Contents list available at: https://e-journal.unair.ac.id

**AJIM (Airlangga Journal of Innovation Management)**

Journal homepage: https://e-journal.unair.ac.id/AJIM

# The Influence of Brand Image on Customer Loyalty through Customer Satisfaction as Intervening Variable on Skincare Products

**Niswatul Ma'azzah[1]\*, Ari Prasetyo[2]**

[1,2] Department of Sharia Economics, Faculty of Economics and Business, Airlangga University

## ARTICLE INFO

## ABSTRACT

The increasing Muslim population and the trend of halal living in Indonesia have made competition between skincare product brands in Indonesia increasingly fierce. Safi skincare products are one of the brands that has an Islamic brand image and emphasizes halal products. This research was conducted to determine the influence of brand image on customer loyalty with the mediating effect of customer satisfaction on Safi Indonesia skincare products. The target of this research is Safi Indonesia skincare consumers. This research used a sample of 175 consumers who had purchased Safi skincare products, using the SEM-PLS analysis technique. The results of this research show that brand image has a significant relationship with customer loyalty, brand image has a significant relationship with customer satisfaction, customer satisfaction has a significant relationship with customer loyalty, then brand image has a significant relationship with customer loyalty with customer satisfaction as a mediating effect. This research can be used as a guide or reference for research related to the same field as well as being a source of knowledge for comparison of existing theories.

## Introduction

As the era of globalization grows, companies will be faced with various kinds of challenges. The emergence of these new challenges makes competition in the business world even tighter. This requires companies to always pay special attention to products and services in order to meet consumer expectations by providing consumer needs and desires. In this case, companies are required to always innovate the products or services they provide to consumers. In Indonesia itself, there are various product and service offerings that are increasingly developing, thus encouraging changes in consumer behavior and meeting needs. As one of the countries that has a high Muslim population, Indonesia can become one of the countries that pioneers the halal lifestyle, so that the halal lifestyle can become a special trend in Indonesia. This is proven by Indonesia being ranked fourth in the Global Islamic Economy Indicator in 2022.
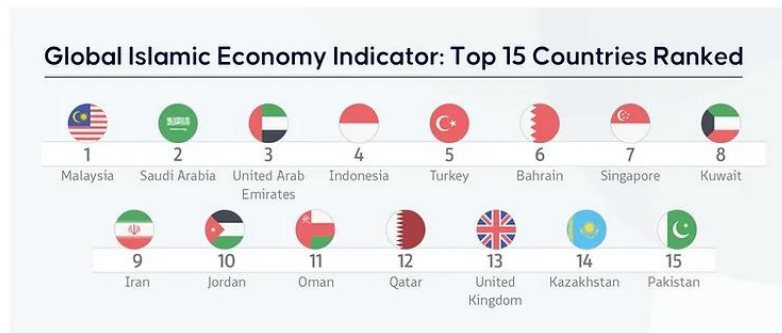


Figure 1.1 Top 15 Contries Ranked (Global Islamic Economy Indicator)
Source: DinarStandard (2022)

The halal context in lifestyle does not only include sharia values regarding Muslims but also includes all universal aspects of cleanliness and safety which can have a good impact on non-Muslims as well.(Hermawan et al., 2019). Indonesia has the potential to become a country developing halal lifestyle trends. This is proven by the large number of Muslims identifying Islam as important in their lives. Currently, the beauty and aesthetics industry is a type of industry that is experiencing quite high competition compared to before. The trend of doing skin care is increasingly popular and has caused beauty clinics to develop in various cities. Then quoted from (databoks.katadata.co.id), based on a Statista report, revenue in the beauty and personal care market reached US$7.23 billion, equivalent to Rp. 111.83 trillion.

## Literature Review

Safi is a brand developed at the Safi Research Institute, the first halal institute in the world, which prioritizes skincare products that are halal, natural and tested for Muslim women. Safi is one of the skincare brands that guarantees the halalness of its products, so Safi's Islamic brand image is very attached. Building a brand image is important for a company. The reason is, to be able to gain customer trust, a company must differentiate itself from other companies so that customers will choose the brand provided than competing brands(Lee et al., 2014). The brand image created by the company will benefit the company because consumers are better able to maintain confidence and provide positive behavior because customers assess the company's reputation according to their needs.(Hsieh & Li, 2008). Whereas, Trust (2018)believes that a company can be considered successful in building a brand image if it provides good quality, comfort and company status to consumers. Brand image is also one of the things that can help in analyzing business

opportunities, influencing consumers in decision making, and being able to capture market share and new markets.

Furthermore, customer satisfaction is a consumer response that assesses that their needs are met and assesses how the product or service can meet consumer requests or exceed expectations(Tarigan et al., 2020). Customers usually don't think too much about price fluctuations and will choose to pay higher prices when they already have loyalty to a brand and will have a repeat purchase pattern for the desired brand.(Lee et al., 2014). Customer satisfaction can be assessed by measuring the value given by customers to the comparison between expectations before purchasing and perceived product performance(Ogba & Tan, 2009). In a service, customer satisfaction and the nature of switching to another company can be determined from customer satisfaction or other agency factors (Griessmair et al., 2022).

In the retail business, customer loyalty is a crucial thing that can be used as the key to success, especially since retaining old customers is considered cheaper than looking for new customers(Kimura, 2022). Whereas Al-Ayed (2022)believes that there are several main factors that influence customer loyalty, namely trust, satisfaction, customer confidence and this will contribute to strengthening the relationship between service providers and customers. Companies must pay attention to good service and appreciate the importance of long-term relationships with customers, because this has a big impact on the development and maintenance of relationships (Alrubaiee, 2012). Other research has been carried out by (Subaebasni et al., 2019) and (Barbosa et al., 2023), resulted in the finding that brand image and customer satisfaction have a significant effect on customer loyalty. So it can be concluded that brand image and customer satisfaction can support high customer loyalty which can help high consumer feelings of loyalty towards a product.

## Relationship Between Variables

This research uses an exogenous variable, namely brand image, an endogenous variable, namely customer loyalty, and an intervening variable, namely customer satisfaction, with the relationship between variables as in the picture below:
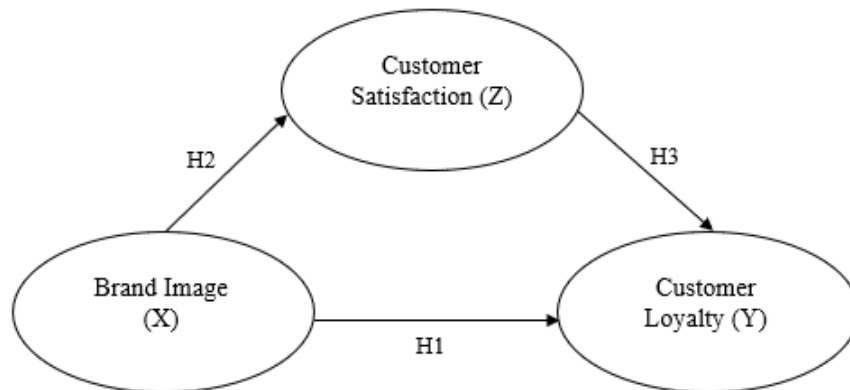


## Hypothesis Formulation

The brand image of a product or service is obtained from the way the company provides good quality and comfort to customers. Then the brand image will then give the company benefits in the form of trust which leads to customer loyalty. Brand image is an important variable that can positively or negatively influence marketing activities, so that it will have an impact on customer purchases (Kandampully & Suhartanto, 2000). The well-known image of a brand can help to improve customer satisfaction, thereby creating customer loyalty (Mohamad & Ari, 2016). Brand image and customer satisfaction were found to

have an impact on customer loyalty, with customer satisfaction having a higher influence (Nguyen & Leblanc, 1998) in (Hu et al., 2009). It was also found by Cuong & Khoi (2019), Dam & Dam (2021) that brand image has a significant influence on customer loyalty.

H1: Brand image has a significant effect on customer loyalty.

**The Relationship between Brand Image and Customer Satisfaction**

The customer's brand image assessment will be formed according to what they get. If the image formed is good, then this will be impressed in the minds of consumers so that there is the possibility of creating customer satisfaction. This is in line with the opinion of Dam & Dam (2021), that consumers who have impressive experiences with brand image will positively influence customer satisfaction and customer loyalty. Mohamad & Ari (2016) in their research also found that a good brand image will lead to increased customer satisfaction and proves that brand image is able to form positive brand associations so that customers feel guaranteed security and get satisfaction. Cuong & Khoi (2019) also found that brand image has an important role in influencing customer satisfaction. Naehyun et al. (2013), Hu et al. (2009), Amin et al. (2013) in their research found that brand image has a significant influence on customer satisfaction. So, the hypothesis in this research is:

H2: Brand image has a significant effect on customer satisfaction.

**The relationship between Customer Satisfaction and Customer Loyalty**

There is a shift in strategies that are considered valuable from those that start from satisfaction to loyalty for some companies because they understand that there is more value from customer loyalty (Oliver, 1999). Customer satisfaction is one of the requirements for gaining customer loyalty (Ha et al., 2023). In his research, Zheng (2010) stated that a lot of research and efforts have been made to measure the value of customer satisfaction in order to maintain customer loyalty and increase competitive market share. Consumers who tend to repeat habits will make decisions by comparing their overall good relationship with brand image, satisfaction, loyalty, and then make the desired brand decision from this comparison (Espinosa et al., 2018). This is related to the opinion of Fida et al. (2020) that customer loyalty is the result of customer satisfaction. When customers get a good experience from company services, it will make them loyal and rational in making decisions. According to research results (Fida et al., 2020), (Rajeswari et al., 2017), and (Kusumawati & Rahayu, 2020) there is a positive relationship and significant influence between customer satisfaction and customer loyalty. Based on this description, the hypothesis in this research is:

H3: Customer satisfaction has a significant effect on customer loyalty.

**Methodology**

This research uses a quantitative approach by managing primary and secondary data. The analysis technique in this research is SEM-PLS, which is a multivariate analysis method used to process various variables and look for the influence of these various variables on an object simultaneously. Then the Smart PLS 4 software is used as a tool in data processing, with the aim of getting results of the relationship between exogenous and endogenous variables and can also be used to see whether there is a significant influence of the indicators desired by the researcher. SEM analysis with intervening variables is carried out in 3 stages in the analysis process, namely testing the structural model (outer model), testing the structural model (inner model), indirect effects. This research sample was taken using a nonprobability sampling method. According to (Sugiono, 2018:136) non-probability sampling is a sampling technique that does not

give each member of the population the same chance or chance when being selected as a sample. This research uses a purposive sampling technique based on the main criteria determined by the researcher, namely a) Muslim woman, b) Minimum age 16 years, and c) Have purchased Safi skincare products at least 3 times in 1 year. Samples with these criteria were taken with the assumption that customers who visited within that time period were considered to have a liking for Safi Indonesia skincare and could be said to be loyal. According to (Ferdinand, 2002:48), in the SEM-PLS method the total sample is seen from the number of indicators used in all latent variables. The number of indicators is the number of samples multiplied by 5 to 10, so that: Minimum sample size 21 x 5 equals 105 respondents. And the maximum sample size is 21 x 10 equals 210 respondents.

## Results and Discussion

Safi is a skincare product specifically intended for Muslim women and in general for women who need skin care products that are safe and do not contain dangerous ingredients and are halal certified. Safi has been certified halal by the Jabatan Progress Islam Malaysia (JAKIM) and has now been determined to have a halal label by the Indonesian government carried out by LPPOM MUI. With the halal label, Safi can guarantee the safety of the ingredients in the product and that it does not contain non-halal ingredients so it is safe to use in the long term.

**Validity test**

Table 1. Validity Test Results

| Variable | | Loading Factor | Information |
|---|---|---|---|
| **Brand Image** | BI01 | 0.762 | Valid |
| | BI02 | 0.744 | Valid |
| | BI03 | 0.772 | Valid |
| | BI04 | 0.737 | Valid |
| | BI05 | 0.786 | Valid |
| | BI06 | 0.715 | Valid |
| | BI07 | 0.777 | Valid |
| | BI08 | 0.768 | Valid |
| | BI09 | 0.770 | Valid |
| | BI10 | 0.765 | Valid |
| | BI11 | 0.784 | Valid |
| | BI12 | 0.781 | Valid |
| | BI13 | 0.834 | Valid |
| | BI14 | 0.785 | Valid |
| | BI15 | 0.827 | Valid |
| **Customer Loyalty** | CL01 | 0.844 | Valid |
| | CL02 | 0.834 | Valid |
| | CL03 | 0.855 | Valid |
| **Customer Satisfaction** | CS01 | 0.784 | Valid |
| | CS02 | 0.776 | Valid |

| | | | |
|---|---|---|---|
| CS03 | 0.767 | Valid | |
| CS04 | 0.768 | Valid | |
| CS05 | 0.787 | Valid | |

The value that appears in the Loading Factor will measure the magnitude of the correlation in the observed indicators. According to the results presented above, all variables show a score of >0.7. So it can be concluded that the indicators used in this research as a whole have met the criteria and the indicators for each variable can be a correct and valid benchmark.

**Reliability Test**

**Table 2. Reliability Test Results**

| | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | Average variance extracted (AVE) |
|---|---|---|---|---|
| Brand Image | 0.952 | 0.953 | 0.957 | 0.600 |
| Customer Loyalty | 0.798 | 0.799 | 0.881 | 0.712 |
| Customer Satisfaction | 0.836 | 0.837 | 0.884 | 0.603 |

Measuring reliability in SEM-PLS analysis is by composite reliability and Cronbach's alpha. According to Ghozali (2015:75) the value of composite reliability is > 0.7 which is acceptable and the expected value for Cronbach's alpha is > 0.6. Based on Table 4.2, it is known that all variables used in this research show numbers > 0.6. The Cronbach's Alpha value for the Brand Image (0.952), Customer Loyalty (0.798), Customer Satisfaction (0.836) variables with the overall information is categorized as reliable. Furthermore, the Composite Reliability value for each variable shows a number > 0.7, Brand image (0.953), Customer Loyalty (0.799), Customer Satisfaction (0.837) with the overall information being categorized as reliable.

**Table 3. R-Square Test**

| | R-square | R-square adjusted |
|---|---|---|
| Customer Loyalty | 0.658 | 0.654 |
| Customer Satisfaction | 0.426 | 0.423 |

*R-Square* is a way to assess how much an endogenous construct can be explained by an endogenous construct(Furadantin, 2018). Based on Table 4.3, the output results of the analysis using the bootstrapping method. The R-Square value for the customer loyalty variable was obtained at 0.658 and for the customer satisfaction variable at 0.426. According to Chin (1998), if the R-Square value is more than 0.67 then it is categorized as strong, then categorized as moderate if it is more than 0.33 but <0.67, and categorized as weak if it is more than 0.19 but <0.33.

**Path Coefficient Test**

| | Original sample (O) | T statistics (\|O/STDEV\|) | P values | Information |
|---|---|---|---|---|
| Brand Image -> Customer Loyalty | 0.356 | 2,077 | 0.038 | Significant |
| Brand Image -> Customer Satisfaction | 0.653 | 7,049 | 0,000 | Significant |
| Customer Satisfaction -> Customer Loyalty | 0.533 | 3,377 | 0.001 | Significant |

Source: Data obtained with Smart PLS 4 (2023)

Hypothesis 1, brand image (X) has a significant effect on customer loyalty (Y). This significant influence is shown by the original sample value of 0.356. Then these results are also shown with a significance value (P-value) of 0.038 where the p-value is <0.05. The table above also shows a t-statistic result of 2,077, where the resulting value is > 1.9. Thus Hypothesis 1 in this research can be accepted. Hypothesis 2, brand image (X) has a significant effect on customer satisfaction (Y). This significant influence is shown by the original sample value of 0.653. The significance value (P-value) has the number 0.000, namely <0.05. Then the table above also shows the t-statistic results with a value of 7.049, where the resulting value reaches > 1.9. Thus hypothesis 2 in this study can be accepted. Hypothesis 3, customer satisfaction (Z) has a significant effect on customer loyalty (Y). This significant influence is shown by the original sample value of 0.533. Then these results are also shown with a significance value (P-value) of 0.001 where the p-value is <0.05. The table above also shows a t-statistic result of 3.377, where the resulting value is >1.9. Thus Hypothesis 3 in this research can be accepted.

## Discussion

### The influence of brand image on customer loyalty

Based on the results of tests carried out on the first hypothesis, it shows that brand image has a significant effect on customer loyalty. This is based on the value produced by original sample testing, namely 0.356, with T-statistics of 2.077, and P-values of 0.038. The results of testing the hypothesis, that brand image has an effect on customer loyalty, are in line with research conducted by (Abbas et al., 2021) which states that brand image has a positive effect on customer loyalty, which can be interpreted as that the image received by customers is able to strengthen feelings. loyal or loyal by customers to Safi. Likewise, if a company can build a good brand image towards its customers, then customer loyalty will also be well formed. The brand image that Safi is currently building by involving Islamic values in halal products, service practices, and the attributes used is an effective strategy which can then help create customer loyalty. Apart from that, Safi's brand image can also help expand the market share among Indonesian Muslim women, because in fact, the majority of Indonesian people are Muslim.

### The Influence of Brand Image on Customer Satisfaction

Based on the results of tests carried out on the second hypothesis, it shows that brand image has a significant effect on customer satisfaction. This is based on the value produced by original sample testing, namely 0.653, with T-statistics of 7.049, and P-values of 0.000. The results of testing the hypothesis above, that brand image has an influence on customer satisfaction, are in line with research conducted by (Espinosa

et al., 2018) which states that brand image has a positive influence on customer satisfaction, which can be interpreted as that the image received by customers is able to strengthen customer satisfaction. This means that customer satisfaction can also be created if a company has a good brand image. This is supported by research by Dam & Dam (2021) which also states that the good impression customers receive regarding brand image will have a positive effect on customer satisfaction. The importance of a good brand image formed from a customer perspective will help customers to realize the existence of needs that exist in the related brand and can be a means of differentiating from competing brands (Dam & Dam, 2021). In other words, if customers choose a brand that suits their needs, the easier it will be for a brand to achieve customer satisfaction.

**The influence of customer satisfaction on customer loyalty**

Based on the results of tests carried out on the third hypothesis, it shows that customer satisfaction has a significant effect on customer loyalty. This is based on the value produced by original sample testing, namely 0.553, with T-statistics of 3.377 and P-values of 0.001. The results of testing the hypothesis above, that customer satisfaction has an effect on customer loyalty, are in line with research conducted by (Mohd Thas Thaker et al., 2019) which states that customer satisfaction has a positive effect on customer loyalty, which can be interpreted as meaning that the satisfaction received by customers is capable of strengthen customers' feelings of loyalty or devotion to Safi. Likewise, if a company can create good customer satisfaction for its customers, then customer loyalty will also be well formed. Based on the description obtained from the respondents' answers, it can be used as a basis for a company to pay more attention to aspects that can stimulate customer satisfaction, for example with the indicators used in this research. In line with the opinion of Mardi et al (2008) which states that customer satisfaction is a comparison of the service or results received that are at least equal to customer expectations or even exceed them. Because it can be seen according to the explanation obtained from the respondents' answers in this research, achieving high customer satisfaction in the company will have an influence on high customer loyalty.

**Customer satisfaction as an intervening variable in brand image towards customer loyalty**

The testing carried out by researchers on this hypothesis aims to show that all the variables used in this research have a positive and significant relationship, as explained in the results of the hypothesis test above which are contained in Hypothesis 1 which contains the influence of brand image on customer loyalty, stating that there is an influence significant and positive relationship between brand image and customer loyalty. Furthermore, Hypothesis 3 contains the influence of customer satisfaction on customer loyalty, stating that there is a significant and positive influence between customer satisfaction and customer loyalty. then testing again at the specific indirect effect stage showed the original sample result was 0.348, and t-statistics was 2.952, which means >1.96. The results of the analysis carried out at this stage show that the satisfaction variable fully mediates the brand image variable on customer loyalty, with a direct influence value of 2.077 and an indirect influence value of 2.952. Therefore, it can be concluded that overall, brand image alone is not enough to predict customer loyalty to Safi Indonesia skincare products. So the role of customer satisfaction is needed to be able to directly influence repeat purchases from consumers, the attitude of consumers who recommend products to other people, which will influence consumer loyalty and satisfaction.

**Conclusion**

The research aims to examine the influence of brand image on customer loyalty which is mediated

through customer satisfaction. This research was conducted using the SEM-PLS method by collecting questionnaire data conducted online and obtaining 175 respondents. In accordance with the objectives of this research, the following hypothesis was found a) Brand image has a significant and positive effect on customer loyalty to Safi Indonesia skincare products, b) Brand image has a significant and positive effect on customer satisfaction with Safi Indonesia skincare products, c) Customer satisfaction has a significant and positive effect on customer loyalty to Safi Indonesia skincare products, d) Customer satisfaction mediating brand image on customer loyalty.

This research has several limitations that can be corrected in further research, that the samples domiciled on the island of Java, and this research focuses on skin care products, so these results may be different from other types of objects. And this research uses only one exogenous variable, namely brand image. This research was aimed at Safi Indonesia with a sample that predominantly resides on the island of Java. So the next researcher can expand the scope of the research object to change the research object to skincare brands or other sectors. And future researchers can add other variables, such as Islamic branding, experience quality, repurchase intention, and other variables related to the research object in accordance with future research updates. Suggestions from the study are, first, Safi Indonesia is able to maintain and improve its Islamic brand image by providing education through promotions which can be further intensified through social media and other promotional media so that it can expand the reach of Muslim women customers who need skin care products without feeling doubtful about the halal aspect of the product or anything related that is contrary to it. Islamic values, and second, Safi Indonesia is expected to be able to maintain and improve product quality and add new formulas to product innovation in the future in accordance with developments needed by customers to maintain customer confidence and create feelings of pleasure in customers after purchasing until after using the product, so that customer satisfaction and customer loyalty can be achieved.

## Bibliography

Abbas, U., Islam, K. M., Hussain, S., Baqir, M., & Muhammad, N. (2021). Impact Of Brand Image On Customer Loyalty With The Mediating Role Of Customer Satisfaction And Brand Awareness. International Journal of Marketing Research Innovation, 1-15.

Al-Ayed, S. (2022). The impact of e-commerce drivers on e-customer loyalty: Evidence from KSA. International Journal of Data and Network Science, 6(1), 73–80. https://doi.org/10.5267/J.IJDNS.2021.10.002

Alrubaiee, L. (2012). Exploring the Relationship between Ethical Sales Behavior, Relationship Quality, and Customer Loyalty. International Journal of Marketing Studies, 4(1). https://doi.org/10.5539/ijms.v4n1p7

Amanah, D. (2018). Pengaruh Promosi dan Brand Image (Citra Produk) Terhadap Loyalitas Pembelian. Journal of Chemical Information and Modeling, 53(9), 1689–1699.

Barbosa, B., Shabani Shojaei, A., & Miranda, H. (2023). Packaging-free practices in food retail: the impact on customer loyalty. Baltic Journal of Management, 18(4), 474–492. https://doi.org/10.1108/BJM-10-2022-0386

DAM, S. M., & DAM, T. C. (2021). Relationships between Service Quality, Brand Image, Customer Satisfaction, and Customer Loyalty . Journal of Asian Finance, Economics and Business, 585-593.

Espinosa, J. A., Ortinau, D. J., Krey, N., & Monahan, L. (2018). I'll have the usual: how restaurant brand image, loyalty, and satisfaction keep customers coming back. Journal of Product & Brand Management, 599-614.

Ferdinand, A. (2002). Structural Equation Modeling dalam Penelitian Manajemen. Semarang: Fakultas Ekonomi UNDIP.

Furadantin, N. R. (2018). Analisis Data Menggunakan Aplikasi SmartPLS v.3.2.7 2018. Academia (Accelerating the World's Research), 1–8.

Ghozali, I., & Latan, H. (2015). Partial least squares konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0 untuk penelitian empiris. Semarang: Semarang Badan Penerbit Universitas Diponegoro.

Griessmair, M., Han, S. H., & Masuda, H. (2022). Being Moved or Being Satisfied? The Effect of Unexpected Acts of Personal Kindness in Hospitality Service Encounters. Cornell Hospitality Quarterly, 63(2), 267–288. https://doi.org/10.1177/1938965520940291

Hermawan, H., Sartika, M., & Ulama'i, A. H. A. (2019). Halal Lifestyle di Indonesia. 05(April), 57–81.

Hsieh, A. T., & Li, C. K. (2008). The moderating effect of brand image on public relations perception and customer loyalty. Marketing Intelligence and Planning, 26(1), 26–42. https://doi.org/10.1108/02634500810847138

Kimura, M. (2022). Customer segment transition through the customer loyalty program. Asia Pacific Journal of Marketing and Logistics, 34(3), 611–626. https://doi.org/10.1108/APJML-09-2020-0630

Lee, J. L., James, J. D., & Kim, Y. K. (2014). A Reconceptualization of Brand Image. International Journal of Business Administration, 5(4), 1–11. https://doi.org/10.5430/ijba.v5n4p1

Ogba, I., & Tan, Z. (2009). Exploring the impact of brand image on customer loyalty and commitment in China. Journal of Technology Management in China, 4(2), 132–144. https://doi.org/10.1108/17468770910964993

Subaebasni, S., Risnawaty, H., & Arie Wicaksono, A. (2019). Effect of Brand Image, the Quality and Price on Customer Satisfaction and Implications for Customer Loyalty PT Strait Liner Express in Jakarta. International Review of Management and Marketing, 9(1), 90–97. http:www.econjournals.comDOI:https://doi.org/10.32479/irmm.7440

Sugiyono. (2018). Metode Penelitian Kuantitatif. Bandung: Alfabeta.

Tarigan, E., Wijaya, M., Journal, P. M.-U. L., & 2020, U. (2020). The Influence of Lifestyle, Physical Environment, and Menu Variety on Customer Loyalty through Customer Satisfaction in the Coffee Shop. International Journal of Research & Review (IJRR), 7, 3. https://www.academia.edu/download/63157585/IJRR001420200501-114295-195zbp4.pdf%0Ahttps://www.ijrrjournal.com/IJRR_Vol.7_Issue.3_March2020/Abstract_IJRR0014.html

Thaker, M. A., Amin, M. F., Thaker, H. B., & Pitchay, A. B. (2019). What keeps Islamic mobile banking customers loyal? Journal of Islamic Marketing, 525-542.