The Effect of Corporate Image, Service Quality, Experiential Marketing on Customer Loyalty with Customer Satisfaction as Intervening Variable at PT Yudhistira Perkasa Abadi Surabaya

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ABSTRACT

This study aims to determine the effect of Corporate Image, Service Quality, Experiential Marketing on Customer Loyalty, with Customer Satisfaction as a Variable Intervening at PT Yudhistira Perkasa Abadi Surabaya. The population in the study was 57 respondents who met the requirements according to this study. This study uses quantitative methods with random sampling techniques and quantitative/statistical data analysis to test hypotheses. The research location taken was PT Yudhistira Perkasa Abadi Surabaya. Researchers examined this here because this company experienced relatively high tender conditions fluctuations. There was competition for tenders from vendors, which was quite tight. In this study, involving many variables or constructs with a small sample size, this study used Partial Least Square (PLS) analysis. The data processing results show that Corporate Image, Service Quality, and Experiential Marketing significantly positively influence Customer Satisfaction. However, Corporate Image does not have a significant influence on Customer Loyalty. Meanwhile, Service Quality, Experiential Marketing, and Customer Satisfaction significantly influence Customer Loyalty when mediated by Customer Satisfaction. Future research should consider other variables that affect Customer Loyalty and Customer Satisfaction. Companies can increase customer satisfaction by optimizing marketing and public relations strategies. Public relations can help reduce the gap between customer expectations and the reality they experience. In this case, facilitating the customer user interface by creating applications that facilitate customer access in monitoring the services performed can help build customer satisfaction and strengthen customer communities loyal to the company.

1. Introduction

Loyalty is the most beneficial aspect of the company. This is based on the contribution to the number of purchases and the spread of positive experiences about products or services to the surrounding environment. In the global business environment, customers have experienced rapid changes in their demands and how they fulfill them. Therefore, to survive and thrive in a changing
business environment, management needs to change the paradigm so that their attitudes and actions in running a business become more effective. As a result of economic globalization, there has been a shift in power in the market. Total Quality Management (TQM) is a customer-oriented approach that introduces systematic change management and continuous improvement to an organization's processes, products, and services. In the global business environment, customers have experienced rapid changes in their demands and how they fulfill them. Therefore, to survive and thrive in a changing business environment, management needs to change the paradigm so that their attitudes and actions in running a business become more effective. As a result of economic globalization, there has been a shift in power in the market. According to Mulyadi in the book Total Quality Management (2007: 6), the situation where previously producers determined what products should be provided in the market changed to customers specifying the products and services they needed that producers had to fulfill.

From the fluctuating development of achievements, it is necessary to analyze several factors related to the problem of customer loyalty that has occurred so far. The rise and fall of the number of containers and the rise and fall of the number of partners require an analysis of the causal factors. The factors that need to be analyzed are Corporate Image, Service Quality, and Experiential Marketing characteristics. The company’s image must be considered in increasing customer satisfaction. Image is a public perception of the company's identity. A positive corporate image can certainly affect customer satisfaction. A good corporate image can be seen from how the company’s services and facilities are provided. The better the service and the provision of facilities offered, the better the customer views the company. Thus, an excellent corporate image can affect customer satisfaction. This is also supported by Muhamad Syahwi and Setyo P’s research (2021) in the Journal of Economics and Banking, saying that company image must also be considered in increasing customer satisfaction. Image is a public perception of the company’s identity. Another study was also conducted by Hasan et al. (2022), which states that there is a significant influence between corporate image and customer satisfaction. Lupiyoadi, R., & Hamdani, A. (2014:5) state that one way to create customer satisfaction is to improve service quality because customers are the main focus when discussing satisfaction and loyalty. Furthermore, according to Laksana (2019: 96-97), that satisfaction is a comparison between the perceived quality of the product/service and the expected quality. Smilansky (2009) says Experiential marketing is a company’s effort to manage experiences through Strategic Experiential Modules, including sense, feel, think, act, relate, and Experience Provider (experience delivery media). Hassan et al. (2022) explained that the primary key to satisfying customer needs is how companies can represent and describe products in detail according to customer needs to foster a sense of trust in using services. Gray (2019) also supports this opinion, who explains that a record of customer experience in using services and relationships can build lasting satisfaction.

Based on the background of the problems above, it is necessary to examine the level of service provided by PT Yudhistira Perkasa Abadi and whether it meets the level of partner expectations. The proposal submitted was “The Influence of Corporate Image, Service Quality, Experiential Marketing on Customer Loyalty with Customer Satisfaction as Variable Intervening at PT Yudhistira Perkasa Abadi Surabaya.”

2. Theoretical Framework And Hypotheses
2.1. Corporate Image

The corporate image is the response of consumers to the total offers provided by an organization, including its beliefs, ideas, and services. According to Kotler and Armstrong (2017), the process of forming a company’s image involves several stages. Firstly, it requires knowing and observing the efforts made by the company to shape its image. Secondly, it requires paying attention to the company’s image. This is also confirmed by Brunner T.A. and S.M. (2008) in the journal 'Satisfaction Image and Loyalty', which states that a company’s image cannot be formed by itself, but requires efforts to make it better. The company’s image, sourced from experiences, provides an overview of the interaction
between consumers and the company. The company’s efforts as a complete source of information are intended to answer the needs and desires of its target audience.

2.2. Service Quality

Priasa (2018: 54) states that quality services must be based on the ability to provide adequate satisfaction to consumers. The more satisfied consumers feel with the service they receive, the more qualified the service is seen by consumers. Meanwhile, according to Alma (2018), if the service received is lower than the desired expectations, customers will feel disappointed and will end their relationship with the service company. From the concepts of understanding of some experts, it can be concluded that the quality of service is the overall characteristics and nature of each action or performance offered by one party to another party, which is not visible but affects its ability to satisfy customer needs and desires (satisfy customers’ needs and wants) stated or implied.

2.3. Experiential marketing

Experiential marketing is an approach that goes beyond providing mere information about a product or service. It aims to create an experience that customers can feel through their senses, emotions, and creative thinking. This approach is related to the physical body, behavior, and actions of the customer. According to Schimitt (2020), experiential marketing stimulates consumer emotions to produce various experiences. In this approach, products and services must be able to arouse sensations and experiences that form the basis of customer loyalty (Kartajaya, 2004: 168). Based on this definition, experiential marketing refers to the real experience of customers with a brand/product or service, created by companies through emotional stimulation of the senses, emotions, thoughts, actions, and relationships to increase satisfaction and form loyal customers.

2.4. Customer Satisfaction

According to Tjiptono (2019), customer satisfaction is the impression that arises when a product’s viewpoint matches its expectations, resulting in either happiness or disappointment. Conceptually, satisfaction is the extent to which a person believes that the experience evokes positive feelings. To meet customer satisfaction, companies must continually identify shifts in consumer needs and desires, which change almost every moment. Kottler and Keller (2019) state that consumer satisfaction is the feeling of happiness or disappointment that emerges after comparing a product’s performance with the expected performance. If the performance falls below expectations, consumers will not be satisfied. Tjiptono further explains that consumer satisfaction or dissatisfaction is a response to the difference between previous expectations and the actual performance of the product after use. Customer satisfaction is an evaluation of the comparison between product performance and customer expectations, and it should provide satisfaction to consumers that meets or exceeds their expectations.

2.5. Customer Loyalty

Customer loyalty is essential for companies because retaining customers increases financial capabilities and ensures company survival. According to Oliver, as quoted by Tjiptono (2019: 393), customer loyalty is a commitment to consistently purchase a product or service, resulting in recurring brand purchases. However, situational factors and marketing efforts can potentially cause customers to switch brands. Loyalty is not formed quickly but rather through a learning process based on the customer’s transactional experiences. If the customer’s expectations are met, they will continue to make repeat purchases, indicating loyalty.
2.6. Corporate Image to Customers Satisfaction

The company’s image must be considered in increasing customer satisfaction, as the image is a perception of the community of the company’s identity. A positive company image can certainly affect customer satisfaction, and a good company image can be seen from the quality of service and provision of facilities. The better the service and facilities provided, the better the customer perceives the company. Therefore, a good company image can positively impact customer satisfaction. This is supported by research conducted by Muhamad Syahw and Setyo P (2021) in the Journal of Economics and Banking, which states that the company's image must also be considered in increasing customer satisfaction. Other research conducted by Hasan et al. (2022) mentions a significant influence between the company’s image and customer satisfaction. Therefore, it can be concluded that the hypothesis in the form of
H1: There is an influence of Corporate Image on Customer Satisfaction at PT. Yudhsitira Perkasa Abadi Surabaya is valid.

2.7. Service Quality to Customers Satisfaction

Lupiyoadi, R., and Hamdani, A. (2014: 5), state that improving service quality is one way to create customer satisfaction because customers are the main focus when discussing satisfaction and loyalty. Furthermore, according to Laksana (2019: 96-97), satisfaction is a comparison between the quality of the product/service experienced and the expected quality. If the quality experienced exceeds what was expected, it will result in satisfaction. Conversely, if the quality experienced is lower than what was expected, consumers will be disappointed. From the above meanings, it can be concluded that good quality service can meet customer expectations, and customers whose expectations are met will feel satisfied. Therefore, the hypothesis can be concluded in the form of
H2: There is a significant influence of service quality on customer satisfaction at PT. Yudhsitira Perkasa Abadi Surabaya.

2.8. Experiential Marketing on Customer Satisfaction

Consumers who are satisfied tend to want to repeat the consumption process that gives them satisfaction, leading to repeated purchases. Hence, it can be said that customer satisfaction is crucial. This is supported by research conducted by Hasan et al. (2022), which explains that the key to satisfying customer needs is for the company to become a representative of funds, explaining the product in detail according to the customer's needs, and fostering a sense of trust in the use of services. This opinion is also supported by Gray (2019), who explains that the customer experience record in using services and relationships can build prolonged satisfaction. Therefore, the hypothesis can be concluded in the form of:
H3: There is a significant influence of Experiential Marketing on Customer Satisfaction at PT. Yudhsitira Perkasa Abadi Surabaya.

2.9. Corporate Image on Customer Loyalty

When a company wants to acquire and maintain customer loyalty, it is crucial to build a positive image and maintain it consistently. Additionally, a good image is a significant factor that hotel guests consider when making purchases. Moreover, a company’s image can impact customer loyalty. This viewpoint is supported by research conducted by Prio et al. (2020), which explains that customer loyalty can be cultivated through a company’s image that aligns with the customer's expectations. Other studies also suggest that a company’s image can foster long-term loyalty. Therefore, it can be concluded that the hypothesis takes this form:
H4: Corporate Image has an influence on Customer Loyalty at PT. Yudhsitira Perkasa Abadi Surabaya.
2.10. Service Quality on Customer Loyalty

The creation of quality services can foster a harmonious relationship between service providers and consumers, leading to customer satisfaction and benefiting the company. Quality encourages customers to establish a strong relationship with the company. This view is supported by Novry's (2018) research, which states that service quality is the main factor in shaping a loyal customer base, which helps prevent a decline in customers during extraordinary circumstances. Therefore, it can be concluded that the hypothesis is as follows:

H5: Service quality has a significant impact on customer loyalty at PT. Yudhsitira Perkasa Abadi Surabaya.

2.11. Customer Satisfaction on Customer Loyalty

Definitions of products and services can generate loyal customers who continue to use them as long as possible. Customer satisfaction, as defined by Kotler and Keller (2019), refers to the feeling of happiness or unhappiness that someone experiences towards a product after comparing its performance with their expectations. Since customer satisfaction and loyalty are related, they can form a binding relationship. Gama (2018) argues that customer loyalty towards a product or company can be fostered by satisfaction with the company’s services and products. Therefore, we can formulate the following hypothesis:

H7: There is a significant effect of customer satisfaction on customer loyalty at PT. Yudhsitira Perkasa Abadi Surabaya.

2.12. Service Quality on Customer Loyalty

Customer satisfaction and loyalty are influenced by many factors, one of which is service quality. The sustainability and success of businesses in the service sector depend on the quality and ability of the company to provide services. The creation of quality services can foster a harmonious relationship between service providers and consumers, which in turn leads to customer satisfaction and benefits the company. In the long run, this bond allows companies to carefully understand customer expectations and needs, enabling them to increase customer satisfaction by maximizing enjoyable customer experiences and minimizing unpleasant ones. Therefore, it can be concluded that the hypothesis is as follows:

H9: There is a significant influence of service quality on customer loyalty at PT. Yudhistira Perkasa Abadi Surabaya with customer satisfaction.

2.13. Corporate Image on Customer Loyalty

Media identification is related to the media used by the organization/company to introduce its self-image or deal with organizational identity that cannot be seen with the naked eye. For example, history, philosophy, culture in the organization, the system of punishment and reward, management composition, trust, and human values. According to Kotler and Keller (2012), a company’s image can provide customer satisfaction, which can have a long-term impact on the services provided. This longer period of satisfaction is capable of providing growth in the scope of customer loyalty. Therefore, it can be concluded that the hypothesis is in the form of:

H8: There is an influence of Corporate Image on Customer Loyalty at PT. Yudhsitira Perkasa Abadi Surabaya with Customer Satisfaction.

Consistent and continuous consumer satisfaction leads to brand loyalty (customer loyalty). This is because consumers are happy to repurchase and interact with the brand of the product or service. Loyal consumers are more confident in their choices and prefer to reduce risk by making repeated purchases of the same brand. They are also more inclined to be loyal to a particular shop. Minor consumer groups tend to be more loyal. Therefore, the hypothesis can be formulated as follows:
H9: Experiential Marketing significantly influences Customer Loyalty at PT. Yudhistira Perkasa Abadi Surabaya with the help of Customer Satisfaction.

3. Research Method

This study uses quantitative methods with random sampling techniques and quantitative/statistical data analysis to test hypotheses. The research location taken was PT Yudhistira Perkasa Abadi Surabaya. Researchers examined this here because this company experienced fluctuations in tender conditions which were relatively high. There was competition for tenders from vendors, which was quite tight. This study has five variables: Corporate Image, Service Quality, Experiential Marketing, Customer Loyalty and Customer Satisfaction. Each variable has an operational definition and measurement indicators, consisting of five measurement scales: Strongly Disagree, Disagree, Agree, Strongly Agree, and Strongly Agree.

According to Sugiyono (2017), the population is defined as a generalization area in quantitative research. In comparison, the sample is part of the population. Meanwhile, according to Didin Fatihudin (2015: 64), what is meant by population is the totality of all values that may be known rather than specific characteristics regarding a complete and clear set of objects whose characteristics you want to study. The population in the study was 57 respondents who met the requirements according to this study. In this study, involving many variables or constructs with a small sample size, this study used Partial Least Square (PLS) analysis.

4. Results and Discussion

This evaluation was carried out to look at the relationship between latent constructs that had been previously hypothesized. In the assessment of the structural model, some measures can be used to evaluate the model. These sizes are R-square and Q-Square. R-square ($R^2$) is the value of the coefficient of determination in the endogenous construct and the path parameter coefficient. The following are the results of the evaluation of the structural model in this study.

Table 1.1 Inner Model Test Results

<table>
<thead>
<tr>
<th></th>
<th>R-square</th>
<th>R-square adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty</td>
<td>0.933</td>
<td>0.929</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.955</td>
<td>0.952</td>
</tr>
</tbody>
</table>

Source: Processed Processed Data, 2022

Based on the table above, it is known that the R-Square value of the Corporate Image (X1), Service Quality (X2), and Experiential Marketing (X3) variables can explain the variability of Customer Satisfaction of 95.5%. In comparison, the R-Square value for the Customer Satisfaction variable can explain the variability of the Customer Loyalty Variable of 93.3%. Q-Square ($Q^2$) is a value that can be used to validate the ability of predictive models. The provision for $Q^2$ is that if the $Q^2$ value gets closer to 1, it can be said that the structural model is getting fit or fits the data (has relevant predictions). The $Q^2$ value can measure how well the model generates the observed values and parameter estimates (Ghozali, 2016). A Q2 value greater than 0 indicates that the model has a predictive relevance value, whereas if the Q2 value is less than 0, the model does not have a predictive relevance value (Chin, 1998).

Based on Table 5.15, the Q2 value is obtained as follows.

\[
Q^2 = 1 - (1 - 0.933)(1 - 0.955) \\
= 1 - (0.067)(0.045) \\
= 1 - 0.00301 \\
= 0.996
\]
The calculation results show that the value of $Q^2$ is 0.996, which means the magnitude of the diversity of research data that the structural model can explain is 99.6%. Other factors outside the structural model explain the remaining 0.4%. Based on these results, the structural model in this study can be said to have predictive relevance. After evaluating and estimating the measurement model and structural model, then testing the hypothesis is carried out. Hypothesis testing is used to show the level of significance of each indicator’s parameter, both the measurement model and the structural model. The value of $p$-Value is used to see the significance of the hypothesized influence between variables. If $p$-Value has a value < 0.05, then the effect of this variable is significant, whereas if > 0.05, then it can be said that the effect of this variable is not significant.

Table 2. Hypothesis Testing

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Hipotesis</th>
<th>p-value</th>
<th>Nilai-a</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Image (X1) → Customer Satisfaction (Z)</td>
<td>H1</td>
<td>0.000</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality (X2) → Customer Satisfaction (Z)</td>
<td>H2</td>
<td>0.002</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Expential Marketing (X3) → Customer Satisfaction (Z)</td>
<td>H3</td>
<td>0.002</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Corporate Image (X1) → Customer Loyalty (Y)</td>
<td>H4</td>
<td>0.082</td>
<td>0.05</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Service Quality (X2) → Customer Loyalty (Y)</td>
<td>H5</td>
<td>0.079</td>
<td>0.05</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Expential Marketing (X3) → Customer Loyalty (Y)</td>
<td>H6</td>
<td>0.000</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Satisfaction (Z) → Customer Loyalty (Y)</td>
<td>H7</td>
<td>0.007</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Corporate Image (X1) → Customer Satisfaction (Z) → Customer Loyalty (Y)</td>
<td>H8</td>
<td>0.002</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality (X2) → Customer Satisfaction (Z) → Customer Loyalty (Y)</td>
<td>H9</td>
<td>0.004</td>
<td>0.05</td>
<td>Significant</td>
</tr>
<tr>
<td>Expential Marketing (X3) → Customer Satisfaction (Z) → Customer Loyalty (Y)</td>
<td>H10</td>
<td>0.000</td>
<td>0.05</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Processed Processed Data, 2022

5. Conclusion

Based on the results of the data analysis performed, several conclusions were found. First, Corporate Image significantly affects Customer Satisfaction with a p-value of 0.000, which is smaller than the value of $\lambda$ (0.05). This shows that Corporate Image has a significant influence on customer satisfaction. Second, Service Quality also significantly affects Customer Satisfaction with a p-value of 0.002. Third, Experiential Marketing also significantly influences Customer Satisfaction with a p-value of 0.002. However, Corporate Image has no significant effect on Customer Loyalty, with a p-value of 0.082, more significant than the value of $\lambda$ (0.05). This shows that Corporate Image has no significant effect on customer loyalty. Likewise, Service Quality has no significant effect on Customer Loyalty, with a p-value of 0.709. However, Experiential Marketing significantly influences Customer Loyalty with a p-value of 0.000. This shows that Experiential Marketing has a significant influence on customer loyalty.
In addition, Customer Satisfaction also has a significant effect on Customer Loyalty, with a p-value of 0.007. Finally, the results of this study indicate that Corporate Image, Service Quality, and Experiential Marketing positively affect Customer Loyalty through Customer Satisfaction mediators. Corporate Image significantly affects Customer Loyalty, which Customer Satisfaction mediates with a p-value of 0.002. Likewise, Service Quality also significantly affects Customer Loyalty, which Customer Satisfaction mediates with a p-value of 0.004. Experiential Marketing also significantly affects Customer Loyalty, which Customer Satisfaction mediates with a p-value of 0.000.

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