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## THE INFLUENCE OF CUSTOMER VALUE AND BRAND IMAGE ON THE LOYALTY OF NISSAN CAR USERS, AND SATISFACTION AS A MEDIATING VARIABLE

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**Abstract:** Customer value plays an important role in winning business competition, so we need to find out how much customer value can satisfy customers and make them loyal. Therefore, customer value also needs to be continuously developed through continuous research. In this study, respondents with high customer value will be satisfied with the products they use, and this satisfaction will lead to loyalty to these customers. This is consistent with the research finding that customer value affects loyalty through satisfaction. This research aims to examine the impact of customer value and brand image on loyalty, and to use intermediaries as satisfaction. The research unit is a customer/user of Nissan Motor. The methods used in this study are quantitative, with explanatory methods, more specifically related to causality. According to the research purpose, the data analysis method used is structural equation modelling (SEM), the data is processed using JASP software. Testing is done through direct effects and indirect effects.

**Keyword:** Customer Loyalty, Brand Image, Customer Value.

### INTRODUCTION

The world of the automotive industry is currently experiencing very rapid development. This is due to the growing middle class and the need for people to have means of transportation to support the mobility of the people who are getting busier. In recent years, the automotive industry in Indonesia is no longer dominated by Japanese and European manufacturers. This situation has an impact on the automotive business in Indonesia which is increasingly competitive.

Along with the increasingly fierce competition, it is increasingly difficult for producers to maintain customer loyalty so as not to move to competitors (Susanto & Damayanti, 2008). This should be a big concern for automotive companies because all automotive companies will provide

new, sophisticated features at competitive prices. Maintaining customer loyalty is a need that must be considered by every automotive company, both in Indonesia and in other countries.

The Association of Indonesian Automotive Industries (Gaikindo) noted that car sales in Indonesia in wholesales from January to December 2019 reached 1,030,126 units.

**Table 1. Sales data of the 10 best-selling car brands in Indonesia in 2019**

Merk	Sales (In units)
Toyota	331.797
Daihatsu	177.284
Honda	137.339
Mitsubishi Motors	119.011
Suzuki	100.383
Mitsubishi Fuso	42.754
Hino	31.068
Isuzu	25.270
Wuling	22.343
Nissan	12.302

*Source:* (Www.gaikindo.or.id, 2021)

The table above shows that of the 10 best-selling car brands, Nissan ranks at the bottom with sales during 2019 of only 12,302 units.

In Indonesia, PT. Nissan Motor Indonesia, as the agent for the Nissan brand, markets several models such as the Nissan Livina, Nissan X-Trail, Nissan Evalia, Nissan Teana, Nissan March, Nissan Terra, and Nissan Serena. Most of the models were produced at Nissan's factory in Purwakarta. Several models have discontinued sales in the last five years. In the last 10 years, Nissan has 'triumphed' by being ranked fifth best-selling in Indonesia in 2011 with sales of 56,137 units where Nissan controls 6.3 percent of the market share in Indonesia. Nissan's highest sales record was achieved in 2012 with 67,143 units (6 percent market share). However, in March 2020, PT. Nissan Motor Indonesia has officially stopped all of its factory activities in Indonesia and will only focus on sales and after-sales services to customers (Tempo.Co, 2020).

sell when the COVID-19 pandemic plummets. But from month to month after slumping in April-May, the numbers are slowly rising. However, sales of Nissan brand cars were in freefall and Nissan's distribution continued to decline. Based on Gaikindo data in October 2020 wholesales Nissan only sold 37 units and all of them are supported by the recently launched Nissan Kicks e-Power. The distribution of other Nissan cars such as Livina, Serena, X-Trail, Terra, and Navara recorded zero units (Tempo.Co, 2020).

**Table 2. Data on Nissan's wholesales sales in Indonesia 2015 - 2020**

Year	Sales (In units)
2015	25.108
2016	13.153
2017	14.488
2018	6.885
2019	12.302
2020 (Jan-Oct)	10.776

*Source:* (Www.gaikindo.or.id, 2021)

From the data above, it is indicated that many Nissan customers are not loyal so that Nissan sales figures are unstable and even have a tendency to continue to decline.

Loyalty is an important factor in the automotive industry to survive in business competition. Loyalty is reflected in customer enthusiasm for the product or service. Many factors influence customer loyalty, especially in the automotive industry, such as brand image, customer value, and customer satisfaction, which are thought to play a role in Nissan customer loyalty.

The research of (Gabrielle & Harjati, 2018) and (Yunaida, 2018) states that brand image and service quality have a positive and significant effect on customer loyalty. However, several previous studies, namely from (Suliyanto, 2013) and (Munisih & Soliha, 2015), showed a relatively low coefficient although significant between customer value and loyalty. Even research from (Wibowo, 2015) shows that the effect of satisfaction on loyalty is low and insignificant.

Thus it can be concluded that although the variables of customer value, brand image, customer satisfaction, and customer loyalty have been studied quite a lot, the findings from previous studies still leave a research gap, namely deficiencies in findings and the role of variable research in similar studies. Research findings in different populations can produce moderate coefficients but also low or insignificant coefficients. This is what causes the great interest of researchers to research similar research to fill the gap. To overcome this gap, we propose a model to fill the research gap from the results of previous findings on the low contribution of customer value independent variables.

## LITERATURE REVIEW

### Customer loyalty

(Oliver, 2010) defines loyalty as a deep commitment from customers to buy/use goods/services repeatedly in the future. (Kotler & Keller, 2016) loyalty are a firmly held commitment to repurchasing selected goods/services in the future even though there are influences that cause customers to move to other products.

The dimensions used are according to Griffin (Sangadji & Sopiah, 2013): (1) Making regular repeat purchases; loyal customers make purchases continuously, (2) Buying between lines of goods/services (purchase across products/service lines); loyal customers not only buy main goods/services but customers also buy other goods/services from the same producer, (3) Recommend to others (recommend to other); loyal customers will communicate by word of mouth regarding product excellence to others, (4) Show immunity from competing products

(demonstrates on immunity to the full of competition); Loyal customers will refuse to use alternative goods/services offered by competitors.

### **Customer Value**

According to (Kotler & Keller, 2016), customer value is the difference between customer assessment of all the benefits and costs of an offering against its alternatives. This shows customer value in terms of benefits and tradeoffs. Customers will compare the benefits obtained with the sacrifices made. If the benefits that are felt are greater than the sacrifice, the prospective customer will accept the offer given, but on the other hand, if the benefits received are felt to be less than the sacrifice, the prospective customer will leave the offer that is given.

Organizations that focus on customer value will have an advantage in competing sustainably. (Roostika et al., 2010).

The dimensions used are according to Sweeney and Soutar (Yeri et al., 2019): (1) Emotional value; the utility of positive feelings or emotions from consuming the product, (2) social value; the utility obtained from the product's ability to improve the customer's social self-concept; (3) quality/performance value; This dimension describes the overall value of service and product quality, (4) Price/value of money; it can be seen from the price of a product compared to the specifications and advantages provided.

### **Brand Image**

According to (Kotler & Keller, 2016) brand image is a name, term, sign, symbol, design, or a combination of these, to identify and differentiate it from competitors' goods/services. According to (Schiffman & Wisenblit, 2015) brand image is a different picture that is owned in the minds of consumers.

The dimensions used are according to Keller (Salim & Dharmayanti, 2014): (1) Functional benefits; where the brand has a relationship with benefits in consumption of goods/services, (2) Symbolic benefits; related to the need for social recognition and self-esteem, (3) Experiential benefits; discuss what the customer feels after using the goods/services. (4) Social benefits; emphasizes on social needs when using these products, (5) Appearance enhances; discusses improving the appearance of consumers when using these products.

### **Customer satisfaction**

(Kotler & Keller, 2016) define satisfaction as a person's feelings of pleasure/disappointment resulting from comparing performance/experience against expectations. If the performance/experience does not meet expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If you exceed expectations, the customer is very satisfied. (Peng & Moghavvemi, 2015) state that customer satisfaction is important because it can trigger customer loyalty.

The dimensions used are according to Wilkie (Putri et al., 2016): (1) Expectations; customers will be satisfied if the goods/services received are by their expectations, (2) Performance; while consuming a good / service, the customer accepts the product's performance as an important dimension for the customer, (3) Comparison; after using a good / service, the customer will compare expectations against actual performance, (4) Confirmation; customer

expectations are influenced by customer experience of using a brand of different goods/services or from the experience of other customers through the use of other brands, (5) Discrepancy; indicates the difference between performance and expectations.

### **Framework**

Customer satisfaction is the main factor for customers to stay loyal (Lucas, 2009). Customers will be loyal if the customer is satisfied with the goods/services they use. One way to increase customer loyalty is through customer satisfaction (Novianti et al., 2018). This is in line with research by (Tahuman, 2016) which found that satisfaction has a significant effect on customer loyalty.

Customer value has an important role to play in winning the competition in business, so we need to find out the extent to which customer value can satisfy customers and make them loyal. For this reason, customer value needs to be continually developed through continuous research as well. This is in line with the findings of research conducted by (Hami et al., 2016) who found that there is a positive and significant effect of customer value on loyalty.

Brand image is used as consideration for consumers in determining their choice of various products on the market today. The consistent use of a brand has an impact on loyalty. Consumers can be said to be loyal when purchasing products with the same brand over and over again. Loyal consumers will not switch to competing products because they already have an emotional feeling for the products used. This is in line with the findings of research conducted by (Salim & Dharmayanti, 2014), (Yunaida, 2018), and (Tanady & Fuad, 2020) who found that there is a positive and significant effect of brand image on customer loyalty.

Customer loyalty is an endogenous variable caused by satisfaction. If the relationship between satisfaction and customer loyalty is positive, then high satisfaction will increase customer loyalty. Customer satisfaction has been used as a measure of loyalty because it is assumed that satisfaction will affect customer loyalty (Pratama et al., 2017). Several studies say that customer loyalty can be formed from customer value, brand image, and satisfaction (Sugiati et al., 2013); (Salim & Dharmayanti, 2014); (Chen, 2015); (Utami et al., 2016); (Edy, 2017); (Awal et al., 2018).

Based on the description, the hypothesis is proposed:

Hypothesis 1: There is an effect of customer value on customer satisfaction of Nissan cars.

Hypothesis 2: There is an effect of brand image on customer satisfaction of Nissan cars.

Hypothesis 3: There is an effect of customer value on customer loyalty in Nissan cars.

Hypothesis 4: There is an effect of brand image on customer loyalty to Nissan cars.

Hypothesis 5: There is an effect of satisfaction on customer loyalty in Nissan cars.

Hypothesis 6: Customer satisfaction can mediate the influence of customer value and brand image customer loyalty to Nissan cars

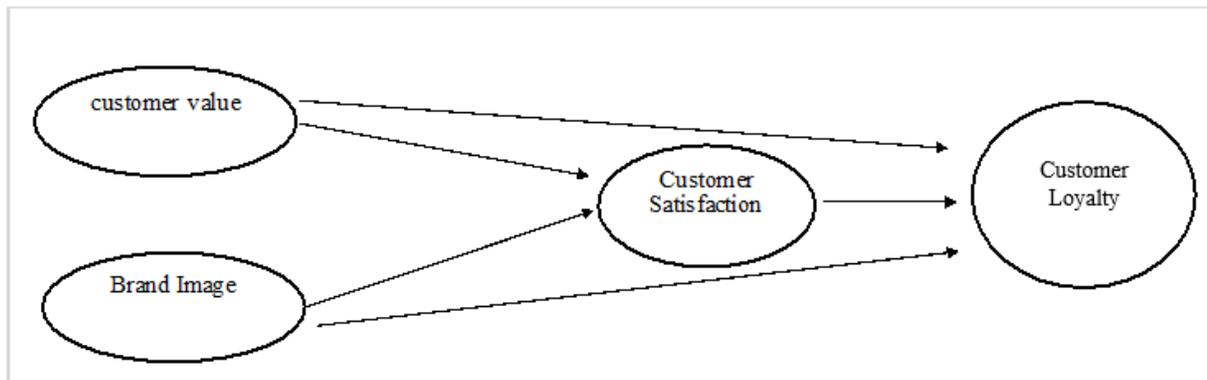


Figure 1. Conceptual Framework

## RESEARCH METHODS

This study aims to examine the effect of customer value and brand image on loyalty with satisfaction as a mediator. The research unit is customers/users of Nissan cars. The approach used in this research is quantitative, with explanatory methods, more specifically associative causality. According to the research objectives, the data analysis method used is Structural Equation Modeling (SEM), the data is processed using JASP software. Testing is done through direct effects and indirect effects.

## RESULTS AND DISCUSSION

### Discussion of Instrument Quality Test

Based on the test of the quality of the satisfaction instrument, the lowest loading factor was obtained from 0.549 to the highest was 0.714. The loading factor of all items is above 0.5. While the Construct Reliability instrument of satisfaction is 0.875 and is above 0.7, thus the satisfaction instrument is reliable.

Based on testing the quality of the customer value instrument, the lowest loading factor was obtained from 0.520 to the highest was 0.656. The loading factor of all items is above 0.5. While the Construct Reliability customer value instrument is 0.849 and is above 0.7, thus the customer value instrument is reliable.

Based on testing the quality of the brand image instrument, the lowest loading factor was 0.544 to the highest was 0.696. The loading factor of all items is above 0.5. Meanwhile, the Construct Reliability brand image instrument is 0.900 and above 0.7, thus the brand image instrument is reliable.

Based on testing the quality of the loyalty instrument, the lowest loading factor was obtained from 0.506 to the highest 0.626. The loading factor of all items is above 0.5. While Construct Reliability, the loyalty instrument is 0.874 and is above 0.7, thus the loyalty instrument is reliable.

### Discussion of Hypothesis Test Results

The first hypothesis testing is intended to examine the effect of customer value on customer satisfaction for Nissan cars. Obtained the results  $\gamma = 0.471$  and  $p < 0.05$ , so it can be concluded that there is the effect of customer value on customer satisfaction of Nissan cars.

The second hypothesis testing is intended to examine the effect of brand image on customer satisfaction of Nissan cars. Obtained the results  $\gamma = 0.484$  and  $p < 0.05$ , so it can be concluded that there is the effect of brand image on customer satisfaction of Nissan cars.

The third hypothesis testing is intended to test the effect of customer value on customer loyalty for Nissan cars. Obtained the results  $\gamma = 0.268$  and  $p < 0.05$ , so it can be concluded that there is the effect of customer value on customer loyalty for Nissan cars.

The fourth hypothesis testing is intended to examine the effect of brand image on customer loyalty for Nissan cars. Obtained the results  $\gamma = 0.242$  and  $p < 0.05$ , so it can be concluded that there is the influence of brand image on customer loyalty of Nissan cars.

The fifth hypothesis testing is intended to test the effect of satisfaction on customer loyalty in Nissan cars. Obtained the results  $\gamma = 0.463$  and  $p < 0.05$ , so it can be concluded that there is the effect of satisfaction on customer loyalty Nissan cars.

The sixth hypothesis test aims to test the impact of customer value and brand image on loyalty through customer satisfaction. The analysis of the impact of customer satisfaction on customer value on loyalty leads to an indirect impact of 0.218,  $p < 0.05$ . It can be concluded that customer value has an impact on loyalty through customer satisfaction. The analysis result of the influence of customer satisfaction on brand image on loyalty leads to an indirect influence of 0.224,  $p < 0.05$ . It can be concluded that brand image has an impact on loyalty through customer satisfaction. Because the direct influence of customer value and brand image on loyalty is also very important, so the influence of customer satisfaction on customer value and brand image on loyalty is part of the intermediary.

**Table 3. Direct Indirect and Total Effect**

	Direct	Indirect	Total
CV $\rightarrow$ CL	0.268	0.218	0.486
BI $\rightarrow$ CL	0.242	0.224	0.466

\* significant at the level of 0.05

**Table 4. The goodness of Fit Indices**

$p-\chi^2$	RMSEA	CFI	TLI	NFI	RFI	IFI	RNI
<0.01	0.068	0.954	0.945	0.919	0.903	0.954	0.954

Based on the results of the goodness of fit indices test, it is known that the seven indices indicate that the model is fit with the data, except for the index  $\chi^2$ . Thus it can be concluded that the model of the influence of customer value and brand image on loyalty through customer satisfaction is fit with the data.

## CONCLUSION & SUGGESTION

### Conclusion

This study found that there is an effect of customer value on customer satisfaction, there is an effect of brand image on customer satisfaction, there is an effect of customer value on customer loyalty, there is an effect of brand image on customer loyalty, there is an effect of satisfaction on customer loyalty.

This study also found that customer satisfaction serves to mediate the effect of customer value and brand image on loyalty. This is in line with opinion (Lucas, 2009), which states that customer satisfaction is an important factor so that customers remain loyal. Customers who are satisfied with a product or service will be loyal to the product or service.

In this study, respondents who have high customer value will feel satisfied with the products used, and this satisfaction will lead to loyalty to these customers. This is consistent with research that found that customer value has an effect on loyalty through satisfaction (Mardikawati & Farida, 2013). Likewise, only respondents who have a good brand image will feel satisfied with the products used, and this satisfaction will have implications for loyalty. This is by the findings of research conducted by (Devianti, 2016) who found that brand image affects loyalty through satisfaction. However, this study found that customer satisfaction does not fully mediate the effect of customer value and brand image on loyalty. In other words, part of the total effect is the direct influence between customer value and brand image on customer loyalty. This finding is in line with the findings of research conducted by (Hami et al., 2016) who found that customer value has a positive and significant effect on loyalty, and is in line with several research findings that found brand image has a positive and significant effect on customer loyalty (Salim & Dharmayanti, 2014); (Yunaida, 2018); (Tanady & Fuad, 2020).

### Suggestion

During the increasing competition, customer loyalty is a factor that determines the survival of the company. Thus, companies need to take actions that can foster customer loyalty. These findings prove that customer value and brand image directly or indirectly affect loyalty. Based on these findings, the company is expected to increase customer value and build a better brand image, because this will have an impact on customer satisfaction and also on customer loyalty.

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