



Article

The Effect of Brand Image and Service Quality on Customer Loyalty A Case Study of Gojek in Medan, Indonesia

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Abstract: Not only to find out how to acquire new customers but also to maintain the existing customer is a homework for every company. It is a common thing for every company that start to grow prominent to measure the level of customer loyalty. Customer loyalty is believed to come along with brand image and service quality. The objective of this research is to find out whether brand image and service quality does influence customer loyalty or not. Brand Image has been defined as how the customer perception of a certain brand. Service quality is a comprehensive of customer evaluation of a certain service in the certain company. Meanwhile, customer loyalty is the tendency of the customers to buy and use the product again. The research is using quantitative approaches as the research design and using IBM SPSS-20 application where the sample size is 125 by using non-probability purposive sampling technique. The data analysis method of the research uses multiple linear regression to check on the hypothesis. The result of the final research paper finds out that brand image and service quality does have an influence in maintaining customer loyalty at Gojek customers in Medan.

Keywords: brand image; service quality; customer loyalty.



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1. Introduction

As the first and the only Decarcorn in Indonesia, Gojek that is founded by Nadiem Makarim in Jakarta 2010. Gojek started their business from 20 motorcycle taxis that helps connect customers to the drivers (Handani et al 2019). Presently Gojek becomes one of the most prominent startups in Indonesia. Gojek merges with one of the unicorns Tokopedia and becomes GoTo and becomes the Indonesia highest valued startup worldwide in 2021 which valued at more than 15 billion us dollars (Icasiano & Taeihagh 2021). As per data retrieved on 23 July 2021 Gojek currently have a rating 4.4/5 with 4 million reviews and more than 50 million downloads (Choa & Anindyab, 2021). Gojek currently is available in several countries not only in Indonesia but also Thailand, Vietnam and Singapore. As the company grows more prominent, it is essential to measure customer loyalty. The company must maintain its existing customer while acquiring new customers to find out how its growth. Casidy & Wymer (2016) advised to conceptualizing customer loyalty from their behavior and the customer's attitude on the brand.

Annually, Top Brand award is announced to help the company in analyzing brand performance of the company so that the company can evaluate and work on strategy to improve. Top Brand will hold a survey of 12,000 respondents in 15 cities in Indonesia that includes Jakarta, Surabaya, Medan, Makassar, Denpasar and many more by using several indicators in determining the performance of a certain brand which are mindshare, market-share and commitment-share.

Table 1. Top Brand Awards.

Company	Years					
	2016	2017	2018	2019	2020	2021
Gojek	80.8	59.2	44.9	44.6	47.3	53.0
Grab	14.7	28.2	48.0	43.1	43.5	39.7

Source: https://www.topbrand-award.com/top-brand-index/?tbi_find=gojek

Table 1 shows how is the growth of the two brands Gojek and Grab, although Gojek is still dominating but Gojek brand performance fall greatly in 2017 so does 2018 and growing a bit in the past previous years. Several reasons for causing the deteriorating of the brand image starting from the emerging of the substitute Grab, a news on the leak of the Gojek user's data (Maulidi 2020), Gojek driver demonstration on July 2020 in Medan (Permatasari, 2022), the network problem that makes the app clash and unable to load, pickup delays that caused the estimation arrived different with the expectation, and the incompetent of Gojek's driver in using the navigation map (Hanifa et al., 2019) makes the Gojek's brand performance is not as great as the previous 5 years. This brand image may be impacting on the Gojek's brand performance since brand image is part of mind-share along with brand knowledge and market-share along with the brand experience to boost their brand performance as how the hierarchy of branding (Wijaya, 2013).

Table 2. Online Transportation Services.

Company	Ratings	Number of Downloads
Gojek	4.4	50M+
Grab	4.5	100M+
InDriver	4.7	50M+
Maxim	4.8	10M+

Source: Playstore, retrieved 23 July 2021

With the availability of the substitute product, Gojek must face fierce competition with Grab that has lots of promos, maxim that offers a more affordable price, and inDriver, that allows the customer to bargain the fee. From the data retrieved from the Playstore shows that Gojek lost to Grab in terms of number of downloads and has the same number of downloads with inDriver although inDriver was founded in Indonesia several years later. This is supporting on the idea of how Gojek need more recognition because their number of downloads that is still behind the competitors. In addition, Gojek main competitor Grab and new transportation apps like maxim and inDriver is having higher ratings compared to Gojek. From the ratings given from the customers, we can also see on how the reputation of the brand in the customers' eye. The company's reputation, how the customer sees our brand is called as brand image. It is a set of beliefs, ideas, and impressions that a person holds regarding an brand (Rasyid & Mardhotillah, 2019). This brand image is determined from the brand recognition, reputation, affinity and loyalty (Minar & Safitri, 2017).

Besides brand image, it is also found out that service quality also positively impacted customer loyalty (Mulyono & Pasaribu, 2021). A good service quality is when the level of service from providers and consumers expectation met or go beyond (Chandra & Wirapraja 2020). Service Quality is one of the dimensions for the service company to success (Herliyansyah, 2018). The SERVQUAL dimensions are measured from the tangible, reliability, responsiveness, assurance and empathy of the service (Yulianto, 2018). Gojek reviews from the Playstore showed lots of complaints of how the customer feel dissatisfied with the customer service of Gojek's. Starting from how the customer blamed the customer service that is unresponsive or inaccessible to reach the customer service and takes a long time to reply the customer inquiries. The irresponsible customer service by closing the tickets of the customers' inquiries although the problem hasn't been solved by them and leave the issue undone. Several users even compared their experience of using Grab that has a better customer support. This is very fatal when the customers wrote a better review for Gojek competitors in Gojek's review page. Customer service takes a very crucial role in driving customer loyalty (Kamath, 2018).

2. Literature Review

2.1. Brand Image

There are no concrete definition of brand and most people agreed. Brand is one of the most valuable assets of a company. Not only representing the face of the company but also the reputation of the company (Swastuti 2019). Brand Image is the consumers' perceptions that is shaped in customer's minds related to when the customers remember the brand (Setiawan et al., 2020). Brand Image is formed from the interactions of the customers with the certain brand (Pahwa, 2021). There are several indicators to measure the brand image starting from recognition, reputation, affinity and brand loyalty (Kotler & Keller, 2009; Minar & Safitri, 2017). Several research conducted and found out that brand image does have a positive influence on customers' loyalty (Malik 2020), (Mulyono & Pasaribu 2021). Hence, we proposed first hypothesis which is

H1: Brand Image (BI) has a positive and significant influence on Gojek's Customer Loyalty (CL)

2.2. Service Quality

Service quality contribute to customer loyalty, customer retention, word of mouth communication, customer satisfaction and profitability (Tjiptono, 2019). A comprehensive customer evaluation of a certain service and the extent to which it meets their expectation and provides satisfaction can be implied as quality of service (Pakurár et al 2019). In short service quality is the measurement of how much the service delivered meets the customers' expectations (Yarimoglu, 2014). Five dimensions of service quality are tangible, reliability, responsiveness, assurance and empathy (Tjiptono, 2019). Research showing service quality does have a positive influence on customers' loyalty (Darmawan, 2018; Saputri, 2019). Hence, we proposed second hypothesis which is

H2: Service Quality (SQ) has a positive and significant influence on Gojek's Customer Loyalty (CL).

2.3. Customer Loyalty

Loyalty has always been the main concern of the company, loyalty is an action of preferring a brand consistently over other same industry competitors (Ranabhat, 2018). Loyalty is the end journey of the customers, retaining customer loyalty is more expensive because losing one loyal customer means the company must start from the acquisition and convincing the potential customers and to make them finally became the loyal customers. Customer loyalty is the commitment of customers to stay in purchase and selected certain brand consistently (Widjaja et al., 2019). Not only about repurchasing but also a commitment and positive attitude towards the brand (Minar & Safitri, 2017). There are several indicators to measure the customer loyalty which is Referral, Repurchase, Retention (Setiawan et al., 2020). On the basis of the discussion above, the following research model proposed will be:

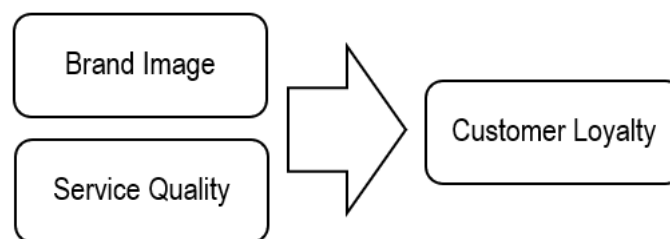


Figure 1. Research Framework.

3. Materials and Methods

This quantitative approach through survey questionnaire was used to gather the data and processed numerically by using SPSS-20. Moreover, this study applies the technique of descriptive research design to describe or provide an overview of an object which are under investigation by using some data or samples required. Furthermore, the result of the questionnaire will be concluded inductively based on the data gathered. The data gathered will be tested to pass the instrument testing starting from validity and reliability test first before classical assumption test. This research examined the customer loyalty of Gojek customers in Medan. The target population is Gojek customers. However, given the fact that the population's exact size is unknown, non-probability sampling, particularly purposive sampling, is used. Although there are mainly 12 indicators but 19 questions total in this research. Hence, This study involved 95 respondents this research as the sample due to the respondents are determined form the questions multiplied by 5 (Hair et al., 2010).

In addition, the data collection of this research is by spreading questionnaire to Gojek's users in Medan and this study uses interval scale method which is the Likert scale (five level scale) in determine the response of the respondents

and utilizing SPSS software assistance to determine the result. This study uses a purposive sampling method to see how the loyalty of the Gojek's users, the reason behind the use of this sampling is because the researcher wants to focus more on certain groups of people which are (1) male or female, (2) Age from 18-60 years old, (3) domiciled in Medan, and (4) and have been using Gojek for the last 1 year. Before being distributed to 95 respondents, this study conducts a pre-test for 30 respondents first to check on the validity and reliability. The validity test was carried out using person correlation formula and Cronbach alpha for the reliability test. After these two tests, this study continues to classical assumption test, inferential statistics and finally hypothesis testing. All of these tests above will be analyzed by using statistical software, namely SPSS-20.

4. Results

This section reports the result of validity and reliability before going to regression analysis and test empirical the classical assumption. This study uses the correlation Pearson coefficient from SPSS in which if the r count $>$ r table. The r -table should be 0.361 to indicate that the questionnaire is valid since the df is 93 with the confidence interval of 95%. And the Cronbach Alpha Coefficient to test the reliability. If the outcome of the Cronbach of the variable is 60% or more show that the variable is reliable.

Table 3. Validity and Reliability test.

Variable(s)	Item Code	Validity		Reliability	
		Loading	Decision	Cronbach	Decision
Brand Image	BI1	0.677	Valid	0.802	Reliable
	BI2	0.707	Valid		
	BI3	0.648	Valid		
	BI4	0.597	Valid		
	BI5	0.689	Valid		
	BI6	0.793	Valid		
Service Quality	SQ1	0.654	Valid	0.898	Reliable
	SQ2	0.594	Valid		
	SQ3	0.840	Valid		
	SQ4	0.850	Valid		
	SQ5	0.846	Valid		
	SQ6	0.821	Valid		
	SQ7	0.844	Valid		
Customer Loyalty	CL1	0.805	Valid	0.832	Reliable
	CL2	0.670	Valid		
	CL3	0.606	Valid		
	CL4	0.738	Valid		
	CL5	0.862	Valid		
	CL6	0.751	Valid		

After testing the validity and reliability test, this study continues to the classical assumption test starting from the normality test, by using Kolmogorov - Smirnov method. The significant level shows $0.393 > 0.05$. It means the data passed the normality testing. The linearity significance of the brand image and customer loyalty is $0.00 < 0.05$ and deviation from linearity $0.952 > 0.05$. Moreover, the linearity significance of the service quality and customer loyalty is $0.00 < 0.05$ and deviation from linearity $0.122 > 0.05$. which means there is a significant linear relationship between the variables. The test of the Multicollinearity is by using Variance Inflation Factors (VIF). If the $VIF = 1$ means not correlated, $1 < VIF \leq 5$ moderately correlated and if the $VIF > 5$ means highly correlated. Both brand image and service quality show the same number of VIF which is 1.617 which means the relationship between the variables is moderately correlated. And finally, before going to the hypothesis testing, this study is going to use spearman rho's to check on the heteroscedasticity in which if the $sig > 0.05$ means there is no heteroscedasticity. The significant of brand image shows 0.818 and service quality is 0.493, means there is no heteroscedasticity among the variables. After passing the classical assumption test, we test the inferential statistics. Starting from the multiple linear regression.

Table 4. Result of Hypothesis Testing.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.973	3.387		0.287	0.774
Brand Image	0.638	0.162	0.420	3.925	0.000
Service Quality	0.204	0.096	0.229	2.134	0.035
R Square	0.590		Adjusted R Square	0.333	
R Square	0.348		Std. Error of the Estimate	3.207	

Note: Dependent variable: Consumer Loyalty

From the formulation above it can be implied that an additional on brand image will also add up the result of the customer loyalty as 0.638 so does the service quality will also affect the customer loyalty as 0.204. Having a significant of $0.000 < 0.05$ shows that brand image does have a positive and significant influence on customer loyalty. In addition, the t-value of $3.925 > 1.958$ shows that the first hypothesis of brand image is having a positive and significant influence in maintaining Gojek customer loyalty in Medan is accepted. Having a significant of $0.000 < 0.035$ shows that service quality does have a positive and significant influence on customer loyalty. In addition, the t-value of $2.134 > 1.958$ shows that the first hypothesis of service quality is having a positive and significant influence in maintaining Gojek customer loyalty in Medan is accepted. The coefficient of determination (R^2) is 0.333 which means that brand image and service quality has 33.3 percent impact toward customer loyalty at Gojek, and the rest 66.7 percent is affected by other factors.

5. Conclusion

After checking on the classical assumption test, the four variables used pass the criteria and valid to be hypothesize checking. From the calculation above there are several conclusions that can be made in this research which are as follows: The first hypothesis of brand image does have a significant influence on Gojek's in maintaining customer loyalty is accepted. It is found out that the higher the brand image in the customers' mind shows the more credibility of the brand (Setiawan et al., 2020). No matter how good the good the company is, some customers likely to be doubt once they heard about negative issues with the brand. Hence, the customers are likely to choose the other competitors instead. The second hypothesis of service quality has a positive and significant influence on gojek's in maintaining customer loyalty is accepted. Service quality contribute to customer loyalty, customer retention, word of mouth communication, customer satisfaction and profitability (Tjiptono, 2019). As a result, from the two conclusions above, it can be implied that the independent variables above play a very crucial role in the customer loyalty. A good service quality may help in supporting the brand to have a strong emotional connection between the brand and the customers creates the feeling of the loyalty. Therefore, Gojek must pay more attention on this because it influences Gojek's customer loyalty.

This study has several implications that may help the Gojek to grow, namely Brand image - Creating a campaign with giving rewards in form of promos or vouchers in social media like Instagram or Tiktok may be suggested to boost people awareness on sharing their experience in using Gojek. Gojek may also make their own brand characters like what Tokopedia did. This mascot is made to make the customer easier to remember and recall the brand. Gojek may try to reach more satisfied customers and customers that frequently used Gojek to review and rate their app in the play store in order to improve their stars. Encouraging more users to use their loyalty program to increase their brand loyalty. Service quality - In terms of reliability, Gojek must fix the ambiguous and inaccurate message written, there are some respondent wrote that Gojek information is incorrect. Gojek can also apply on a system to detect to check whether the delivery is arrived on time or not. And when the delivery is not on time, Gojek must do the fastest action like compensation or explanation to the customers. In the tangibility dimensions, Gojek is suggested to have a warning or punishment like suspensions from the company for the driver if they are caught red handed using other competitors attributes while taking the order. Instead of using tickets, it will be easier to have a help center or customer service feature in which the customer can directly have a chat with the customer service. This research study is only limited to four variables which are brand image, service quality, customer satisfaction and customer loyalty. Hence the writer would suggest adding more variables and samples for further research to find out what other variables may influence customer loyalty.

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