The Effect of Service Quality, Brand Image, and Customer Satisfaction on Customer Loyalty on the Traveloka Application

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A B S T R A C T

Customer loyalty is a form of positive relationship that comes from the quality of service and the brand image of the manufacturer to give rise to consumer satisfaction. This study aims to identify the effect of service quality, brand image, and customer satisfaction on customer loyalty at Traveloka. This study used a non-probability convenience sampling technique in sampling. Primary data collected in this study amounted to 250 respondents. The statistical analysis technique used in this study is Structural Equation Modelling (SEM) with SmartPLS version 3.2.9 software. The results of the data analysis show that service quality has a positive and significant influence on brand image, customer satisfaction, and customer loyalty. Brand image has a positive and significant influence on customer satisfaction and loyalty, as well as customer satisfaction which has a positive and significant influence on customer loyalty.

INTRODUCTION

Customer loyalty is a strong ongoing commitment to repurchase or subscribe to products or services provided by a company that is preferred continuously in the future, thus creating repeated purchases of the same product or brand (Oliver, 1997). According to research conducted by Anwar, et al., (2019) that there is a precursor of customer loyalty, namely service quality that affects loyalty positively.

Service quality is an adaptation to customer demands on a company in providing services (Chakraborty, et al., 2007). Service quality is an adaptation to customer demands on a company in providing services (yee, et al., 2011). According to research conducted by Otabi, et al., (2014), that the quality of service affects customer loyalty. Good service quality in a company can increase customer satisfaction (Hsieh, 2018). Service quality is also a fator that can affect customer satisfaction (Putro, 2019).

Customer satisfaction is a customer's view of happiness or fructuation due to a comparison between the performance of a product/service and customer expectations (Kotler & Keller, 2016). Other studies have shown that customers who are satisfied with the service provided will lead to repeat purchases in the future (Giao, 2020). If the customer is satisfied or comfortable with the product offered, it is very possible for the customer to *repeat orders* to the company that makes the product. Research shows customer satisfaction and customer loyalty are significantly positively related by utilizing plangent satisfaction as a mediating variable (Chodzaza & Gombachika, 2013; Chu, et al., 2012). With this, customer satisfaction can have a positive and significant influence on the company's brand image in the future, this idea is based on research conducted by Davies et al., (2003).

Brand image is something abstract related to the beliefs, ideas, and impressions that customers get, whether customers feel directly, through the five senses or get information from the company itself

(Zameer, 2018). According to Anwar (2019), A favorable image will lead to customer loyalty. According to Mishra & Datta (2011), Brand image has an optimistic influence on customer loyalty. Other studies also explain according to Dafies, et al., (2003), Brand image affects customer loyalty. Therefore, Brand Image can have an influence on *repeat orders* from consumers in the future (Laksono & Suryadi, 2010).

Business competition in this modern era is getting stronger. Many companies maintain their respective positions and existence for the continuity of their business. With this situation, many companies do various ways to compete with other companies, namely by developing service quality, customer satisfaction, and brand image of customer loyalty to the company. In the business sector, developing service quality and increasing customer satisfaction can have a positive impact on the company such as consumer loyalty to the products owned by the company. A company's brand image that improves in that way can bring more profits to the company. An example is the Traveloka application.

Traveloka application is an online-based application that provides many public transportation ticketing services and online lodging reservations where people can simply order it by opening the Traveloka application and choosing which transportation services and hotel services they want to choose. With access that makes it easier for consumers to book transportation or hotels, Traveloka has succeeded in creating a good brand image and can bring loyalty by holding ticket promos, easy access etc.

RESEARCH METHOD

The method used in this study uses quantitative analysis. The object of study in this study is Traveloka users throughout Indonesia. This study used primary data using *Google Forms* and questionnaires to obtain data. In this study, the questionnaire will be distributed by sending a questionnaire link via WhatsApp, Instagram Story, Twitter, Line, TikTok. The population of this study is from Traveloka application users with a sample of 250 respondents. This study used *non-probability convenience sampling.* The sample to be taken in this study has several criteria or conditions as follows: 1) respondents live in Indonesia. 2) Respondents must have a *smart phone*. 3) respondents have Traveloka application. 4) respondents have used Traveloka application several times. This serves to find out the purpose of people in using the Traveloka application.

This research was analysed using the *Partial Least Square* (PLS) research method. In SEM-PLS, this research is divided into two results, namely the outer model and the *inner model,* which in the *outer model* is further divided into two parts, namely convergent validity tests and reality tests. Just like *the outer* model, the *inner model* is also divided into three parts, namely *R-Square, Q-Square,* and *VIF.*

RESULTS AND DISCUSSION

The following research results are in accordance with the research methods used:

Table 1. Convergent Validity test (*Outer model)*

Variable	Indicator	Loading Factor	Critical Limits	Information
Brand Image	B1.1	0.868	> 0,7	Valid
	B1.2	0.865	> 0,7	Valid
	B1.3	0.849	> 0,7	Valid
	B1.4	0.770	> 0,7	Valid
	B1.5	0.881	> 0,7	Valid
Customer Loyalty	CL.1	0.849	> 0,7	Valid
	CL.2	0.863	> 0,7	Valid
	CL.3	0.867	> 0,7	Valid
	CL.4	0.813	> 0,7	Valid
	CL.5	0.801	> 0,7	Valid
Customer Satisfaction	CS.1	0.891	> 0,7	Valid
	CS.2	0.874	> 0,7	Valid
	CS.3	0.891	> 0,7	Valid
	CS.4	0.822	> 0,7	Valid
	CS.5	0.845	> 0,7	Valid
Quality of Service	SQ.1	0.733	> 0,7	Valid
	SQ.2	0.768	> 0,7	Valid
	SQ.3	0.872	> 0,7	Valid
	SQ.4	0.810	> 0,7	Valid
	SQ.5	0.743	> 0,7	Valid
	SQ.6	0.760	> 0,7	Valid

Source: SmartPLS Output Results 2023

Based on table 1, it is known that the *loading factor* value produced by each indicator is more than 0.7. Thus, these indicators are declared valid as gauges of their latent variables.

Table 2. Discriminant validity (*Outer model)*

Indicator	Brand Image	Customer Satisfaction	Quality of Service	Customer Loyalty
B1.1	**0.868**	0.587	0.711	0.641
B1.2	**0.865**	0.647	0.689	0.615
B1.3	**0.849**	0.554	0.589	0.641
B1.4	**0.770**	0.622	0.461	0.592
B1.5	**0.881**	0.626	0.634	0.682
CL.1	0.664	0.521	0.670	**0.849**
CL.2	0.671	0.589	0.703	**0.863**
CL.3	0.675	0.645	0.646	**0.867**
CL.4	0.574	0.671	0.543	**0.813**
CL.5	0.550	0.574	0.655	**0.801**
CS.1	0.699	**0.891**	0.590	0.640

CS.2	0.567	**0.874**	0.548	0.605
CS.3	0.611	**0.891**	0.598	0.611
CS.4	0.625	**0.822**	0.598	0.620
CS.5	0.583	**0.845**	0.523	0.607
SQ.1	0.585	0.564	**0.733**	0.659
SQ.2	0.536	0.552	**0.768**	0.563
SQ.3	0.638	0.592	**0.872**	0.644
SQ.4	0.530	0.450	**0.810**	0.522
SQ.5	0.554	0.438	**0.743**	0.571
SQ.6	0.575	0.490	**0.760**	0.625

Source: SmartPLS Output Results 2023

Based on tables 1 and 2, the cross-loading value of each item has a value of >0.70, and each item has the greatest value when connected with its latent variable compared to when connected with other latent variables. This shows that each manifest variable in this study has precisely explained its latent variable and proved that the *discriminant* validity of all items is valid.

Table 3. Reliability Test (*Outer model)*

Variabel	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Brand Image	0.901	0.927	0.718
Customer Satisfaction	0.916	0.937	0.748
Quality of Service	0.872	0.904	0.612
Customer Loyalty	0.895	0.922	0.704

Source: SmartPLS Output Results 2023

Based on table 3 the *composite reliability value of all research variables > 0.7 and Cronbach Alpha > 0.6, These results show that each variable has met* composite realibility and cronbach alpha so that *it* can be concluded that all variables have a high level of reliability. So that further analysis can be carried out by checking the *goodness of fit model* by evaluating *the inner model.*

Tabel 4. Uji Reliabilitas (*Inner model)*

Variabel	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Brand Image	0.901	0.927	0.718
Customer Satisfaction	0.916	0.937	0.748
Quality of Service	0.872	0.904	0.612
Customer Loyalty	0.895	0.922	0.704

Source: SmartPLS Output Results 2023

Based on table 4, the *composite reliability* value of all research variables > 0.7 and Cronbach Alpha > 0.6. These results show that each variable has met *composite realibility and cronbach alpha* so that it can be concluded that all variables have a high level of reliability. So that further analysis can be carried out by checking the *goodness of fit model* by evaluating *the inner model.*

Table 5. R Square *Test Results*

Variable	R-*Square*	R-*Square Adjusted*
Brand Image	0.631	0.628
Customer Loyalty	0.693	0.690

Source: SmartPLS Output Results 2023

Evaluation of the PLS structural model begins by looking at the *R-square* of each dependent latent variable. Table 5 is the result of *R-square* estimates using PLS. In the results of this test, the data used is R-Square *Adjusted* because the variability used is more than one variable, namely brand image and customer loyalty.

Based on table 5 shows the adjusted *R-Square* value of the Brand Image variable of 0.628, this value means that the Brand Image variable can be explained by the variables Customer Satisfaction and Service Quality of 62.8% and the remaining 37.2% can be explained by other variables that are not contained in this study (Ghozali & Latan, 2015).

While the adjusted R-Square value of the Customer Loyalty variable is 0.690, this value means that the Customer Loyalty variable can be explained by the variables Customer Satisfaction, Brand Image, and Service Quality by 69% and the remaining 31% can be explained by other variables that are not contained in this study (Ghozali & Latan, 2015).

Table 6. Q-Square

Variabel	Q^2 (=1-SSE/SSO)	Keterangan
Brand Image	0.439	Has predictive relevance value (Large)
Customer Loyalty	0.482	Has predictive relevance value (Large)

Source: SmartPLS Output Results 2023

Based on the data presented in table 6, the value of Q square in the dependent variable > 0. By looking at these values, it can be concluded that this study has a good observation value because the value of Q square > 0 (zero).

Table 7. Hypothesis Testing
Total Effects (Mean, STDEV, T-Values, P-Values)

Variable	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
Quality of Service > Brand Image	0.460	0.457	0.052	8.761	0.000
Customer Satisfaction > Brand Image	0.412	0.411	0.053	7.831	0.000
Customer Satisfaction > Customer Loyalty	0.252	0.255	0.062	4.036	0.000
Quality of Service > Customer Loyalty	0.400	0.399	0.067	6.009	0.000
Brand Image > Customer Loyalty	0.276	0.272	0.069	3.979	0.000

Source: SmartPLS Output Results 2023

Testing the structural relationship model is to explain the relationship between the variables in the study. Structural model testing is carried out through tests using PLS software. The basis used in testing the hypothesis directly is the image output and the value contained in the output *path coefficients.* The basis used to test the hypothesis directly is if the *p value* < 0.05 (*significance level* = 5%), then it is stated that there is a significant influence of exogenous variables on endogenous variables.

In PLS, statistical testing of each hypothesized relationship is performed using simulations. In this case it is carried out by the method of *bootstrapping* against the sample. The hypothesis is said to be

accepted if the Statistical T value is more than 1.96 and the p-value is less than 0.05. The following are the results of PL *bootstrapping* analysis as follows:

The Effect of Service Quality on Brand Image

The results of the first hypothesis test, namely the Effect of Service Quality on Brand Image, showed a coefficient value of 0.460, a p-value of 0.000, and *a t-statistic* of 8,761. The *p-value* of 0.000 is less than 0.05 and the t-statistic value of 8.761 is more than that of the t-table of 1.960. These results show that service quality affects brand image. So that the hypothesis that service quality has a positive effect on brand image is accepted.

The Effect of Customer Satisfaction on Brand Image

The results of the second hypothesis test, namely the Effect of Customer Satisfaction on Brand Image, showed a coefficient value of 0.412*, a p-value* of 0.000, and a t-statistic of 7,831. The *p-value* of 0.000 is less than 0.05 and the t-statistic value of 7.831 is more than the t-table of 1.960. These results show that customer satisfaction affects brand image. So that the hypothesis that says Customer Satisfaction Has a Positive Effect on Brand Image is accepted.

The Effect of Customer Satisfaction on Customer Loyalty

The results of testing the third hypothesis, namely the Effect of Customer Satisfaction on Customer Loyalty, showed a coefficient value of 0.252*, a p-value* of 0.000, and a t-statistic of 4,036. The *p-value* of 0.000 is less than 0.05 and the t-statistic value of 4.036 is more than that of the t-table of 1.960. These results show that customer satisfaction affects customer loyalty. So that the hypothesis that says Customer Satisfaction Has a Positive Effect on Customer Loyalty is accepted.

The Effect of Service Quality on Customer Loyalty

The results of testing the fourth hypothesis, namely the Effect of Service Quality on Customer Loyalty, showed a coefficient value of 0.400, a p-value of 0.000, and *a t-statistic* of 6,009. The *p-value* of 0.000 is less than 0.05 and the t-statistic value of 6,009 is more than the t-table of 1.960. These results show that service quality affects customer loyalty. So that the hypothesis that says Service Quality Has a Positive Effect on Customer Loyalty is accepted.

The Influence of Brand Image on Customer Loyalty

The results of testing the fifth hypothesis, namely the Influence of Brand Image on Customer Loyalty, showed a coefficient value of 0.276*, a p-value* of 0.000, and a t-statistic of 3,979. The *p-value* of 0.000 is less than 0.05 and the t-statistic value of 3.979 is more than that of t-table 1.960. These results show that brand image influences customer loyalty. So that the hypothesis that says Brand Image Has a Positive Effect on Customer Loyalty is accepted.

CONCLUSION

Based on the research that has been done, it can be concluded that service quality has a positive and significant effect on Traveloka customer loyalty, brand image has a positive and significant effect on Traveloka customer loyalty, customer satisfaction has a positive and significant effect on Traveloka customer loyalty. This shows that the better the service quality, brand image, and customer satisfaction, the better customer loyalty will be to increase the achievement of Traveloka's turnover and profits.

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