THE EFFECT OF ADVERTISING SPENDING ON BRAND LOYALTY MEDIATED BY STORE IMAGE, PERCEIVED QUALITY, AND BRAND TRUST.

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ABSTRACT

The purpose of this research was to analyze the effect of Advertising Spending on brand loyalty with store image, perceived quality, and brand trust as the mediating variables on Yamaha motorcycle on Purwokerto. The random sampling found 125 respondents and data was analyzed by Structural Equation Model (SEM). The result of this research confirmed that advertising spending has positive effect on brand loyalty, and store image, perceived quality, and brand trust mediates the effect between advertising spending and brand loyalty. The result of study shows that advertising spending has a value in building brand loyalty through store image, perceived quality, and brand trust, and suggests to the managers to increase the advertising through mass media and brand community.

Keywords : Advertising spending, store image, perceived quality, brand trust, brand loyalty.

INTRODUCTION

Nowadays companies have a tight competition in offering their product, and most of them make their product nearly identical with of the competitor. The problem is how they can win the consumer share and heart? One of the strategies they used to do that is by a branding strategy. Brand provides opportunity to the firms to capitalize its competences and unique organizational structure to get a place in the minds and hearts of the consumers (Keller, 1993). Along with the brand focused on customer, the marketers begin to think how the customers know their brand better. One of their strategies is by using mass advertising in mass media like television, internet, and banner placed in the street and venues. Many companies have started placing many advertisements in the mass media and placing banner along the streets, in order to attract consumer to using or just trying their products. By placing an advertisement on mass media, the company tries to encourage, persuade, and prove information to the customer, so that their customer will buy their products.

Previous research conducted by Hameed (2013) stated that advertising spending has direct effect on store image. When a product place an advertising in mass media, and it has specific places to purchase it, it will increase store image in consumer perception. If a company has a good financial support it can create a good store image.

Furthermore, some studies show that perceived quality and store image have effect on customer trust and loyalty. According to Ha et al., (2011) perceived quality has direct and positive impact on brand loyalty and customer satisfaction and when the perceived quality of the brand increases, the customer satisfaction also raises, thus it leads to brand loyalty.
Study by Martenson, (2007) proved that a store with a good image reflects that the brands have high quality and customers are loyal with it. There is a direct relationship between brand image and customer loyalty, as the brand image of the firm/product or brand increases in the eyes of the customers, the loyalty of the customers also flourishens (Ogba and Tan, 2009). A good store image that comes from a good shopping attribute will represent a good brands that leads to the brand trust and leading to customer patronage intention. These intentions further lead to the loyalty of customers towards the e-tail store (Yun and Good, 2007).

Research by Upamanyu et al. (2006) showed that the brand trust has significance effect on brand loyalty. Because when the people have trust a product so much, then they will purchase it again in the future and that condition is called brand loyalty, even if the products change their package, or raise their price, the consumer will keep repurchase the products.

**Hyphothesis**
H1. Advertising Spending has a positive effect on Brand loyalty.
H2. Advertising spending has a positive effect on Store image.
H3. Advertising spending has a positive effect on Perceived quality.
H4. Store image has a positive effect on Brand trust.
H5. Perceived quality has a positive effect on Brand trust.
H6. Brand trust has a positive effect on Brand loyalty.

**RESEARCH METHODOLOGY.**

This Research was quantitative research using survey methods, and had been done in East, West, North and South Purwokerto on January - March 2014. The object of this research were advertising frequency, store image, perceived quality,brand trust, and brand loyalty, while the subject of this research was the people who had ever used Yamaha motorcycle and those who had ever seen Yamaha motorcycle advertising. The population of this research was people living in East, West, North and South Purwokerto who used Yamaha motor and had ever seen Yamaha motor advertisement. To determine the minimum samples size that representative with the amount of population was used interval estimation formula as follow.

\[ n \geq p \cdot q \cdot \frac{Z_{0.025}^2}{e^2} \]

In this estimation the significance used was 5%, while the coefficient of confidence level 95% is 1.960. If the possibility of sample on the set of 10%. Then the minimum sample can be calculated as follows:
\[
n \geq p(1-p) \left(\frac{1,96}{\sqrt{e}}\right)^2
\]

The P is between 0 and 1, the maximum is 0.5. Then minimum sample is:

\[
n \geq 0.5 \times (1 - 0.50) \left(\frac{1,96}{\sqrt{0.10}}\right)^2
n \geq 96.4
\]

To qualify for the minimum sampling is 96 respondents.

Based on Hair, et al (2010) for using Structural Equation Model (SEM) analysis, the minimum sample size is 100 samples, and then using a comparison with five observations for each of the estimated parameters. This study used 25 parameters, the samples taken were 125 respondents (25 x 5). Based on both methods 125 respondents were taken on this research.

This researcher used convenience sampling methods. The population was people of Purwokerto who had ever used and knew about Yamaha advertising.

RESULT.

1. General Description of Respondents

Respondents in this study can be categorized in several characteristics of the respondents based on gender, occupation, and type of Yamaha motor used by respondents.

Table 1. Rate Questionnaires Returned

<table>
<thead>
<tr>
<th>Questioner</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>125</td>
<td>100</td>
</tr>
<tr>
<td>Broke</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Appropriate</td>
<td>125</td>
<td>100</td>
</tr>
<tr>
<td>Share</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

From table 1, it can be identified that the number male respondents dominates the female respondents. From this data it can be concluded that male respondents are more care about their motorcycles.

Table 2. Number of Respondents Based on Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>95</td>
<td>76.00</td>
</tr>
<tr>
<td>Female</td>
<td>30</td>
<td>24.00</td>
</tr>
<tr>
<td>Total</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

From table 2, it can be identified that the number male respondents dominates the female respondents. From this data it can be concluded that male respondents are more care about their motorcycles.

Table 3. Number of Respondents Based on occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Total (People)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Lancer</td>
<td>60</td>
<td>48.00</td>
</tr>
<tr>
<td>Student</td>
<td>45</td>
<td>36.00</td>
</tr>
<tr>
<td>Businessman</td>
<td>16</td>
<td>12.80</td>
</tr>
<tr>
<td>Civil</td>
<td>4</td>
<td>3.20</td>
</tr>
<tr>
<td>Servant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 3, identifies, the majority of respondents come from free lance. This indicates that most of people who came to the dealer at the week day are a free lancers because they have more time to take service for their motorcycle than the other job.
Table 4. Number of Respondents Based on Type of Yamaha motors that used

<table>
<thead>
<tr>
<th>Motor Type</th>
<th>Total (People)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mio</td>
<td>37</td>
<td>29.60</td>
</tr>
<tr>
<td>Byson</td>
<td>31</td>
<td>24.80</td>
</tr>
<tr>
<td>Vixion</td>
<td>15</td>
<td>12.00</td>
</tr>
<tr>
<td>Vega</td>
<td>11</td>
<td>8.80</td>
</tr>
<tr>
<td>Rx King</td>
<td>3</td>
<td>2.40</td>
</tr>
<tr>
<td>Total</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4 shows that the respondents using Yamaha Mio are 34 respondents or 28.33%. It shows Yamaha Mio is very favored by customers. This is because Yamaha Mio is the motorcycle that easy to use and can carry more stuffs than the other type of Yamaha motors.

Result of Structured Equation Modeling (SEM) Analysis.

Full Model Analysis

After analyzing the measurement model through Confirmatory Factor Analysis (CFA) where each variable indicator can be used to prove define latent constructs, then the next step is to conduct a full model SEM analysis with the model result is as follows:

![Figure 3. Full Model Analysis](image)

1. Normality Evaluation of Data

Evaluation is done by using the criteria of normality ratio skewness critical value of ±2.58 at the level of 0.01. Data can be inferred to have a normal distribution if the value of critical ratio skewness is under the absolute value of 2.58 (Suliyanto, 2011). Based on the data, it can be seen that the value of critical ratio skewness value of all indicators point to a normal distribution because each critical ratio value is less than the absolute value of 2.58 at the significant level of 0.01. Therefore, it can be concluded that data of observed variable is proved normally distribution.

2. Outliers Evaluation

Outliers are observations or data that have unique characteristics or very different from the other data, and appear in the form of extreme value, whether for single or combination variable (Hair, et., al., 1998). The evaluation results of univariate and multivariate outliers can be explained as follows:
a. **Univariate Outliers**

Univariate outliers test is based on the standardized value (Z-score) of the data used in this research. If the Z-score is greater than or equal to ±3, then the data is categorized as univariate outliers (Suliyanto, 2011). Based on data, it can be seen that the Z-score of each indicator is smaller than ±3, so that the research data is stated free of univariate outliers.

b. **Multivariate Outliers**

Evaluation of multivariate outliers is necessary because although the data analyzed showed no outliers in univariate level, but the observations may be outliers when it is combined. The mahalanobis distance of each variable can be calculated and can show a variable distance from the average of all variables in a multidimensional space (Hair, et.al., 1998). The criteria used are based on the chi-square value with degree of freedom of 25 (number of indicators) and the significance level of \( p < 0.001 \). The result of mahalanobis distance with \( d \) squared (25;0.001) is 52.60. It means that the data having mahalanobis distance value is greater than 52.60 including as the multivariate outliers. Based on the result analysis in Appendix 4 (observations farthest from the centroid), it is obtained that the highest value of mahalanobis distance of 38.932 is less than the value of \( d \) squared (25;0.001) of 52.066. So, it can be concluded that there are no data including as the multivariate outliers in this research.

3. **Multicollinearity and Singularity Evaluation**

To determine whether the data in this study are multicollinearity or singularity in variable combinations, then that needs to be observed the determinant of the sample covariance matrix. Value of the determinant is small or close to zero shows indication of multicollinearity or singularity, so that the data can not be used for research (Tabachnick and Fidell, 1998). The result of AMOS output shows that the value of the sample covariance matrix determinant of 0.015 is greater than zero. So, it can be concluded that there is no multicollinearity or singularity and the research data are feasible.

4. **Goodness of Fit and Statistical Test**

The adequacy of the model fit is determined by several goodness of fit statistics, including Chi-square, The Minimum Sample of Discrepancy Function with Degree of Freedom (CMIN/DF), Root Mean Square Error of Approximation (RMSEA), Adjusted Goodness of Fit Index (AGFI), Goodness of-Fit Index (GFI) and Comparative Fit Index (CFI), with the result summary can be seen in Table 5.

<table>
<thead>
<tr>
<th>Goodness of Fit Index</th>
<th>Cut of Value</th>
<th>Result</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square Probability</td>
<td>Expected small</td>
<td>306.936</td>
<td>Marginal</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>( \leq 2.00 )</td>
<td>1.141</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>( \geq 0.90 )</td>
<td>0.833</td>
<td>Marginal</td>
</tr>
<tr>
<td>AGFI</td>
<td>( \geq 0.90 )</td>
<td>0.799</td>
<td>Marginal</td>
</tr>
<tr>
<td>TLI</td>
<td>( \geq 0.95 )</td>
<td>0.956</td>
<td>Good</td>
</tr>
<tr>
<td>CFI</td>
<td>( \geq 0.95 )</td>
<td>0.961</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>( \leq 0.08 )</td>
<td>0.034</td>
<td>Good</td>
</tr>
</tbody>
</table>

4. a. **Chi-Square.**
Based on the results of SEM analysis, it is obtained the chi-square value of 306.936. The chi-square value is still acceptable in marginal category, because the chi-square value is less than cut of value of 306.845.

b. Probability

Based on the results of SEM analysis, it is obtained the probability value of 0.056 is greater than 0.05. Then the value is accepted. Thus, the null hypothesis which states that there is no difference between the population covariance matrix and the sample covariance matrix estimated is accepted. (Ferdinand, 2005).

c. The Minimum Sample of Discrepancy Function with Degree of Freedom (CMIN/DF)

Based on the results of SEM analysis, it is obtained the CMIN/DF value of 1.141 is smaller than 2.00. The CMIN/DF value indicates that it is acceptable fit between model and data. So it can be accepted in the good category.

d. Goodness-of-Fit Index (GFI)

Based on the results of SEM analysis, it is obtained the GFI value of 0.833 is less than cut of value of 0.90. The GFI value is still acceptable in marginal category, because the value is between 0.6 until 0.89.

e. Adjusted Goodness of Fit Index (AGFI)

Based on the results of SEM analysis it is obtained the AGFI value of 0.663 is less than cut of value of 0.90. The AGFI value is still acceptable in marginal category, because the value is between 0.6 until 0.89

f. Tucker Lewis Index (TLI)

Based on the results of SEM analysis, it is obtained the TLI value of 0.956 is greater than cut of value of 0.95. The TLI value is still accepted in good category.

g. Comparative Fit Index (CFI)

Based on the results of SEM analysis, it is obtained the CFI value of 0.961 is greater than cut of value of 0.95. The CFI value is accepted in good category.

h. RMSEA (The Root Mean Square Error of Approximation)

Based on the results of SEM analysis, it is obtained the RMSEA value of 0.034 is smaller than cut of value of 0.08. The RMSEA value is accepted in good category.

5. Reliability and Variance Extract Test

Reliability is a measure of the internal consistency of the indicators formed a variable (construct) that indicates the degree to which each variable indicator indicates a derivative (Constructs) common (Ferdinand, 2000). In the SEM modeling, limit values are used to assess an acceptable level of reliability that is > 0.70.

**Hypothesis Testing**

Hypotheses testing of this research are based on the null hypothesis that the regression coefficient between the relationships is equal to zero by the usual t-test in regression models (Ferdinand, 2000: 138).

**H1: Advertising Spending has a positive effect on Brand loyalty.**

CR values for the effect of variables advertising spending on brand loyalty is 2.958, which is greater than t.table (1.966). As significant value (0.003) less than α (0.05), so that it can be concluded that hypothesis 1 is accepted. Thus, the first hypothesis which states that advertising spending has positive effect on brand loyalty is accepted.
H2: Advertising spending has a positive effect on Store image.

CR values for the effect of variable advertising spending on store image is 4.104 which is greater than t.table (1.966). As significant value (0.001) is less than α (0.05), so that it can be concluded that hypothesis 2 is accepted. Thus, the second hypothesis which states that advertising spending has positive effect on store image is accepted.

H3: Advertising spending has a positive effect on Perceived quality.

CR values for the variable advertising spending to perceived quality is 3.269 which is greater than t.table (1.966). As significant value (0.001) is less than α (0.05), so that it can be concluded that hypothesis 3 is accepted. Thus, the third hypothesis which states that advertising spending has positive effect on perceived quality is accepted.

H4: Store image has a positive effect on Brand trust.

CR values for the effect of store image on brand trust is 3.303 with is greater than t.table (1.966), as significant value (0.001) is less than α (0.05), so it can be concluded that hypothesis 4 is accepted. Thus the fourth hypothesis which states that Store image has positive effect on brand trust is accepted.

H5: Perceived quality has a positive effect on Brand trust.

CR values for the effect of variable perceived quality on brand trust is 5.867 which is greater than t.table (1.966). As significant (0.001) is less than α (0.05), so that it can be concluded that hypothesis 5 is accepted. Thus the fifth hypothesis which states that perceived quality has positive effect on Brand Trust is accepted.

H6: Brand trust has a positive effect on Brand loyalty.

CR values for variables brand trust on brand loyalty is 4.226, which is greater than t.table (1.966). As significant value (0.001) less than α (0.05), so that it can be concluded that hypothesis 6 is accepted. Thus, the sixth hypothesis which states that brand trust has positive effect on brand loyalty is accepted.

Discussion of Results

a. Advertising spending has positive effect on brand loyalty.

This research result proves that advertising Spending has positive effect on brand loyalty in Yamaha motors. It means the higher frequency of Yamaha advertisement and the more Yamaha spend for advertising will increase the level of customer loyalty of Yamaha.

As the consumers see the advertising of Yamaha motors in every media with the frequency of Yamaha motors advertising that shown many famous people like Didi Petet, Dedy Mizwar, Komeng, George Lorenzo, and Valentino Rossi which spend more cost, it will construct the good image of Yamaha that will keep its customers remain loyal.

Yamaha motorcycle always advertise when it issues new products. The advertisement is usually in a form of a launching event that every people who come will have the opportunity to test ride the new product and usually have a quiz that gives the new product as a gift. This will create a loyal customer because Yamaha is one of the company that innovating its product almost every year. Even, for this year Yamaha launch 3 new products, Yamaha X-ride, Yamaha GT125 Eagle Eye, and Yamaha R15.

This result is consistent with Yoo et al., (2000) that both brand loyalty and perceived quality have positive influence on the brand. The more advertising for the brand; the more consumers have high perceived quality and loyalty for the brand. Based on the previous research of Ha et al., (2011), the advertising spending has direct as well as indirect impact on brand loyalty.

b. Advertising Spending has positive effect on Store image
The second hypothesis states that there is a positive effect of advertising spending on store image. It means if Yamaha places more advertising in every media, it will increase the image of Yamaha dealer.

In its advertising, Yamaha always brings elements of red, blue, and white color. This has become the image if that colors representing Yamaha motors, when people see a dealer with red, blue and white as the color of their store they will think if that dealer is Yamaha even without seeing the sign.

The Advertisment of Yamaha also has meet with the product concept and has meet with the target customer which is the youngsters as the target and the Yamaha store has been modified to conforting the consumer with good placing, nice facility and others.

This result is consistent with the research of Hameed et al., (2013) that mentioned advertising is actually a tool to create awareness and when customers are aware about the store then they have good perception about the store. As well as research done by Aaker and Jacobson, (1994) that explained that advertising has direct and positive impact on brand loyalty. It has indirect impact too through perceived quality, store image, and customer satisfaction Therefore, there is a positive and significant association between advertising spending and perceived quality.

c. Advertising Spending has positive effect on perceived quality

This research result proves that advertising Spending has positive effect on perceived quality in Yamaha motors. It means the higher frequency of Yamaha motor advertisement will increase the perceived about the quality of Yamaha motor. When the people see the advertisement of Yamaha, for example the advertisement of Yamaha Vixion where Yamaha Vixion can run much faster than Cheetah (the fastest animal in the world), people will have perceive that Yamaha Vixion is the fastest motorcycle in its class.

Yamaha shows lot of advertisement in mass media and its also gives the specification of its product. This means the consumer have good perceive about Yamaha. A lot of them are satisfied because Yamaha motor has medium price and good quality motorcycle

This result is consistent with Yoo et al (2000) who stated that both brand loyalty and perceived quality have positive influence on the brand. The more advertisement for the brand, the more consumers have high perceived quality and loyalty for the brand. Based on the previous research of Hameed et al. (2013), advertising spending is found to have direct and positive impact on brand loyalty, store image and perceived quality. Therefore, there is a significant relationship between advertising spending and perceived quality.

d. Store image has positive effect on brand trust

This result proves that store image has positive effect on brand trust. It means that if Yamaha dealers can maintain the good image of their store, it can increase the rate of brand trust.

When Yamaha dealers can provide good facilities to customer and serve them well the customer will begin to think that Yamaha always tries to satisfy their customer. Yamaha also builds their image by giving merchandise such as helmet, jacket, and Yamaha bag for its customers, Yamaha proves that it cares to the customers, and wants its customer to do the safety riding. To make it customers comfort Yamaha have provided its dealers with some facilities to make customers to feel comfort.

Yamaha has tried it best to satisfy customer. It has to be done because Yamaha knows if its stores have a good image, it can make customer trust to the brand.

Results confirming the positive relationship between store image and brand trust support past research. In particular, A Store with a good image will provide store with a good brand name. It was found that the brand name of a web store is strongly and positively correlated with perceived levels of brand trust. (Ha et al. (2004).

e. Perceived quality has positive effect on brand trust

This result also proves perceived quality has positive effect on brand trust in Yamaha motors. It means that the higer level of perceived quality will increase the level of brand trust.
Yamaha gives the best product every time it launches a new product, and the product has a competitive price. People also know that Yamaha is a brand that expert in creating a motorcycle machine. This is why people trust in Yamaha for every new motor they invented. Yamaha motor also has high durability, fit for every condition, and easy to service, has good performance. Because of that reasons, people will trust Yamaha as a good branded motorcycle.

The result is consistant with Ha et al., (2011, 2009) said when customers have a good perception about a brand, they will begin to trust hat brand then they will repurchase and become a loyal customer. Perceived quality have direct and positive impact on brand loyalty and customer satisfaction. When the perceived quality of the brand increases, the customer satisfaction also raises. In turn, it leads to brand loyalty.

f. Brand trust has positive effect on brand loyalty

This result proves that brand trust has positive effect on brand loyalty. It means that the higher level of brand trust will increase brand loyalty

The customers trust in Yamaha because Yamaha is a company that expert in creating motorcycle engine. Beside of that, Yamaha always invents technology and keeps launching a new innovation almost every year. Thus makes the customers want to try the new product everytime it has been launched. This creates a loyal customer. Yamaha also keeps promises stated that “Semakin terdepan” by producing motorcycles that have more advanced system and models than the other motorcycles.

Yamaha also cares of its customers by opening websites that provides customer service, and gives information about the product, latest event, and location of nearest dealer. This proves that Yamaha has a good commitment and trusted brand that can increase loyal cistomers.

Results confirming the positive relationship between brand trust and brand loyalty support past research done by Ballester and Aleman (2005) which Found that Brand trust development is a long term process, a trustworthy brand cares the customer expectations, fulfill promises and value its customers that eventually leads to brand trust and reliability. When the customers have trust the brand, they will lead to the loyal customers to the brand by keep repurchasing the brand.

CONCLUSION

1. Advertising spending has positive effect on brand loyalty on Yamaha motor.
2. Advertising spending has positive effect on store image on Yamaha motor.
3. Advertising spending has positive effect on perceived quality on Yamaha motor.
4. Store image has positive image effect on brand trust on Yamaha motor.
5. Perceived quality has positive effect on brand trust on Yamaha motor.
6. Brand trust has positive effect on brand loyalty.

REFERENCES


