

The Effect of Brand Image and Trust on Consumers Loyalty with Product Value as Moderating

(A Study on Micro Small and Medium Enterprise of Sambal Roa in Manado City)

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Abstract (12pt)

The background of this research was the weak brand image of Micro Small and Medium Enterprise Sambal Roa, and the weak consumer confidence about the products in Manado City. In general, this research aimed to determine the effect of brand image and trust on consumer loyalty where the product value as a moderating variable. In particular, this research aimed to improve the competitiveness of sambal roa products. The variables in this research consisted of four variables in which they were brand image and trust which became the independent variables, while consumer loyalty became the dependent variable and the product value as the moderating variable. Research data collection techniques were done by distributing questionnaires to the consumers in which they were systematically arranged with some understandable answer choices. The questionnaires distribution with 125 people as sample. Then the data which had been collected were tested for their validity and reliability. Hypothesis testing used multiple regression analysis and MRA (Moderated Regression Analysis). To get the BLUES regression results (Best Linear Unbiased Estimated), the classical assumption test was previously carried out. The results showed that (1) Brand image had a positive and significant effect on loyalty and so did trust, (2) Brand image had a stronger influence on loyalty when driven by product value and trust did too.

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1. Introduction

Sambal Roa is a typical Indonesian food or chili from Manado City, North Sulawesi Province. This dish is made from Roa fish (*Hemiramphus Brasiliensis*) which is seasoned with garlic, shallot and salt. This fish is then cooked with a smoking technique, after that it is processed into chili sauce with special spices.

With the growth of Micro Small and Medium Enterprise of Sambal Roa in Manado City, then the owners must try to improve their brand image and trust to gain the consumer loyalty. Brand image reflects how strong the brand associations are on the intangible attributes, abstract benefits and consumer attitudes in each of the different product categories if the brand of the product or service is associated with the product in a various categories (Chaudhuri & Holbrook, 2001). If Micro Small and Medium Enterprise can fulfill the consumer expectations and even exceed them, then they will be more confident in their choices and will have more confidence in the brands, like them and consider them as a part of themselves. Brand trust will determine consumer loyalty to the brand and will create a high-value relationship (Morgan & Hunt in Edris, 2009). Micro Small and

Medium Enterprise of Sambal Roa can certainly provide a special value for the community as a typical food of Manado City. Therefore, the Micro Small and Medium Enterprise must be able to provide value and satisfaction in offering products/services to the customers (Kotler & Keller, 2006).

Consumer loyalty will be built when there is trust in Micro Small and Medium Enterprise products. It is a statement which involves convincing positive expectations regarding someone in something that is at risk. In this case it is the belief of consumers to a company that it will be kind to them. Those who believe in a company have confidence in its expertise to be able to serve well, satisfactorily and reliably. It is also a belief that the company's intentions and motivations will bring benefits to the consumers and will not have a negative as well as detrimental effect on them (Fihartini, 2013). The same thing is stated by Gefen (2002) that customer loyalty also has a good impact on the development and profits of the company so that the customers trust in it will increase their loyalty. Seeing the arguments above, the researcher was interested in carrying out the research with the title "The Effect of Brand Image and Trust on Consumer Loyalty with Product Value as Moderating".

Brand Image

Brand image is also referred to as a customer's perception of either a reason or rational basis or through emotion towards a particular brand (Malhotra, 2010). According to Kotler (2007) it is the perception and belief made by consumers, as reflected in associations that occur in their memory. It is a description of the company's offering which includes symbolic meaning related to customers through specific attributes of the product or service (Winarso, 2012). It also reflects how strong brand associations are on intangible attributes, abstract benefits and consumer attitudes in each of the different product categories if the brand of the product or service is related to the product in various categories (Chaudhuri & Holbrook, 2001).

According to Hawkins, & Coney (2004) brand image is the perception in the customer mind of a good impression of a brand. The brand image indicator in this study is based on the opinion of Kotler & Keller (2012) saying that it has a unique advantage, a good reputation, popular, can be trusted and is willing to provide the best service.

Value

Rangkuti (2003) defined value as a comprehensive assessment of the product benefits based on customer perceptions of what has been received by them and what has been provided by the product. Kotler & Keller (2006) stated that a company is successful in offering products/services to customers if it is able to provide value and satisfaction. Value is the consumer estimation of the entire ability of the product to satisfy the needs. The indicators measurement in this study is based on the opinion of Zeithalm and Bitner (2000) stating that value is a low price, it is whatever consumers want from their services, it is the quality obtained in exchange for the price paid, and it is everything that consumers want to get as a result in return for what they have given.

Trust

Trust exists when a group believes in the trustworthiness and integrity of partners. It is the expectation held by individuals that someone's words can be relied on. A trusted group needs to have high integrity and be trustworthy which is associated with qualities such as consistent, competent, honest, fair, responsible, helpful and kind (Morgan and Hunt, 2004). According to Barnes (2003) trust is the belief that someone will find what he wants in an exchange partner. It involves a person's willingness to behave in a certain way

because of the belief that his partner will give him what he expects and an expectation of the words, promises or statements of others. Indicators of consumer confidence based on Mowen & Minor (2002) are all knowledge possessed by consumers and all conclusions made by them about objects, attributes and benefits.

Loyalty

According to Tjiptono and Chandra (2012) customer loyalty is often associated with repurchase behavior. Both of them are related, but are actually different. In the context of a brand, for example, loyalty reflects a psychological commitment to a particular brand, meanwhile repurchase behavior simply involves the purchasing of the same particular brand repeatedly (it could be because it is the only brand available, the cheapest brand and so on).

Customer loyalty is a function of satisfaction where customers are loyal to contribute to the company's profitability by spending more on its products and services through repurchases and by recommending them to other consumers (Bowen & Chen, 2001). Zeithaml et al (2000) explained that loyal consumers will usually do the followings: attracting new potential customers through word of mouth and they will not be attracted by competing products. Indicators of customer loyalty according to Kotler & Keller (2008) are Repurchase (loyalty to product purchases); Retention (resistance to negative influences about the company); referral (referring the company).

Hypothesis

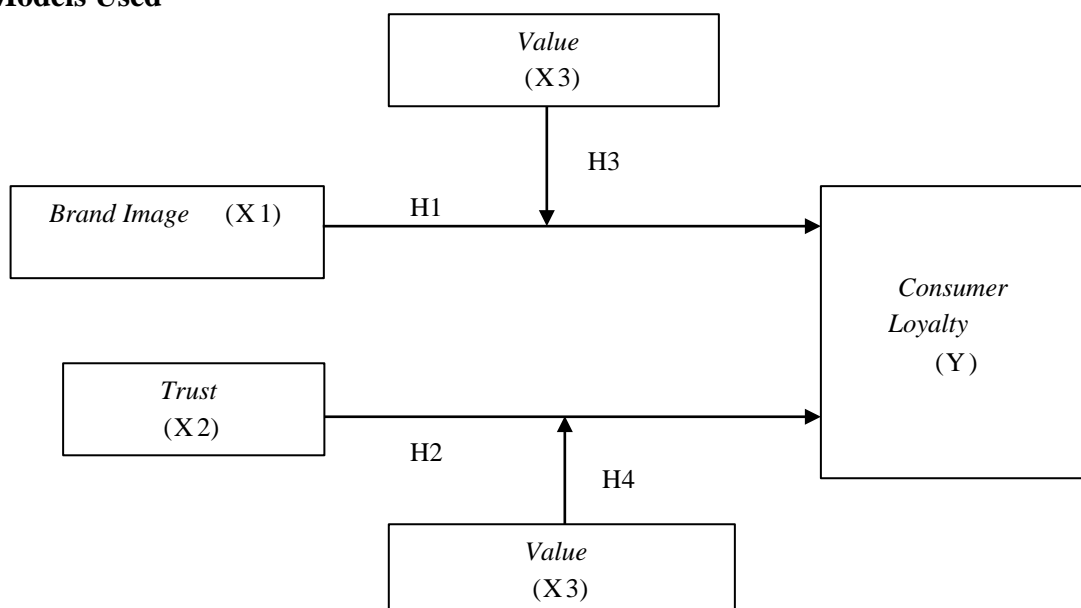
Based on the theoretical basis explained and the results of previous research, the hypotheses put forward in this study were as follows:

H1: Brand image had a positive effect on consumer loyalty.

H2: Trust has a positive effect on consumer loyalty.

H3: Brand image has a positive and significant effect on consumer loyalty if it is driven by trust, and if the brand image is low, then its positive effect is not strong on the increasing of consumer loyalty.

Models Used



2. Research Method

Operational Definition and Variable Measurement

Table 1. Research Variable Indicators

Measured variables	Indicators	Measurement	Types of Data	Sources of Data
- <i>Brand Image</i> Kotler & Keller (2012)	- The brand has a unique advantage, - The brand has a good reputation, Popular brand, Trustworthy brand.	Likert scale	Primary	Respondent
<i>Trust</i> (Mowen, 2002)	- The consumer trust to the object. - The consumer trust to the attribute. . The consumer trust to the benefit.	Likert scale	Primary	Respondent
- <i>Value</i> Zeithalm dan Bitner (2000)	- Low price - Whatever the consumers want from their services, The quality obtained in exchange for the price paid, all the things that the consumers want to get in return for what they give.	Likert scale	Primary	Respondent
Measured variables	Indicators	Measurement	Types of Data	Sources of Data
- (<i>Customer Loyalty</i>) Kotler & Keller (2008)	- Loyalty to product purchases - (<i>Repurchase</i>) Resistance to negative influences about the products. (<i>Retention</i>) Referring the products to others (<i>Referral</i>)	Likert scale	Primary	Respondent

Source: Developed for this Research

Types of Research

The type of research used was comparative causal research. This research aimed to investigate the possibility of cause and effect based on observations of the existing effects and looked for the causative factors through certain data.

Population and Sampling Techniques

The population in this research was the minimarket consumers of typical souvenirs in Manado City. The entire population was impossible to be studied because of the limited costs, manpower and time. Therefore, sampling can represent a population (Cooper and Schindler, 2003). The sampling technique used in this research was non-probability sampling, which was the quota sampling method. According to Sukmadinata (2008) quota sampling is a technique to determine samples from the population having certain characteristics to the desired number. According to Ferdinand (2005) the number of samples is 5-10 times the number of indicators added to the number of fixed variables. The indicators used in this research were 21 and the fixed variables were 4. Therefore the minimum sample size was $5 * (21 + 4) = 125$. In this research, the number of sample quota was determined by 130 respondents from minimarket visitors in Manado City.

Data Collection Technique

The population in this research was the consumers of sambal roa Manado City. The minimum number of samples was $5 * (14 + 4) = 90$. The sampling technique used in this research was non-probability sampling, which was the quota sampling method. According to Sukmadinata (2008) quota sampling is a technique to determine samples from the population having certain characteristics to the desired number. In this research, the number of sample quota was determined by 125 consumers of sambal roa in Manado City.

Data Analysis Technique

1. Reliability Test

A reliable questionnaire is a questionnaire in which if we try repeatedly on the same group, it will produce the data that tend to be not different (the same). In this research, the measurement of reliability was carried out by means of one shot or once measurement (Ghozali, 2011) in which the measurement was only done once and the results were compared to other questions or measured the correlation between the questions and answers. SPSS provided facilities with the Cronbach Alpha (α) statistical test. A construct or variable is said to be reliable if it gives a value of > 0.7 (Nunally in Ghozali, 2011).

2. Validity Test

Validity test is used to measure whether a measurement instrument is valid or not meaning that it is able to reveal what will be measured. An instrument in the form of a questionnaire is said to be valid if the questions on the questionnaire are able to reveal what will be measured. Measuring validity can be done by assessing the correlation between the question items and the total score of the construct or variable, and it is said to be valid if there is a positive correlation. It is expected that the correlation value of r is greater than 0.30, (Solimun, 2002), or the value of Corrected Indicator-Total Correlation on the SPSS output is greater than 0.30, (Ghozali, 2011).

3. Classical Assumption Test

Using normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

4. Moderated Regression Analisis/ MRA

The statistical analysis method used was the multiple linear regression method. The regression model in this research was stated as follows:

$$Y = \alpha + \beta X_1 + \beta X_3 + \beta X_1 \times X_3 + \beta X_2 + \beta X_3 + \beta X_2 \times X_3 + \varepsilon$$

Information:

Y : Consumer Loyalty

X₁ : Brand ImageX₂ : TrustX₃ : Value

E : Disruption Variable to test the hypothesis of regression model with moderating variable using Moderated Regression Analysis (MRA) is a special application of linear multiple regression in which the regression equation contains interaction elements (multiplication of two or more independent variables).

3. Results and Analysis (10pt)**Validity Test**

Table 2. Instrument Validity Results

No	Variables with Indicators	Corrected Item-Total Correlation	>/<	Significant limit	Information
1	<i>Brand Image (X1)</i>				
	- X11	0,818	>	0,3	Valid
	- X12	0,884	>	0,3	Valid
	- X13	0,839	>	0,3	Valid
2	<i>Trust (X2)</i>				
	- X21	0,832	>	0,3	Valid
	- X22	0,899	>	0,3	Valid
	- X23	0,870	>	0,3	Valid
3	<i>Value (X3)</i>				
	- X31	0,812	>	0,3	Valid
	- X32	0,840	>	0,3	Valid
	- X33	0,791	>	0,3	Valid
4	<i>Loyalty (Y)</i>				
	- Y1	0,847	>	0,3	Valid
	- Y2	0,830	>	0,3	Valid
	- Y3	0,859	>	0,3	Valid

Source: Processed Primary Data

Based on the table above, it can be seen that all indicators have a Corrected Item-Total Correlation value which is greater than 0.3, thus it can be said that all indicators are valid. Therefore the list of questions can be used for the research.

Reliability Test

Table 2. Instrument Reliability Results

	Variable	Coefficient	Information
1	<i>Brand Image</i> (X1)	0,876	Reliable
2	<i>Trust</i> (X2)	0,837	Reliable
3	<i>Value</i> (X3)	0,839	Reliable
4	<i>Loyalty</i> (Y)	0,799	Reliable

Source: Processed Primary Data

Based on the table above, it can be seen that all variables have an alpha value above 0.70, thus all variables are reliable.

Classical Assumption Test

1. Normality Test

Table 3. Normality Test Results

		Standardized Residual
N		125
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.99190270
Most Extreme Differences	Absolute	.074
	Positive	.074
	Negative	-.052
Kolmogorov-Smirnov Z		.826
Asymp. Sig. (2-tailed)		.502

One Sample Kolmogorov Smirnov Test

a. Distribution Test is Normal.

b. Calculated from data.

The results of the normality test show that the data is normally distributed and meets the assumption of normality because of the Asymp value. Sig. (2-tailed) = 0.671 or greater than 0.05.

2. Multicollinearity Test

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF
<i>Brand Image</i>	0,842	1,188
<i>Trust</i>	0,842	1,188

Source: Processed Primary Data

The results of the multicollinearity test show that there are no symptoms of multicollinearity in the regression model. It is shown that all variables have a tolerance value of less than 10% and a VIF value of more than 10.

3. Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	1.427	.566		2.520	.013
GE BRAND_IMA	.011	.033	.034	.342	.733
TRUST	-.005	.051	-.010	-.104	.917

a. Dependent Variable: ABSRES

The results of the heteroscedasticity test show that there are no symptoms of heteroscedasticity, because the regression results with residual values show that the results are not significant or sig. > 0.05.

Hypothesis Test

1. 1 and 2 Hypothesis Test with Multiple Line Regression Equation Test

Table 6. Multiple Regression Analysis Results

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	69.468	2	34.734	9.557	.000 ^a
Residual	443.380	122	3.634		
Total	512.848	124			

a. Predictors: (Constant), Trust, Brand Image

b. Dependent Variable: Loyalty

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	5.894	.977		6.034	.000
BRAND_IMAGE	.127	.057	.202	2.206	.029
TRUST	.228	.088	.237	2.586	.011

a. Dependent Variable: Loyalty

Source: Processed data,

The results of multiple linear regression analysis were as follows:

$$Y = 0,202 X1 + 0,237 X2.$$

ANOVA test or F test produces 9557 with a significance level of 0.000. Because the probability of significance is much smaller than 0.05, it can be said that brand image and trust have a significant effect on loyalty. The t test results 2,206 for the brand image variable and 2,586 for the trust variable with a significance probability of each below 0.05. Therefore it can be concluded that brand image and trust partially affect loyalty.

2. 3 and 4 Hypothesis Test with MRA

The effect of brand image and trust on loyalty with value as a moderating variable was analyzed using Moderated Regression Analysis (MRA) or Interaction Test. From the calculation results with the SPSS program, the results were as in the following table:

a. Hypothesis 3 would test the regression equation with moderation as follows

$$L = \alpha + \beta X1 + \beta X3 + \beta X1 \times X3$$

Table 7. Regression Analysis Results with Moderation 1

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	93.264	3	31.088	8.965	.000 ^a
Residual	419.584	12	3.468		
Total	512.848	15			

a. Predictors: (Constant), Moderate 1, Value, Brand Image

ANOVA^b

b. Dependent Variable: Loyalty

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.226	3.637		.612	.000
BRAND_IMAGE	.31	.275	.514	3.234	.021
VALUE	.193	.110	.572	2.726	.003
MODERAT1	.006	.008	.496	5.652	.000

a. Dependent Variable: LOYALITAS

ANOVA test or F test produces 8.965 with a significance level of 0.000. Because the significance probability is much smaller than 0.05, the regression model can be used to predict loyalty or it can be said that trust, value and moderate 1 variables have an effect on loyalty.

Individual Parameter Significance Test (Statistical t-test) of the three independent variables in the regression was declared significant. Therefore it could be concluded that the variable value could be expressed as a moderating variable.

c. Hypothesis 4 would test the regression equation with the following moderation:
 $KEPPEM = \alpha + \beta X_2 + \beta X_3 + \beta X_2 \times X_3 + \varepsilon$

Table 8. Regression Analysis Results with Moderation 2

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	98.674	3	32.891	9.609	.000 ^a
Residual	414.174	121	3.423		
Total	512.848	124			

a. Predictors: (Constant), Moderate 2, Value, Trust

b. Dependent Variable: Loyalty

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3.086	3.702		-.551	.583
TRUST	.134	.116	.396	2.153	.008
VALUE	.288	.377	.300	2.765	.010
MODERAT2	.003	.011	.135	2.230	.004

a. Dependent Variable: Loyalty

ANOVA test or F test produces 9.609 with a significance level of 0.000. Because the significance probability is much smaller than 0.05, the regression model can be used to predict loyalty or it can be said that trust, value and moderate 2 variables have an effect on loyalty.

Individual Parameter Significance Test (Statistical t-test) of the three independent variables included in the regression was declared significant. Therefore it could be concluded that the variable value could be expressed as a moderating variable.

4. Conclusion

Conclusions

Based on the results of the research, then the conclusions were as the following:

1. Brand image had a positive and significant effect on loyalty.
2. Trust had a positive and significant effect on loyalty.
3. Brand image had a stronger effect on loyalty if it was driven by value.
4. Trust had a stronger effect on loyalty if it was driven by value.

Suggestions

1. To increase the consumer loyalty, the owner of the presto milkfish business must be able to create more value for his products. Value can be increased by improving the quality of product packaging and marketing personnel. The presto milkfish packaging can be replaced using durable and elegant materials. An improvement of the marketing personnel can be done by employing those who are reliable and dedicated to customers. Better interaction and fast service with customers will certainly create value on Sambal Roa products.
2. Product value can also be created from the customer side, for example creating special programs for the loyal customers such as applying special prices, discounts and so on, providing product-related skills training or seminars in order that the customers know the benefits and uses of the product better as well as giving “awards” to the certain ones and also giving various prizes.

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