

**THE EFFECT OF BRAND CREDIBILITY AND RELIGIOUS
ORIENTATION TO CUSTOMER LOYALTY OF MCDONALD
YOGYAKARTA**

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McDonald Yogyakarta**

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ABSTRACT

Credibility of brand is one of the important factors in determining customer loyalty. With credibility of brand, a brand can encourage consumers to trust the brand, especially in Indonesia, where religious value plays a big role in decision making of customers toward the brand to consume. The purpose of this research is to prove the effects of brand credibility and religion influence in order to create customer loyalty. The variables examined in this study are perceived quality, trustworthiness, brand credibility, religious orientation, and customer loyalty. This research was conducted in Yogyakarta. The data gathered by using a questionnaire based on Likert scale. The method of sample was using the purposive sampling with 257 respondents selected to represent overall users. The data analyzed by Structural Equation Model by using SPSS and AMOS. The results of this study models showed that the effect of brand credibility and religious influence are positive and significant.

Keyword: *brand credibility, religious orientation, perceived quality, trustworthiness, customer loyalty*

**Pengaruh Kredibilitas Merek dan Nilai Agama terhadap Kesetiaan
Pelanggan McDonald di Yogyakarta**

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ABSTRAK

Kredibilitas sebuah merek adalah salah satu faktor terbesar dalam menentukan kesetiaan konsumen. Merek yang kredibel (terpercaya) akan mendorong konsumen untuk mempercayai merek tersebut. Khususnya di Indonesia, dimana peran agama berpengaruh dalam pengambilan keputusan konsumen terhadap merek yang akan digunakan. Tujuan penelitian ini, adalah untuk membuktikan pengaruh kredibilitas sebuah merek dan nilai agama dalam terciptanya kesetiaan konsumen pada produk McDonald di Yogyakarta. Variabel yang diteliti dalam penelitian ini adalah kredibilitas merek, kualitas yang dirasakan, kepercayaan, kesetiaan konsumen, dan nilai agama. Penelitian ini dilaksanakan di Yogyakarta. Data dikumpulkan dengan menggunakan kuesioner berdasarkan *Likert-scale*. Metode pengambilan menggunakan *purposive sampling* dengan 257 responden. Data kemudian dianalisis dengan menggunakan analisis *structural equation model* dengan bantuan AMOS dan SPSS. Hasil penelitian dari pengaruh nilai agama dan kredibilitas merek terhadap kesetiaan pelanggan adalah positif dan signifikan.

Kata Kunci: *kredibilitas merek, kualitas yang dirasakan, nilai agama, kepercayaan, kesetiaan pelanggan*

INTRODUCTION

Background

Customers having different religious views may respond differently towards a brand. Brands not conforming to an individual or society's religious beliefs may not get positive response from them (Alam, Arshad, & Shabbir, 2012). Therefore, the present study utilizes this potential and reality-based aspect of brand selection and utilization to provide an insight into the relationships between trustworthiness, perceived quality, brand credibility and customer loyalty, incorporating the religious thoughts and beliefs of the customers (Alam, Arshad, & Shabbir, 2012).

The purpose of this study is to determine the past questions in marketing which related to the company behind the brand such as credibility. Whether the company who makes brand trustworthiness, how to deal with company and how to deal with environmental issues, more and more consumers take credibility of company with respects to these issues into account in their judgements on product, service and brands. In short, credibility has been described the way in which brand is regarded as reliable, capable and reactive. High credibility increasing the possibility of acceptance from society or stakeholders. Object with high credibility can have better relationships with their target groups, which is can help the company to achieve their goal.

LITERATURE REVIEW

Brand Credibility

Credibility is all about creating a positive value from entity to consumer (Ohanian, 1990). Brand credibility is believability of product position information embedded in a brand depending on consumer's perceptions of whether the brand has the ability and willingness to continuously deliver what has been promised (Erdem and Swait, 2004). Brand credibility involves consumers to perceive brand as a reliable source of information (trustworthiness), expertise (skills, competent, innovative) and matches with personality characteristics (attractiveness) (Malik et al, 2004). Credible brand will minimize risk and increase consumer confidence toward entity (Knox, 2004).

Trustworthiness

Creating trust among customers is the way for an entity to create and defend customers. Trustworthiness is defined as a believable value that a brand should deliver what it has promised, and make sure that the brand is believed among the customers (Erdem and Swait, 1998). Trustworthiness is also described as a willingness of customer to hang himself to another party in a trade because they have believability to another party (Asakdiyah, 2014). Trustworthiness can be built by increasing service quality and achieving customer satisfaction (Asakdiyah, 2014). Trustworthiness clearly can be advantage values for an entity and become important aspect to create relationship among customers, although being a trusted party is not easy and needs a good coordination among them (Fasochah and Hartono, 2013).

H1 : Trustworthiness is positively related to brand credibility

Perceived Quality

Perceived quality is defined as consumer's assessment of overall superiority of product (Tjiptono, 2011). Perceived quality is also defined as customer's assumption about subjective recognition about the quality and attractiveness of a product or service (Zeithmal, 1998). Perceived quality is consumer perception towards overall quality and standard of product or service (Baek and King, 2011). Perceived quality can influence consumer's reason to buy, price, channel member interest, differentiation position, and brand extension (Zeithmal,1998).

H2 : Perceived quality positively impacts brand credibility

H3 : Brand credibility positively impacts perceived quality

Customer Loyalty

Customer loyalty is defined as a commitment of customers to rebuy or repatronize a preferred product or service constantly in the future, therefore this will create repetitive same brand purchasing (Oliver, 1999). Another definition of

customer loyalty is the feeling of customer toward the brand and cause positive and measurable financial results (Duffy, 2003). Customer loyalty is also described as behavioral encouragement to make repeat purchases and to build customer loyalty among a product or services produced by a brand through a repeat buying behavior (Sukmawati, 2011). Customer loyalty always makes repeat purchases to generate profits for the company. The customers have a tendency to purchase more and willing to pay a higher price, which directly affect to profits that the company earned (Drake, 2011).

H4 : Brand credibility is positively related to customer loyalty

H5: Brand credibility mediates the relationship between trustworthiness and customer loyalty

H6: Brand credibility mediates the relationship between perceived quality and customer loyalty

Religious Orientation

Religious orientation have their influences on customer decision making, especially for Islam religion. Islam looks at commerce as an importance source for a person to make a living and are encouraged to be involved in business activities as far as generated income is legitimated, also part of Islamic principles and ethics are considered in all aspects of the business (Luthfi & Salehudin, 2011). Regarding this matter, Islamic values and laws should be incorporated to develop any marketing strategy by creating, communicating, and delivering Islamic values to customers (Hashim & Hamzah, 2014).

H7: Religious orientation of the customer enhances the relationship between trustworthiness and brand credibility

H8: Religious orientation of the customer enhances the relationship between perceived quality and customer brand loyalty

H9: Religious orientation of the customer enhances the relationship between brand credibility and customer brand loyalty

Conceptual Framework of the Study

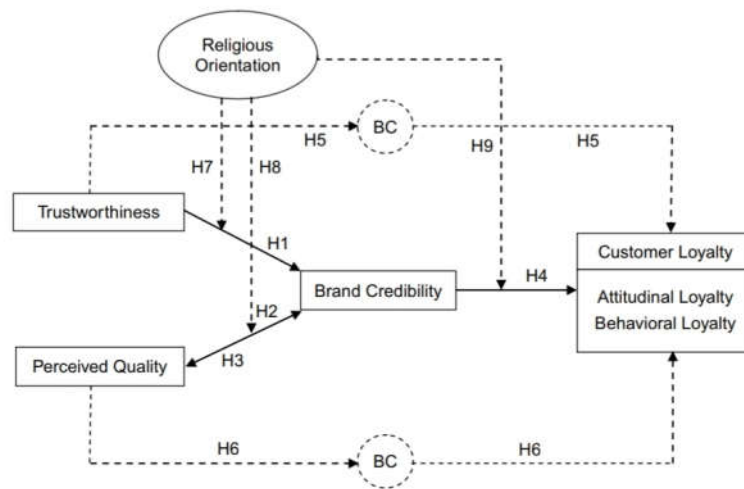


Figure 1. Conceptual Framework

RESEARCH METHODOLOGY

This study examined the influence of religious orientation and brand credibility to customer loyalty. Population of this study is people that are the followers of the Islamic Religion and already consumed the McDonald product in Yogyakarta. The method of sample in this research is non-probability sampling with a purposive sampling as the technique. The sample of this study is 257 respondents.

The determination of the number of samples was based on the analysis used to test the hypothesis, which is structural equation model (SEM). SEM required the sample size number should be 5-10 times the number of observations for each of the estimated parameters or indicators used (Ferdinand, 2006). The variables analyzed in this study are trustworthiness and perceived quality as the independent variable, brand credibility as the mediating variable, customer loyalty (attitudinal and behavioral loyalty) as the dependent variable, and religious orientation as the moderating variable. To measure those variables, this study used Six-Point Linkert Scale ranging from strongly disagree (1) and strongly agree (6).

For scale of reliability and validity, internal consistency measures (i.e. Cronbach alpha and average variance extracted (AVE)), convergent validity (i.e. indicator loadings and critical ratios), and discriminant validity (i.e. inter-factor correlations) were tested. The tools that will be used for pilot test is SPSS and for

the hypothesis testing, this study used structural equation model (SEM) test by SPSS and AMOS. Confirmatory Factor Analysis (CFA) used to assess the evaluation of measurement model. CFA is used to illustrate how good the variable can be used to measure the construct, the requirement is if the value of loading factor from each construct is more than 0.5 ($\lambda > 0.5$), it is considered as valid and if the value of construct reliability from each construct is more than 0.7, it can be stated as reliable. The formula is as follows:

Measurement Model Result:

Construct/Indicator	Standardized Factor Loading
Trustworthiness	
I trust with the McDonald	0.644
I rely on the McDonald	0.448
McDonald is a honest company	0.538
McDonald is a honest company in doing the business	0.561
I concern McDonald as a trustworthy company	0.622
I believe McDonald does not take any advantage of its customers	0.691
I consider people of McDonald to be trustworthy	0.662
Perceived Quality	
McDonald haves a high quality	0.477
McDonald haves a consistent quality	0.471
McDonald offers excellent features	0.490
McDonald is very reliable	0.131
McDonald offers a good composition product	0.623
Brand Credibility	
McDonald reminds me of someone who is competent in food industries	0.645
McDonald has an ability to deliver what it promises	0.711
McDonald delivers what it promises	0.789
Overtime my experiences, McDonald led me to expect to keep its promises, no more and no less	0.776
McDonald has a name you can trust	0.042
McDonald does not pretend to be something it is not	0.521

Customer Loyalty	
I eat in McDonald because it is the best choice for me	0.801
I consider myself to be a loyal patron of McDonald	0.852
I am committed toward McDonald	0.824
In the future, I would be willing to pay higher price for McDonald product over another place	0.798
I consider McDonald as my first choice	0.794
I intend to keep buying from McDonald	0.638
I will not switch to a competitor, even if I have a problem with product/service of McDonald	0.727
Religious Orientation	
My perspective of McDonald's will not diminish even if it does not conform to my religious beliefs	0.496
I will prefer a brand that fit my beliefs	0.777
I choose a brand according to the manufacturing area	0.798
I will still consume McDonald's product even against my religious values	0.776
I promote the value of religion in choosing producers and products	0.640

Table 1. Measurement Model Result

DATA ANALYSIS AND DISCUSSIONS

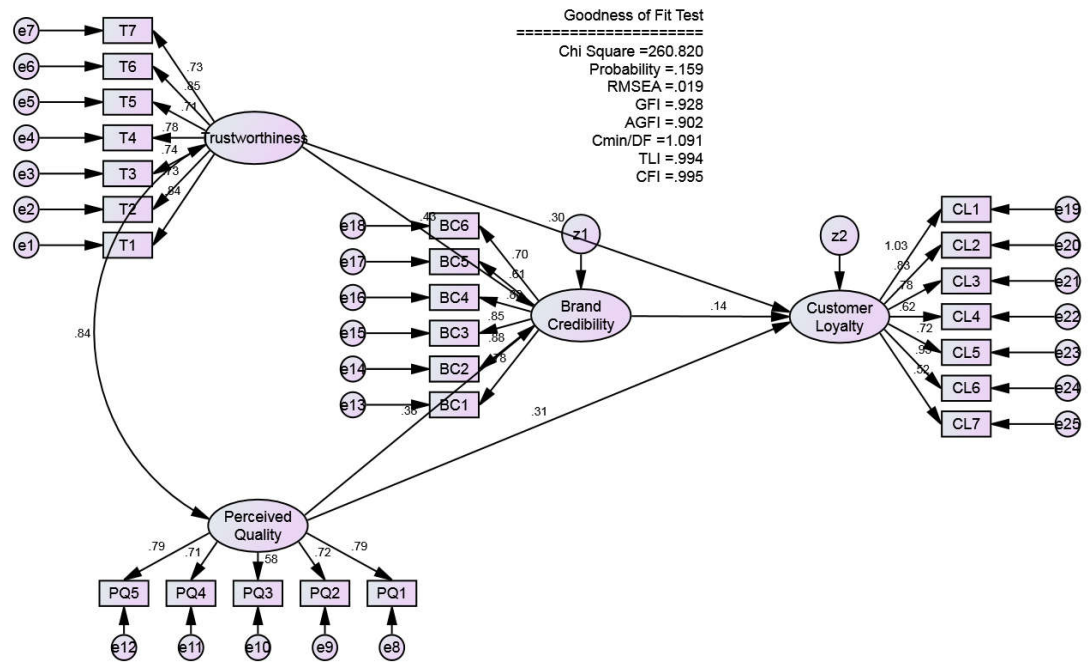


Figure 2. Hypothesis Testing Model

Hypothesis	Variable Relationship	Estimate	P	Label
H1	Trustworthiness → Brand Credibility	0.421	0.000	Supported
H2	Perceived Quality → Brand Credibility	0.397	0.001	Supported
H3	Brand Credibility → Customer Loyalty	0.185	0.047	Supported
H4	Perceived Quality → Customer Loyalty	0.438	0.003	Supported
H5	Trustworthiness → Customer Loyalty	0.395	0.002	Supported

Table 1. Hypothesis Testing Model

Moderation Effect

Based on the framework of this journal, there are 3 hypotheses influenced by moderating relationship. The first hypothesis is religious orientation moderating trustworthiness, the second is religious orientation moderating perceived quality and religious orientation moderating customer loyalty.

Religious orientation is not moderating the relationship between trustworthiness and brand credibility. This result is not aligned with the previous research by Abdullah & Arshad (2012) indicating that the brand credibility of customers will not be influenced by trustworthiness, based on the analysis that the brand conforms to their religious belief/orientation.

Religious orientation is moderating the relationship between perceived quality and brand credibility, indicating notion that the brand from any country of origin may induce credibility and loyalty to the customers as long as delivers quality consistently.

Religious orientation is moderating the relation between brand credibility and customer loyalty, indicating that the brand needs to conform religious teaching and beliefs of the customers in order to induce loyalty of customers toward the brand .

CONCLUSION AND RECOMMENDATION

The result of this analysis shows that Degree of Freedom is positive with score of 239, X² (Chi-Square) 624.686, Probability 0.000, RMSE 0.063, GFI 0.843, AGFI 0.810, CMIN/DF 1.998, TLI 0.923, and CFI 0.931. This research examined: (1) whether trustworthiness can affect brand credibility of McDonald company, (2) whether the influence of perceived quality can affect the brand credibility of McDonald company, (3) the influence of brand credibility that can affect customer loyalty, (4) the influence of trustworthiness that can affect customer loyalty, (5) another variable which is perceived quality can influence customer loyalty, (6) whether religious orientation can affect customer loyalty, (7) the influence of religious orientation with the relationship of trustworthiness toward brand credibility, (8) the influence of religious orientation with the

relationship of perceived quality toward brand credibility. Based on the data analysis results, there are 6 hypothesis accepted, which are H1, H2, H3, H4, H5, H7, H8. Meanwhile, there is 1 hypothesis which is not accepted, which is H6.

Conclusions

Based on the data analysis results, from 8 hypotheses that are proposed, there were 7 accepted hypotheses, which are H1, H2, H3, H4, H5, H7, and H8. Meanwhile, there is 1 hypotheses that not accepted, which is H6. It can be seen that trustworthiness (TW), perceived quality (PQ), and brand credibility (BC) is positively and significantly affected customer loyalty (CL). From moderating variable, from 2 of 3 hypothesis is positive and significant. Only 1 that not significant which is H6 religious orientation not influencing relationship patterns between trustworthiness to brand credibility.

Research Limitations

First the outcome of this research could be bias because this research used collecting random sampling for the survey. Second is there is a different perception in applying and assuming the values of religious orientation. Third, the sample might be not represent all audiences of this research. The last is this research was conducted in Indonesia which is necessarily limited to the study's context. Different demographic areas can create different results of research because demographic factors can drive customer loyalty

Suggestion

For further empirical studies, the researcher suggests to focus on another aspect since the researcher used beverages (McDonald) as the object of this research. The researcher also suggests to use another brand in order to validate (or invalidate) the result of the research.

For marketers, this study will contribute in helping the company to focus on achieving market shares by considering aspects of trustworthiness, perceived quality and religious orientation that would develop more customer loyalty for them. In Indonesian culture, where religious orientation has strong influences on

customer choice, a company must try to conform to this orientation to blend with the society culture. Because youngsters that the researcher observed has given higher brand credibility scores, the major concern of the company should be able to attracting this age group by promoting and advertising the brand with issues that are of their interest. Also, products should be designed and specified based on the religious belief of the customers

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