



Research Paper

## The Impact of Service Quality and Brand Image on Customer Loyalty among Shopee Application Users at the Faculty of Psychology, University of North Sumatra

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**ABSTRACT :** High hopes for companies to obtain fulfillment of needs, shopping satisfaction and customer loyalty are the reasons for using the Shopee application for users at the psychology faculty of the University of North Sumatra. This research was conducted to test the extent to which service quality and brand image simultaneously influence customer loyalty among online shopping application users. The service quality, brand image and customer loyalty scales involved 270 students who were analyzed using a quantitative multiple regression approach. The results of multiple regression research is  $R^2 = .753$ , and  $Q^2 = .532$ , indicate that service quality and brand image simultaneously have a significant positive effect on customer loyalty. The implication of this research is that the company hopes that there needs to be an increase in applications based on the Assurance dimension in the service quality variable and the uniqueness of brand association dimension in the brand image variable. This increase is expected to make all customers loyal.

**KEYWORDS:** Service Quality, Brand Image, Customer Loyalty, Shopee

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### I. INTRODUCTION

Along with the increasingly rapid development of the times, human needs are also growing and becoming more numerous. Fulfillment of these various needs also continues to develop. From the beginning, humans met their needs only by farming and hunting, then developed with the barter mechanism, then money was soon found and the buying and selling process began. Nowadays, humans can hardly be separated from the buying and selling process to meet their daily needs. The buying and selling process itself takes place starting from shopping at small stalls, traditional markets, modern markets until now starting to switch to an online-based system.

A study conducted by Fajrin (2018) stated that one of the factors that influences the level of customer loyalty is brand image. Brand Image is the perception and beliefs held by customers, as reflected by the associations embedded in the customer's memory. (Kotler and Keller, 2015). Brand image plays an important role in consumer purchasing decisions, therefore producers are required to be able to create brands with all their benefits and functions. A good and high brand image will attract interest and a positive impression in the minds of consumers to make purchases (Yoeliastuti et al, 2021)..

Another factor that also influences customer loyalty is service quality. According to Zeithaml (in Laksana, 2008) service quality can be defined as the level of discrepancy between consumer expectations and their perceptions. Research conducted by Santoso and Oetomo (2013) on 75 sample people at the Surabaya Popular Clinical Laboratory showed that the quality of service received by customers will influence customer loyalty. The better the service or treatment received by customers will increase customer loyalty to that service, and vice versa, the worse the treatment or service received by customers will make customers reluctant to use the service again.

## II. LITERATURE REVIEW AND HYPOTESIS

### A. Customer Loyalty

Dick & Basu (in Umar, 2003) customer loyalty is a customer's commitment to a brand and supplier, based on a very positive attitude and reflected in consistent repeat purchases. According to Morais (in Sangadji & Sopiah, 2013), customer loyalty is a customer's commitment to a store brand or supplier, based on a very positive attitude and is reflected in consistent repeat purchases. This loyalty is formed from the customer's feelings of satisfaction with the level of service received and leads to a desire to continue the relationship. Loyal customers tend to be attached to certain brands for a long period of time and make repeated purchases and use of products or services even though there are many alternative choices (Al Rasyid, 2017).

According to Tjiptono (in Sangadji & Sopiah 2005) states 6 indicators to measure customer loyalty, namely; repeat purchases, brand consumption habits, great liking for the brand, loyalty to the brand, belief that a particular brand is the best brand and recommending the brand to others. The factors that influence customer loyalty are as follows; Service quality, Piri (2013) stated that service quality influences customer loyalty, the better the quality of service provided, the more customer loyalty will increase; Research conducted by Fajrin et al, (2018) states that brand image has a significant effect on customer loyalty; Prabowo (2008) stated that relationship marketing has a significant effect on customer satisfaction which also influences consumer loyalty positively; Mardikawati & Farida (2013) stated that the better the customer value or the good treatment the customer receives, the higher the level of customer loyalty will be.

### B. Service Quality

According to Georgi (2006), service quality is a customer's assessment of a service by comparing the service received based on their expectations of service characteristics. Service quality can also be defined as an effort to fulfill customer needs and desires, as well as the accuracy of delivery to match customer expectations (Tjiptono, 2005). According to Wyckof (in Tjiptono, 2005), service quality is the level of excellence expected to meet customer needs. According to Lovelock (in Laksana, 2008) service quality is the expected quality and controlling variation in achieving this quality to meet consumer needs, to be able to provide good quality service it is necessary to foster good relationships between companies, in this case between employees and users. these services.

Parasuraman (in Lupiyoadi, 2001) states that there are 5 (five) dimensions of service quality, namely; Tangibles, or physical evidence, namely the ability of a company to demonstrate its existence to external parties; Reliability, or reliability, namely the company's ability to provide services as promised accurately and reliably; Responsiveness, or responsiveness, namely a willingness to help and provide fast and accurate service to customers by conveying clear information; Assurance, or guarantee and certainty, namely the knowledge, courtesy and ability of company employees to foster customers' trust in the company; Empathy, namely providing sincere and individual or personal attention given to customers by trying to understand consumer desires.

### C. Brand Image

According to Aaker and Biel (in Tingga et al., 2022) brand image is a consumer's assessment of a brand in a market which can arise either based on personal experience or based on the reputation conveyed by other people or the media. Setiadi (2016) revealed that brand image is a representation of the overall perception of a brand and is formed from information and past experiences with the brand itself. According to Kotler (2009), brand image is a hidden vision and belief that exists in the minds of consumers, as a reflection of the associations that exist in consumers' memories. Meanwhile, according to Tjiptono (2011), brand image is a description of customer associations and beliefs towards a particular brand.

Keller (2013) states that there are three dimensions that can be used as indicators of brand image, namely as follows: Brand Strength, depending on how information enters the consumer's memory and how this information is managed by sensory data in the brain as part of the brand image; Brand Uniqueness, a brand must be unique and attractive so that the product has distinctive characteristics and is difficult for producers to imitate; Brand superiority, the superiority of brand associations can make consumers believe that the attributes and benefits provided by a brand can satisfy consumer needs and desires, thereby creating a positive attitude towards the brand.

Based on the theoretical description stated above, the hypothesis proposed are:

**H1: There is an influence of service quality on customer loyalty among online shopping application users.**

**H2: There is an influence of brand image on customer loyalty among online shopping application users.**

**H3: Service quality and brand image simultaneously influence customer loyalty among online shopping application users.**

**III. RESEARCH METHOD**

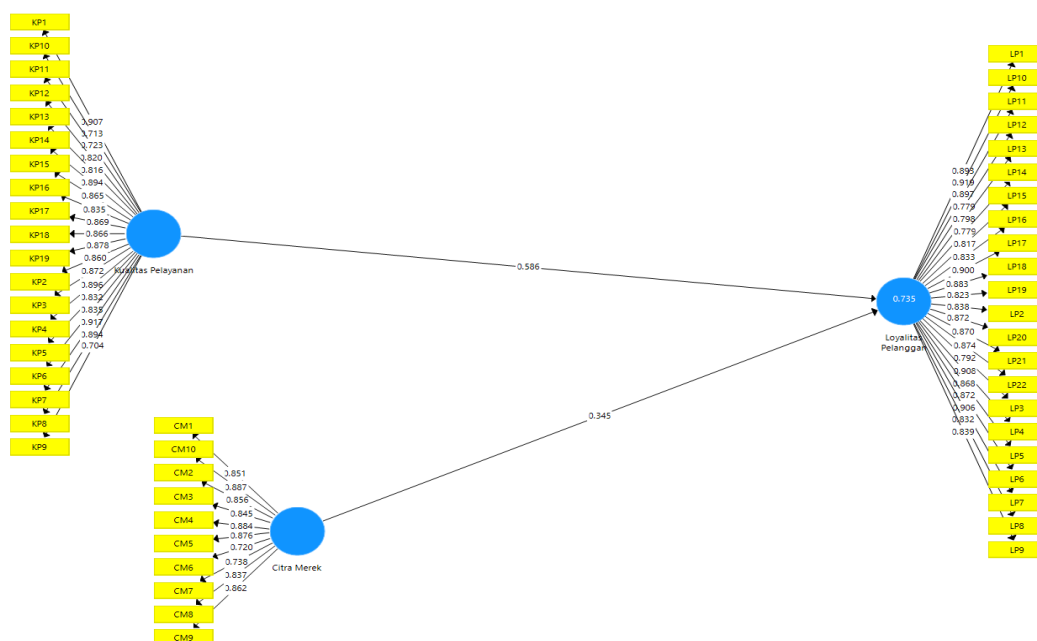
The research method used in this study is the quantitative with multiple linear regression method. The total sample in this study was 270 students from the Faculty of Psychology, University of North Sumatra. The hypothesis was tested using bootstrapping analysis with the help of smartPLS application. The customer loyalty scale is prepared based on the customer loyalty indicators proposed by Tjiptono (in Sangadji & Sopiah, 2005), The service quality scale used in this research was prepared based on the dimensions of service quality by Parasuraman (in Lupiyoyadi 2001). The brand image scale is compiled based on brand image dimensions by Keller (2013). All of the scales will be scored using a five-point Likert scale model (1=strongly disagree to 5=strongly agree).

**IV. RESEARCH RESULT AND DISCUSSION**

**4.1 Outer Model Analysis**

**4.1.1 Convergent Validity**

Based on the outer loading validity test in Figure 1 it can be seen that all outer loading values are > 0.7, which means they have met the validity requirements based on the outer loading value. Next, validity testing is carried out based on the average variance extracted (AVE) value. The recommended average variance extracted (AVE) value is above 0.5. It is known that all AVE values are > 0.5 which means they have met the validity requirements based on average variance extracted (AVE) in table 1.



**Figure 1: Measurement Model of Customer Loyalty, Service Quality and Brand Image**

	Average Variance Extracted (AVE)
<b>Customer Loyalty (Y)</b>	<b>0.701</b>
<b>Service Quality(X1)</b>	<b>0.713</b>
<b>Brand Image (X2)</b>	<b>0.731</b>

**Table 1: Validity Testing based on AVE**

**4.1.2 Discriminant Validity**

In discriminant validity testing, the AVE square root value of a latent variable is compared with the correlation value between that latent variable and other latent variables. It is known that the square root value of AVE for each latent variable is greater than the correlation value between that latent variable and other latent variables therefore it is concluded that it has fulfilled the discriminant validity requirements (table 2)

	Brand Image (X2)	Service Quality (X1)	Brand Loyalty (Y)
Brand Image (X2)	(0.837)		
Service Quality (X1)	0.672	(0.844)	
Brand Loyalty (Y)	0.739	0.818	(0.855)

Note: The value between “( )” is the square root of AVE

**Table 2: Fornell & Larcker's Discriminant Validity Test**

#### 4.1.3 Composite Reliability dan Cronbach Alpha

The recommended composite reliability value is above 0.7. It is known that all composite reliability values are > 0.7, which means they have met the reliability requirements based on composite reliability. Next, reliability testing was carried out based on the Cronbach alpha value. The recommended Cronbach alpha value is above 0.7. It is known that all Cronbach alpha values are > 0.7, which means they meet the reliability requirements based on Cronbach alpha (table 3)

	Composite Reliability	Cronbach's Alpha
Brand Image (X2)	0.959	0.952
Service Quality (X1)	0.979	0.977
Brand Loyalty (Y)	0.984	0.982

**Table 3: Reliability testing based on Composite Reliability and Cronbach's Alpha**

#### 4.2 Inner Model Analysis

##### 4.2.1 Hypothesis Testing (T Test)

Based on the results in table 4 the results are:

1. Brand Image has a positive effect on Customer Loyalty, with a coefficient value (Original Sample column) = .345 and significant, with T-Statistics = 2,972 > 1.96, and P-Values = .003 < .05 (**hypothesis 1 is accepted**).
2. Service Quality has a positive effect on Customer Loyalty, with a coefficient value (Original Sample column) = .586 and significant, with T-Statistics = 4.915 > 1.96, and P-Values = .000 < .05 (**hypothesis 2 is accepted**).

	Original Sample (O)	Sample Mean (M)	Standard Deviation	T Statistics ( O/STDEV )	P Values
BI (X2) → CL (Y)	0.345	0.349	0.116	2.972	<b>0.003</b>
SQ (X1) → CL (Y)	0.586	0.586	0.119	4.915	<b>0.000</b>

**Table 4: Path Coefficient Test & Significance of Direct Effect**

##### 4.2.2 R-Square

It is known that the R-Square value of Customer Loyalty is .735, which means that X1 and X2 can influence Y by 73.5%, the remaining 26.5% is influenced by other factors..

	R Square
Customer Loyalty (Y)	0.735

**Table 5: R-Square**

##### 4.2.3 Q-Square

It is known that the Q-Square (Q2) value of Customer Loyalty is 0.534 > 0, which means that Brand Image and Service Quality simultaneously or together have predictive relevance to Customer Loyalty. (Hypothesis 3 is accepted)

	Q <sup>2</sup> (=1-SSE/SSO)
Customer Loyalty (Y)	0.534

**Table 6: Q-Square**

## V. DISCUSSION

There are three hypotheses in this study. First, The results of the analysis using Smart PLS show that there is a positive and significant influence between service quality and customer loyalty, meaning that hypothesis one is accepted and shows that the better the quality of service received by customers, the more customer loyalty will increase. Based on research conducted by Sudarso (2016), it is stated that service quality has a positive effect on customer loyalty.

Brand image has a positive influence on customer loyalty which shows a significant influence, meaning that hypothesis 2 is accepted and the better the brand image, the more customers will make repeat purchases of a brand. The data above is supported by research conducted by Fajrin et al., (2018) which states that customer loyalty is influenced by brand image.

The third hypothesis is also accepted. This shows that employees that brand image and service quality can influence customer loyalty. Larasati and Suryoko's (2020) research states that service quality and brand image have a positive and significant effect on customer loyalty. The results of this research agree with Gabrielle & Harjati (2018) who stated that there is a significant and positive influence of brand image and service quality on customer loyalty.

## VI. CONCLUSION

Based on the results of the data analysis, what can be concluded is as follows: 1. There is an influence of service quality on customer loyalty among users of the Shopee online shopping application. 2. There is a significant influence of brand image on customer loyalty among users of the Shopee online shopping application. 3 There is a simultaneous influence of service quality and brand on customer loyalty among users of the Shopee online shopping application. Researcher can offer several recommendations for the Shopee application developer based on the research results. Improvements to the application based on service quality variables. The delivery feature should also not go unnoticed because. The estimates in the application and reality need to be aligned, there are still many customers who feel disadvantaged by waiting too long compared to the estimates in the application. It also often happens that goods are delayed in delivery and the courier does not notify them in advance when delivering the goods to their destination, as a result the goods often have to be entrusted to neighbors and this increases the risk of damage and loss. Next, improvements to the Shopee application need to be improved based on the brand image variable, namely in the dimension of uniqueness of brand association, customers feel that the Shopee application is the same as other online shopping applications, especially in the insurance section, customers need to feel confident about the insurance available on the online shopping application. Shopee, so far the insurance feature has been too complicated to claim.

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