The Influence Of Customer Handling On Brand Image In Building Customer Loyalty

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Abstract: Complaint handling influences brand image which will influence customer loyalty in the future. This research is aimed to find out how the complaint handling is capable to influence against the brand image in building the customer loyalty of Indomaret Minimarket with the study case of Indomaret Minimarket. This research also aims to find out how the complaint handling is conducted by Indomaret Minimarket, the brand image of service on Indomaret Minimarket as well as the customer loyalty of Indomaret Minimarket. This research using questionnaire as an instrument in collecting the data. The analysis type of this research is descriptive analysis and causal. The sample used as many as a 165 respondents with purposive sampling techniques. This research uses 33 indicators that will be counted with analysis technique SEM (Structural Equation Modelling). The result of this research is that the complaint handling conducted by Indomaret Minimarket has been good but the aspect of speed in complaint handling is considered as not good. Besides, the brand image and loyalty have been good enough. The customer loyalty is influenced by the complaint handling and the brand image by 32.7%. The complaint handling has a significant influence against the customer satisfaction, but the complaint handling does not influence against the customer loyalty. The brand image significantly influences against the customer loyalty. Then, complaint handling influential not directly to customers trough loyalty of customer satisfaction. In addition, the necessary integrated system, standardization compensation and to rejuvenate issue at regular intervals to improve complaint handling that can give the effect to customer loyalty through brand image.

Keywords: complaint handling, brand image, customer loyalty, Indomaret.

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1 INTRODUCTION

Indonesia with a population of around 230 million is a potential market for modern retailing business. In the last ten years of retail business format hypermarkets, Minimarkets and minimarket, following the rise of the construction of a mall or shopping malls in major cities. Major retailers such as hypermarkets and department stores became the anchor tenant that can attract visitors. Even now started to spread to the retail business district towns, especially the type Minimarkets and minimarkets. Currently the retail business grew rapidly in the suburbs, given the location of many settlements in the area. In the last five years, modern retail turnover increase quite rapidly, it is also supported by rapid growth in the number of retail outlets, reaching 18 152 in 2011, compared to 10 365 outlets in 2007. According to the Association of Indonesian Retailers (APRINDO) growth of retail business in Indonesia between 10- 15% per year. Retail sales in 2006 was Rp 49 trillion, but sped up to Rp 100 trillion in 2010. In 2011 retail growth expected to remain the same, namely 10% -15% to reach Rp 110 trillion, following economic conditions and people's purchasing power is relatively good , The amount of revenue is the contribution of hypermarkets, followed by a mini market and Minimarket. Minimarket vigorous deployment in early 1990'an began to narrow the space market and traditional retail. At that time in various residential areas in Greater Jakarta and other big cities in Java Minimarkets mushrooming. Entering mid-1990'an Minimarket started getting competition from hypermarkets with the advent of Macro (now named Lotte Mart). The format of the modern market offered by different Minimarkets Seven Eleven mainly of broad and products offered, while the minimarket format in terms of services is very different because at Seven Eleven Minimarket kept to the minimum services to catch a cheap price So that the number of retail service providers are very much indicates that the current competition in the retail business in Indonesia is getting tight. Indomaret Minimarket which is a long time player in the retail industry have realized that with the increasing competition, it is necessary to handle complaints well in order Indomaret can continue to maintain its customers. One of the means provided Indomaret to handle customer complaints is a center of information outlets and each outlet Indomaret customer complaints. This is consistent with the theory that implement a complaints management is essential for achieving the level of brand image. Brand image is known to have a positive correlation with customer loyalty

2 MODEL, ANALYSIS, DESIGN AND THE TEORITICAL FRAMEWORK

2.1 Customer Complaint Handling

In the context of a service failure, the need for adequate implementation of complaint management to achieve customer satisfaction levels are higher. There are four important aspects of the handling of complaints, namely empathy with angry customers, speed in handling complaints, fairness or justice in solving problems or complaints, as well as easy for consumers to contact the company. Moreover in a study conducted Varela-Neira et al. using aspects such as perceived performance of complaint handling, service recovery expectation, disconfirmation of expectation and perceived justice to measure the handling of complaints. While Ryngelblum et al. in his research resulted in confirming indicator of consumer complaints and respond to consumer complaints and strengthen the existing tendency, as indicator which has an influence on customer satisfaction.

2.2 Brand Image

Establish a good interaction and relationships with customers in marketing theory these activities will improve and create value for retail customers, which in turn will build the image of the retail company. This was stated by Assael (2007: 162), namely: "An image is a total perception of the subject that this formed by processing information from various sources over time". Kotler and Keller (2009: 161) argues that: "Image is the set of beliefs, ideas, and impressions that a person hold of an object". While Aaker and Myers (2000: 116) states that the image is "The total imprression person of what a group of people think and know about the object". So it can be concluded that the image can be measured through opinion / impression / response of a person in order to know exactly what is in the mind of every individual of an object

2.3   Customer Loyalty

Loyalty is an old word that is usually used to describe the loyalty and obedience to the state, movement or individual. Characteristics loyal customer is making a purchase on a regular basis (makes regular repeat purchases), buying off line of products / services (purchases across and services line), recommending other products (Refers other), and indicates immunity of appeal similar products from competitors (demonstrates an immunity to the full of the competition).

2.4   Research Method

This research method is quantitative research methods. Type of research is descriptive research. Descriptive analysis was conducted to determine and be able to explain the characteristics of the variables examined in a situation. In addition, this study causal research design. The causal relationship is a relationship that is both cause and effect.

2.5   Data Collection

This study uses primary and secondary data. Primary data obtained from the questionnaire. While secondary data derived from books, company reports and news. The population is customers who have had a complaint at Indomaret Minimarket in 2015 as many as 316 customers. For the sample size in this study was 165 respondents from 5 x 33 (number of questions were phrased to respondents) = 165. Research nonprobability sampling using sampling techniques, namely the judgment (purposive) sampling. Purposive sampling is a sampling technique with a certain considerations.

2.6   Descriptive Analysis

Descriptive analysis was conducted to determine and be able to explain the characteristics of the studied variables in a situation. The purpose of this analysis is to give researchers a history or to describe those aspects that are relevant to the phenomenon of attention from the perspective of a person, organization, industry orientation, or other.

2.7   Data Analysis

This study uses Partial Least Squares (PLS) is one type of Structural Equation Modeling / SEM developed by Joreskog in 1969. SMARTPLS and PLS-GRAPH are two software applications used to analyze the SEM-based PLS (Partial Least Squares). There are two test models were used that outer and inner models. Outer models are used to define how each indicator relates to the latent variables. In testing the measurement model (outer model) need to do their validity and reliability indicators used. Test models inner conducted to determine the relationship between constructs, significance and R2 values of the models the research conducted.

3. RESEARCH PARADIGM AND HYPOTHESES
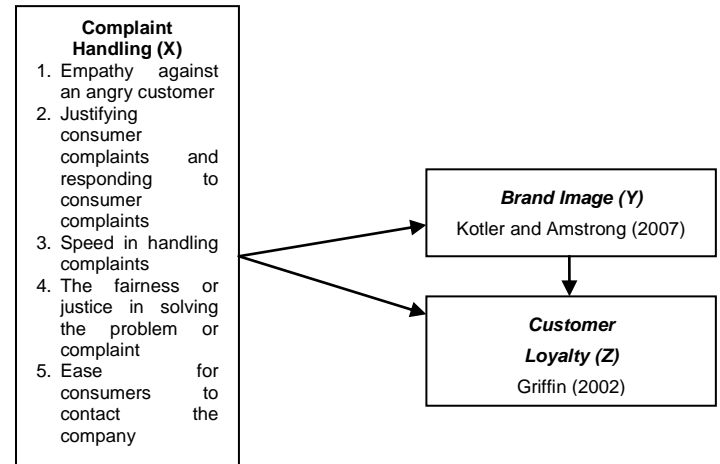
3.1 Paradigm Research

Figure1. Framework

3.2 Hypothesis

In accordance with the formulation of the problem and review of the literature, the hypothesis can be stated as follows:

1.   Testing Hypothesis 1 (customer complaint handling on customer satisfaction)

H_0 : no significant difference between the customer complaint handling on customer satisfaction

H_1 : a significant difference between the customer complaint handling on customer satisfaction

2.   Testing Hypothesis 2 (customer complaint handling on customer loyalty)

H_0 : no significant difference between the customer complaint handling on customer loyalty

H_1 : a significant difference between the customer complaint handling on customer loyalty

3.   Testing Hypothesis 3 (the brand image of the customer loyalty)

H_0 : no significant difference between the brand image of the customer loyalty

H_1 : a significant difference between the brand image of the customer loyalty

4.   RESULTS AND DISCUSSION

4.1   Descriptive Analysis

Handling of complaints made by Indomaret Minimarket expressed both by respondents (69.35%.). Of the five sub-variables that exist in this variable, sub variable speed in the handling of complaints (61.52%), are in the category of "Not Good" and has the lowest score. While the variable with the highest value is justified consumer complaints and responding to consumer complaints to the value of 70.91% expressed either by the respondent. There are three items that are not good according to the respondents, namely customer service Indomaret Minimarket actions in response to complaints in less than 24 hours (60.15%), Indomaret Minimarket provide compensation for Indomaret Minimarket interruption that occurred (61.97%), and Indomaret Minimarket provide compensation in accordance with the calculation (61.67%). Overall respondents agreed that they were satisfied with the service at Indomaret Minimarket. This is evidenced by the

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value obtained is equal to 64.44%, which fit into the category of "Good" in the continuum line.

4.2   Data Analysis Results

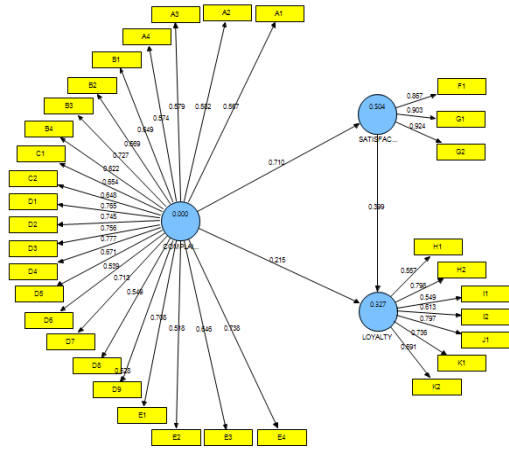### 4.2.1   Test Results Measurement Model (Outer Model)

Figure 2. *Path Diagram Outer Model with SmartPLS 2.0*

A. Convergent ValidityTest

Convergent validity test will be met if the value of the loading factor on each indicator> 0.5. Here are the test results of convergent validity, all indicators on research conducted:

Table 1. *The Result of Outer Loading*

Variabel Laten	Pegaruh	Hasil Uji	Kesimpulan
Complaint Handling (X)	A1 → X	0,567	Valid
	A2 → X	0,582	Valid
	A3 → X	0,579	Valid
	A4 → X	0,574	Valid
	B1 → X	0,649	Valid
	B2 → X	0,569	Valid
	B3 → X	0,727	Valid
	B4 → X	0,622	Valid
	C1 → X	0,654	Valid
	C2 → X	0,648	Valid
	D1 → X	0,765	Valid
	D2 → X	0,745	Valid
	D3 → X	0,756	Valid
	D4 → X	0,777	Valid
	D5 → X	0,671	Valid
	D6 → X	0,539	Valid
	D7 → X	0,713	Valid
	D8 → X	0,549	Valid
	D9 → X	0,528	Valid
	E1 → X	0,708	Valid
	E2 → X	0,518	Valid
	E3 → X	0,646	Valid
	E4 → X	0,738	Valid
Brand image (Y)	F1 → Y	0,867	Valid
	G1 → Y	0,903	Valid
	G2 → Y	0,924	Valid
Customer Loyalty (Z)	H1 → Z	0,557	Valid
	I1 → Z	0,798	Valid
	I2 → Z	0,549	Valid
	J1 → Z	0,613	Valid
	J2 → Z	0,797	Valid
	K1 → Z	0,736	Valid
	K2 → Z	0,691	Valid

Based on the results listed in Table 1 it can be seen that all the indicators used are valid because it has a loading factor> 5. Therefore, all the indicators used in this study has been qualified convergent validity.

B. Discriminant Validity Test

The indicators used in the test is valid if the value of the discriminant validity owned loading factor is the highest value to the variables are compared to the loading factor to other variables.

Table 2. *Cross Loading Result*

	X	Y	Z	Conclusion
A1	**0.5666**	0.4168	0.4495	Valid
A2	**0.582**	0.5424	0.3642	Valid
A3	**0.579**	0.3433	0.3727	Valid
A4	**0.5738**	0.3733	0.1294	Valid
B1	**0.6488**	0.3966	0.344	Valid
B2	**0.5687**	0.2975	0.4108	Valid
B3	**0.7271**	0.5383	0.3197	Valid
B4	**0.6219**	0.4844	0.3294	Valid
C1	**0.6535**	0.5659	0.2977	Valid
C2	**0.648**	0.4848	0.2265	Valid
D1	**0.7651**	0.5991	0.3131	Valid
D2	**0.7454**	0.5556	0.2725	Valid
D3	**0.756**	0.5184	0.3624	Valid
D4	**0.7775**	0.5358	0.3477	Valid
D5	**0.6705**	0.4375	0.3514	Valid
D6	**0.5394**	0.2605	0.3852	Valid
D7	**0.7134**	0.5475	0.3536	Valid
D8	**0.5491**	0.418	0.1574	Valid
D9	**0.528**	0.3774	0.1828	Valid
E1	**0.7078**	0.4906	0.3891	Valid
E2	**0.5176**	0.314	0.1799	Valid
E3	**0.646**	0.4011	0.451	Valid
E4	**0.7378**	0.4953	0.3286	Valid
F1	0.6152	**0.8666**	0.5983	Valid
G1	0.6318	**0.9025**	0.4383	Valid
G2	0.6639	**0.9238**	0.4384	Valid
H1	0.2619	0.1414	**0.5574**	Valid
I1	0.3312	0.3829	**0.7976**	Valid
I2	0.2226	0.2925	**0.5494**	Valid
J1	0.3867	0.2767	**0.6127**	Valid
J2	0.503	0.5561	**0.7971**	Valid
K1	0.3153	0.4323	**0.7363**	Valid
K2	0.2835	0.3843	**0.6913**	Valid

All indicators that there is otherwise valid. Values owned loading factor is the highest value on the predetermined variables compared to other variables loading factor on the indicator declared invalid. Reliability testing is done by looking at the value of composite reliability and cronbanch alpha contained in each variable. Values that must be met in order that each variable is declared reliable is ≥0.70 for the value composite reliability and> 0.6 for Cronbach alpha values.

Table 3. *Reliabilitas Result*

Variabel	Composite Reliability	Cronbachs Alpha	Conclusion
X	0.943	0.9363	Reliabel
Y	0.9258	0.8797	Reliabel
Z	0.858	0.8104	Reliabel

All variables used otherwise reliable because of the existing value qualifies that all values of the variables used composite

reliability has been greater than 0.7 and all variables have a Cronbach alpha value greater than 0.6.

4.2.2 Structural Model (Inner Model)

This is done with regard to the value of R2 on endogenous latent variables and tcount on each latent variable exogenous to endogenous latent variables from the bootstrapping. The path diagram (path diagram) inner models as follows:
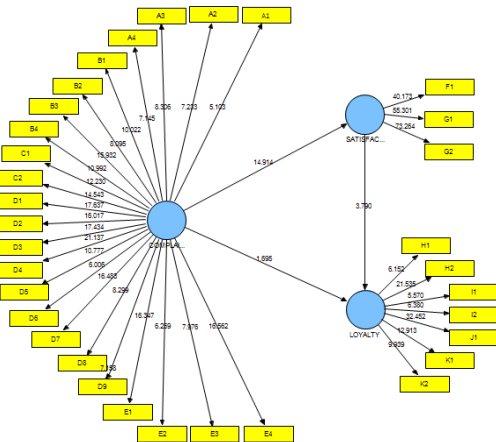

Figure 3. *Path Diagram Outer Model with SmartPLS 2.0*

To test the hypothesis used two-tailed test with an error rate of 5%. Then the critical value that must be met in a test of this hypothesis is 1,96. If tcount greater than 1.96 then ttable is a significant difference between the latent variables exogenous to endogenous latent variables. Those values can be seen in Table 4 below.

Table 4. *Result of t_{count} Research Variable*

Variable	T_{count}	Critical value	Conclution
X → Y	14,914	1,96	H_0 rejected
X → Z	1,695	1,96	H_0 accepted
Z → Y	3,790	1,96	H_0 rejected

Based on the calculation results in Table 4 it can be seen that the hypothesis test results do get results:

a. Hipotesis 1 Testing (Customer Complaint Handling on Customer Satisfaction)

In the first hypothesis that explains the relationship customer complaint handling to the brand imagedidapatkan H0 results. With tcount amounted to 14.914 greater than 1.96 then the customer complaint handling significant effect on brand image Indomaret Minimarket. This is evidenced by tcount greater than ttable is 14.914.

b. Hipotesis 2 Testing (Customer Complaint Handling on Customer Loyalty)

H0 accepted on hypothesis 2, this is because the t value obtained for 1.695 less than 1.96. With that the customer complaint handling no significant effect on customer loyalty. Handling of complaints which do not directly make customers loyal. Although the customer experience service failure and do complaints, customer service at Indomaret Minimarket still use and shopping. This is justified by the respondents who had interviewed one of them is Mrs. Linda (2015) which it states

that despite frequent disturbances and complain at Indomaret Minimarket with the complaint handling process is long, but he still used and shopping for having confidence in the product Telkom , In addition, he also stated during a complaint can still be resolved, he will continue to shopping for products that suit your needs.

c. Hipotesis 3 Testing (Brand image on Customer Loyalty)

Based on Table 4. known that H0 is rejected. So on this hypothesis showed significant imageberpengaruh brand to customer loyalty with tcount of 3,790 or greater than 1.96. These results are in accordance with previous studies conducted by Artanti and Ning with the results of the customer satisfaction significantly affect customer loyalty. Will be conducted to determine the amount of R2 calculation used to determine how much is influenced by endogenous latent variable exogenous latent variables.

Table 5. *R^2 value on Variable Laten Endogen*

Variabel Laten Endogen	R^2
Y	0,504
Z	0,327

R2 value obtained from the results of calculations performed in Table 5 it was found that:

a. Variable Brand image is influenced by variables Customer Complaint Handling of 50.4% and the remaining 49.6% is influenced by other factors.

b. Customer Loyalty is influenced by variables and variable Customer Complaint Handling Brand image by 32.7% and 67.3% influenced by other factors. With R2 values of 0.327 or 0.33 when rounded to the effect caused by the customer complaint handling and customer loyalty to the brand image as moderate. This means that customer loyalty is influenced quite well by the variable customer complaint handling and customer satisfaction variables.

There are five factors that can affect customer loyalty is customer usage levels, service pricing, service quality, membership in the firm's loyalty program, and satisfaction with complaint handling. In this research, customer complaint handling have influence to brand image Indomaret Minimarket customer. Handling of complaints made by Indomaret will have a great impact on customer satisfaction. With increasing customer satisfaction Indomaret service will increase customer loyalty. This is caused by the handling of complaints indirect effect on customer loyalty through customer satisfaction with Indomaret Minimarket.

5. CONCLUTION

Based on research conducted by the authors, it can be summed up some of the points of this study. It is:

a. Customer complaint handling is done by Indomaret Minimarket own good. The best aspect of the customer complaint handling is done by Indomaret is justified consumer complaints and responding to consumer complaints. Aspects judged to be good by the respondents is the aspect of speed in handling complaints.

b. Brand image Indomaret Minimarket own good. Two aspects studied were overall satisfaction and transaction-specific satisfaction expressed both by respondents.

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c.   Customer loyalty Indomaret Minimarket own good. Aspects regularly make purchases an aspect that is considered the most good by respondents.
d.   Customer complaint handling have a significant effect on customer satisfaction. If the customer complaint handling is done properly by the Indomaret Minimarket customer service, the customer satisfaction level will be good or even increased.
e.   In this study, no significant difference between the customer complaint handling on customer loyalty.
f.   Brand image has a significant effect on customer loyalty. If the customer satisfaction levels rise, they will turn into a loyal customer.

Customer loyalty is strong enough affected by variables and variable customer complaint handling brand image by 32.7%. Amounted to 67.3%, customer loyalty is influenced by other factors.

ACKNOWLEDGMENT

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