	<i>Valid</i>
	CL2	6,99	$> 1,96$	<i>Valid</i>
	CL3	3,60	$> 1,96$	<i>Valid</i>
<i>Word Of Mouth (WOM)</i>	WOM1	1,00	Acuan	<i>Valid</i>
	WOM2	8,00	$> 1,96$	<i>Valid</i>
	WOM3	3,24	$> 1,96$	<i>Valid</i>

According to Table 3, indicator variables BC1, CS1, CL1 and WOM1 are called reference indicator variables. This is due to the formulation of 1.00* (can be seen in the Syntax Output in the Measurement Equations section). Since these four variables are reference indicators, these variables are automatically said to be valid. These indicator variables can also be said to be valid because they all contain T-values greater than 1.96. Therefore, all indicator variables in this study are valid. Based on calculations, the reliability value of brand credibility construct has been obtained at 0.74, customer satisfaction at 0.77, customer loyalty at 0.71, and word of mouth at 0.73. The result is a construct of brand credibility, customer satisfaction, customer loyalty, and word of mouth declared reliable.

Table 4. Goodness of Fit Index

<i>Goodness Of Fit Index</i>	<i>Cut-off value</i>	<i>Hasil model</i>	<i>Keterangan</i>
<i>Chi-square</i>	<i>Nilai-p</i> ≥ 0,05	0,062	<i>Fit</i>
AGFI	0,8 ≤ AGFI ≤ 0,9	0,85	<i>Marginal Fit</i>
GFI	≥ 0,9	0,90	<i>Good Fit</i>
CFI	≥ 0,9	0,93	<i>Good Fit</i>
IFI	≥ 0,9	0,95	<i>Good Fit</i>
NFI	≥ 0,9	0,92	<i>Good Fit</i>
RFI	≥ 0,9	0,91	<i>Good Fit</i>
RMSEA	≤ 0,08	0,074	<i>Good Fit</i>

The index results in goodness of fit showed that the model used in this study was good-fit.

Table 5. Structural Model Fit Test Results

Hipotesis	Variabel	t _{hitung}	t _{tabel}	keterangan
H1	<i>Brand Credibility</i> → <i>Customer Satisfaction</i>	4,72	1,96	<i>Signifikan (Diterima)</i>
H2	<i>Brand Credibility</i> → <i>Customer Loyalty</i>	2,81	1,96	<i>Signifikan (Diterima)</i>
H3	<i>Customer Satisfaction</i> → <i>Word Of Mouth</i>	3,37	1,96	<i>Signifikan (Diterima)</i>
H4	<i>Customer Loyalty</i> → <i>Word Of Mouth</i>	3,07	1,96	<i>Signifikan (Diterima)</i>
H5	<i>Customer Satisfaction</i> → <i>Customer Loyalty</i>	2,51	1,96	<i>Signifikan (Diterima)</i>
H6	<i>Brand Credibility</i> → <i>Customer Satisfaction</i> → <i>Word Of Mouth</i>	4,10	1,96	<i>Signifikan (Diterima)</i>
H7	<i>Brand Credibility</i> → <i>Customer Loyalty</i> → <i>Word Of Mouth</i>	4,10	1,96	<i>Signifikan (Diterima)</i>

Table 6. Direct Influence, Indirect Influence, and Total Influence Between Latent Variables

Variabel	<i>Direct Effect</i>	<i>Indirect Effect</i>	<i>Total Effect</i>
<i>Brand Credibility</i> → <i>Customer Satisfaction</i>	0,41	0	0,41
<i>Brand Credibility</i> → <i>Customer Loyalty</i>	0,71	0	0,71
<i>Customer Satisfaction</i> → <i>Word Of Mouth</i>	0,43	0	0,43
<i>Customer Loyalty</i> → <i>Word Of Mouth</i>	0,19	0	0,19
<i>Customer Satisfaction</i> → <i>Customer Loyalty</i>	0,47	0	0,47
<i>Brand Credibility</i> → <i>Word Of Mouth</i>	0	0,27	0,27

Discussion

1. From the results of data processing, it has been proven that brand credibility has a significant effect on customer satisfaction because it has a t-count value of 4.72, and the number is greater than 1.96. This shows the results of the better the credibility of the Indomaret brand in the minds of consumers, the more customer satisfaction will increase.
2. The results of data processing prove that brand credibility has a major influence on customer loyalty because it has a t-count value of 2.81, which is greater than 1.96. These results indicate that the better Indomaret's brand credibility in the minds of consumers, it will increase customer loyalty. The results of data processing prove that customer satisfaction has a large and significant effect on word of mouth, namely because it has a t-count value of 3.37, greater than 1.96. These results show that the more satisfied customers are when shopping at Indomaret, the word of mouth increases.

3. The results of data processing prove that customer loyalty has a significant effect on word of mouth because it has a t-count value of 3.07, greater than 1.96. These results show that the higher customer loyalty to Indomaret, it will increase word of mouth also among these customers.
4. The results of data processing prove that customer satisfaction has a significant effect on customer loyalty because it has a t-count value of 2.51, greater than 1.96. These results show that the more satisfied customers are when shopping at Indomaret, the more customer loyalty will increase.
5. The results of data processing prove that customer satisfaction has a significant effect and is an intervening between brand credibility and word of mouth factors because it shows that it has a t-count value of 4.10, greater than 1.96. These results show that the better the credibility of the Indomaret brand, the more satisfied customers are when shopping at Indomaret. Word of mouth was created among these customers.

CONCLUSION

Conclusion

In this study, it was found that there are intervening variables, namely those found in customer satisfaction and customer loyalty, which is between brand credibility on word of mouth which has a positive influence between brand credibility on customer satisfaction and customer loyalty, there is a positive influence between customer satisfaction and customer loyalty on word of mouth, and there is a positive influence between customer satisfaction on customer loyalty.

Suggestion

For future researchers, it is expected to continue this research using other variables that the author has never examined.

REFERENCES

- Deangelis, M., Bonezzi, A., Peluso, A. M., & Rucker, D. D. (2012). On braggarts and gossips: A self-enhancement account of word-of-mouth generation and transmission. *Journal of Marketing Research*, 49(4), 551–563. <http://dx.doi.org/10.2307/41714446>
- Erdem, T., & Swait, J. (2004). Brand credibility, brand consideration, and choice. *Journal of Consumer Research*, 31(1), 191–198. <https://doi.org/10.1086/383434>
- Ghorban, Z. S., & Tahernejad, H. (2012). A study on effect of brand credibility on word of mouth: With reference to internet service providers in Malaysia. *International Journal of Marketing Studies*, 4(1), 26–37.
- Hill, N., & Alexander, J. (2017). *The handbook of customer satisfaction and loyalty measurement* (3rd ed.). Nigel Hill.
- Kotler, P. (2003). *Marketing management* (11th ed.). Prentice-Hall.

- Loureiro, S. M., & Roschk, H. (2014). Differential effects of atmospheric cues on emotions and loyalty intention with respect to age under online/offline environment. *Journal of Retailing and Consumer Services*, 21(2), 211–219. <https://doi.org/10.1016/j.jretconser.2013.09.001>
- Mohsan, F., Nawaz, M. M., Khan, M. S., Shaukat, Z., & Aslam, N. (2011). Impact of Customer Satisfaction on Customer Loyalty and Intentions to Switch: Evidence from Banking Sector of Pakistan. *International Journal of Business and Social Science*, 2(16), 263–270.
- Oliver, R. L. (1999). Whence consumer loyalty?. *Journal of Marketing*, 63, 33–44. <https://doi.org/10.2307/1252099>
- Tunggal, A. W. (2008). *Dasar-dasar customer relationship management (CRM)*. Harvindo.
- Utomo, T. J. (2009). Fungsi dan peran bisnis ritel dalam saluran pemasaran. *Fokus Ekonomi*, 4(1), 44–55. <https://ejournal.stiepena.ac.id/index.php/fe/article/view/50/0>