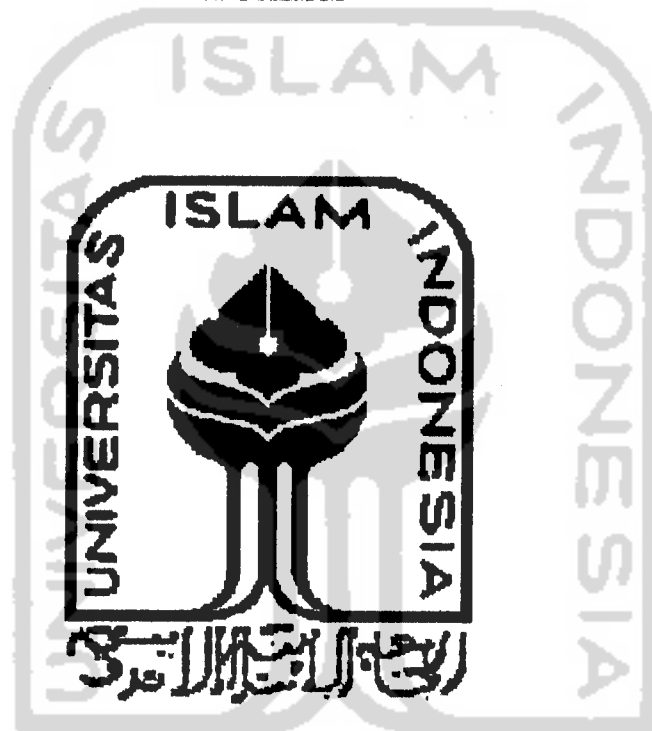


**THE IMPACT OF BRAND IMAGE AND CUSTOMER SATISFACTION  
TOWARD BRAND LOYALTY**

**(Case Study of Djarum Super Cigarette at Burjo Stalls around Wachid  
Hasyim Street Pringgolayan Condong Catur Sleman Yogyakarta)**

**A THESIS**



By

**LUTHFI FAUZI EDLANDI**

Student Number: 02311468

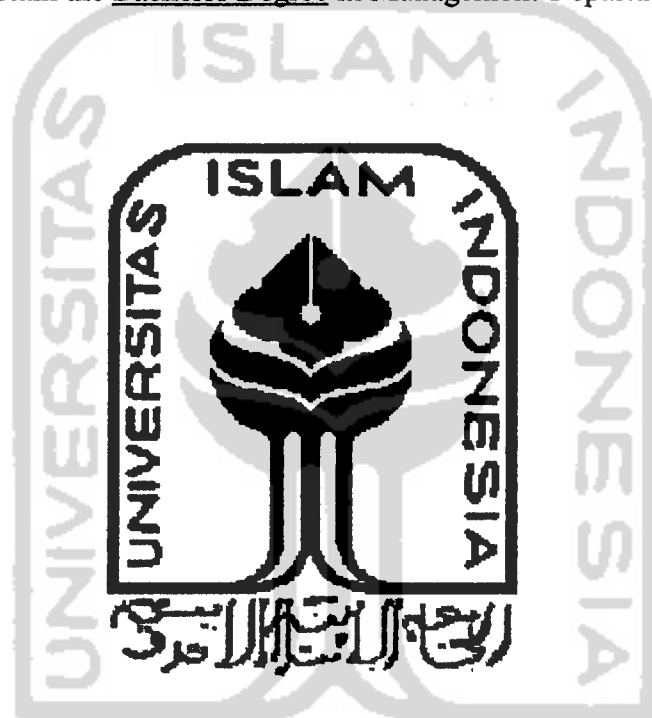
**DEPARTEMENT OF MANAGEMENT  
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Presented as Partial Fulfillment of the Requirement  
to Obtain the Bachelor Degree in Management Department



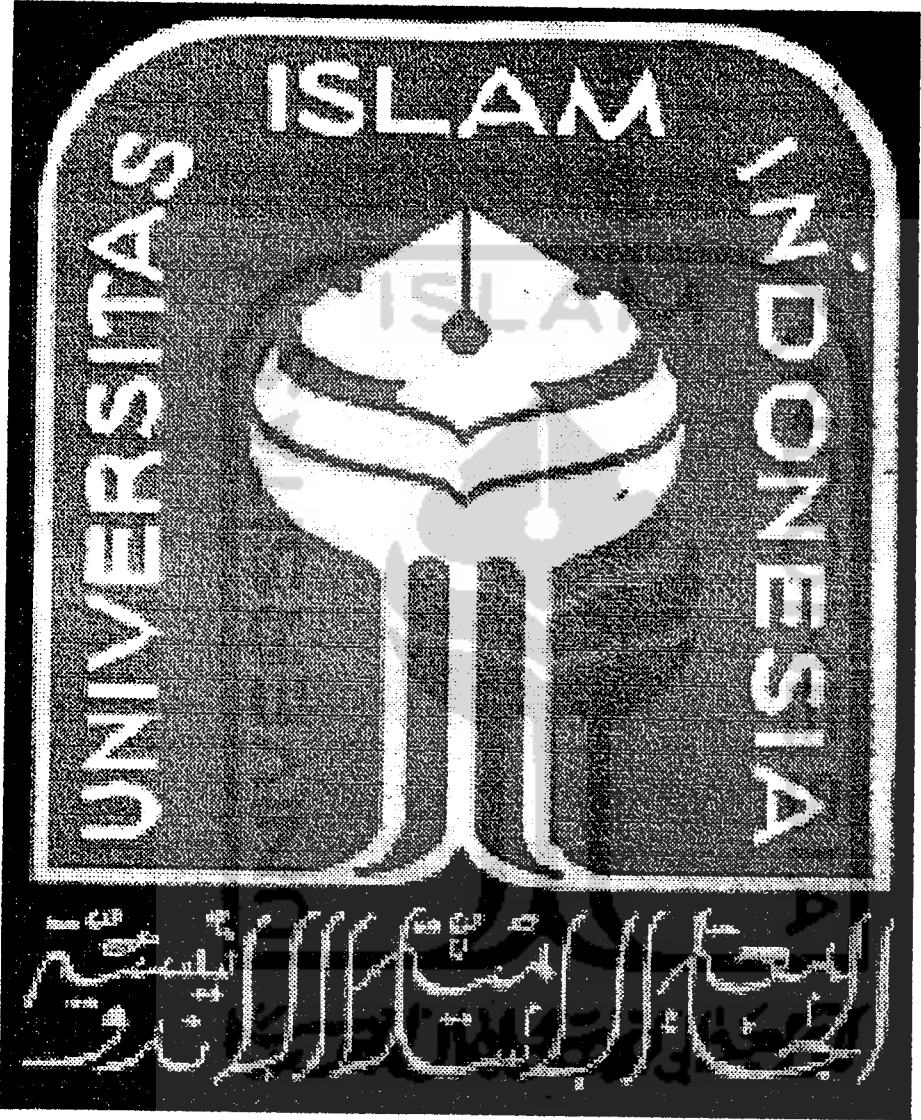
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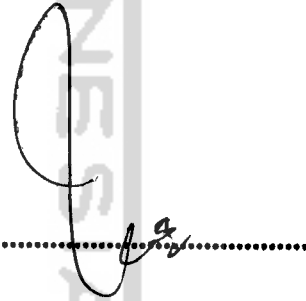
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and Declared Acceptable**

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**Examiner 1:**

**Yazid, Drs., MM.**



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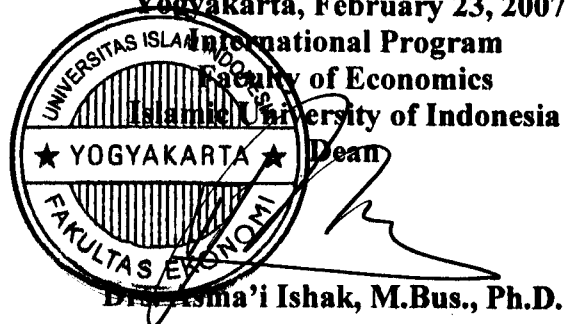
**Examiner 2:**

**Drs. Asma'i Ishak, M.Bus., Ph.D.**




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**Yogyakarta, February 23, 2007**



# MOTTO

**BERJASALAH TAPI JANGAN MINTA JASA  
AS BIG AS YOUR AWARENESS AS BIG AS YOUR LUCK  
BERANI BERKORBAN TAPI JANGAN JADI KORBAN**



**IN TIMES OF DIFFICULT DON'T EVER SAY:"GOD, I HAVE BIG  
PROBLEM!!!!"  
BUT INSTEAD:"HEY PROBLEM I HAVE A BIGGEST GOD!!!"**

**PERGUNAKANLAH LIMA PERKARA SEBELUM DATANG LIMA  
PERKARA:**

- 1. WAKTU MUDAMU SEBELUM DATANG WAKTU TUAMU**
- 2. WAKTU SEHATMU SEBELUM DATANG WAKTU SAKITMU**
- 3. WAKTU KAYAMU SEBELUM DATANG WAKTU MISKINMU**
- 4. WAKTU SENGGANGMU SEBELUM DATANG WAKTU SIBUKMU**
- 5. WAKTU HIDUPMU SEBELUM DATANG WAKTU MATIMU**

## STATEMENT OF FREE PLAGIARISM

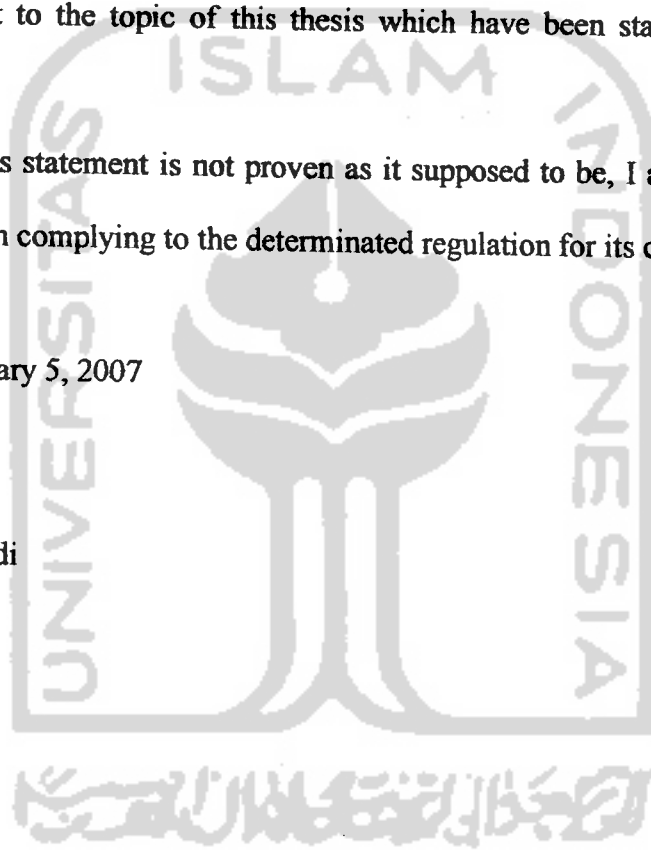
Herein I declare the originality of this thesis; there is no other work which has ever presented to obtain any university degree, and in my concern there is neither one else's opinion nor published and written work, except acknowledged quotation relevant to the topic of this thesis which have been stated on thesis bibliography.

If in the future this statement is not proven as it supposed to be, I am willing to accept any sanction complying to the determinated regulation for its consequence.

Yogyakarta, February 5, 2007



Luthfi Fauzi Edlandi



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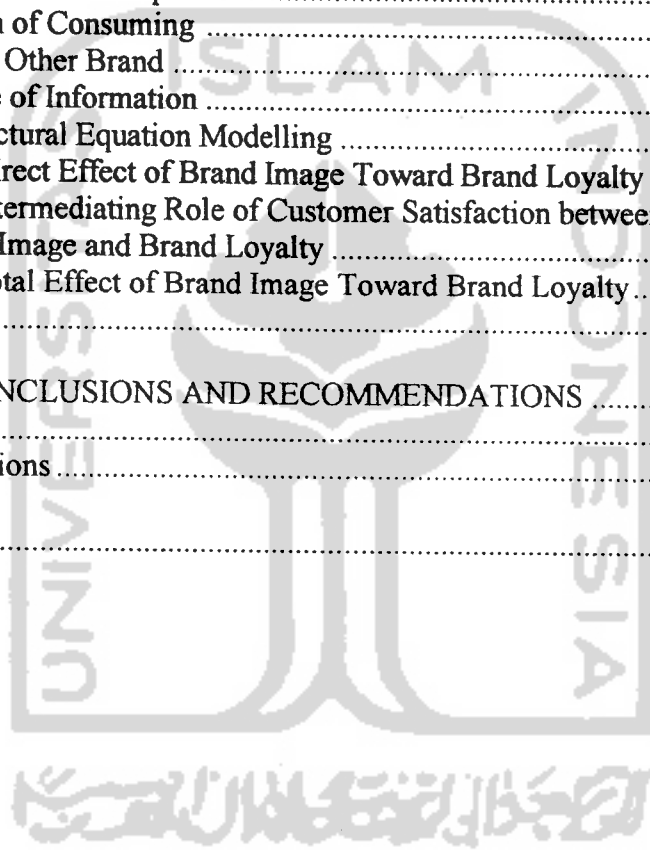
**Yogyakarta, Maret 08, 2007**

**Luthfi Fauzi Edlandi**

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## ABSTRACT

Image becomes an important factor for a marketing success of an organization. Besides image, high customer satisfaction will create an emotional feeling towards a brand. This research explored the relationship between brand image, customer satisfaction and brand loyalty. The objectives of this research are to analyze whether brand image have a direct significant influence on brand loyalty and to analyze whether customer satisfaction can play intermediate role between brand image and customer loyalty.

There were two hypothesis tested in this research. The first hypothesis stated that brand image has significant direct influence on brand loyalty, and the second hypothesis stated that customer satisfaction can play role as the mediating variable between brand image and brand loyalty. The population used in this research were all consumers of burjo stalls who smoke Djarum super cigarettes, and the sample taken were 100 samples using convenience sampling.

The findings of this research indicated that the first hypothesis stated that brand image has significant direct influence on brand loyalty is proved. The direct influence of brand image toward brand loyalty is based on the coefficient of brand image toward brand loyalty. The increase in brand image will have direct impact to the increases in brand loyalty. Otherwise, the decrease in brand image will have direct impact to the decrease in brand loyalty. The second hypothesis stated that customer satisfaction can play role as intermediate between brand image and brand loyalty is proved. The increase in customer satisfaction will have impact to the increases in brand loyalty. Otherwise, the decrease in customer satisfaction will have impact to the decrease in brand loyalty. The increase in brand image will have impact to the increases in customer satisfaction, while the decrease in brand image will have impact to the decrease in customer satisfaction.

## ABSTRAK

Imej menjadi faktor penting bagi keberhasilan pemasaran dalam sebuah organisasi. Di samping imej, kepuasan konsumen yang tinggi akan menciptakan sebuah perasaan emosional terhadap sebuah merek. Penelitian ini mengeksplorasi hubungan antara imej merek, kepuasan konsumen dan loyalitas merek. Tujuan penelitian ini adalah untuk menganalisis apakah imej mereka mempunyai pengaruh signifikan langsung terhadap loyalitas mereka dan menganalisis apakah kepuasan konsumen bisa memainkan peran intermediasi antara imej merek dan loyalitas konsumen.

Ada dua hipotesis yang diuji dalam penelitian ini. Hipotesis pertama menyatakan bahwa imej merek mempunyai pengaruh langsung yang signifikan terhadap loyalitas merek, dan hipotesis kedua menyatakan bahwa kepuasan konsumen bisa memainkan peran sebagai variabel intermediasi antara imej merek dan loyalitas merek. Populasi yang digunakan dalam penelitian ini adalah semua konsumen warung burjo yang merokok Djarum Super, dan sampel yang diambil sebanyak 100 sampel dengan menggunakan pengambilan sampel konvenien.

Hasil penelitian menunjukkan bahwa hipotesis pertama yang menyatakan bahwa imej merek mempunyai pengaruh langsung yang signifikan terhadap loyalitas merek terbukti. Pengaruh langsung imej merek terhadap loyalitas merek berdasarkan pada koefisien imej merek terhadap loyalitas merek. Peningkatan pada imej mereka mempunyai pengaruh langsung terhadap peningkatan pada loyalitas merek. Sebaliknya, penurunan dalam imej merek mempunyai dampak langsung pada penurunan dalam loyalitas merek. Hipotesis kedua yang menyatakan bahwa kepuasan konsumen bisa memainkan peran sebagai intermediasi antara imej merek dan loyalitas merek terbukti. Peningkatan dalam kepuasan konsumen mempunyai dampak pada peningkatan dalam loyalitas merek. Sebaliknya, penurunan dalam kepuasan konsumen mempunyai dampak pada penurunan dalam loyalitas merek. Peningkatan dalam imej merek mempunyai dampak pada peningkatan pada kepuasan konsumen, sementara penurunan dalam imej merek mempunyai dampak pada penurunan dalam kepuasan konsumen.

# CHAPTER I

## INTRODUCTION

### 1.1 Study Background

Generally, companies are they service companies or manufacturing companies have the main goal of making a high profit and maintaining the performance of the company. To reach that goal the company is forced to know more about their customers. How the company can maximize the customer service and satisfaction while environmental change is a continuous phenomena that has an impact on all aspects of live, which can have an impact on business cycle because the customers wants and needs to become more complex.

Intense competition is a phenomenon of the globalization era, which effects the direction of the national economic system to market mechanism and finally positions the marketer to always develop and take a market share. One asset that improves market shares is brand image. Brand image can be developed by a product that is large asset source for the company. In this competitive market condition, preference and brand loyalty as well as customer satisfaction are the keys to success in accordance with this marketing does not only serve to fight in product competition but more to develop the image of the brand in the eyes of customers. Customer satisfaction is a key issue for every company to increase brand loyalty and thereby achieve a better business performance.



Aaker (1991, 7) said that a brand is a name or symbol that has a meaning to identify with its goods and services that differentiates these from other goods and services provided by competitors. In this context it can be understood that a product is a goods or services that is made by a manufacture while a brand is something that is bought by consumers. A product only has a functional benefit while a brand can explain more about the emotional relationship with consumer, appealing to their emotional values, conviction, expectations, and perceptions. As technology develops products are more easily imitated by competitors while brands are more difficult to be imitated because of they are unique, and this can add to the company product image. From this perspective we can make the conclusion that a brand contains potential values as a strategic competitive source for the company in order to face the competition and get a good image in business competition that results from customer satisfaction.

A good or positive brand image will have positive effect on the organization or company and vice versa, and can build customer loyalty. Therefore, brand image is an important factor for the marketing success of an organization. Even though brand image is a general factor in business, the study of retail business brand image in Indonesia is limited. Brand Image consists of several dimensions that will reflect its attributes, which are location, characteristic and variety of quality, price, advertisement and promotion (Engel, Blackwell, Miniard, 1994: 257).

Brand image is not something you have or you don't! A brand is unlikely to have one brand image, but several, though one or two may predominate. The key in brand image research is to identify or develop the most powerful images and reinforce them through subsequent brand communications. The term "brand image" gained popularity as evidence began to grow that the feelings and images associated with a brand were powerful purchase influencers, though brand recognition, recall and brand identity. It is based on the proposition that consumers buy not only a product (commodity), but also the image associations of the product, such as power, wealth, sophistication, and most importantly identification and association with other users of the brand. In a consumer led world, people tend to define themselves and their Jungian "persona" by their possessions. According to Sigmund Freud, the *ego* and *superego* control to a large extent the image and personality that people would like others to have of them.

Besides creating a good brand image that results from the satisfaction of the customer, company should keep in mind what the customer' wants and needs. Satisfaction is an emotional state that occurs in response to an evaluation of the buyer – seller interaction experiences (Kotler, 2003). Customers are satisfied when they get a reduction in the transaction cost and / or minimize their uncertainty of future benefits, customers also want to receive benefits, which may not be available in short-term exchange relationships within the long-term commitments of life insurance. When the customers feel satisfaction although they may not have expected to get it, the

satisfaction still is one important attributes to ensure the buying retention from the customers and this situation can build the customers' loyalty toward the brand or product. Customer satisfaction is one's feeling of satisfaction or dissatisfaction that is based on comparison between expectation and evaluation of a product (Kotler, 1990: 36). High customer satisfaction will create an emotional feeling towards the company.

Djarum Super is a retail cigarette product, developed by PT. Djarum Kudus – Indonesia, which has a good brand name in the Indonesian market, in which Djarum Super is known as kretek filter cigarette. Djarum Super is the most popular product in the line of Djarum premium products, not only distributed in Indonesia, but distributed throughout Malaysia, Singapore, USA, Canada, Brunei, Australia, Netherlands, Japan, and Korea. To guarantee the availability of the product in the market, PT Djarum distributes the product according to the width of the market. In Indonesia, Djarum Super is distributed by PT. Adiniaga Sentra Persada for the Jabotabek, Sumatra Island and West Kalimantan markets; PT. Lokaniaga Adipermata for West Java and Central Java; and PT. Anindita Multiniaga Indonesia for east Java, Bali, Kalimantan (except West Kalimantan), Sulawesi and all East Indonesia.

This product is aimed at smokers who appreciate the real taste of kretek filter cigarettes. Djarum Super has a unique fruity aroma. The characteristics associated with Djarum Super are youth and maturity, valiance, adventure, friendship and being modern. The targeted age segment is between 20 until 50 from social classes A, B, and C. The product was first introduced

to the Indonesian market in 1981. The market response was very fast; the sales volume rose every year and reached the highest standard sales in Indonesia (www.Djarum Super.com).

Nowadays Djarum is the fastest and most dynamic development in Indonesia, especially within the last three years. This is due to the new quality system application that guarantees the design, development, production and service (Djarum cigarette Corp. has received ISO 9000 – 1: 1994), high technology of machine and equipment, as well as high dedication of employees, ensuring that consumers receive the highest quality product and giving the best quality product for the customers.

From the above explanation of the background of the product itself, the author was interested to write far more about the brand image of Djarum Super in relation to brand loyalty, and understanding the brand image of Djarum Super in relation to brand loyalty throughout customer satisfaction. Hence,” THE IMPACT OF BRAND IMAGE AND CUSTOMER SATISFACTION TOWARD BRAND LOYALTY (Case Study of Djarum Super Cigarette at Burjo Stalls around Wachid Hasyim Street Pringgolayan Condong Catur Sleman Yogyakarta)” reasonable to be analyzed.

## **1.2 Problem Identification**

As outlined in explanation above, this paper attempts to explore the relationship between brand image, customer satisfaction and brand loyalty. Brand image can be reinforced by brand communications such as packaging,

advertising, promotion, customer service, word-of-mouth and other aspects of the brand experience. Brand images are usually evoked by asking consumers the first words / images that come to their mind when a certain brand is mentioned (sometimes called "top of mind"). When responses are highly variable, non-forthcoming, or refer to non-image attributes such as cost, it is an indicator of a weak brand image

### **1.3 Problem Formulation**

From the explanation and problem background above, therefore the problems faced are:

1. Does brand image have a direct significant influence on brand loyalty?
2. Does customer satisfaction can play intermediate role between brand image and customer loyalty?

### **1.4 Limitation of Research Area**

1. The research was done in burjo stalls all along Wachid Hasyim Street, Pringgolayan Condong Catur Sleman Yogyakarta
2. The research subject was the population with the age of  $> 18$
3. The product that will be researched was Djarum Super Cigarettes

### **1.5 Research Objectives**

The objectives of this research are:

1. To analyze whether brand image have a direct significant influence on brand loyalty

2. To analyze whether customer satisfaction can play intermediate role between brand image and customer loyalty

### **1.6 Research Contribution**

1. For the researcher

This will be new knowledge for the researcher as addition science in marketing world to face the real competition in the open market actually

2. For the company

This research can be utilized by the company to contribute to the standardization of Djarum Super or to develop the brand image in order to win against competitors in the market area

3. For other researchers

And for the researcher, this research can be utilized as reference matter to add to the list of references and also to be a comparison with the other research later on

### **1.7 Definition of Terms**

1. Brand is a name, term, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller and to differentiate them from those of competitors (Kotler 1996).
2. Image is a total perception of the subject that is formed by processing information from various sources over time (Kotler 1996).
3. Brand image is perceptions about a brand as reflected by the brand association held in consumer memory (Kotler 1996).

4. Customer satisfaction is personal or individual feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to one's expectations (Kotler 1996).
5. Brand loyalty is a deeply held commitment from the person to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1996)
6. Quality is the totality features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (Kotler, 2003).
7. Price is the value that buyers exchange for a product or service in the marketing transaction (Skinner and Ivancevich, 1992)
8. Packaging is all activities of designing and producing the container for a product (Kotler, 2003).
9. Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor (Kotler, 2003)
10. Distribution (product availability) is the availability of a product through marketing channels (Skinner and Ivancevich, 1992)

## **CHAPTER II**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Theoretical Review**

##### **2.1.1 Marketing**

What does marketing mean? Many people think of marketing only as selling and advertising. And no wonder everyday we are bombarded with television commercials, newspaper ads, direct mail and sales calls. Therefore we may learn that selling and advertising is only the tip of the marketing iceberg. Although they are important, they are only two of many marketing functions, and often not the most important ones. Today, marketing must be understood not in the old sense of making a sale, telling and selling but in the new sense of satisfying customer needs. If the marketer does a good job of understanding consumer needs, develops products that provide superior value, and price, distributes and promotes them effectively, these products will sell very easily.

The concept of markets finally brings us full circle to the concept of marketing. Marketing means managing markets to bring about exchanges for the purpose of satisfying human needs and wants. Thus we return to our definition of marketing as a process by which individuals and groups obtain what they need and want by creating and exchanging products and value with others. Exchange processes involve



work. Sellers must search for buyers, identify their needs, design good products and services, set price for them, promote them, and store and deliver them. Activities such as product development, research, communication, distribution, pricing, and service are core marketing activities (Kotler, 1996: 6)

Although we normally think of marketing as being carried on by sellers, buyers also carry on marketing activities. Consumers do marketing when they search for the goods they need at price they can afford. Company purchasing agents do marketing when they track down sellers and bargain for good terms.

### **2.1.2 Marketing Management**

Kotler defines marketing management as the analysis, planning, implementation, and control of programs designed to create, build, and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives. Thus marketing management involves managing demand, which in turn involves managing customer relationships. Most people think of marketing management as finding enough customers for the company's current output, but this is too limited a view. The organization has a desired level of demand for its products. At any point in time, there may be no demand, adequate demand, irregular demand, or too much demand, and marketing management is concerned not only with finding and increasing demand, but also with changing or even reducing it.

Managing demand means managing customers. A company's demand comes from two groups: new customers and repeat customers. Traditional marketing theory and practice have focused on attracting new customers and making the sale. Today, however, the emphasis is shifting. Beyond designing strategies to attract new customers and create transactions with the customers, companies now are going all out to retain current customers and build lasting customer relationship.

Why the new emphasis on keeping customers? In the past, companies facing an expanding economy and rapidly growing markets could practice the leaky – bucket approach to marketing. Growing markets meant a plentiful supply of new customers. Company could keep filling the marketing bucket with new customers without worrying about losing old customers through the holes in the bottom of the bucket. However, companies today are facing some new marketing realities.

### **2.1.3 Brand Image**

The set of beliefs consumers hold about a particular brand, and the other wide explanation, will create below:

#### **1. Brand**

Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands. A brand according to Kotler (1990) is a name, term, sign, symbol, or design, or combination of these intended to identify the products or services of one seller or group of sellers and to differentiate them from those

of competitors. Thus, a brand identifies the maker or seller of a product that will be known in the eyes of the customers and competitor and brand can give the product special characteristics. A brand is a seller's promise to deliver consistently a specific set of features, benefits, and services to buyers. The best brands convey a warranty of quality. According to one marketing executive; a brand can deliver up to four levels of meaning:

- a. **Attributes.** A brand first brings to mind certain product attributes. For example, Nike suggest such attributes as "Comfortable shoes", "Well design", High prestige", "Expensive", and "High durability". The company may use one or more of these attributes in its advertising for the car.
- b. **Benefits.** Customers do not buy attributes, they buy benefits. Therefore, attributes must be translated into functional and emotional benefits. For example, the attribute durable could translate into the functional benefit.
- c. **Values.** A brand also says something about the buyers' values. Thus, a brand marketer must identify the specific group of buyers whose values coincide with delivered benefit package.
- d. **Personality.** A brand also projects a personality. Motivation researchers sometimes ask, if this brand were a person, what kind of person would it be? Consumers might visualize a product as

being personal identity. The brand will attract people whose actual or desired self images match the brand's image.

## **2. Brand Function**

The use of brands is also changing dramatically. Many retailers have developed their own private label brands to increase customer loyalty. As a result, many manufacturers have opened their own store to keep the brand name in the mind of the customers (Kotler, 1996:408).

Branding give the seller several advantage that I called as function of the brand, there are:

- a. The brand name makes it easier for the seller to process orders and track down problem
- b. The seller's brand name and trademark provide legal protection of unique product features
- c. Branding gives the seller the opportunity to attract a loyal and profitable set of customers. Brand loyalty gives sellers some protection from competition
- d. Branding helps the seller segment markets. Instead of P&G selling a simple detergent, it can offer eight detergent brands, each formulated differently and aimed specific benefit seeking segments

- e. Strong brands help build the corporate image, making it easier to launch new brands and gain acceptance by distributors and consumers

Distributors and retailers want brand names because brand makes the product easier to handle, hold production to certain quality standards, strengthen buyer preferences, and make it easier to identify suppliers. Consumers want brand names to help them identify quality differences and shop more efficiently.

### **3. Brand Awarding Policy**

Building the brand identity requires additional decisions on the brand's name, logo, colors, tagline, and symbol. At the same time, a brand is much more than a name; these are marketing tools and tactics. A brand is essentially a marketer's promise to deliver a specific set of features, benefits, and services consistently to the buyers. The marketer must establish a mission for the brand and a vision of what the brand must be and do. The marketer must think that he is offering a contract to the customer regarding how the brand will perform (Kotler, 1996:360).

Heidi and Don Schultz urge companies to use a different paradigm to build their brands in the new economy (Heidi and Don, 2001).

1. Companies should clarify the corporation's basic values and build the corporate brand

2. Companies should use brand managers to carry out the tactical work, but the brand's ultimate success will depend on everyone in the company accepting and living the brand's values proposition
3. Companies need to develop a more comprehensive brand building plan to create positive customer experiences at every touch point
4. Companies need to define the brand's basic essence to be delivered whenever it sold
5. Companies must use the brand values proposition as the key driver of the company's strategy, operations, services, and product development
6. Companies must measure their brand building effectiveness not by the old measures of awareness, recognition, and recall, but by a more comprehensive set of measures including customer perceived value, customers satisfaction, customer share of wallet, customer retention and customer advocacy.

Brand image can be defined as consumer perceptions about a brand as reflected by brand associations held in memory. Brand associations are informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. The favorable, strength, and uniqueness of brand associations are the dimensions of brand knowledge that play an important role in determining the differential response that makes up brand equity (Keller, 1998). The links in memory are often conceptualized as directional, and may start or

end at the brand node. Farquhar and Herr as quoted by Keller (2001) further elaborated on the dual nature of brand association and show that failure to account for the directionality and possible asymmetries can lead to incorrect conclusions.

One of the dimensions of brand image within the customer-based brand equity model is the strength of the associations between a brand and other concepts, such as attributes. The strength of an association is labelled as connectivity. The attributes of brand image are as follows:

1. Quality

Various experts have defined it as 'fitness to use', 'conformance to requirements, 'freedom from variations', and so on (Kotler, 2003:84). But Kotler (2003:84), further, defined it as the totality features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. The seller has delivered quality whenever the seller's product or service meets or exceeds the customers' expectations.

2. Price

Skinner and Ivancevich (1992:503) define price as the value that buyers exchange for a product or service in the marketing transaction. The pricing decision is crucial for marketers because price is highly visible to consumer and greatly affects purchase decisions.

### 3. Packaging

Most physical products have to be packaged. Packaging is all activities of designing and producing the container for a product (Kotler, 2003:436). Developing an effective package requires several decisions. Decision must be made on additional elements, including the size and shape.

### 4. Advertising

Kotler (2003:590) defined advertising as any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor. Advertising are a cost-effective way to disseminate message. The advertising objectives must flow from prior decisions on target market, market positioning, and marketing mix.

### 5. Distribution (product availability)

Distribution is the availability of a product through marketing channels (Skinner and Ivancevich, 1992). Marketing channel itself is a group of interrelated organizations that directs the flow of products from producers to ultimate consumers.

The value of a brand lies in what consumers have experienced and learned about the brand. The resulting brand associations held in a consumer's memory constitute the brand image, and affect their behavior. Brand associations are thereby important building blocks of customer-based brand equity (Keller 1998), and marketers should aim to



optimize the attributes and benefits that the brand is associated with by the consumers, satisfying their core needs and wants (Park, Jaworski and MacInnis as quoted by Keller 2001). Such strongly held favorably evaluated associations that are unique to the brand and imply superiority over other brands will be critical for a brand success (Broniarczyk and Alba, 1994).

Brand image can be reinforced by brand communications such as packaging, advertising, promotion, customer service, word-of-mouth and other aspects of the brand experience. Brand images are usually evoked by asking consumers the first words/images that come to their mind when a certain brand is mentioned (sometimes called "top of mind"). When responses are highly variable, non-forthcoming, or refer to non-image attributes such as cost, it is an indicator of a weak brand image (Asia Research.com).

#### **2.1.4 Customer Satisfaction**

Customers estimate which offer will deliver the most value. Customers are value maximizers, within the bounds of search costs and limited knowledge, mobility, and income. They form an expectation of value and act on it. Whether or not the offer lives up to the value expectation affects both satisfaction and repurchase probability. Whether the buyer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectations. In general, customer's satisfaction is a person's feelings of pleasure or disappointment resulting from

comparing a product's perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted (Kotler, 2003:36).

As the brand image consist of five attributes as explained above, the attributes of satisfaction toward a product or sevice can be attributed to these five attributes or dimension as follows:

1. Quality

Quality can also be the attributes of satisfaction. The higher the quality, the higher the satisfaction. The conformance to requirement or the fitness to use can make the customer to satisfy to the quality product.

2. Price

The pricing decision is an important feature of a product or service marketing. Price is highly visible to consumer. It can affect purchase decisions. After noticing a product, buyers generally look at the price tag. Prices that consumers perceive as too high will prevent them from buying.

3. Packaging

The right decision about packaging made by management have an effect on customer satisfaction. Good design of container can also

affect purchase decision and eventually, it can affect customer satisfaction.

#### 4. Advertising

The message disseminated by a product or service can also have an impact to customer satisfaction. The right target market, market positioning and marketing mix using advertising can make the presentation and promotion of ideas of product or service gaining the right target market. Eventually, it can affect the customer satisfaction.

#### 5. Distribution (product availability)

The availability of a product in a marketing channel and ready to consume by customer make the minimum use of effort by customer. The more available of a product or service, the more satisfied a customer.

Suppose customer satisfaction is rated on a scale from one to five. At a very low level of customer satisfaction (level one), customers are likely to abandon the company and even bad mouth. At levels two to four, customers are fairly satisfied but still find it easy to switch when a better offer comes along. At level five, the customer is very likely to repurchase and even spread good word of mouth about the company. High satisfaction or delight creates an emotional bond with the brand or company, not just a rational preference.

Although the customer centered firm seeks to create high customer satisfaction that is not its main goal. If the company increases customer satisfaction by lowering its price or increasing its services, the result may be lower profits and may extinguish the future plan of the company to reach bigger market. The company might be able to increase its profitability by means other than increased satisfaction. Also, the company has many stakeholders, including employees, dealers, suppliers, and stakeholders. Spending more to increase customer satisfaction might divert funds from increasing the satisfaction of other partners. Ultimately, the company must operate on the philosophy that it is trying to deliver a high level of customer satisfaction subject to delivering acceptable levels of satisfaction to the other stakeholders, given its total resources. When customers rate their satisfaction with an element of the company's performance say, delivery the company needs to recognize that customers vary in how they define good delivery The Company must also realize that two customers can report being highly satisfied for different reasons.

### **2.1.5 Brand Loyalty**

Brand loyalty expresses an intended behavior related to the service or the company. This includes the likelihood of future renewal of service and good contracts, how likely it is that the customer changes patronage, how likely the customer is to provide positive word-of-mouth, or the likelihood of customers providing voice. If real

alternatives exist or switching barriers are low, management discovers the organization's inability to satisfy its customers via two feedback mechanisms: exit and voice (Hirschman, 1970). Exit implies that the customers stop buying the company's services while voice is customer complaints expressing the consumers' dissatisfaction directly to the company. Customers' exit or change of patronage will have an impact on the long-term revenue of the company. Effects caused from changes in the retention rate are exponential (not linear) with regard to effects on the long-term revenue. Even a marginal reduction/increase in retention rate has significant effects on future revenue (Andreassen, 1995 as quoted by Jones and Sasser, 1995). Customers may be loyal due to high switching barriers or lack of real alternatives. Customers may also be loyal because they are satisfied and thus want to continue the relationship. History has proven that most barriers to exit are limited with regard to durability; companies tend to consider customer satisfaction the only viable strategy in order to keep existing customers. Several authors have found a positive correlation between customer satisfaction and loyalty.

A market can also be segmented by consumer loyalty. Consumers can be loyal to brands. Buyers can be divided into groups according to their degree of loyalty. Some consumers are completely loyal - they buy one brand all the time. Others are somewhat loyal - they are loyal to or two or three brands of a given product or favor one brand

while sometimes buying others. Still other buyers show no loyalty to any brand. They either want something different each time they buy or they buy whatever's on sale. A company can learn a lot by analyzing loyalty patterns in its market. It should start by studying its own loyal customers. Colgate finds that its loyal buyers are more middle class, have larger families, and are more health conscious. These characteristics pinpoint the target market for Colgate. By studying its less loyal buyers, we can detect which brands are most competitive with its own.

Companies need to be careful when using brand loyalty in their segmentation strategies. What appear to be brand loyal purchase patterns might reflect little more than habit, indifference, a low price, or unavailability of other brands - thus frequent or regular purchasing may not be the same as brand loyalty - marketers must examine the motivations behind observed purchase patterns.

Consumers have varying degrees of loyalty to specific brands, stores, and companies. Oliver defines loyalty as a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior. Buyers can be divided into four groups according to brand loyalty status according to (Kotler, 1990):

1. Hard – core loyal: Consumers who buy one brand all the time
2. Split loyal: Consumers who are loyal to one or two or three brands
3. Shifting loyal: Consumers who shift from one brand to another

4. Switcher: Consumers who show no loyalty to any brand

Each market consists of different numbers of the four types of buyers. A brand loyal market is one with high percentage of hard core brand loyal buyers. Kotler said that company can learn a great deal by analyzing the degrees of brand loyalty: 1. by studying its hard core loyal, the company can identify its product's strength, 2. by studying its split loyal, the company can pinpoint which brands are most competitive with its own, 3. by looking at customers who are shifting away from its brand, the company can learn about its marketing weaknesses and attempt to correct them

## 2.2 Theoretical Framework

From the literature review explanation above, the author concludes that the ability of a product to compete in wide market is supported by company marketing strategy and the product's ability to succeed in a competitive market depends on what customers expect in order to satisfy their wants and needs. Company marketers must know what customer expectations are. Djarum Super as one strong brand among at cigarette products in Indonesia, with a lot of experiences, built a strong brand image not only in regard to the name of the product but also the image in the mind of people who smoke Djarum Super cigarettes, they are not only consuming the unique taste, but also the unique sensation. Brand image, according to several experts in marketing, can increase the satisfaction of customers, and of course when the customer is satisfied with the product they consume, it will increase buying

retention and customer loyalty toward the brand. There are two variables that can be identified as important variables causing customers to be loyal (Indah Fatmawati, 2004: 24), which are customer satisfaction and brand image.

### **2.2.1 The Effect of Brand Image Toward Brand Loyalty**

Several studies report direct linkages between Image and intensity of Loyalty (Kunkel and Berry-1968, Reynolds, Darden and Martin, Korgaonkar, Lund and Price-1985). Thus, we can conclude that more positive the Image the greater is the degree of loyalty.

Loyal shoppers, as per the first definition, are so rare as to be practically negligible. One of the earliest studies in this area was by Cunningham (1961). This has been found to be true in subsequent studies. One can intuitively say that consumers would display greater patronage behaviour for furniture as compared to garments, more for garments as compared to grocery etc. In any case, exclusive shopping at a single brand is rare.

There is inherently a large affective component in loyalty. Amongst others factors, it has elements of trust as built over a period of time (repeated experiences at the brand) and is relative stable over a long period of time. A loyal customer would give priority to the specific brand over competition. In fact, the customer would tend to be far more forgiving of service errors of the present brand and adjust any dissonances that arise from dissatisfaction; by increasing value of other attributes where the brand is better, or downplaying the importance of



the brand's weaknesses. It is only a major dissonance that dislodges loyalty. The dissonance can arise from decrease in brand performance to a large extent or a large mismatch between customer changing expectations and offerings. Dissonance will be tolerated only to a certain extent. Beyond the threshold level, loyalty erodes, usually in favor of another brand.

### **2.2.2 The Effect of Brand Image Toward Customer Satisfaction**

Image is a person's perception towards a phenomenon. Another definition about image is the manifestation of experience and hopes where it can affect customer satisfaction towards a certain good or service (Zeithaml & Bitner, 1996) in Suhartanto dan Nuralia (2001: 28) writings. As a consequence of the image effect towards ones perception, image can support or destroy the values the customers feel towards a certain good or service. A good image can increase or cover the lack of service that the customers feel. While on the other hand, a bad image will make service the customers feel dissatisfied. Therefore it is clear that image, positive or negative, can affect customer loyalty.

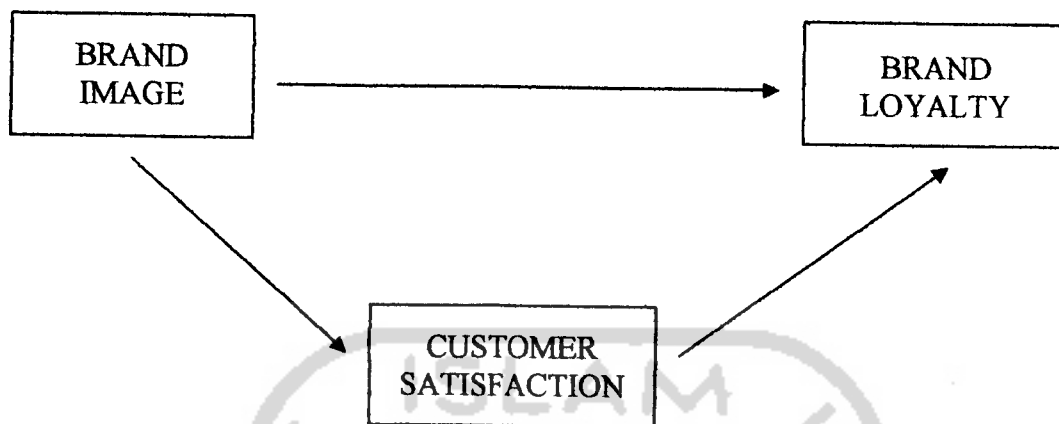
Because brand image is a consumer perception about a brand, it can also influence the customer satisfaction, because the brand image itself could make a buying behavior. It can be hypothesized that the more positive brand image, the more satisfied a customer. Brand image can also influence the loyalty. In relation to loyalty, it can be

hypothesized that the more positive brand image, the more loyal a customer.

### **2.2.3 The Effect of Customer satisfaction Toward Brand Loyalty**

Customer satisfaction is a feeling of satisfaction or disappointment that results from the comparison of hopes and expectation of a product (Kotler, 1996: 36). From the definition above, customer satisfaction is a comparison between service that is experienced and expected before the service is bought. Satisfied customers will most probably buy again or repurchase from the same service provider. Therefore companies that can satisfy their customers will increase their profit and market share due to repurchase from customers.

Thus, in accordance with the above, the researcher intends to analyze one product, that is Djarum Super cigarette, and determine the impact of Djarum Super cigarette's brand image on brand loyalty directly, and the impact customer satisfaction of Djarum Super cigarettes on brand loyalty. The theoretical framework used to analyze is listed below:



**Figure 2.1**  
**Theoretical Framework**

### 2.3 Hypotheses Formulation

A hypothesis is an unproven proposition or supposition that tentatively explains or contains facts or phenomena that can be a probable answer to a research question (Zikmund, 1991 in Cooper and Emony, 1998:99). There two criteria of a good hypothesis: A hypothesis consists of statements about the causality relationship between independent and dependent variables, secondly, a hypothesis consists of clear implication of evaluating the real causality relationship. The research framework used in this study for interpreting and analyzing the determinant of brand image, customer satisfaction and customer loyalty relationship.

The first hypothesis related to the direct impact of brand image on brand loyalty. As stated above, several studies had proved the impact of brand image on brand loyalty. As defined, loyalty has an affective component. One of its affective components is from the brand image itself. From this

definition, we can suggest that brand image has direct influence on brand loyalty. This means that the more positive a brand image, the more loyal a customer. It means that brand image has direct impact on brand loyalty. Therefore, the first hypothesis of this research is stated as follows:

*Hypothesis 1: "Brand image has significant direct influence on brand loyalty"*

The second hypothesis relates the brand image on customer satisfaction. As stated above, Zeithaml & Bitner (1996) as quoted by Suhartanto dan Nuralia (2001: 28) explained that image is the manifestation of experience and hopes where it can affect customer satisfaction towards a certain good or service. This definition leads us to relate the image and the customer satisfaction. This definition also supports that image, positive or negative, can affect customer loyalty. Therefore, the second hypothesis can be stated as follows:

*Hypothesis 2: "Brand image has significant effect toward customer satisfaction"*

As stated before, image is the manifestation of experience and hopes that can affect customer satisfaction towards a certain good or service. This statement allows the relationship of brand image and customer satisfaction. While brand image has an impact on customer satisfaction, it also has an indirect effect on brand loyalty. Because brand image is a consumer perception about a brand, it can also influence the customer satisfaction, because the brand image itself could make a buying behavior. Thus can be

hypothesized that the more positive a brand image, the more satisfied a customer. Therefore, the second hypothesis can be stated as follows:

*Hypothesis 3: "Customer satisfaction has significant effect toward brand loyalty"*



## CHAPTER III

### RESEARCH METHOD

#### 3.1 Research Method

This study is an empirical research in the form of a case study and that is divided into descriptive and quantitative. The methodology used to collate data for this research is survey by distributing questionnaires to the subjects of the research.

#### 3.2 Research Subject

##### 3.2.1 Population

Population is the number of all aspects of a research (Arikunto, 2002: 108). The research was conducted in several *burjo* stalls in Wachid Hasyim Street in Pringgolayan Sleman Yogyakarta. The object of the research is Djarum Super Cigarettes. The research consist of all consumers of warung *burjo* who smoke Djarum super cigarettes

##### 3.2.2 Sample and Sampling Method

In determining the number of samples it is suggested that the minimum number of samples to generate valid data is 50 samples. However the ideal number of estimations is between 100 to 150 samples (Arikunto, 2002). Because of the research limitations, the writer took 100 samples. The sampling method for determining the *burjo* stall was used in random sampling, while to determine the

respondents convenience sampling was used, 20 respondents was selected from *burjo* every stall sampled.

### **3.3 Research Setting**

The research in this study was conducted in several *burjo* stalls that are located in Wachid Hasyim Street in Pringgolayan Sleman Yogyakarta

### **3.4 Data Collecting Method**

#### **1. Method**

There are three instruments to collect data. They are questionnaires, observation, and literature study. Questionnaire is data collection technique by giving written question to specific respondent and it can be directly or indirectly. Observation is data collection technique which establishes direct monitoring to the research object. As supporting data, this research also use literature research that is gain some data from the previous research, reading some related books, and articles from internet and magazine which also related to the object of this research.

#### **2. Questionnaire Design**

The type of questionnaire used was closed direct questionnaire, so respondents only chose the answer by checking the right column to choose. The questionnaire was given to respondents and the researcher gave respondents some time to fulfill the questionnaire based on what he felt.

The questionnaire was given to respondents who consumed Djarum Super Brand in Burjo Stalls. After fulfilled, the questionnaire was scored and displayed in a table consisting of the respondent's answers. This score was then analyzed to test the hypothesis.

The questionnaire was divided into four sections. First section was respondent characteristics including sex, age, education achievement, address, and household expenditure per month. The second section is questions about image. This section includes questions to explore and to determine the image respondent perceived about Djarum Super brand. The third section is questions about customer satisfaction. This section includes questions to explore and to determine the customer satisfaction of respondent to Djarum Super brand. The fourth section is questions about brand loyalty. This section includes questions to explore and to determine the brand loyalty of respondent to Djarum Super brand.

The items in questionnaire were made based on the indicators of each variable observed. These items were then verified by the content advisor, Mr. Drs. Yazid, M.M. Having verified, the questionnaire was applied in collecting data.

### **3.5 Research Variables**

As stated in theoretical framework, there are three variables used in this research. They are brand image, customer satisfaction, and brand loyalty.



The data variables that will be used in this research consist of:

#### A. Djarum Super Brand Image

As stated in the theoretical review, there are five attributes of brand image, including the quality (Kotler, 2003:84), price Skinner and Ivancevich (1992:503), packaging (Kotler, 2003:436), advertising Kotler (2003:590), and distribution (product availability) (Skinner and Ivancevich, 1992). Based on this theory, it can be stated that the attributes of brand image are as follows:

- a. The quality of taste compare with the other similar product
- b. The price affordability
- c. The package attractiveness
- d. The advertising characteristics of the product (appeal)
- e. Easy to find the product or good distribution (product availability)

#### B. Customer Satisfaction

As the brand image consist of five attributes as explained above, the attributes of satisfaction toward a product or sevice can be attributed to these five attributes or dimension such as quality (conformance to requirement or the fitness to use can make the customer to satisfy to the quality product), price (prices that consumers perceive as too high will prevent them from buying), packaging (good design of container can also affect purchase decision and eventually, it can affect customer satisfaction), advertising (the right target market, market positioning and marketing mix using advertising can make the presentation and promotion

of ideas of product or service gaining the right target market and can affect the customer satisfaction), distribution (product availability)

The aspects of satisfaction measured in this research are:

- a. The satisfaction when smoking Djarum Super cigarettes
  - b. The satisfaction when they buy this product
  - c. The satisfaction from the packaging
  - d. The satisfaction when they see the advertisements in media
  - e. The satisfaction related to the convenience of the product location
- C. Brand Loyalty

Brand loyalty expresses an intended behavior related to the service or the company including the likelihood of future renewal of service and good contracts (continuity or commitment), how likely it is that the customer changes patronage, how likely the customer is to provide positive word-of-mouth (recommendation).

- a. Continuity to purchase Djarum Super cigarettes (commitment)
- b. The advertising, packaging and also convenience of Djarum Super location they will recommend Djarum Super cigarette to friends

#### D. Variables

##### 1. Independent variables (X)

Independent variables in this research are those which have influence toward intervening variables (Z) as well as dependent variable (Y). The independent variable that was used in this research is: Brand Image of Djarum Super cigarette, including in:

- a. Characteristic and quality of Djarum Super cigarette (X 1)
  - b. The price of Djarum Super cigarette (X 2)
  - c. The package of Dajrum Super Cigarrete (X 3)
  - d. The promotion of Djarum Super cigarette (X 4)
  - e. The distribution of Djarum Super cigarette (X 5)
2. Intervening variables (Z)

Intervening variables constitute of intermediary variables between independent variables and dependent variables. This variable is influenced by dependent variables and directly influence toward independent variables. Z variables that were used in this research are customer's satisfaction in consuming Djarum Super cigarette.

3. dependent variables in this research is: Brand loyalty (Y)

Dependent variables or free variables constitute of variable that are influenced by independent variables or intervening variables. Dependent variables that used are brand loyalty that is Djarum Super.

### 3.6 Research Instrument

Validity or reliability test constitute testing instruments in pra research or before the research done.

#### 3.6.1 Validity

Validity test was used to measure the similarity of collected data with the real data that happen in research object (Sugiyono, 2003:267). The result of research is considered valid if the collected

data is suitable or there is a similarity with the real object condition. Al Rasyid (1994) explained that based on general convention by statistician, the number of respondents required to test the instrument is at least 30 respondents.

The validity test uses construct validity using item-total Pearson's Product Moment Correlation using correction formula. The steps to test the validity are:

a. Determine the hypothesis

Ho: The item score has positive correlation with factor score

Ha: The item score has no positive correlation with factor score

b. Calculating r

The r calculated in each item can be obtained from the correlation coefficient of Item-Total in SPSS Output.

c. Decision making

The basis of decision making is:

If the r is positive and the value of r is greater than 0.3, the item is valid.

If the value of r is smaller than 0.3, the item is not valid.

The descriptions of validity test in every variable in the research were as follows:

a. Image

There were six items in the image variable. The result of validity test in this variable is showed in the table below.

**Table 3.1**  
**Summary of Validity Test on Image Items**

Items #	Correlation	Sig. ( $\alpha$ )	Status
1	0.659	0.000	Valid
2	0.650	0.000	Valid
3	0.778	0.000	Valid
4	0.761	0.000	Valid
5	0.731	0.000	Valid
6	0.618	0.000	Valid

*Source: primary data*

Based on the validity test on image variable, it is showed that the lowest coefficient of product moment correlation is 0.618 and the highest value is 0.778. All are in the significance level of 0.000. The deciding whether an item is valid or not depends on the value of product moment correlation. If the value of product moment correlation is greater than 0.3 it can be concluded that the item is valid. If the value of product moment correlation is smaller than 0.3 it can be concluded that the item is invalid.

Based on the criteria above, there were six items found to have a product moment correlation coefficient is greater than

0.3. This means that of these items were valid. So, there were no item invalid and all items would be used in the next analysis.

b. Satisfaction

There were six items in the satisfaction variable. The result of validity test in this variable was showed in the table below.

**Table 3.2**  
**Summary of Validity Test on Satisfaction Items**

Items #	Correlation	Sig. ( $\alpha$ )	Status
1	0.843	0.000	Valid
2	0.868	0.000	Valid
3	0.882	0.000	Valid
4	0.727	0.000	Valid
5	0.649	0.000	Valid
6	0.546	0.002	Valid

*Source: primary data*

Based on the validity test on satisfaction variable, it showed that the lowest coefficient of product moment correlation was 0.546 and the highest value was 0.882. All are in the significance level of 0.000 except for the item number 6, i.e. 0.002. The decision making whether an item is valid or not depends on the value of product moment correlation. If the value of product moment correlation is greater than 0.3 it can be concluded that the item is valid. If the value of product

moment correlation is smaller than 0.3 it can be concluded that the item is invalid.

Based on the criteria above, there were six items found to have a product moment correlation coefficient is greater than 0.3. This means these all items were found to be valid. So, there were no invalid items and all items would be used in the next analysis.

c. Loyalty

There were four items in the loyalty variable. The results of validity test in this variable are shown in the table below.

**Table 3.3**  
**Summary of Validity Test on Loyalty Items**

Items #	Correlation	Sig. ( $\alpha$ )	Status
1	0.771	0.000	Valid
2	0.739	0.000	Valid
3	0.832	0.000	Valid
4	0.611	0.000	Valid

*Source: primary data*

Based on the validity test on loyalty variable, it showed that the lowest coefficient of product moment correlation to be 0.661 and the highest value was 0.832. All are in the significance level of 0.000. The decision making whether an item is valid or not depends on the value of product moment correlation. If the value of product moment correlation is

greater than 0.3 it can be concluded that the item is valid. If the value of product moment correlation is smaller than 0.3 it can be concluded that the item is invalid.

Based on the criteria above, there were four items found to have a product moment correlation coefficient is greater than 0.3. This means that all items are valid. So, there were no item invalid items and all items would be used in the next analysis.

### 3.6.2 Reliability

Reliability is an index that constitutes how far the measurement tools can be valid. Reliability test can use *Alpha Cronbach* technique, with the formula:

$$R = \left[ \frac{K}{(K-1)} \right] \left[ 1 - \frac{\sum \sigma_b^2}{\sigma_b^2} \right]$$

Where:

R11 = Instrument Reliabilities

K = the Total of Questions

$\sum \sigma_b^2$  = the Total of Variance Items

$\sigma_b^2$  = Total Variance

The steps to do the reliability test were as follows:

- a. Determine the hypothesis

Ho: The item score has positive correlation to the composite factor



Cronbach is 0.787. If the coefficient of alpha cronbach is lower than 0.6 it can be concluded that the factor (including the items) is invalid. Using this criteria, it can be concluded that this variable is reliable because the coefficient of Alpha Cronbach is higher than 0.6 ( $0.787 > 0.6$ ).

b. Satisfaction

The result of reliability test in this variable could be seen in the appendix. Based on the reliability test, the coefficient of Alpha Cronbach is 0.851. If the coefficient of alpha cronbach is lower than 0.6 it can be concluded that the factor (including the items) is invalid. Using this criteria, it can be concluded that this variable is reliable because the coefficient of Alpha Cronbach is higher than 0.5 ( $0.851 > 0.6$ ).

c. Loyalty

The result of reliability test in this variable could be seen in the appendix. Based on the reliability test, the coefficient of Alpha Cronbach is 0.727. If the coefficient of alpha cronbach is lower than 0.6 it can be concluded that the factor (including the items) is invalid. Using this criteria, it can be concluded that this variable is reliable because the coefficient of Alpha Cronbach is higher than 0.5 ( $0.727 > 0.6$ ).

### Step 1: Theoretical model development

Theoretical model development is based on causality relationship, where is changing one variable can be assumed to affect other variables changing. Causality relationship means tight relationship like physical processes such chemistry reaction or like behavior reason that people choose to buy a product. The critical mistake in development model in this theory is lost of one or more predictive variables and this problem known as specification error.

### Step 2 and 3: Path diagram line and changing line diagram to structural equation

The path diagram line is shown above. Two things that can be done are arrange structural model that related between latent construct whether dependent or independent and arrange model measurement to relate dependent latent construct or independent with indicator variables or manifest

### Step 4: Choosing kinds of matrix input and proposed model estimation

SEM is different from other multivariate analysis; SEM is only as input data such variant or covariant matrix or correlation matrix. Incomplete data from individual observation can be put in AMOS program, but AMOS program will change the incomplete data to matrix covariant or matrix correlation

### Estimation model

Estimation model technique structural equation was first done by ordinary least square (OLS) regression, but this technique already changed by

maximum likelihood estimation (ML) that more efficient and unbiased if normality assumption of multivariate is fulfilled. ML technique is very sensitive toward non normality data until created other estimation technique such weighted least squares (WLS).

#### Step 5: Appraise model identification structural

Identification problem is proposed model incapability to result unique estimation. To see is there any identification problem is seeing through estimation result that is: 1. there is a big error standard value for one or more coefficient, 2. program incapability for matrix information invert, 3. impossible estimation result like negative variance error, 4. there high correlation value ( $> 0.90$ ) between estimation coefficient. To solve this problem is determine more constraint in model.

#### Step 6: Appraise goodness-of-fit criteria

There are three basic assumptions like in other multivariate to be fulfilled to use structural equation modeling that are: 1. Independent data observation, 2. Random sampling respondent, 3. having linear relationship

#### Absolutes Fit Measures

##### Likelihood-Ratio Chi-Square Statistic

Fundamental measure from overall fit is likelihood-ratio chi-square ( $\chi^2$ ). Chi-square value is higher relative to degree of freedom shows that covariant matrix or observed correlation by prediction is really different that resulted in probability (p) being smaller than significance ( $\alpha$ ). In the other way the small chi-square value will result probability (p) value higher from

significance( $\alpha$ ) level and this shows that covariant matrix input between real observed predictions were not significantly different.

#### CMIN/DF

Chi-square divided with degree of freedom. According to Wheaton et. Al (1977) the ratio value of five (5) or less from five actually constitutes reasonable reason.

#### GFI

Goodness of fit index is developed by Joreskog and Sorbon (1984) is the value of non statistic measure that revolve from 0 (poor fit) until 1.0 (perfect fit)

#### RMSEA

Root mea square error of approximation is the measure that tries to correct the tendency of chi-square statistic rejects a big number of sample model. RMSEA value between 0.05 until 0.08 is measurement that can be accepted.

#### Incremental Fit Measures

Incremental Fit Measures is compares model proposed with model baseline that called model null. Model null is realistic model where other model must be in above of it.

### AGFI

Adjusted goodness-of-fit is GFI development that sited with the degree of freedom ratio for proposed model and degree of freedom for model null. The recommendation value is equal or  $> 0.90$

### TLI

Tucker-Lewis index or nonnormed fit index (NNFI). This measures is bundle parsimony measurement to comparison index between model proposed and model null TLI value is revolve from 0 to 10.0

### NFI

Normed fit index is comparison measurement between model proposed and model null. NFI value has variation from 0 (no fit at all) until 1.0 (perfect fit). Like in TLI there is no absolute value to be use as standard value but recommended equal or  $>0.90$

### Parsimonious Fit Measures

This measurement is connecting goodness-of-fit model with needed estimation coefficient to reach fit level.

### PNFI

Parsimonious normal fit index is modification from NFI. PNFI is entering used of the sum of degree of freedom to reach fit level. Higher value is better, and this used to compare the model with different degree of freedom. The different PNFI 0.60 until 0.90 is show there is significant model different

## PGFI

Parsimonious goodness-of-fit index is modification GFI based on parsimony estimated model. PGFI value is between 0 until 1.0 with value higher is show model more parsimony.

## Measurement Model Fit

After all fit model evaluated, the next step is measurement every construct to appraise unidimensionality and reliability from construct. Unidimensionality is the assumption which bases something on reliability computation that is shown when a construct indicator has one single factor acceptable fit (one dimensional) model. Using cronbach alpha measurement does not guarantee unidimensionality but assumes there is unidimensionality.

The approach to appraise model measurement is measure reliability composite and extracted variance for every construct. Reliability is measurement internal consistency for construct indicator. The level of accepted reliability generally is  $> 0.70$  while reliability  $< 0.70$  can be accepted for exploratory research. Formula to measure construct reliability and variance extracted

## Structural Model Fit

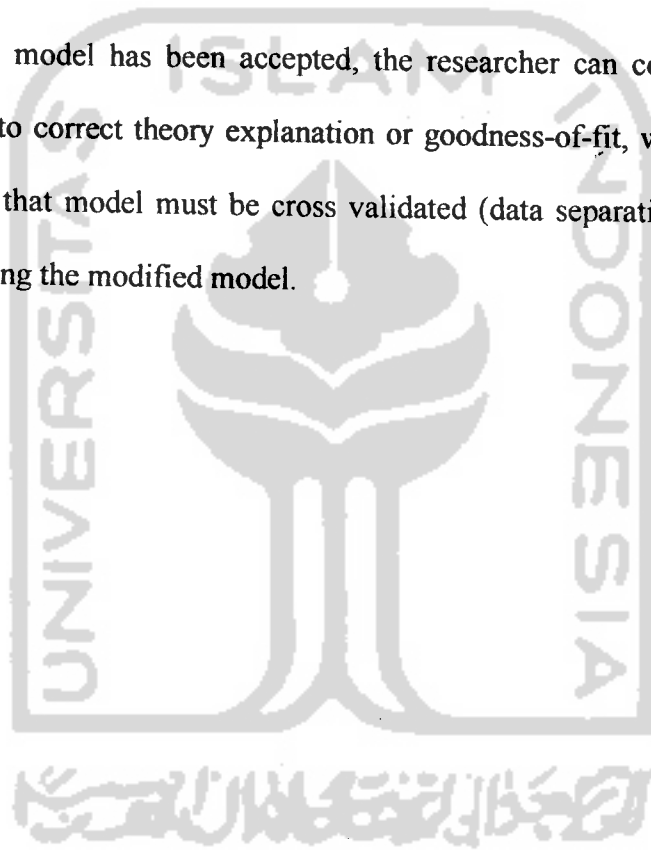
For measure structural model fit involve significance from coefficient. SEM gives coefficient estimation value, error standard and t result for every coefficient. With level of certain significance (0.05), then we can measure the significance every statistical coefficient.

### Comparison Competing or Nested Model

Competing model or development strategy model is done by comparing the model results to determine the best model for every available alternative model.

### Step 7: Interpretation and model modification

When the model has been accepted, the researcher can consider model modification to correct theory explanation or goodness-of-fit, when model is modification, that model must be cross validated (data separation estimated) before accepting the modified model.



**CHAPTER IV**  
**ANALYSIS AND DISCUSSION**

In this data analysis, the descriptive statistic, profile of respondents, and the data interpretation were done. Descriptive statistic included mean, median, and related descriptive statistic of variables. Profile of respondents was based on the number of respondents. The data interpretation also used 100 respondents.

**4.1 Descriptive Statistic**

The descriptive statistic included all variables observed in this research. There were three variables observed in this research. The summary of descriptive statistic was as follows:

**Table 4.1**  
**Descriptive Statistic of Variables Observed**

	<b>Brand Image</b>	<b>Customer Satisfaction</b>	<b>Customer Loyalty</b>
N	100	100	100
Mean	3.9633	3.8917	3.8225
Std. Deviation	0.61618	0.46019	0.61165
Kurtosis	-0.777	-0.630	-0.337
Skewness	0.253	0.285	-0.019

The numbers of respondents in the three variables were 100 respondents. The means value of brand image was 3.9633 showing that the average value of brand image was relatively high because this research used



value of 1 until 5 to describe the brand image variable, and the means value of higher than 3 showed a good image of Djarum Super Cigarette. The value of standard deviation showed a small one (i.e. 0.61618). The low value of standard deviation showed that this variable had relatively small deviation from means. It was also supported by the result of kurtosis and skewness values which values were below 1. These also showed that the data in brand image variable was good distributed. There's a tendency that most of respondents are consistent with the good image of Djarum Super Cigarette.

The means value of customer satisfaction was 3.8917 showing that the average value of customer satisfaction was relatively high because this research used value of 1 until 5 to describe the customer satisfaction variable, and the means value of higher than 3 showed that consumer of Djarum Super Cigarette was satisfied. The value of standard deviation showed a small one (i.e. 0.46019) far below the means value. The low value of standard deviation showed that this variable had relatively small deviation from means. It was also supported by the result of kurtosis and skewness values which values were below 1. These also showed that the data in customer satisfaction variable was good distributed. The satisfaction of consumer was related to the satisfaction when smoking Djarum Super cigarette. They were also satisfied with the brand packaging, and they found that Djarum Super Cigarette was easy to find. There's a tendency that most of respondents are consistent with the satisfaction in smoking Djarum Super Cigarette.

The means value of customer loyalty was 3.8225 showing that the average value of customer loyalty was relatively high because this research used value of 1 until 5 to describe the customer loyalty variable, and the means value of higher than 3 showed that consumer of Djarum Super Cigarette was loyal to the brand. The value of standard deviation showed a small one (i.e. 0.61165) far below the means value. The low value of standard deviation showed that this variable had relatively small deviation from means. It was also supported by the result of skewness value which was below 1. These also showed that the data in customer loyalty variable was good distributed. There was a tendency to the continuity to purchase Djarum Super cigarettes, and the consumer of Djarum Super Cigarette tended to recommend Djarum Super cigarette to friends. It seems that most of respondents are consistent as a loyal consumer of Djarum Super Cigarette.

Based on this descriptive statistics, all variables observed in this research were relatively high in their value and all respondents seemed to show consistency in its characteristics (image, satisfaction, and loyalty) because the value of kurtosis and skewness showed a small ones. The standard deviation also showed a small values in all variables.

#### **4.2 Profile of Respondents**

The total number of respondent in this research is 100 respondents including all customers consuming Djarum Super cigarette in burjo stalls around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman,

Yogyakarta. The profile of respondents below were based on these 100 respondents. Below are the profile of respondent based on the criteria made.

#### 4.2.1 Age of Responden

Based on the age of respondents, the profile of respondent can be divided into four categories such as less than 20, 20-29, 30 – 35, and more than 30 years old. The profile of respondent based on age groups could be seen in the table 4.2 as follows.

**Table 4.2**  
**Age of Respondent**

Age Categories	Number of Respondent	Percentage
< 20	6	6,0
20 - 29	37	37,0
30 - 35	25	25,0
> 35	32	32,0
Total	100	100.0

*Source : Primary data*

Based on the table 4.2, it can be seen that of 100 respondent consuming Djarum Super cigarette in burjo stalls around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman, Yogyakarta, most of them were in the age category of 20-29, i.e. 37% of all. The least respondent was in age category of less than 20, i.e. 6% of all. It was so because most of the customer of burjo stall around Jl. Wachid Hasyim,

Pringgolayan, Condongcatur, Sleman, Yogyakarta were students. It also related to the location of this research that is close to many universities, such as National Development University, Islamic University of Indonesia, and so on where there are many students living. It can be said that the consumer of Djarum Super cigarette are not teenagers, but adult men.

#### 4.2.2 Occupation of Responden

The type of occupation in this research is categorized into 5 categories. They are : (1) government employees, (2) Private employees, (3) Self-Employed, (4) Students, and (5) others. The profile of respondent based on occupation could be seen in the table as follows.

**Table 4.3**  
**Occupation of Respondent**

<b>Occupation</b>	<b>Number of Respondent</b>	<b>Percentage</b>
Government employees	1	1,0
Private employees	27	27,0
Students	31	31,0
Self-Employed	20	20,0
Others	21	21,0
<b>Total</b>	<b>100</b>	<b>100.0</b>

*Source : Primary data*

Based on the table above, it can be seen that of 100 respondent consuming Djarum Super cigarette in burjo stalls around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman, Yogyakarta, are student, i.e. 31% of all. The least respondent was in occupation of government labor, i.e. 1% of all. The number of students was the most in this research because the research was done in the area where many students living. Besides, most customers of burjo stalls especially around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman, Yogyakarta were students who lived in boarding house around this area.

#### 4.2.3 Length of Consuming

The length of consuming Djarum Super cigarette in burjo stalls around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman, Yogyakarta, in this research is categorized into 3 categories. They are : (1) less than 1 year, (2) 1 – 2 years, and (3) more than 2 years. The profile of respondent based on length of use could be seen below.

**Table 4.4**  
**Length of Consuming**

<b>Length of Use</b>	<b>Number of Respondent</b>	<b>Percentage</b>
Less than 1 year	20	20,0
1 – 2 years	37	37,0
More than 2 years	43	43,0
<b>Total</b>	<b>100</b>	<b>100.0</b>

*Source : Primary data*

Of 87 respondent consuming Djarum Super cigarette in burjo stalls around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman, Yogyakarta, most of them consumed it more than 2 years, i.e. 43% of all. The least respondent had consumed Djarum Super cigarette for less than 1 years, i.e. 20% of all. Most of respondent were loyal customers of Djarum Super Cigarette because they have consumed Djarum Super cigarette for more than 2 years. It means that the respondents tended to be satisfied consuming Djarum Super cigarette and they had consumed Djarum Super cigarette for a long time.

The crosstabulation of respondent's occupation and the length of consuming is shown in the table below.

**Table 4.5**  
**Crosstabulation of Occupation and Length of Consuming**

	Occupation					Total
	Government employees	Private employees	Student	Self-employed	Other	
Less than 1 year	0	3	3	6	8	20
1 - 2 years	1	16	12	6	2	37
more than 2 years	0	8	16	8	11	43
Total	1	27	31	20	21	100

Table 4.5 above showed that there were 16 students (16% of all) consuming Djarum Super cigarette for more than 2 years and it was the highest number of respondent consuming Djarum Super cigarette based on their occupation and length of consuming. It means that most of students were the loyal consumer of Djarum Super.

Therefore, Djarum Super needs to target their marketing efforts to students, especially in Yogyakarta.

#### 4.2.4 Use of Other Brand

There were probability that respondent used other brand of cigarette. This research revealed it by asking a question about the use of other brand. The use of other brand, in this research is categorized into 2 categories. They are : (1) use other brand, and (2) not use other brand. The profile of respondent based on the use of other brand could be seen in the table below.

**Table 4.6**  
**Use of Other Brand**

Use of Other Brand	Number of Respondent	Percentage
Yes	87	87,0
No	13	13,0
Total	100	100.0

*Source : Primary data*

The result of this question showed that there were 87 respondents used other brand of cigarette. The number of respondents used only Djarum Super brand were 13 respondents. The number of respondent who used other brand of cigarette could be related to the fact that there were many brands of cigarette, and there were a tendency of the consumer to try another brands. If they were satisfied to another brand, there would be a tendency to consume the brand they feel satisfied. This result also showed that most of the respondents

have a potential to switch to other brand. So, the distribution and inventory should be given any attention by Djarum Super.

The crosstabulation of respondent's occupation and the use of other brand is shown in the table as follows.

**Table 4.7**  
**Crosstabulation of Occupation and Use of Other Brand**

	Occupation					Total
	Government employees	Private employees	Student	Self-employed	Other	
Yes	1	22	28	19	17	87
No	0	5	3	1	4	13
Total	1	27	31	20	21	100

Table 4.7 above showed that there were 28 students who consumed other brand of cigarette. It meant that students liked to try a new or existing brand to find the brand that make them most satisfied. The loyalty to one brand doesn't mean that consumer didn't try other brand. So, it's important for the producer of cigarette, especially Djarum Super cigarette to promote more intensively to the target. Student could be the target of Djarum Super cigarette especially in Yogyakarta.

#### **4.2.5 Source of Information**

The source of information about Djarum Super cigarette in this research is categorized into 3 categories. They are : (1) advertisement, (2) friends, and (3) family or relatives. The profile of respondent



based on source of information could be seen in the table 4.6 as follows.

**Table 4.8**  
**Source of Information about Djarum Super Brand**

Source	Number of Respondent	Percentage
Advertisement	34	34,0
Friends	55	55,0
Family/Relatives	11	11,0
Total	87	100.0

*Source : Primary data*

Based on the table above, of 100 respondent consuming Djarum Super cigarette in burjo stalls around Jl. Wachid Hasyim, Pringgolayan, Condongcatur, Sleman, Yogyakarta, most of them knew the Djarum Super brand from his/her friends, i.e. 55% of all. The least respondent knew Djarum Super brand from family or relatives, i.e. 11% of all. It means that friends are the most powerful reference group to influence the intention to buy. Therefore, the company or producer of Djarum Super cigarette should make some effort to target to this reference group.

### **4.3 Result of Structural Equation Modelling**

This section will describe the interpretation of data. The interpretation will use Structural Equation Modelling (SEM) result. Before interpreting the result of Structural Equation Modelling (SEM), the goodness-of-fit criteria

must be met. Fundamental measure from overall fit is likelihood-ratio chi-square ( $\chi^2$ ). The small chi-square value will result probability (p) value higher from significance ( $\alpha$ ) level and this shows that covariant matrix input between real observed predictions is not different significantly.

The model analyzed had degree of freedom of 126. This degree of freedom is the difference between the number of distinct sample moments and the number of distinct parameters that have to be estimated. In counting up the number of distinct parameters to be estimated, several parameters that are constrained to be equal to each other count as a single parameter. Parameters that are fixed at a constant value do not count at all. The value of this degree of freedom meant that the degree of freedom was positive and it met one of the requirements of goodness of fit. The result of chi-square showed a value of 1.350. The value of *Probability Level* was 0.525 above the minimum level required as the  $p > 0.05$ .

After the analysis of structural equation modelling was done, then the test of *goodness of fit* of the existing model was also done. The test of *goodness of fit* was to determine whether the model could be used to estimate or not. Below is the summary of goodness of fit result in the model used in this research. The result of *GFI*, *AGFI*, *TLI* and *CFI* showed the value of 0.911; 0.980; 0.511 and 0.487 respectively. The value *RMR* and *RMSEA* obtained were 0.015 dan 0.048 respectively. The summary of *Goodness of fit* indicators in this research model is presented in Tabel 4.9 as follows.

**Tabel 4.9**  
**Goodness of Fit**

<b>Indicator of Goodness of fit</b>	<b>Cut-off Point</b>	<b>Result</b>	<b>Decision</b>
<i>DF</i>	Positif	126	Accepted
P value	>0.05	0.525	Accepted
<i>GFI</i>	>0.90	0.911	Accepted
<i>AGFI</i>	>0.90	0.980	Accepted
<i>RMSEA</i>	<0.05	0.048	Accepted

One of the tests of *goodness of fit* is conducted by comparing the value of *Goodness of fit* (GFI) coefficient. The criteria used here is that the value of goodness of fit (GFI) must be between 0 and 1. The value of 1 showed a perfect fit, and the cut-off-point is 0.90. The result of test showed that the GFI coefficient was 0.911. This GFI coefficient in this model was higher than 0.90 or nearly 1. It meant that the model used to do estimation had a nearly perfect fit in *goodness of fit*.

Another criteria of *Goodness of fit* (GFI) is the test of *Adjusted Goodness of fit* (AGFI). The criteria used is that the value of adjusted goodness of fit (AGFI) must be between 0 and 1. The value of 1 showed a perfect fit, and the cut-off-point is 0.90. The result of test showed that the AGFI coefficient was 0.980. This AGFI coefficient in this model was higher than 0.90 or nearly 1. It meant that the model used to do estimation had a nearly perfect fit in *goodness of fit*.

The third *goodness of fit* criteria used in this research is the RMSEA criteria. The criteria used is that the value of RMSEA of 0 showed a perfect fit, and the cut-off-point is 0.05. The result of test showed that the RMSEA coefficient was 0.048. This RMSEA coefficient in this model was less than 0.05. It meant that the model used to do estimation had a perfect fit in *goodness of fit* because there was a lower RMSEA coefficient in the model.

Based on the criteria used in the determination of goodness of fit, such as the degree of freedom, chi-square coefficient, GFI, AGFI, and RMSEA it can be concluded that the *goodness of fit* of the model used in this research was relatively good. It meant that the model could be used for the next analysis in structural equation modeling. The model of this research had a good fit and could be used to estimate the influence of image and satisfaction toward the loyalty of the customer.

The statistical model used to test the hypothesis used Structural Equation Modelling by AMOS software. The indicator used were the value of *Critical Ratio (CR)* at *Regression Weights* by the minimum value of 2 absolutely (Arbuckle, 1997) in the significance level of 0.05.

#### **4.3.1 The Direct Effect of Brand Image Toward Brand Loyalty**

The test was done using *Structural Equation Modelling*. This section is the analysis of the result of test for the effect of brand image toward brand loyalty. The analysis of the result of structural equation modelling could be done in two aspect. The first one is the sign of coefficient and the second is the value of the coefficient.

The hypothesis stated that brand image has significant direct influence on brand loyalty. The result of *Structural Equation Modelling* showed the value of the coefficient was 0.726. Based on the result, the coefficient of brand image toward brand loyalty was 0.726. The sign of this coefficient is positive. The positive sign means that the increase in brand image will have impact to the increases in brand loyalty. Otherwise, the decrease in brand image will have impact to the decrease in brand loyalty.

The regression coefficient as 0.726 means that the increase in brand image as 1 unit will have direct impact to the increase in brand loyalty as 0.726 unit. Otherwise, the decrease in brand image as 1 unit will have direct impact to the decrease in brand loyalty as 0.726 unit.

The t-test is conducted to test whether the effect is significant or not. The hypothesis of the t-test is as follow.

- Ho : brand image do not influence the brand loyalty
- H1 : brand image influences the brand loyalty

The decision is made by using the probability level. If the probability level  $< 0.05$ , Ho is rejected, and if the probability level  $> 0.05$ , Ho is accepted. The value of t-test probability is 0.003 that is smaller than the significance level used in this research ( $0.003 < 0.05$ ). The hypothesis that brand image influence significantly the brand loyalty was proved. It meant that Ho is rejected and H1 is received.

#### 4.3.2 The Intermediating Role of Customer Satisfaction between Brand Image and Brand Loyalty

The test was done using *Structural Equation Modelling*. This section is the analysis of the result of test in the intermediate role of customer satisfaction between brand image and brand loyalty. The analysis of the result of structural equation modelling could be done in two aspect. The first one is the sign of coefficient and the second is the value of the coefficient.

The hypothesis stated that customer satisfaction can play role as intermediate between brand image and brand loyalty. The result of *Structural Equation Modelling* showed the value of the coefficient of customer satisfaction on brand loyalty was 1.889. The sign of this coefficient is positive. The positive sign means that the increase in customer satisfaction will have impact to the increases in brand loyalty. Otherwise, the decrease in customer satisfaction will have impact to the decrease in brand loyalty.

The regression coefficient as 1.889 means that the increase in customer satisfaction as 1 unit will have impact to the increase in brand loyalty as 1.889 unit. Otherwise, the decrease in customer satisfaction as 1 unit will have impact to the decrease in brand loyalty as 1.889 unit.

The t-test is conducted to test whether the effect is significant or not. The hypothesis of the t-test is as follow.

- Ho : customer satisfaction do not influence the brand loyalty
- H1 : customer satisfaction influences the brand loyalty

The decision is made by using the probability level. If the probability level  $< 0.05$ , Ho is rejected, and if the probability level  $> 0.05$ , Ho is accepted. The value of t-test probability is 0.000 that is smaller than the significance level used in this research ( $0.000 < 0.05$ ). The hypothesis that customer ' satisfaction influence significantly the brand loyalty was proved. It meant that Ho is rejected and H1 is accepted.

The result of *Structural Equation Modelling* showed the value of the coefficient of brand image toward customer satisfaction was 0.418. The sign of this coefficient is positive. The positive sign means that the increase in brand image will have impact to the increases in customer satisfaction. Otherwise, the decrease in brand image will have impact to the decrease in customer satisfaction.

The regression coefficient as 0.418 means that the increase in brand image as 1 unit will have impact to the increase in customer satisfaction as 0.418 unit. Otherwise, the decrease in brand image as 1 unit will have impact to the decrease in customer satisfaction as 0.418 unit.

The t-test is conducted to test whether the effect is significant or not. The hypothesis of the t-test is as follow.

- Ho : brand image do not influence the customer satisfaction

- H1 : brand image influences the customer satisfaction

The decision is made by using the probability level. If the probability level  $< 0.05$ ,  $H_0$  is rejected, and if the probability level  $> 0.05$ ,  $H_0$  is accepted. The value of t-test probability is 0.000 that is smaller than the significance level used in this research ( $0.000 < 0.05$ ). The hypothesis that brand image influence significantly the customer satisfaction was proved. It meant that  $H_0$  is rejected and  $H_1$  is received.

#### 4.3.3 The Total Effect of Brand Image Toward Brand Loyalty

The analysis in the effect of brand image toward brand loyalty in section 4.3.1 is a direct effect of brand image toward brand loyalty. In the *Structural Equation Modelling*, the indirect effect of brand image toward brand loyalty need also to be analyzed, so the total effect of brand image toward brand loyalty can be measured.

##### 1) Direct effect of brand image toward brand loyalty

Based on the *Structural Equation Modelling* result, the direct effect of brand image toward brand loyalty is 0,726.

##### 2) Indirect Effect

The indirect effect can be measured using the equation and formulation as follows:

Indirect effect :

Brand image  $\rightarrow$  customer satisfaction = 0,418

Customer satisfaction  $\rightarrow$  brand loyalty = 1.889



$$\begin{aligned} \text{Indirect effect} &= 0.418 \times 1.889 \\ &= 0.7896 \end{aligned}$$

### 3) Result

Based on the direct and indirect effect, the total effect can be measured by summing the direct and indirect effect. So, the total effect of brand image toward brand loyalty is  $0.726 + 0.7896 = 1.5156$

The sign of this coefficient is positive. The positive sign means that the increase in brand image will have impact to the increases in brand loyalty. Otherwise, the decrease in brand image will have impact to the decrease in brand loyalty.

The regression coefficient as 1.5156 means that the increase in brand image as 1 unit will have impact to the increase in brand loyalty as 1.5156 unit. Otherwise, the decrease in brand image as 1 unit will have impact to the decrease in brand loyalty as 1.5156 unit.

### 4.4 Discussion

It seemed that there was a causal relationship among the three variables observed. Brand image might have an influence toward satisfaction. It could be seen from the finding that the good brand imaged tended to cause a satisfied consumer. The relationship was also happened between satisfaction and loyalty. The satisfied consumers tended to have a good loyalty because

they would continue to purchase Djarum Super cigarettes, and to recommend Djarum Super cigarette to friends.

The results extend the support for a link between brand image and satisfaction on the levels of loyalty to the brand of Djarum Super. Moreover, the findings provide understanding of the relationship between brand image, satisfaction and loyalty. Results provide support for a link between brand image and brand loyalty; between customer satisfaction and brand loyalty; and between brand image and customer satisfaction.

The result of structural equation modelling showed that brand loyalty has the direct and indirect effect toward brand image. It means that brand image could influence the brand loyalty both directly and indirectly by the intermediating role of customer satisfaction. The higher brand image and brand satisfaction, the higher the brand loyalty. To increase brand loyalty, company needs to increase brand image and brand loyalty.

The finding of this research have implications for marketing practice. To marketing managers, the findings of this research challenge the accepted assumption that to build loyalty one must focus on managing customer satisfaction. Satisfaction is of greatest importance among inexperienced customer and loyalty creation is an evolutionary process driven by experience. With experience, customer have the opportunity to develop the brand image that can provide a strong bond that affects satisfaction and finally it effect loyalty.

Management of Djarum Super brand producer is expected to devote considerable marketing expenditure to customer acquisition and maintenance. Better management of customer image could significantly increase the customer satisfaction that is known to have direct positive implications on brand loyalty. Management must start by recognising the significant effect of both the brand image and customer satisfaction and finally toward brand loyalty.

This research suffers from the limitation typical of empirical survey research. This research examined only one brand (Djarum Super brand) and therefore it is suspect to generalize the findings to other brand or setting. The measures also need refinement.

Findings developed from this research show that future studies of loyalty toward a brand should include an identification of market structure variables which may influence the consumer's actions. At least, future researchers should be aware of the possible effects on loyalty which could be

induced by a change in any major market structure variable such as ownership.



## **CHAPTER V**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusion**

Based on the analysis and discussion conducted before, the conclusions in this research are:

1. The first hypothesis stated that brand image has significant direct influence on brand loyalty is proved. The direct influence of brand image toward brand loyalty is based on the coefficient of brand image toward brand loyalty. The increase in brand image will have direct impact to the increases in brand loyalty. Otherwise, the decrease in brand image will have direct impact to the decrease in brand loyalty.
2. The second hypothesis stated that customer satisfaction can play role as intermediate between brand image and brand loyalty is proved. The increase in customer satisfaction will have impact to the increases in brand loyalty. Otherwise, the decrease in customer satisfaction will have impact to the decrease in brand loyalty. The increase in brand image will have impact to the increases in customer satisfaction, while the decrease in brand image will have impact to the decrease in customer satisfaction.

#### **5.2 Recommendation**

Based on the conclusion above, the managerial implication and suggestion for the next research are as follows:

samples and locations will make the research more generalizable. The result can also be compared from one location to another. This research can also be extended to include other factor influencing the level of customer loyalty. The next research can include variables such as brand equity, and perceived price-quality of product.



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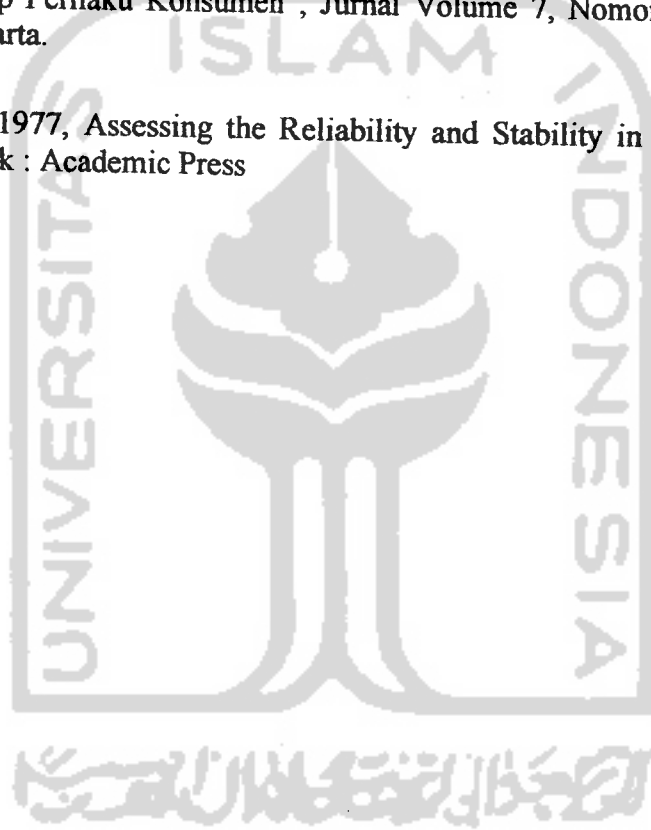
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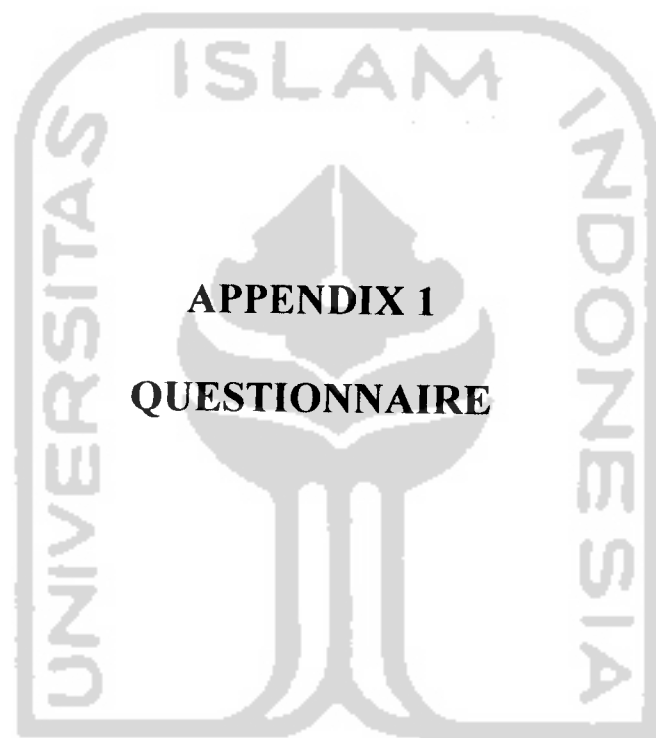
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**APPENDIX 1**  
**QUESTIONNAIRE**

جامعة الإسلام في إندونيسيا



**UNIVERSITAS ISLAM INDONESIA  
YOGYAKARTA**

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**PENGARUH IMAGE MEREK DAN KEPUASAN KONSUMEN  
TERHADAP LOYALITAS KONSUMEN**

**(Studi Kasus pada rokok kretek merek Djarum Super di warung – warung  
burjo sekitar Jl. Wachid Hasyim Pringgolayan Condong Catur Sleman  
Yogyakarta)**

Kepada Yth.

Bapak/Ibu/Saudara/i .....

Di Tempat

Dengan hormat,

Setelah Bapak/Ibu/Saudara/i disibukkan oleh pekerjaan saya mohon kerelaan Bapak/Ibu/Saudara/i untuk meluangkan waktu sejenak guna mengisi beberapa lembar daftar pertanyaan yang telah saya lampirkan berikut ini.

Kerelaan Bapak/Ibu/Saudara/i untuk menjawab pertanyaan-pertanyaan tersebut dengan lengkap dan sesuai dengan hati nurani Bapak/Ibu/Saudara/i akan mendapatkan penilaian yang sama dan jawaban yang paling benar adalah yang paling sesuai dengan keadaan yang Bapak/Ibu/Saudara/i alami dan rasakan. Jawaban yang Bapak/Ibu/Saudara/i berikan akan saya jaga kerahasiannya untuk kepentingan ilmiah. Jawaban dari Bapak/Ibu/Saudara/i sangat saya tunggu mengingat keterbatasan waktu pengumpulan data dan waktu studi saya.

Atas bantuan Bapak/Ibu/Saudara/i dalam mengisi daftar pertanyaan ini sebelumnya saya mengucapkan terima kasih. Semoga amal dan kebaikan Bapak/Ibu/Saudara/i diterima oleh Tuhan Yang Maha Esa.

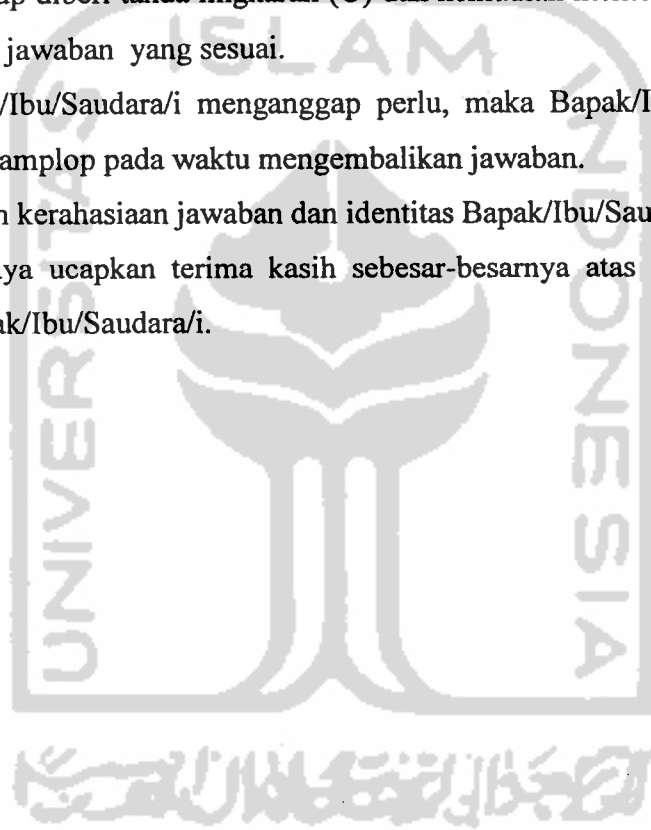
Hormat saya

Luthfi Fauzi E.

## PETUNJUK PENGISIAN KUESIONER

### Petunjuk Pengisian:

1. Bapak/Ibu/Saudara/i di mohon dengan sangat kesediaannya untuk menjawab pertanyaan berikut ini dengan memberikan jawaban yang paling menggambarkan perasaan Anda dengan jujur. Dalam hal ini, tidak ada jawaban yang mendapat penilaian benar atau salah.
2. Apabila Bapak/Ibu/Saudara/i bermaksud untuk mengganti maka jawaban yang salah cukup diberi tanda lingkaran (O) dan kemudian memberikan tanda silang (X) pada jawaban yang sesuai.
3. Apabila Bapak/Ibu/Saudara/i menganggap perlu, maka Bapak/Ibu/Saudara/i dapat menutup amplop pada waktu mengembalikan jawaban.
4. Kami menjamin kerahasiaan jawaban dan identitas Bapak/Ibu/Saudara
5. Sebelumnya saya ucapkan terima kasih sebesar-besarnya atas bantuan dan kerjasama Bapak/Ibu/Saudara/i.



## BAGIAN 1. IDENTITAS RESPONDEN

### Petunjuk Pengisian

Mohon diberi tanda silang pada jawaban yang sesuai (x) yang menunjukkan keadaan Anda saat ini.

1. Berapa usia Anda saat ini ?
  - <20 thn
  - 20-29 thn
  - 30-35 thn
  - >35thn
2. Apa pekerjaan Anda saat ini?
  - Pegawai Negeri
  - Karyawan Swasta
  - Wiraswasta
  - Mhs/Pelajar
  - Lainnya, mohon disebutkan .....
3. Berapa lama Anda telah mengkonsumsi Rokok Djarum Super?
  - Kurang dari 1 thn
  - 1-2 thn
  - lebih dari 2 thn
4. Pernahkan Anda mengkonsumsi rokok merek lainnya?
  - Pernah  
Sebutkan merek yang dipakai :
    - o .....
    - o .....
  - Tidak pernah
5. Dari mana Anda mengetahui tentang Rokok Djarum Super?
  - Iklan
  - Teman
  - Keluarga
  - Lainnya

### Petunjuk Pengisian

Mohon diberi tanda silang (x) skala SS sampai dengan STS yang menunjukkan keadaan Anda saat ini. Kriteria skala yang digunakan adalah sebagai berikut:

SS: Sangat Setuju (5) N : Netral (3) STS : Sangat Tidak Setuju (1)  
S : Setuju (4) TS: Tidak Setuju (2)

### BAGIAN 2. PENGUKURAN IMAGE PRODUK DJARUM SUPER

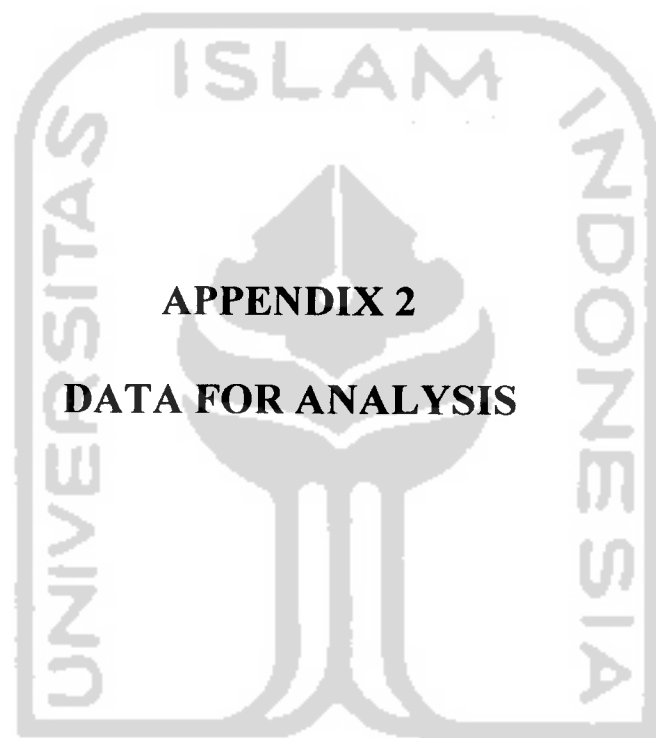
Pernyataan	SS (5)	S (4)	N (3)	TS (2)	STS (1)
1. Saya merasa rasa rokok kretek dengan merek Djarum Super lebih tinggi dibandingkan dengan rokok kretek merek lain					
2. Harga rokok kretek dengan merek Djarum Super relatif murah dengan citarasa yang dimiliki.					
3. Saya rasa ukuran rokok kretek dengan merek Djarum Super lebih panjang di bandingkan dengan rokok kretek merek lain					
4. Saya rasa kemasan rokok kretek dengan merek Djarum Super lebih menarik dibandingkan dengan kretek merek lain					
5. Saya rasa iklan rokok kretek merek Djarum Super sudah mencirikan rokok kretek Djarum Super					
6. Saya merasa mudah mendapatkan rokok kretek dengan merek Djarum Super					

### BAGIAN 3. PENGUKURAN KEPUASAN KONSUMEN

<b>Pernyataan</b>	<b>SS (5)</b>	<b>S (4)</b>	<b>N (3)</b>	<b>TS (2)</b>	<b>STS (1)</b>
1. Saya puas dengan rasa rokok kretek dengan merek Djarum Super					
2. Saya puas karena telah membeli rokok kretek dengan merek Djarum Super					
3. Saya puas dengan ukuran rokok kretek dengan merek Djarum Super					
4. Saya puas terhadap kemasan rokok kretek dengan merek Djarum Super					
5. Saya puas terhadap iklan rokok kretek dengan merek Djarum Super					
6. Saya puas karena mudah menemukan rokok kretek dengan merek Djarum Super ketika saya membutuhkannya					

### BAGIAN 4. PENGUKURAN LOYALITAS MEREK

<b>Pernyataan</b>	<b>SS (5)</b>	<b>S (4)</b>	<b>N (3)</b>	<b>TS (2)</b>	<b>STS (1)</b>
1. Saya akan selalu membeli kembali rokok dengan merek Djarum Super					
2. Saya tidak pernah membeli rokok lain selain rokok dengan merek Djarum Super					
3. Bila di suatu warung tidak di temukan rokok dengan merek Djarum Super, saya akan dengan segera memutuskan untuk membeli rokok dengan merek lain					
4. Saya akan merekomendasikan kepada teman untuk membeli produk Djarum Super					



**APPENDIX 2**

**DATA FOR ANALYSIS**

جامعة الإسلام في إندونيسيا





DATA

	Age	Occupation	Length of Use	Using Another Brand	Source of Information	Image1	Image2	Image3	Image4	Image5	Image6	satis1	satis2	satis3	satis4
1	3	3	2	1	2	4	3	3	4	3	3	3	3	3	3
2	4	5	3	1	1	5	5	5	5	5	4	4	4	4	4
3	3	2	2	1	2	4	4	4	4	4	4	3	3	3	3
4	3	3	3	1	1	5	5	5	5	5	5	4	4	4	4
5	4	3	3	1	2	3	3	4	4	3	4	4	4	4	4
6	3	2	2	1	2	4	4	4	4	4	4	3	3	3	3
7	4	2	2	1	2	4	4	4	4	4	4	4	4	4	4
8	2	5	3	1	2	5	5	5	5	5	5	4	4	4	4
9	4	3	2	1	2	5	4	4	3	4	4	4	4	4	4
10	4	3	3	1	2	4	4	4	4	4	4	4	4	4	4
11	4	3	3	1	2	4	4	4	4	4	4	4	4	4	4
12	3	2	2	1	2	4	4	4	4	4	4	4	4	4	4
13	1	4	3	1	2	4	4	4	4	4	4	4	4	4	4
14	4	2	2	2	3	4	5	3	5	2	5	5	4	3	3
15	2	5	3	1	1	4	4	4	4	4	4	4	4	4	4
16	2	4	3	1	3	5	5	4	5	4	4	4	4	4	4
17	2	4	3	2	3	4	4	4	3	5	2	2	5	3	4
18	2	5	3	1	1	4	4	4	4	4	4	4	4	4	4
19	3	2	2	1	2	1	2	3	2	4	4	4	4	4	4
20	1	4	2	1	2	3	2	4	4	3	4	4	4	4	4
21	2	4	1	1	2	4	4	4	4	4	4	4	4	4	4
22	2	5	3	2	2	5	4	5	2	3	4	5	3	5	2
23	3	3	3	1	1	5	5	5	5	5	5	5	5	5	5
24	4	3	2	1	2	5	5	4	5	5	5	5	5	5	5
25	3	4	1	1	2	4	4	4	4	4	4	4	4	4	4
26	4	3	3	2	1	5	4	5	2	4	4	5	3	5	4
27	3	2	2	1	2	3	4	2	3	3	3	4	4	4	4

DATA

	Age	Occupation	Length of Use	Using Another Brand	Source of Information	image1	image2	image3	image4	image5	image6	satis1	satis2	satis3	satis4
55	2	2	2	1	2	3	3	2	2	3	4	4	3	4	3
56	2	2	3	1	2	4	4	4	4	4	2	4	4	4	4
57	2	2	3	2	2	4	3	3	4	4	3	4	2	3	4
58	4	4	3	1	1	5	5	5	5	5	5	4	4	4	4
59	3	2	2	2	2	3	3	4	3	4	3	3	5	5	5
60	2	4	2	1	1	5	5	5	4	4	5	4	4	4	4
61	3	3	3	1	2	5	5	5	4	4	4	4	4	4	4
62	2	5	2	1	3	4	4	4	4	4	4	4	4	5	5
63	3	5	1	1	2	4	4	4	4	4	3	4	4	3	3
64	4	2	3	1	1	5	5	5	5	5	4	4	4	4	4
65	3	2	1	1	1	4	4	3	3	4	3	4	4	4	4
66	4	3	2	1	2	3	4	4	4	3	3	4	4	5	5
67	2	5	1	1	1	5	5	5	5	5	4	5	5	5	5
68	2	4	2	1	3	4	4	4	4	3	3	4	4	4	3
69	4	2	1	1	1	3	3	3	4	3	1	3	3	2	2
70	2	2	2	1	2	3	4	4	4	4	4	4	3	3	4
71	4	5	1	1	1	5	5	5	5	5	5	5	5	5	5
72	2	3	3	1	1	3	4	4	3	3	3	3	3	4	3
73	2	4	2	1	1	4	4	3	3	4	3	5	4	4	4
74	3	4	1	1	1	4	4	4	3	4	4	4	4	4	4
75	2	3	1	1	1	4	4	4	4	4	4	4	4	4	4
76	4	5	3	1	1	5	5	5	5	5	4	4	4	4	4
77	3	2	2	1	3	3	3	2	4	4	4	2	2	3	3
78	2	3	2	1	2	5	5	5	5	5	5	5	5	5	5
79	2	3	3	1	2	5	5	5	5	5	4	4	4	4	4
80	2	3	2	1	2	4	5	5	2	4	1	4	3	4	4
81	4	3	3	1	2	4	4	4	3	4	4	4	4	3	4

DATA

	Age	Occupation	Length of Use	Using Another Brand	Source of Information	image1	image2	image3	image4	image5	image6	satis1	satis2	satis3	satis4
82	3	2	2	2	2	5	5	3	4	4	4	4	2	3	2
83	4	5	3	2	2	4	4	5	2	2	3	4	4	3	4
84	2	3	2	1	1	4	4	4	4	4	4	4	4	4	4
85	4	3	3	2	2	3	3	4	4	3	3	3	3	3	3
86	3	2	3	1	3	4	4	4	4	4	4	5	5	4	4
87	2	4	1	1	2	5	5	5	5	5	4	4	4	4	4
88	4	3	2	1	2	3	4	4	3	4	4	4	3	2	3
89	2	5	1	1	1	5	5	5	5	5	5	5	5	5	5
90	3	3	2	1	1	4	4	4	4	4	4	5	4	5	5
91	2	4	1	1	1	4	4	4	4	4	4	4	4	4	4
92	4	3	2	1	2	5	5	5	5	5	5	5	5	5	5
93	2	3	3	1	1	4	4	3	3	3	3	3	3	3	3
94	2	2	1	1	1	4	4	3	4	4	5	4	3	3	3
95	1	4	3	1	3	1	2	3	2	4	5	4	4	4	4
96	4	5	2	1	2	3	2	4	4	3	4	4	3	4	4
97	4	3	3	1	2	4	4	3	3	4	3	4	4	4	4
98	3	2	2	2	2	3	3	4	4	3	3	3	3	3	3
99	1	4	2	1	2	5	5	5	5	5	4	5	5	5	5
100	4	2	2	1	2	4	4	4	4	3	3	4	4	4	3

DATA

	satis5	satis6	loyal1	loyal2	loyal3	loyal4	Brand Image	Customer Satisfaction	Customer Loyalty
1	5	4	4	3	3	3	3,33	3,50	3,25
2	4	4	4	5	5	4	4,83	4,00	4,50
3	5	4	4	4	5	4	4,00	3,50	4,25
4	3	3	3	5	4	4	5,00	3,67	4,00
5	4	3	3	4	3	3	3,50	3,17	3,25
6	4	4	4	2	4	4	4,00	3,67	3,50
7	2	3	2	2	5	5	3,67	3,33	3,50
8	2	4	1	5	2	4	5,00	3,67	3,00
9	4	4	4	3	4	4	4,00	3,83	3,75
10	5	5	5	4	5	5	4,00	4,33	4,75
11	5	5	4	4	4	4	4,00	4,00	4,00
12	5	4	4	2	4	5	3,83	4,00	3,75
13	5	1	4	2	5	3	4,00	3,33	3,50
14	4	2	3	3	5	5	3,83	3,33	4,00
15	4	2	2	4	4	4	4,50	3,67	3,50
16	1	3	3	2	2	4	3,67	3,17	2,75
17	5	5	3	3	3	4	3,83	3,83	3,25
18	5	5	4	4	5	4	3,67	4,33	4,25
19	4	4	3	3	4	4	2,83	4,00	3,50
20	4	3	5	1	4	5	3,33	3,67	3,75
21	5	5	3	5	3	3	4,00	4,33	3,50
22	5	4	4	3	4	4	3,83	4,00	3,75
23	4	4	4	3	5	5	5,00	4,67	4,25
24	4	2	3	4	4	3	4,83	4,33	3,50
25	4	2	2	4	4	4	4,00	3,67	3,50
26	5	4	4	3	4	4	3,83	4,00	3,75
27	4	5	5	3	4	4	3,00	4,17	4,00

DATA

	satis5	satis6	loyal1	loyal2	loyal3	loyal4	Brand Image	Customer Satisfaction	Customer Loyalty
28	3	3	3	3	4	4	3,00	3,00	3,50
29	5	5	5	5	4	4	4,17	4,33	4,50
30	5	5	5	3	3	3	3,00	3,67	3,50
31	5	5	4	5	4	4	5,00	4,33	4,25
32	4	4	2	3	4	4	4,17	3,17	3,25
33	4	3	4	4	5	3	3,33	3,67	4,00
34	4	4	4	4	3	5	3,83	4,00	4,00
35	5	5	5	5	4	4	4,00	4,33	4,50
36	4	2	2	4	4	4	5,00	3,67	3,50
37	4	4	4	4	4	4	3,17	3,33	4,00
38	4	4	4	3	3	3	4,00	4,00	3,25
39	5	5	5	5	4	4	4,67	4,33	4,50
40	4	4	4	4	4	4	4,00	4,17	4,00
41	4	4	4	4	4	4	4,33	3,83	4,00
42	4	4	4	3	3	4	3,83	4,67	3,50
43	5	5	5	5	4	4	4,83	4,83	4,50
44	3	4	4	4	3	3	3,33	3,50	3,50
45	5	5	5	5	5	4	4,00	4,33	4,75
46	4	4	4	4	3	3	3,50	3,33	3,50
47	3	3	3	4	3	1	4,82	3,67	2,75
48	3	4	4	4	4	4	4,00	3,83	4,00
49	5	5	5	5	5	5	4,00	3,67	5,00
50	3	4	4	3	3	3	3,67	3,33	3,25
51	4	4	3	3	4	3	4,83	4,00	3,25
52	5	3	2	5	3	4	3,50	3,50	3,50
53	4	4	4	4	4	4	4,00	4,00	4,00
54	5	5	5	5	5	4	4,00	4,33	4,75

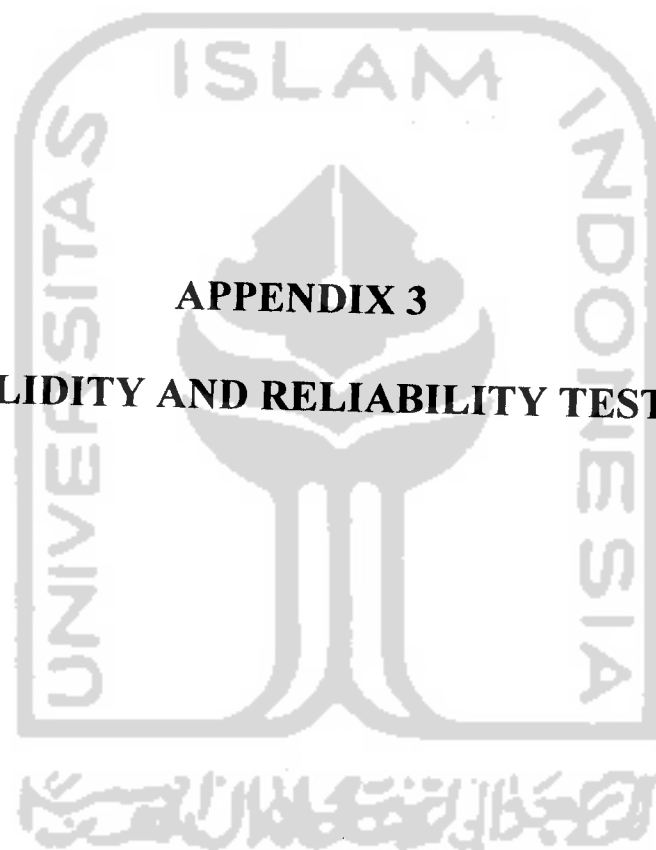
DATA

	sat5	sat56	loyal1	loyal2	loyal3	loyal4	Brand Image	Customer Satisfaction	Customer Loyalty
55	3	3	2	4	4	2	2,83	3,33	3,00
56	5	5	5	5	5	5	3,67	4,33	5,00
57	5	3	2	5	3	4	3,50	3,50	3,50
58	4	5	5	2	4	1	5,00	4,17	3,00
59	3	2	2	3	4	3	3,33	3,83	3,00
60	4	4	4	4	3	4	4,67	4,00	3,75
61	4	4	4	4	4	4	4,50	4,00	4,00
62	5	5	5	5	5	5	4,00	4,67	5,00
63	3	4	3	4	2	3	3,83	3,50	3,00
64	4	4	4	4	4	4	4,83	4,00	4,00
65	5	5	5	4	5	4	3,50	4,33	4,50
66	4	4	4	4	4	4	3,50	4,67	4,00
67	4	5	4	4	4	5	4,83	4,83	4,25
68	4	4	4	4	4	3	3,67	3,83	3,75
69	5	5	5	5	5	4	2,83	3,33	4,75
70	4	4	2	2	4	4	3,83	3,67	3,00
71	4	4	4	4	4	4	5,00	4,67	4,00
72	3	4	4	4	3	3	3,33	3,33	3,50
73	5	5	5	5	5	4	3,50	4,50	4,75
74	4	4	4	4	4	4	3,83	4,00	4,00
75	4	4	4	4	4	4	4,00	4,00	4,00
76	4	4	4	4	3	3	4,83	4,00	3,50
77	5	5	5	5	5	4	3,00	3,33	4,75
78	5	4	4	4	4	4	5,00	4,83	4,00
79	4	4	4	4	4	4	4,83	4,00	4,00
80	4	4	4	5	5	5	3,50	3,83	4,75
81	3	4	4	3	3	3	3,83	3,67	3,25

DATA

	satis5	satis6	loyal1	loyal2	loyal3	loyal4	Brand Image	Customer Satisfaction	Customer Loyalty
82	4	4	2	3	2	2	4,17	3,17	2,25
83	4	3	4	4	4	4	3,33	3,67	4,00
84	3	5	5	5	5	4	4,00	4,00	4,75
85	5	3	3	2	2	3	3,33	3,33	2,50
86	3	4	4	4	3	4	3,83	4,17	3,75
87	1	3	3	2	2	5	4,83	3,33	3,00
88	4	4	3	3	4	4	3,67	3,33	3,50
89	5	5	5	5	5	4	5,00	5,00	4,75
90	3	3	3	4	3	3	4,00	4,17	3,25
91	3	5	4	4	4	5	4,00	4,00	4,25
92	4	4	4	4	4	4	5,00	4,67	4,00
93	4	4	4	4	4	4	3,33	3,33	4,00
94	4	4	4	4	4	4	4,00	3,50	4,00
95	2	2	2	3	3	5	2,83	3,33	3,25
96	4	5	5	5	5	4	3,33	4,00	4,75
97	4	4	4	4	3	4	3,50	4,00	3,75
98	5	3	3	2	2	3	3,33	3,33	2,50
99	3	4	4	3	4	4	4,83	4,50	3,75
100	5	5	5	5	5	5	3,67	4,17	5,00





**APPENDIX 3**

**VALIDITY AND RELIABILITY TEST**

## Validity Test of Image

### Correlations

		Image Total
Image1	Pearson Correlation	,659**
	Sig. (2-tailed)	,000
	N	30
Image2	Pearson Correlation	,650**
	Sig. (2-tailed)	,000
	N	30
Image3	Pearson Correlation	,778**
	Sig. (2-tailed)	,000
	N	30
Image4	Pearson Correlation	,761**
	Sig. (2-tailed)	,000
	N	30
Image5	Pearson Correlation	,731**
	Sig. (2-tailed)	,000
	N	30
Image6	Pearson Correlation	,618**
	Sig. (2-tailed)	,000
	N	30
Image_Total	Pearson Correlation	1
	N	30

\*\* . Correlation is significant at the 0.01 level

## Reliability Test of Image

### Case Processing Summary

	N	%
Cases Valid	30	100,0
Excluded <sup>a</sup>	0	,0
Total	30	100,0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
,787	6

## Validity Test of Satisfaction

### Correlations

		Satis_Total
Satis1	Pearson Correlation	,843**
	Sig. (2-tailed)	,000
	N	30
Satis2	Pearson Correlation	,868**
	Sig. (2-tailed)	,000
	N	30
Satis3	Pearson Correlation	,882**
	Sig. (2-tailed)	,000
	N	30
Satis4	Pearson Correlation	,727**
	Sig. (2-tailed)	,000
	N	30
Satis5	Pearson Correlation	,649**
	Sig. (2-tailed)	,000
	N	30
Satis6	Pearson Correlation	,546**
	Sig. (2-tailed)	,002
	N	30
Satis_Total	Pearson Correlation	1
	N	30

\*\* Correlation is significant at the 0.01 level

## Reliability Test of Satisfaction

### Case Processing Summary

	N	%
Cases Valid	30	100,0
Excluded <sup>a</sup>	0	,0
Total	30	100,0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
,851	6

## Validity Test of Loyalty

### Correlations

		Loyal_Total
Loyal1	Pearson Correlation	,771**
	Sig. (2-tailed)	,000
	N	30
Loyal2	Pearson Correlation	,739**
	Sig. (2-tailed)	,000
	N	30
Loyal3	Pearson Correlation	,832**
	Sig. (2-tailed)	,000
	N	30
Loyal4	Pearson Correlation	,611**
	Sig. (2-tailed)	,000
	N	30
Loyal_Total	Pearson Correlation	1
	N	30

\*\* . Correlation is significant at the 0.01 level

## Reliability Test of Loyalty

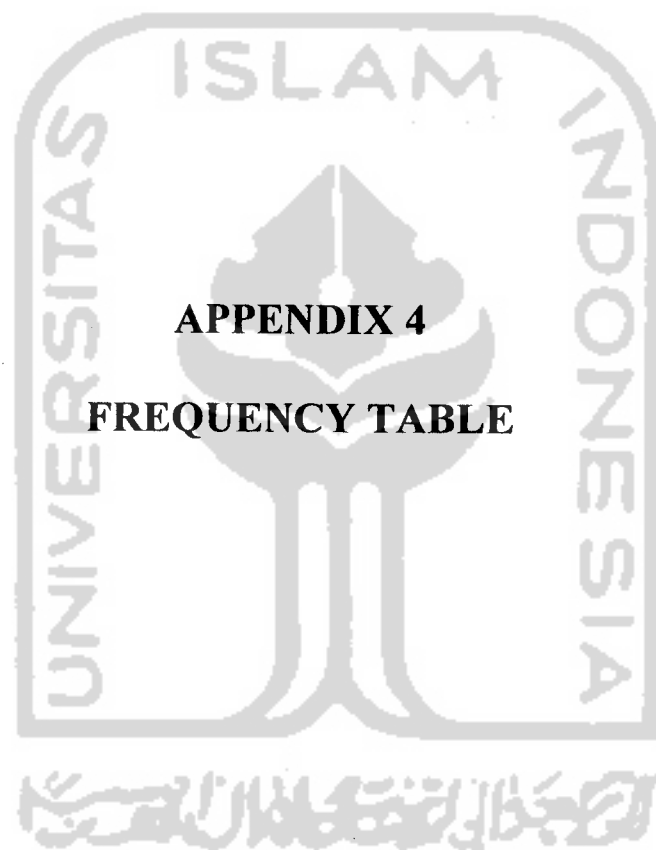
### Case Processing Summary

		N	%
Cases	Valid	30	100,0
	Excluded <sup>a</sup>	0	,0
	Total	30	100,0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
,727	4



## Frequency Table

### Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 20 years	6	6,0	6,0	6,0
20 - 29 years	37	37,0	37,0	43,0
30 - 35 years	25	25,0	25,0	68,0
> 35 years	32	32,0	32,0	100,0
Total	100	100,0	100,0	

### Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid National Labor	1	1,0	1,0	1,0
Private Labor	27	27,0	27,0	28,0
Student	31	31,0	31,0	59,0
Self-employed	20	20,0	20,0	79,0
Other	21	21,0	21,0	100,0
Total	100	100,0	100,0	

### Length of Use

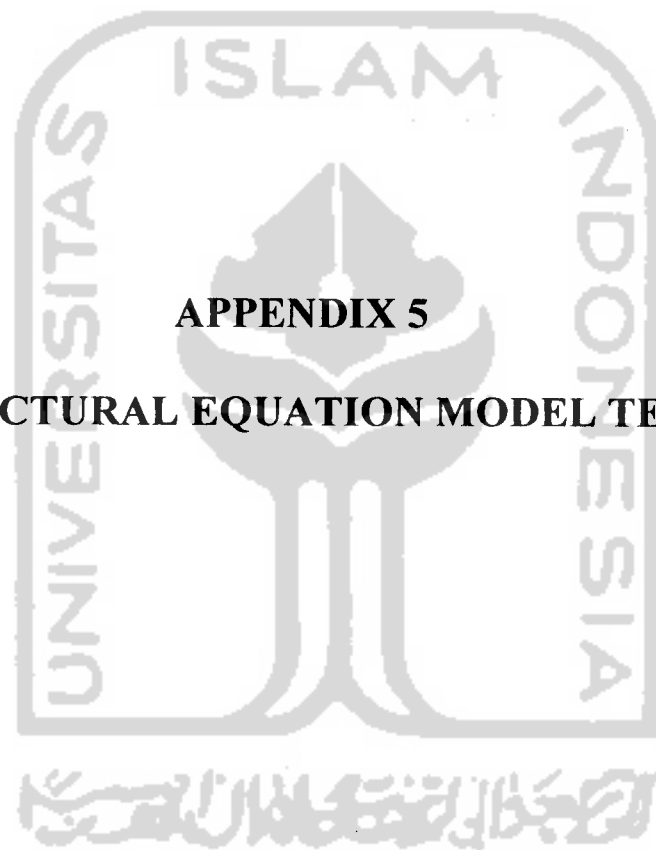
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 1 year	20	20,0	20,0	20,0
1 - 2 years	37	37,0	37,0	57,0
more than 2 years	43	43,0	43,0	100,0
Total	100	100,0	100,0	

### Using Another Brand

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	87	87,0	87,0	87,0
No	13	13,0	13,0	100,0
Total	100	100,0	100,0	

### Source of Information

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Advertisement	34	34,0	34,0	34,0
Friends	55	55,0	55,0	89,0
Family/Relatives	11	11,0	11,0	100,0
Total	100	100,0	100,0	



**APPENDIX 5**

**STRUCTURAL EQUATION MODEL TEST**

**Analysis Summary**

**Date and Time**

Date: 21 Desember 2007

Time: 4:29:31

**Title**

**THE IMPACT OF BRAND IMAGE AND CUSTOMER LOYALTY  
TOWARD BRAND LOYALTY**

**(Case Study of Djarum Super Cigarette at Burjo Stalls  
Around Wachid Hasyim Street Pringgolayan  
Condong Catur Sleman Yogyakarta)**

by

Luthfi Fauzi E.

**Group number 1 (Group number 1)**

**Notes for Group (Group number 1)**

The model is recursive.

Sample size = 100

**Variable Summary (Group number 1)**

**Your model contains the following variables (Group number 1)**

Observed, endogenous variables

image1

image2

image3

image4

image5

image6

satis6

satis5

satis4

satis3

satis2

satis1

loyal1

loyal2

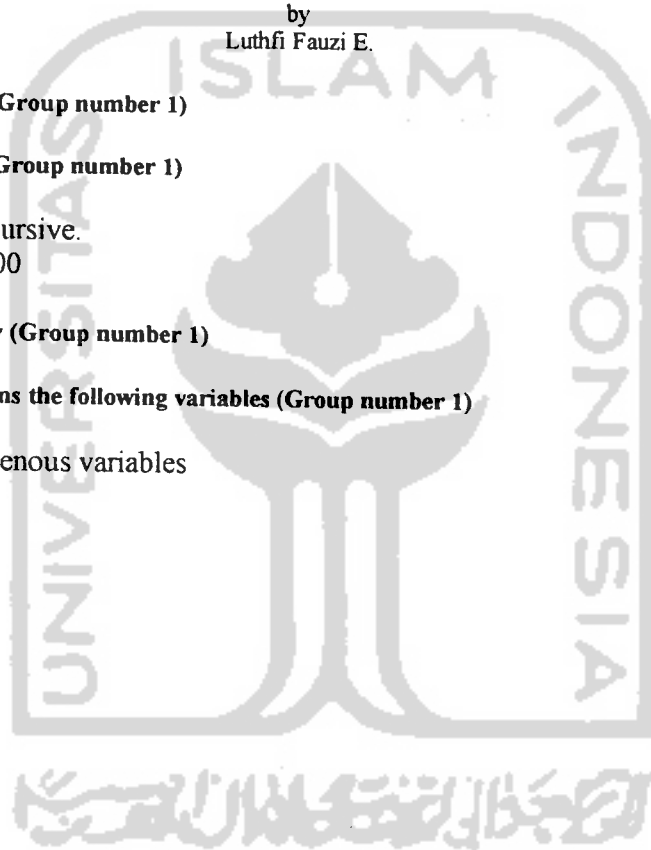
loyal3

loyal4

Unobserved, endogenous variables

satisfaction

loyal





Unobserved, exogenous variables

error1  
image  
error2  
error3  
error4  
error5  
error6  
error12  
error11  
error10  
error9  
error8  
error7  
error13  
error14  
error15  
error16  
error17  
error18

Variable counts (Group number 1)

Number of variables in your model: 37  
Number of observed variables: 16  
Number of unobserved variables: 21  
Number of exogenous variables: 19  
Number of endogenous variables: 18

Parameter summary (Group number 1)

	Weights	Covariances	Variances	Means	Intercepts	Total
Fixed	33	0	0	0	0	33
Labeled	0	0	16	0	0	16
Unlabeled	4	0	3	0	0	7
Total	37	0	19	0	0	56

Models

Default model (Default model)

Notes for Model (Default model)

Computation of degrees of freedom (Default model)

Number of distinct sample moments: 136  
 Number of distinct parameters to be estimated: 10  
 Degrees of freedom (136 - 10): 126

Result (Default model)

Minimum was achieved  
 Chi-square = 1,350  
 Degrees of freedom = 126  
 Probability level = ,525

Group number 1 (Group number 1 - Default model)

Estimates (Group number 1 - Default model)

Scalar Estimates (Group number 1 - Default model)

Maximum Likelihood Estimates

Regression Weights: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
satisfaction<--- image	,418	,079	5,310	,000	
loyal <--- image	,726	,245	2,966	,003	
loyal <--- satisfaction	1,889	,459	4,116	,000	
image2 <--- image	1,000				
image3 <--- image	,970	,122	7,916	***	
image4 <--- image	1,000				
image5 <--- image	1,000				
image6 <--- image	1,000				
image1 <--- image	1,000				
satis6 <--- satisfaction	1,000				
satis5 <--- satisfaction	1,000				
satis4 <--- satisfaction	1,000				
satis3 <--- satisfaction	1,000				
satis2 <--- satisfaction	1,000				
satis1 <--- satisfaction	1,000				
loyal1 <--- loyal	1,000				
loyal2 <--- loyal	1,000				
loyal3 <--- loyal	1,000				
loyal4 <--- Loyal	1,000				

Standardized Regression Weights: (Group number 1 - Default model)

	Estimate
satisfaction <--- image	,662
loyal <--- image	-,854
loyal <--- satisfaction	1,406
image2 <--- image	,695
image3 <--- image	,683
image4 <--- image	,695
image5 <--- image	,695
image6 <--- image	,695
image1 <--- image	,695
satis6 <--- satisfaction	,457
satis5 <--- satisfaction	,457
satis4 <--- satisfaction	,457
satis3 <--- satisfaction	,457
satis2 <--- satisfaction	,457
satis1 <--- satisfaction	,457
loyal1 <--- loyal	,544
loyal2 <--- loyal	,544
loyal3 <--- loyal	,544
loyal4 <--- loyal	,544

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
image	,322	,056	5,785	,000	
error18	,072	,024	3,037	,002	
error17	-,027	,065	-,417	,676	
error1	,345	,022	15,732	***	beta
error2	,345	,022	15,732	***	beta
error3	,345	,022	15,732	***	beta
error4	,345	,022	15,732	***	beta
error5	,345	,022	15,732	***	beta
error6	,345	,022	15,732	***	beta
error12	,486	,031	15,732	***	gamma
error11	,486	,031	15,732	***	gamma
error10	,486	,031	15,732	***	gamma
error9	,486	,031	15,732	***	gamma
error8	,486	,031	15,732	***	gamma
error7	,486	,031	15,732	***	gamma
error13	,552	,045	12,186	***	alpha

	Estimate	S.E.	C.R.	P	Label
error14	,552	,045	12,186	***	alpha
error15	,552	,045	12,186	***	alpha
error16	,552	,045	12,186	***	alpha

**Squared Multiple Correlations: (Group number 1 - Default model)**

	Estimate
satisfaction	,438
loyal	1,117
loyal4	,296
loyal3	,296
loyal2	,296
loyal1	,296
satis1	,209
satis2	,209
satis3	,209
satis4	,209
satis5	,209
satis6	,209
image6	,483
image5	,483
image4	,483
image3	,467
image2	,483
image1	,483

**Notes for Model (Group number 1 - Default model)**

The following variances are negative. (Group number 1 - Default model)

error17	
	-,027

**Model Fit Summary**

**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	10	477,350	126	,000	3,788
Saturated model	136	,000	0		
Independence model	16	804,675	120	,000	4,706

**RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	,015	,911	,980	,866
Saturated model	,000	1,000		
Independence model	,888	,911	,833	,963

**Baseline Comparisons**

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	,907	,435	,482	,511	,487
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

**Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	1,050	,727	,511
Saturated model	,000	,000	,000
Independence model	1,000	,000	,000

**NCP**

Model	NCP	LO 90	HI 90
Default model	351,350	288,132	422,141
Saturated model	,000	,000	,000
Independence model	684,675	598,607	778,225

**FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	4,822	3,549	2,910	4,264
Saturated model	,000	,000	,000	,000
Independence model	8,128	6,916	6,047	7,861

**RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,048	,152	,184	,000
Independence model	,740	,224	,256	,000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	497,350	501,496	523,402	533,402
Saturated model	272,000	328,390	626,303	762,303
Independence model	836,675	843,309	878,358	894,358

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	5,024	4,385	5,739	5,066
Saturated model	2,747	2,747	2,747	3,317
Independence model	8,151	7,582	9,396	8,518

HOELTER

Model	HOELTER	HOELTER
	.05	.01
Default model	32	35
Independence model	19	20

Execution time summary

Minimization:	.281
Miscellaneous:	.156
Bootstrap:	.000
Total:	.437

