

EFFECT OF BRAND CREDIBILITY TO WORD OF MOUTH VIA CUSTOMER SATISFACTION AND CUSTOMER LOYALTY AT HYPERMART CYBERPARK KARAWACI

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ABSTRACT

Retail business development becomes very competitive due to offline and online competitor. Business owner has to offer the best services for costumers because customers' dynamic behavior may let them to try other brands if their needs was not fulfilled. As the numbers of competitors keep increasing and company must have good positioning and credibility to maintain their customers and give positive Word of Mouth. The purpose of this study was to find out the effect of Brand Credibility to Word of Mouth via Customer Satisfaction and Customer Loyalty as intervening variable at Hypermart Cyberpark Karawaci. The sampling technique used in this study was a non-probability purposive sampling. While the analysis technique was using Partial Least Square (PLS) - Structural Equation Modeling (SEM). Respondents were taken from 230 customers of Hypermart Cyberpark Karawaci in Tangerang with particular characteristics. The results showed that Customer Satisfaction and Customer Loyalty were intervening variable between Brand Credibility on Word of Mouth, there was influence of Brand Credibility on Customer Satisfaction and Customer Loyalty, there is influence of Customer Satisfaction and Customer Loyalty on Word of Mouth, and there is influence of Customer Satisfaction on Customer Loyalty.

Keywords: Brand Credibility, Customer Satisfaction, Customer Loyalty, Word of Mouth

INTRODUCTION

Development of retail supermarket is very competitive and tight, therefore right strategy at the right time needs to be executed to compete with other companies. According to Martinus (2011), Hypermart had the most significant good performance with 21.5% per annum. Further, the number of hypermart stores were increased quite high averagely 39.8% per annum during 2008.

Currently, the competition map for retail business is changing. Some big retailers has to closed down their stores such as Giant and Hypermart. It is not only affected by shifting of consumer behavior from offline to online, but also tight competition among the offline retailers and changing of company business strategy. As the matter of fact, Matahari Putra Prima had to closed down their stores from 299 in 2016 to 219 in 2018. Meanwhile, Indomart had increment by 6.7% in 2018 which made total of 16.366 stores (Tamara, 2019).

Retail business development becomes very competitive due to offline and online competitor. Business owner has to offer the best services for costumers because customers' dynamic behavior may let them to try other brands if their needs was not fulfilled. And if the competitors able to cope up with trends and meet

customers' needs, then the other business may lose their loyal customers.

According to Smolnikov (2018), Brand credibility is the heart of the brands which serve as benchmarks of social power for consumers in making judgements about their authenticity of claims by producers of social power brands. This means if the brand has higher credibility, more consumers will remember about the brand and believe it. Keller and Lehmann (2006) mentioned that Credibility is the extent to which consumers believe that a brand is willing and able to deliver products and services that satisfy the customer needs and expectation. Thus, brand credibility is made by repeatable transaction and satisfying customer needs.

Brand Credibility affects customer satisfaction of the products as they expects to get what they needs by using the products. As demonstrated by Maathuis, *et al.*, (2004), brand credibility impacts consumer's decision making and thus customers trust the to use the product overtime. Customer satisfaction has significant positive effect in towards trust in brand. Therefore, as the satisfaction increase, so does the trust. In the end, customer satisfaction also leads to customer loyalty, because the brand was able to meet their needs (Barry, 1986).

A brand with good customer satisfaction have good opportunity to

change the buyers become loyal customers (Mohsan, Nawaz, Khan, Shaukat, & Aslam, 2011). Those two factors of customer satisfaction and customer loyalty leads the customer to recommend the brand to others thorough word of mouth. East, *et al.* (2008) mentioned that Word of Mouth (WOM) is informal advice passed between consumers, and has powerful influence on consumer behavior. Word of mouth is unique since the people who tell the others are not marketers or sales. They just share their unique moments with others and recommend it if they have similar needs. For example, word of mouth from a person who suggest a bicycle maintenance shop to his cycling community.

Currently Hypermart as one of big retail modern supermarket in Indonesia had competitors such as Transmart and Lulu for hypermarkets or even Alfamart and Indomart for minimarkets. Therefore, Hypermart has to give their unique experience and interesting promotion to grab their customers. For example, weekly promotion on fresh products or home living products. An outstanding experience will speak by itself through their customers which leads to word of mouth recommendation. Thus, the purpose of this research is to find out if there is any effect of brand credibility to word of mouth via customer satisfaction and customer loyalty

at Hypermart Cyberpark Karawaci in Tangerang

LITERATURE REVIEW

Marketing means to identify and meet human needs. The core of marketing is to understand the needs, wants and demands of the customer. Hollistic marketing concept is based on development and implementation of marketing programs, processes and activities (Kotler & Keller, 2012). Focusing on consumer behavior itself, Consumer behavior is the study of individuals or groups to select, buy, use and dispose goods/ services to satisfy their needs and wants. There are four key aspects of consumer behavior, such as successful marketing decision, collecting information about specific consumers, understand multidimensional process of consumer behavior, and knowing that ethical issues involved might affect firm, society, individual (Hawkins, Mothersbaugh, & Mookerjee, 2010).

Brand Credibility

Brand Credibility is the believeability of product, position, information and anything that contained in a brand, which consistently delivering what is promised. Brand credibility represent the cumulative effect of the credibility of all previous marketing actions taken by the

brand (Erdem, Swait, & Louviere, 2002). Brand credibility is also defined as a critical element affecting brand's customer base and its market share (Chauduri & Holbrook, 2001). Therefore, having the trust can strengthen the relationship between the sellers and the customers.

Credibility has two dimensions, which are trustworthiness and expertise. Trustworthiness implies a brand is willing to deliver what is promised, while expertise implies a brand is capable to deliver it. Thus, a credible brand means it is willing and able to deliver what is promised. The more credible the brand's signal of its positioning, the lower the consumers' perceived risks and less information gathering for consumer to incur during decision making. Therefore, the higher the signal credibility, the higher the consumer expectation of quality compared to less credible brand (Erdem, Swait, & Louviere, 2002).

Customer Satisfaction

Customer satisfaction is perceived as one of critical factors to loyalty. Customer satisfaction can influence customer repeated purchase behavior, which the higher the satisfaction level, the higher probability to retain the customer. According to Peltier et al. (2002) Customer satisfaction significantly affect customer loyalty (Retention). Satisfaction is also

defined as a degree of meeting the needs at the end of a purchase. To achieve a certain level of customers' level of satisfaction, companies are required to understand the needs of customers and give them the right products and services that able to satisfy the customer needs. Every business can reach the ideal target of customer satisfaction level by dedicated in fulfilling customer requirements in their sectors of business (Othman, Kamarohim, & Nizam, 2017).

Customer satisfaction might have positive and negative results. If it is positive, then it would have good trust to the brand. So, if customer satisfaction rises, then customer trust will also increase, and vice versa. Therefore, customer satisfaction will have beneficial outcome and leads to customer loyalty. Whereas, in the long term only most satisfied customers would stay as loyal customers (Barry, 1986)

Customer Loyalty

Customer Loyalty is defined as one's loyalty to a product or service. It is a manifestation of customer satisfaction of using products or services and keep using them overtime (Kotler & Keller, 2008). Customer loyalty can also be defined as customer commitment to a brand, which indicated with consistent re-purchase (Hurriyati, 2005). Even if there is any effort from other brand to grab the customers,

they will not waver and keep purchasing with their trusted brand (Salo, 2016).

Retail marketing paradigm has changed from profit oriented to customer oriented, which try to create high customer satisfaction. High satisfaction will cause long-term customer loyalty. Tunggal (in Andreas, 2012) stated that customer loyalty is an attachment of customer to brand, product, service or other entity which give profitable behavior and good response such as repeated purchase. Customer loyalty is also indicated with commitment and positive behavior to the brand, such as recommend others to purchase (Andreas, 2012).

Word of Mouth

Word of Mouth (WOM) is informal advice passed between consumers, which is usually interactive, swift, and lacking in commercial bias. WOM is a powerful influence on consumer behavior. WOM may be positive (PWOM), encouraging brand choice or negative (NWOM), discouraging brand choice (East, Hammond, & Lomax, 2008).

According to Liao et al. (2011), customer trust will affect the spontaneous behavior of customers. Therefore, when companies had mutual trust with customer and build good relationship, thus

companies might increase customer commitment and have better word of mouth. WOM is an effective promotion activities in Indonesia. It is happened when customers speak to others about their opinions on brands, products or services (Kotler & Keller, 2008).

Word of Mouth (WOM) become the most effective and cost efficient promotion method since satisfied customers will become the spokespersons for those brands. They are trusted and effective compared to other advertising. Word of Mouth is a marketing effort to boost consumers to speak, promote, recommend and sell the brand to customers or other customer candidates. Word of mouth is an activity to share customer experience among the customers. Word of mouth is considered to have strong effect to customer decision making, especially positive word of mouth that support the brands (Ghorban & Tahernejad, 2012).

According to the explanation above, the hypothesis of the study are as follows:

H1 : Brand credibility positively influence customer satisfaction

H2 : Brand credibility positively influence customer loyalty

H3 : Customer satisfaction positively influence word of mouth

H4 : Customer loyalty positively influence word of mouth

H5 : Customer satisfaction positively influence customer loyalty

H6 : Customer satisfaction positively act as intervening variable for brand credibility to influence word of mouth

H7 : Customer loyalty positively act as intervening variable for brand credibility to influence word of mouth

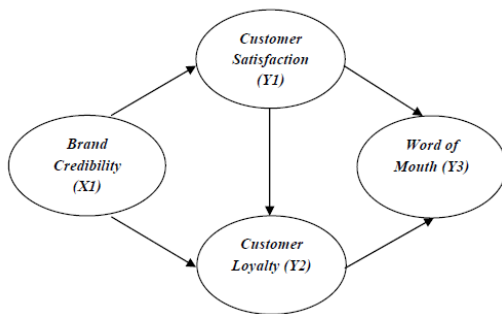


Figure 1 Analysis Model
Source: Andreas (2012)

RESEARCH METHODOLOGY

This research design is causal study using hypothesis. Quantitative paradigm is used to test the hypothesis using measured variables statistically (Abdillah & Hartono, 2015). The study was done using survey, in which done by giving questionnaires to get information and data from respondents.

Operational Definition

a. Brand Credibility

Brand Credibility is a trust from consumer to product information from the brand, in which the brand has trustworthiness and expertise to deliver what is promised (Erdem, Swait, & Louviere, 2002). The indicators were:

- 1) Hypermart is a trusted shopping mart (BC1)
- 2) Hypermart has the ability to deliver what is promised (BC2)
- 3) Shopping in Hypermart boost my confidence to trust Hypermart's promises (BC3)
- 4) Hypermart has trusted quality assurance (product variance and freshness) (BC4)
- 5) Hypermart has trusted service assurance (speed of service and stock availability) (BC5)
- 6) Hypermart is an experienced shopping mart (BC7)

b. Customer Satisfaction

Customer satisfaction is someone perception to product/ service performance compared to one own's expectation (Othman, Kamarohim, & Nizam, 2017). The indicators were:

- 1) I feel satisfied to shop at Hypermart because it can provide my needs (CS1)
- 2) Shopping in Hypermart is the right choice (CS2)
- 3) I have delightful experience when shopping at Hypermart (CS3)
- 4) I feel satisfied with product and service at Hypermart (CS4)
- 5) I feel satisfied shopping at Hypermart because it is interesting and comfortable (CS5)

c. Customer Loyalty

Customer loyalty is customer attachment to a brand, service provider or other entity that are signed with repeat purchase (Andreas, 2012). The indicators were:

1. I want to visit Hypermart again (CL1)
2. I choose to shop again to Hypermart (CL2)
3. I choose to keep shopping at Hypermart (CL3)
4. Hypermart is the first choice if I want to go shopping, eventhough there is other market (CL4)
5. I believe Hypermart is the best shopping mart (CL5)

d. Word of Mouth

Word of Mouth is an activity consisting of minds, thoughts and information shared among customers based on their own experience (Kotler & Keller, 2008). The indicators were:

- 1) I am happy to tell positive things about Hypermart to others (WM1)
- 2) I am happy to recommend to others that needs information about Hypermart (WM2)
- 3) I am happy to recommend about shopping atmosphere at Hypermart (WM3)
- 4) I am happy to recommend Hypermart as shopping place to other people (WM4)
- 5) I am happy to recommend Hypermart as shopping place to my friends (WM5)
- 6) I am happy to invite my friends and family to shop at Hypermart (WM6)

- 7) I am happy to share shopping experience at Hypermart (WM7)

Population and Sample

In this study, there are 23 variables, thus the sample size were 230 respondents of Hypermart’s consumers that have shopped at Cyberpark Karawaci.

Sampling Method

Sampling method for this research was non probability sampling, with purposive technique, especially judgment sampling design since it involves the choice of subjects who are in the best position to provide information required. In this study, the samples are the customers of Hypermart that have shopped at Cyberpark Karawaci.

Data Analysis Method

The data was collected by distributing questionnaire to the respondents. The collected data will be analyzed using SmartPLS programme. Partial Least Square (PLS) method will describe the relation among the variables and, the result will be showed by using outer model and inner model.

RESULTS AND DISCUSSION

Table 1. Final Outer Loadings and AVE value

Variables	Code	Outer Loading	AVE
Brand Credibility	BC1	0.817	0.747
	BC2	0.917	
	BC3	0.896	

	BC5	0.829	
Customer Satisfaction	CS1	0.838	0.739
	CS2	0.882	
	CS3	0.896	
	CS4	0.830	
	CS6	0.839	
Customer Loyalty	CL1	0.856	0.701
	CL2	0.866	
	CL3	0.846	
	CL4	0.857	
	CL6	0.875	
Word of Mouth	WM1	0.889	0.851
	WM2	0.928	
	WM3	0.911	
	WM4	0.947	
	WM5	0.942	
	WM6	0.908	
	WM7	0.931	

Source: Result of data processing (2020)

Table 1 shows the final outer loadings and AVE value. Outer loadings have value >0.7 and AVE value also >0.5 As discuss later in discriminant validity section, indicators BC4 and BC7 had to be omitted since it is not valid. Other than those two, the remains indicators are valid.

Table 4 Total Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P-Values	Conclusion
Brand Credibility -> Customer Loyalty	0.678	0.677	0.041	16.373	0.000	Significant
Brand Credibility -> Customer Satisfaction	0.831	0.830	0.023	36.827	0.000	Significant
Brand Credibility -> Word of Mouth	0.563	0.564	0.043	13.204	0.000	Significant
Customer Loyalty -> Word of Mouth	0.622	0.621	0.070	8.905	0.000	Significant
Customer Satisfaction -> Customer Loyalty	0.702	0.706	0.078	9.022	0.000	Significant
Customer Satisfaction -> Word of Mouth	0.607	0.612	0.064	9.552	0.020	Significant

Table 2 Final Actual Fornell-Larcker Value

	BC	CL	CS	WM
BC	0.866			
CL	0.678	0.857		
CS	0.831	0.781	0.860	
WM	0.586	0.755	0.656	0.923

Source: Result of data processing (2020)

Previously, when BC4 and BC7 existed, square root AVE in BC construct were still less than other correlatons. After those two indicators were ommited, the indicators are discriminantly valid as shown in table 2.

Table 3 Composite Reliability Test

Brand Credibility	0.923
Customer Loyalty	0.933
Customer Satisfaction	0.934
Word of Mouth	0.976

Source: Result of data processing (2020)

Table 3 shows that variables brand credibility, customer satisfaction, customer loyalty, and word of mouth are reliable as the value are >0.70.

Source: Result of data processing (2020)

Table 5 Summary of Hypothesis Test

Hypothesis	The Relation of Variables	Original Sample (O)	T Statistics (O/STDEV)	P-Values	Result	Conclusion
H1	Brand Credibility - > Customer Satisfaction	0.831	35.390	0.000	Significant	Accepted
H2	Brand Credibility - > (Customer Satisfaction ->) Customer Loyalty	0.678	16.373	0.000	Significant	Accepted
H3	Customer Satisfaction -> Word of Mouth	0.170	2.326	0.000	Significant	Accepted
H4	Customer Loyalty - > Word of Mouth	0.622	9.070	0.000	Significant	Accepted
H5	Customer Satisfaction -> Customer Loyalty	0.702	9.157	0.000	Significant	Accepted
H6	Brand Credibility - > Customer Satisfaction -> Word of Mouth	0.141	2.225	0.027	Significant	Accepted
H7	Brand Credibility - > (Customer Satisfaction ->) Customer Loyalty - > Word of Mouth	0.563	13.204	0.000	Significant	Accepted

Source: Result of data processing (2020)

Discussion

1. Data analysis result shows Brand Credibility positively and significantly influence Customer Satisfaction because T-statistic value 35.390 (greater than 1.96). This means as Brand Credibility of Hypermart

increase, the higher the Customer Satisfaction.

2. Data analysis result shows Brand Credibility positively and significantly influence Customer Loyalty because T-statistic value 16.373 (greater than 1.96). This influence must be mediated

by Customer satisfaction, since direct effect of Brand Credibility to Customer Loyalty is not significant. Finally, this means as Brand Credibility of Hypermart increase, the higher the Customer Loyalty.

3. Data analysis result shows Customer Satisfaction positively and significantly influence Word of Mouth because T-statistic value 2.326 (greater than 1.96). This means as Customer Satisfaction of Hypermart increase, the higher the Word of Mouth.
4. Data analysis result shows Customer Loyalty positively and significantly influence Word of Mouth because T-statistic value 9.070 (greater than 1.96). This means as Customer Loyalty of Hypermart increase, the higher the Word of Mouth.
5. Data analysis result shows Customer Satisfaction positively and significantly influence Customer Loyalty because T-statistic value 9.157 (greater than 1.96). This means as Customer Satisfaction of Hypermart increase, the higher the Customer Loyalty.
6. Data analysis result Customer Satisfaction has significant influence as intervening variable for Brand Credibility to Word of Mouth, because T-statistic value 2.225 (greater than 1.96). This means as Brand Credibility of Hypermart increase, the Customer

Satisfaction will increase, then finally will create Word of Mouth.

7. Data analysis result Customer Loyalty has significant influence as intervening variable for Brand Credibility to Word of Mouth, because T-statistic value 13.204 (greater than 1.96). This influence must be mediated by both Customer Satisfaction and Customer Loyalty, since direct effect of Brand Credibility to Customer Loyalty only is not significant enough. Finally, this means as Brand Credibility of Hypermart increase, the Customer Loyalty will increase, then finally will create Word of Mouth.

CONCLUSIONS AND SUGGESTIONS

Conclusions

Based on the result of study analysis, the conclusion of this study is Customer Satisfaction and Customer Loyalty are intervening variable for Brand Credibility to Word of Mouth. There are positive and significant influence between Brand Credibility to Customer Satisfaction and Customer Loyalty; positive & significant influence between Customer Satisfaction and Customer Loyalty to Word of Mouth; and positive & significant influence of Customer Satisfaction to Customer Loyalty.

Suggestions

1. It is suggested for the managerial teams to empower their brand credibility to increase customer satisfaction
2. It is suggested to for the mangerial teams to increase service quality and improve customer experience to maintain or keep their customer satisfied.
3. It is hoped that this study can identify existing constraints to improve Hypermart's future performance.

First, this study only had 230 respondents, hence enlarging the sample size might represent population better. Second, this study was done during covid-19 pandemic which the shopping experience might be different than usual, hence, re-do the research on different occasion. Lastly, this study limited to customer who had shopped at Hypermart Cyberpark Karawaci branch, thus another study in different location or in minimarket or supermarket might give different perspective.

Limitations

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