



## The Influence of Service Quality, Price Promotion and Brand Image on Customer Loyalty

Vincent Leonardo<sup>1</sup>, Vanessa Klise<sup>2</sup>, Windy Novita Sari<sup>3</sup>, Devinna Chairman<sup>4</sup> dan Muhammad Agung Anggor<sup>5</sup>

<sup>12345</sup>Management, Faculty Economy  
<sup>12345</sup>University Prima Indonesia, Jl. Belanga No. 1, Medan 20118

E-mail: [vincentleonardo62@gmail.com](mailto:vincentleonardo62@gmail.com)

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### ABSTRACT

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This research is intended to examine and analyze the effect of service quality, price, promotion and brand image on customer loyalty at PT. Jaya Anugerah Sukses Abadi which is a company engaged in the supermarket with 5 star facilities. This study uses explanatory research methods. The number of customer populations is unknown so that the sampling technique in this study uses incidental sampling by using a sample of 150 respondents. The instrument used to conduct this research is a questionnaire which will first be tested for validity and reliability then will test the sample data which is quantified first using multiple regression. The findings of this study are partially service quality, promotion and brand image have a positive effect on customer loyalty while price has a negative effect on customer loyalty. Simultaneously the quality of service, price, promotion and brand image have a significant effect on customer loyalty with the amount of Adjusted R Square, which is 21.1%, the remaining 78.9% is influenced by other variables.

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## 1. Introduction

The main goal of the company is not only to pursue profit but also to maintain customer loyalty, this is so that the company can maintain its survival. Without customers, the company certainly cannot operate properly. Customer loyalty is difficult to maintain because loyalty cannot be forced where it arises from a person.

Customer loyalty is a very important thing to note. A marketer really expects to be able to retain his customers for a long time. If the company has loyal customers, it can be a very valuable asset for the company. The customer does not only continuously use the company's products or services, but automatically the customer recommends it to others according to the experience he feels. Loyal customers can indirectly help companies promote products or services to those closest to them. Of course this will really help the company to get new customers. Loyal customers have a lower tendency to switch brands or competing services, in other words, people who are loyal to a product will be very loyal to the product. Even if there is an increase in the price of the product, he will not be affected and will still buy it and have no intention of switching to another product.

There are many factors that influence customer loyalty including service quality, price, promotion and brand image. In terms of service quality, it must meet the requirements, expectations, and customer satisfaction in order to create customer loyalty. High service quality will result in high customer satisfaction and increase customer loyalty. If the quality of service provided by the company can satisfy customers, then automatically the customer will be loyal to the company.

In the following, the researcher presents some customer complaints submitted in writing in the suggestion box in Customer Service.



**Table 1**  
Customer Complaint Data

Month / 2020	Number of Complaints	Description of Complaint
January	8	- On Fridays-Sundays or big days, there are very many
February	5	visitors, there is a long queue for payments
March	11	- Not comfortable because the room temperature is too
April	20	cold
May	28	- Insufficient parking area
June	42	

Source : Field Observation

From table 1, it can be seen that there was a spike in customer complaints, which on average were caused by the number of customers, so there was a long queue when they wanted to make a payment, where there were still cashier machines that were idle/unused.

In addition to problems in service quality, the factors that affect customer loyalty are the price factor. The price items in the Brastagi Supermarket are some products that are more expensive than the prices sold in other supermarkets but there are also some products that are offered cheaper than other supermarkets. This often leads to a decrease in customer loyalty where usually customers will buy at the supermarket that offers the lowest price. This can happen because Brastagi Supermarket does not provide rewards to customers in the form of member cards. For example, in other supermarkets, making member cards that can be used to collect points and exchanged for gifts that can be chosen by customers besides that members can buy / pay for the desired product cheaper than non-members.

Promotion also has a role in increasing customer loyalty where if the company continues to hold promotions then customers will continue to buy at the company which means increasing loyalty. The promotion held by Brastagi Supermarket is a special price offer that is specifically included in the catalog that is published every month. The promotions offered are sometimes buy 2 get 1 free, or discount prices. This catalog is promoted online through Instagram accounts and print media, namely Daily Analysis. However, the drawback/weakness of the promotional procurement carried out by the company is the limited number of discounted products so that when the customer visits the product is out of stock or the discounted item is almost expired.

Companies that have a strong brand image will be firmly entrenched in the minds of consumers who will later become loyal to the company. The following is sales data that can show how customer loyalty is at Brastagi Supermarket.

**Table 2**  
Company Sales Data

Month/ 2020	Sales Realization
January	584.751.250
February	672.154.500
March	472.624.750
April	357.451.600
May	248.627.400
June	167.418.750

Source : PT. Jaya Anugerah Sukses Abadi, 2020

From table 2 it can be seen if there is a decrease in customer loyalty due to the low number of visitors who come, causing a decrease in sales data at Brastagi Supermarket.

Researchers identify the following problems :

1. Less than the maximum service expected by customers
2. There are still more expensive products because the company does not make a member system
3. Lack of procurement of promotional activities so that it does not trigger consumer interest to buy
4. Low brand image where there are many competitors who offer a more pleasant and interesting atmosphere
5. Decreased customer loyalty which can be seen from the decrease in sales from January – July 2020.

## 2. Research Methods

This research is located at General Gatot Subroto No. 288. This research is an explanatory research so that in this study the researcher provides an explanation that describes the state of the problem in the variables studied and provides suggestions to improve the problems that arise.

The population of this research is the number of visitors who visit the Berastagi Supermarket. As for the number of visitors is not limited so that in the technique of determining the sample the researcher uses accidental sampling, where in this method anyone who meets the criteria will be sampled. By using accidental sampling, the researchers set the number of samples in this study as many as 150 people who visited the Brastagi Supermarket in November.

This type of data is quantitative data that uses primary data sources obtained from the results of questionnaire answers distributed directly by researchers. In the needs of data collection, the techniques used are:

### 1. Observation

This method is done so that researchers get an overview of the problems that occur in the variables studied

### 2. Questionnaire

This method is done by making a questionnaire based on the Likert scale.

Variable operationalization shows the number of variables used along with indicators that will be used to measure the independent and dependent variables.

**Table 3**  
Variable Operations

Variabel	Pengertian	Indikator	Skala
Service Quality	The totality of characteristics and characteristics of a product or service that affect its ability to satisfy stated or implied needs [6].	1. Reliability 2. Service alertness and speed 3. Convenience [7]	Likert
Price	Prices are all forms of monetary costs sacrificed by consumers to obtain, own, utilize a number of combinations of goods and services from a product [8].	1. Basic price and discount 2. Payment terms 3. Credit terms	Likert
Promotion	Promotion is a marketing function that focuses on communicating marketing programs persuasively to target customers or potential customers to encourage the creation of transactions between the company and customers [8].	1. Advertising 2. Direct marketing 3. Selling.	Likert
Brand Image	Brand image can be interpreted as a picture or impression caused by a brand in the minds of customers [9]	1. Brand association advantages 2. Strength of brand association 3. The uniqueness of the brand association	Likert
Customer Loyalty	A deeply persistent customer commitment to re-subscribe or re-purchase a selected product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause behavioral change [10].	1. <i>Worth of mouth.</i> 2. <i>Repurchase intention.</i> 3. <i>Price insensitivity [11].</i>	Likert

The data analysis technique used in this study is multiple linear analysis with the following equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Keterangan :

- Y = Customer Loyalty
- X<sub>1</sub> = Service Quality
- X<sub>2</sub> = Price
- X<sub>2</sub> = Promotion
- X<sub>4</sub> = Brand Image
- a = Constant
- b = Coeffition Regression
- e = Standard error (5%)



### 3. Results and Discussion

#### 3.1 Research Data Analysis Results

Hypothesis testing used in this research is by using multiple linear regression analysis. The regression model used is as follows:

**Table 4**  
Regression Equation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.643	1.688		6.304	.000
1 Service Quality	.170	.073	.184	2.332	.021
Price	-.156	.077	-.174	-2.014	.046
Promotion	.234	.077	.287	3.039	.003
Brand Image	.219	.081	.232	2.682	.008

a. Dependent Variable: Customer Loyalty

$$\text{Customer loyalty} = 10,643 + 0.170 \text{ Quality of service} - 0.156 \text{ Price} + 0.234 \text{ Promotion} + 0.219 \text{ Brand Image}$$

Image

The meaning of the multiple linear regression equation above is:

- The constant of 10,643 states that if the quality of service, price promotion and brand image is constant or 0 then customer loyalty is 10,643 units.
- The regression coefficient of service quality is 0.170 and is positive, this means that every 1 unit increase in service quality will result in an increase in customer loyalty of 0.170 units.
- The price regression coefficient is -0.156 and is negative, this means that every 1 unit increase in price will result in a decrease in customer loyalty of 0.156 units.
- The promotion regression coefficient is 0.234 and is positive, this means that every increase in promotion by 1 unit will result in an increase in customer loyalty by 0.234 units.
- The regression coefficient of the brand image is 0.219, which is positive, this reveals that every increase in the brand image of 1 unit will also result in an increase in customer loyalty of 0.219.

Based on table 4, the partial test results in this study can be explained as follows:

- In the service quality variable, the value of t arithmetic > t table or 2.332 > 1.97646 and significant 0.021 < 0.05 then Ha is accepted meaning that partially service quality has a significant effect on customer loyalty at PT. Jaya Anugerah Success Eternal.
- In the price variable, the value of -t count < -t table or -2.014 < -1.97646 and significant 0.046 < 0.05, Ha is accepted, meaning that partially price has a significant effect on customer loyalty at PT. Jaya Anugerah Success Eternal.
- In the promotion variable, the value of t count > t table or 3.039 > 1.97646 and significant 0.003 < 0.05 then Ha is accepted meaning that partially promotion has a significant effect on customer loyalty at PT. Jaya Anugerah Success Eternal.
- In the brand image variable, the value of t count > t table or 2.682 > 1.97646 and significant 0.008 < 0.05 then Ha is accepted meaning that partially brand image has a significant effect on customer loyalty at PT. Jaya Anugerah Success Eternal.

The results of simultaneous hypothesis testing are as follows:

**Table 5**  
F Test

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	345.597	4	86.399	10.953	.000 <sup>b</sup>
Residual	1143.763	145	7.888		
Total	1489.360	149			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Brand Image, Service Quality, Price, Promotion

At degrees of freedom 1 (df1) = 4, and degrees of freedom 2 (df2) = 145, then the value of the F table at the 0.05 significance level of confidence is 2.43. From the results of the SPSS calculation, it is obtained that the F count = 10,953 > F table = 2.43 with a significance level of 0.000 because F arithmetic = 10,953 > F table = 2.43 and the significance probability is 0.000 < 0.05, then Ha is accepted, meaning service quality, price ,



promotion and brand image simultaneously have a significant positive effect on customer loyalty at PT. Jaya Anugerah Success Eternal.

**Table 6**  
Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.482 <sup>a</sup>	.232	.211	2.809

a. Predictors: (Constant), Brand Image, Service Quality, Price, Promotion

The Coefficient of Determination test results obtained the Adjusted R square value of 0.211 this means that 21.1% of the variation in the dependent variable customer loyalty can be explained by the independent variables of service quality, price, promotion and brand image while the remaining 78.9% (100% - 21,1%) is explained by other variables that are not used in this study.

### 3.2 Discussion of Research Results

#### a. The Influence of Service Quality on Customer Loyalty

The results of the analysis show that service quality has a significant effect on customer loyalty at PT. Jaya Anugerah Success Eternal. The results of this study are the same as the results of Dewi's research (2020) [12], namely service quality significantly affects customer loyalty. Brastagi Supermarket strives to provide the best service for its customers, by implementing health protocols, namely periodically spraying disinfectant and cleaning shopping trolleys. However, the drawback of this Brastagi Supermarket service, according to the author, is that the company does not provide online sales and free delivery, as has been done by various other supermarkets such as Alfamart, Indomaret and others. Due to the impact of this Pandemic, customers are afraid to visit to avoid crowds where as is known on Saturdays, Sundays and holidays, Brastagi is very crowded, therefore to provide convenience to shopping for its customers the company is recommended to hold online sales.

#### b. The Influence of Price on Customer Loyalty

The results of the analysis show that price has a significant negative effect on customer loyalty at PT. Jaya Anugerah Success Eternal. The results of this study are the same as the results of Bulan's research (2016) [13], namely price has a significant negative effect on customer loyalty. These results indicate that if prices continue to increase, customer loyalty will decrease, namely customers will look for other alternatives that offer lower prices considering the large amount of competition between companies of this type that offer prices with very attractive promotions.

#### c. The Influence of Promotion on Customer Loyalty

The results of the analysis show that promotion has a positive and significant effect on customer loyalty at PT. Jaya Anugerah Success Eternal. The results of this study are the same as the results of Soraya's (2015) [14] research, namely promotion has a significant effect on loyalty. Promotions held by the company are only in the form of publishing shopping catalogs, special discounts on weekends, which are still less attractive than other supermarkets that provide loyalty for their members, for example purchases at special prices, cheap redemptions, and others.

#### d. The Influence of Brand Image on Customer Loyalty

The results of the analysis show that brand image has a significant effect on customer loyalty. Likewise with the results obtained by Hasibullah and Fitria (2017) [15] which also show a significant influence of brand image on loyalty. Brastagi Supermarket is one of the biggest supermarkets in the city of Medan, the products sold are also complete because most of the products are imported from abroad which are not sold in other supermarkets, thus making the Brastagi supermarket brand image better and known by consumers.

### 4. Conclutions

Partially quality of service, promotion and brand image have a positive and significant effect on customer loyalty, partially price has a negative and significant effect on customer loyalty, Simultaneously quality of service, price, promotion and brand image have a significant effect on customer loyalty at PT. Jaya Anugerah Sukses Abadi and the results of the coefficient of determination test show that 21.1% of the variation in the



dependent variable of customer loyalty can be explained by four independent variables, while the remaining 78.9% is explained by other variables not used in this study.

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