FACTORS INFLUENCING CUSTOMER LOYALTY TOWARD MIXUE ICE CREAM AND TEA SHOP IN JAKARTA

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ABSTRACT
This study aims to examine the factor influencing customer loyalty directly or indirectly toward customer loyalty through customer satisfaction as a mediating variable. This study's sample size was 200 Mixue ice cream and tea shop customers in Jakarta. The data collection method used in this study is convenience sampling by distributing online questionnaires. The result of this study shows that customer loyalty in Mixue ice cream and tea shops is influenced by product quality, digital marketing, and brand awareness. In addition, the result of this study suggests that companies should focus on the quality of their product and implement digital marketing to increase their loyal customer in line with the digitalization that is happening.

Keywords: product quality; digital marketing; brand awareness; customer satisfaction; customer loyalty

1. INTRODUCTION
The Indonesian food and beverage industry is one of the industrial sectors that has experienced rapid development in recent years, with a growth rate of more than 3% in the second quarter of 2022 [1]. The intense competition in Indonesia's food and beverage industry urges companies to be more innovative in planning strategies to compete in today's market competition. Over time, many new competitors have emerged in the industry who are also innovating to issue similar products to attract customer interest. Therefore, companies need a competitive advantage added by a marketing strategy to compete and retain its customer, concerning that increasing customer loyalty would lead to generating maximum profit. At the same time, it reduces costs to achieve the company's goals. Loyal customers tend to make more purchases than ordinary customers, which expedites and maintains a business's continuity.

The rapid growth of the food and beverage industry in Indonesia shows that Indonesia has a significant market demand and has good promising prospects supported by the increasing Indonesian population. However, if the company cannot exhibit its existence in the market competition, then it is likely that customers will switch to other, better-known brands [2]. The guild discussed in this research is Mixue from China, which sells ice cream and various beverage variants. Mixue was founded in 1997 and entered Indonesia's food and beverage industry in 2020 [39]. Customer loyalty results from customers' continuous and consistent positive feelings [3]. Therefore, consumer satisfaction is a supporting factor that can lead to customer loyalty [4]. Customers tend to recommend the product to others when a product has good quality following customer expectations. Customer satisfaction can now be expressed on social media to increase product awareness in today's digital age. Interesting digital marketing posts on various platforms may convince loyal customers or even internet users to buy the brand's product.
Digitalization makes it easier for culinary industry businesses to compete through digital marketing because it can reach a broader range of customers and build brand awareness [5]. The broader knowledge about a brand tends to foster higher loyalty [6]. Loyalty plays an important role in running and maintaining the company in the long term, considering that Mixue was selling goods products which makes the quality of the product one of the most vital issues for the sustainability of the food and beverage business [7]. Loyalty is one of the keys to increasing company profits, in that the cost to retain customers is less than the cost to incur new customers [8].

2. RESEARCH METHOD

According to [9], product quality is the ability of a product to carry out its functions properly, including product durability, ease of use, reliability, accuracy, and other values of the product. Product quality is everything that can meet customer needs and expectations, including various advantages and features that can improve the performance of a product [10]. Based on these statements, product quality is the advantages and capabilities of a product in meeting a customer's needs by what has been expected, either directly or indirectly.

Digital marketing is defined as activities to introduce and promote a product or service from a company brand to individuals through available social media platforms to maintain or even build a closer relationship between a seller and buyer [14]. Digital Marketing is one of the new strategies used in online marketing through various media platforms available [15]. Based on these statements, digital marketing is a marketing activity through various digital platforms that use electronic media or the internet for marketing a product or service to customers.

Brand awareness is defined as the ability of a consumer to recall a particular brand or product category when they are thinking about a type of product from that brand [39]. According to the study by [40], brand awareness is defined as an individual level of awareness in recognizing or recalling a brand, whether it is a name, image, or slogan a company or specific product categories have used. Based on these statements, brand awareness is the level of consumer awareness of a brand and the ability of consumers to recognize or remember a brand, such as its names, images, logos, and slogans that have been used in promoting the brand.

Customer satisfaction is defined as a person's response in assessing a product or service that is received and whether it is following expectations. [21] defined customer satisfaction as the results of customer evaluation of a product or service received with what is expected after the transaction was done. Based on these statements, customer satisfaction is the response from the customer, whether they are satisfied from the comparison between the product or service received and what they expected. Previous research by [4] found that maximum satisfaction felt by customers is a supporting factor that may increase customer loyalty. A previous study by [23] stated that satisfaction and loyalty have a reciprocal relationship that strengthens each other positively. Customer satisfaction predicts increasing customer belief by exceeding customers' expectations [24]. The previous study also showed that customer satisfaction has a positive and significant effect on customer loyalty [23].

According to [24], customer loyalty is an attitudinal response to repeated purchases made stimulants by a customer, reflecting that loyalty is a competitive advantage of a company.
Customer loyalty is defined by [26] as a commitment from consumers to repurchase a product or service from a particular brand in the future, even though there are marketing threats from other competitors that are likely to make consumers switch to competitors. Based on these statements, customer loyalty is the level of commitment from a customer in repeatedly repurchasing a company's brand product or service soon or in the future. Previous research by [27] stated that loyalty is one of the most critical aspects of running a business, both for the development and continuity of a business.

A previous study by [11] states that one of the considerations of an individual in choosing a restaurant is the quality of the products that are owned and offered, both internally and externally. The internal aspect of product quality is referred to in this research, namely the taste, aroma, or texture. The external aspect of a product quality in this context refers to the product appearance or even the presentation of the food. Research by [7] stated that product quality is an essential factor affecting customer loyalty. If the quality of the product meets customer expectations, the customer will be satisfied, and the satisfaction felt by the customer tends to build loyalty between the buyer and the company. A previous study by [13] also stated that product quality is the key to building or increasing customer satisfaction. Product quality should be the primary concern of brands and companies, especially those involved in the food and beverage industry, considering that a high-quality product turns out to be a supporting factor that drives customers to be loyal to a company.

H1: Product quality has a positive influence on customer loyalty.
H5: Product quality has a positive effect on customer satisfaction.
H9: Product quality has a positive influence on customer loyalty through customer satisfaction.

Previous studies revealed that, in contrast to traditional marketing, digital marketing may effectively influence practically all business activities [16]. An attractively designed company's digital marketing will have an impact on creating a positive impression on the content and the dissemination of marketing content that can increase brand awareness [17]. The frequent amount of digital marketing that was shown to customer or online media user could increase the awareness of a customer which could make the specific brand become customer top of mind every time a they think of a brand or even wants to buy a particular product. Result from the previous studies show that digital marketing has a positive and significant effect on customer loyalty [16] [18]. Digital advertising that was made attractively could contribute to drives the loyalty of a customer toward brand by sharing interesting information and even appealing advertisement frequently with the purpose to reminding customer of a specific brand product through the digital marketing strategy that was applied. However, just because a consumer obtained the information they required or was drawn in by the displayed online advertisements does not always imply that they will be satisfied with the specific brand.

H2: Digital marketing has a positive influence on customer loyalty.
H4: Digital marketing has a positive influence on brand awareness.
H6: Digital marketing has a positive effect on customer satisfaction.
H10: Digital marketing has a positive influence on customer loyalty through customer satisfaction.
H12: Digital marketing has a positive influence on customer loyalty through brand awareness and customer satisfaction.
Previous research by [19] found that brand awareness influences customer loyalty. Customers who are more knowledgeable about a brand are more likely to be loyal to the brand, according to research. Increased consumer commitment may begin with raising awareness through digital marketing or even traditional marketing strategies. According to [20], someone with more knowledge of a brand has an impact on a person's level of satisfaction, which suggests that an increase in customer awareness about a brand can increase their satisfaction, which could lead to an increase in customer loyalty toward a brand. Increasing awareness would be a reasonable strategy, particularly for new brands or companies.

**H3:** Brand awareness has a positive influence on customer loyalty.

**H7:** Brand awareness has a positive influence on customer satisfaction.

**H11:** Brand awareness has a positive influence on customer loyalty through customer satisfaction.

According to previous research conducted by [4] [22], customer satisfaction has a positive and significant influence on customer loyalty. A higher level of customer satisfaction was a supporting factor that could drive customer loyalty to the brand [22]. Brands or companies that can foster a sense of satisfaction for their consumers or individuals by exceeding the customer's expectations or needs will make the individual feel connected. This satisfaction would automatically raise an attitude or feeling of pleasure in the individual toward the brand because the customer feels compatible with the expected product. This attitude and sense of satisfaction motivate customers to purchase a particular brand product or service regularly.

**H8:** Customer satisfaction has a positive influence on customer loyalty.

Therefore, the research model of this study are as follows:

![Research Model](image)

**Figure 1 Research Model**

This research data was gathered in October 2022 by distributing online questionnaires to people living in Jakarta, Indonesia, who had purchased Mixue Ice Cream & Tea products. The samples were obtained from an online survey shared on social media via Google Forms.
Two hundred forty-eight responses were collected through convenience sampling. The data of 48 respondents had to be discarded because they did not pass the screening question, leaving 200 viable respondents. Men made up most of the sample (53.5%), with women accounting for a smaller proportion (46.5%). Seventy-eight percent of the respondents were between ages of 12 and 24, 21% were between the ages of 25 and 39, and 0.5% were between the ages of 40 and 54.

This research analyzes the collected data using Partial Least Square-Structural Equation Modeling (PLS-SEM) method. This research survey contained two screening questions and two sociodemographic-related questions about age and gender. This research model includes three independent variables (product quality, digital marketing, brand awareness), one mediating variable (customer satisfaction), and one dependent variable (customer loyalty). Moreover, this research uses a five-point Likert scale interval measurement with number 1 score indicating “strongly disagree” and number 5 score indicating “strongly agree”. Totals of 28 indicators were used in this research to measure the variables adapted from the previous research. Product quality is measured using six indicators: Taste, texture, smell, appearance, various selection, and quality [29] [30] [31]. Digital marketing is measured using five indicators: Attracts attention, comprehensible, realizing brand, provides information, and assures trust [32] [33] [34]. Brand awareness is measured using six indicators: Identify, recognize, knowledge, recall ice cream brand, recall beverage brand, and aware [35] [19] [17]. Customer satisfaction is measured using four indicators: Expectation, worthy, competitive price, and desire fulfillment [36] [37] [38]. Customer loyalty is measured using seven indicators: loyal, repurchase, recommend, continuity, first choice for ice cream brand, first choice for beverage brand, and commenting positive words [11] [19] [17].

3. RESULTS AND DISCUSSION

Result from Table 1 shows that the Heterotrait-Monotrait (HTMT) results in all values on each indicator are less than 0.9 (<0.9) to ensure discriminant validity between two reflective construct, which concluded that the results of the analysis Heterotrait-Monotrait Ratio (HTMT) has fulfilled the analysis requirements discriminant validity as seen from the HTMT value. Based on the result from running the data using Smart-PLS 3.2.9 as follows.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Brand Awareness</th>
<th>Customer Loyalty</th>
<th>Customer Satisfaction</th>
<th>Digital Marketing</th>
<th>Product Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Loyalty</td>
<td>0.726</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.664</td>
<td>0.749</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Marketing</td>
<td>0.605</td>
<td>0.667</td>
<td>0.597</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Quality</td>
<td>0.542</td>
<td>0.687</td>
<td>0.722</td>
<td>0.695</td>
<td></td>
</tr>
</tbody>
</table>

https://doi.org/10.24912/ijaeb.v1i3.1669-1680
Table 2 shows that the square root of the average variance extracted (AVE) for each variable has a score above 0.5, which concluded that all variables used in this research had passed the convergent validity test. The Composite reliability result shows that every variable in this research has composite reliability higher than 0.7, and Cronbach’s Alpha has a score higher than 0.7, which means that all latent variable in this research is reliable. The validity and reliability test results show that the construct has been proven valid and reliable. In this study, R-square was used to calculate the effect of the independent variable on the dependent variable.

### Table 2 Cronbach’s Alpha, Composite Reliability, and AVE

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>0.799</td>
<td>0.869</td>
<td>0.623</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>0.869</td>
<td>0.901</td>
<td>0.605</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.817</td>
<td>0.867</td>
<td>0.522</td>
</tr>
<tr>
<td>Product Quality</td>
<td>0.881</td>
<td>0.908</td>
<td>0.586</td>
</tr>
<tr>
<td>Digital Marketing</td>
<td>0.854</td>
<td>0.895</td>
<td>0.631</td>
</tr>
</tbody>
</table>

Table 3 shows the bootstrapping results that determine the path coefficient and significance of each hypothesis test in this study. Bootstrapping results show that all hypotheses in this study have t-values greater than 0.05: H1, H2, H3, H4, H5, H7, H8, H9, H11, and H12, except for H6 and H10. Therefore, H1, H2, H3, H4, H5, H7, H8, H9, H11, and H12 are supported, while H6 and H10 are not supported.

### Table 3 Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypotesis</th>
<th>Path Coefficient</th>
<th>t-value</th>
<th>p-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>0.190</td>
<td>2.462</td>
<td>0.007</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>0.180</td>
<td>2.131</td>
<td>0.017</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>0.323</td>
<td>4.151</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>0.531</td>
<td>6.609</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>0.378</td>
<td>5.248</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H6</td>
<td>0.105</td>
<td>1.280</td>
<td>0.100</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H7</td>
<td>0.328</td>
<td>4.969</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H8</td>
<td>0.250</td>
<td>3.130</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H9</td>
<td>0.250</td>
<td>2.323</td>
<td>0.009</td>
<td>Supported</td>
</tr>
<tr>
<td>H10</td>
<td>0.250</td>
<td>1.212</td>
<td>0.113</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H11</td>
<td>0.250</td>
<td>2.689</td>
<td>0.004</td>
<td>Supported</td>
</tr>
<tr>
<td>H12</td>
<td>0.250</td>
<td>2.333</td>
<td>0.010</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The R-square test yielded an r-square value of 0.586, indicating that brand awareness, customer satisfaction, digital marketing, and product quality can influence 58.6% of the customer loyalty variable. The remaining 41.4% can be explained by the other variables outside of this research.
This study's results were in line with the previous research examining the impact of digital marketing [16] [18]. This research adds to other literature that digital marketing has the highest significance and explanation for customer loyalty. This research reveals that attractive digital marketing by companies such as Mixue tends to create a positive impression for content made toward customers, which will increase awareness of the particular brand. Given that digital marketing can penetrate almost all business activities more efficiently than traditional marketing, a company or brand could use a digital marketing strategy to raise awareness by broadcasting advertisements or exciting information about a product to internet users or customers. However, the results also show that the information or appealing ads delivered by digital marketing only occasionally satisfy the customer. Implementing digital marketing could bring in new customers while retaining existing ones, resulting in increased customer loyalty to the brand.

Product quality positively affects customer loyalty and customer satisfaction. The specific product quality in this research was food and beverage, which was in line with the previous study by [11] [12]. Product quality is one of the most critical aspects in the restaurant industry because customers prefer higher-quality brands, which affects customer loyalty when their expectations are met. The higher quality of a product is the key to building or increasing customer satisfaction toward a brand, either from the taste or the product's appearance. Quality of a product that, internally or externally, meets the customer's expectation could lead to customer satisfaction, thus encouraging the customer to be loyal to a brand in a stimulant way.

Brand awareness positively influences customer loyalty. Building brand awareness is the first step a brand can take to increase customer loyalty [28]. Customers who are more informed about a brand are more likely to be loyal. Better brand knowledge tends to affect a person's level of satisfaction, implying that a rise in customer brand awareness can increase brand loyalty. Considering the stages that a customer takes in purchasing a specific product category, customers will immediately think of brands they know or have become top of mind. Building brand awareness in the consumer's mind tends to impact business continuity.

Customer satisfaction positively influences customer loyalty. Respondents agreed that a higher level of satisfaction is a confirming factor that can lead to higher loyalty towards a brand. This study was in line with previous research by [24] that customer satisfaction happens to be the predictor of customer loyalty. A previous study by [7] stated that customers with a high level of satisfaction tend to always use the same brand consistently in the near time or future and even recommend the brand positively to others. The result from this research shows that a brand that can create a sense of satisfaction toward their customer could lead to making the individual feel related, which then generates an attitude or feeling of pleasure in the individual towards the brand because the customer feels compatible with the product that has been expected. The attitude and feeling of pleasure are one of the factors that influence the individual's consideration in determining the next course of action.

4. CONCLUSIONS AND SUGGESTIONS

Based on the hypothesis testing results, product quality influences customer loyalty and satisfaction. From the consumers' perspective, product quality originates from a brand's ability to meet expectations and make a good impression on its customers, creating a new sense of satisfaction before or after a transaction.
Digital marketing by the company simplifies customers to find information about products. Attractive and entertaining information conveyed in digital marketing tends to increase a customer's loyalty to the company. In addition, digitalization urged companies to intensify their digital marketing strategy, which defined that Mixue could maximize the use of technology to retain and attract new customers by broadcasting engaging promotional content on social media or other available platforms. However, this research found that higher intensity of digital marketing did not significantly influence customer satisfaction. Customers who obtain the necessary information or are attracted by the displayed digital marketing may still become dissatisfied with the brand. Nevertheless, implementing a digital marketing strategy in today's competitive environment may help companies achieve better business results.

Lastly, this research shows that brand awareness affects customer loyalty and satisfaction. Mixue is a new company that has only been in Indonesia for almost two years—because of this, creating brand awareness in the minds of customers was a vital step in demonstrating the company's existence in the competition. It will be an advantage if a brand succeeds in building brand awareness. That way, whenever a customer wants to buy a particular product, the customer will immediately think of that brand because the brand is at the customer's top of mind. In the end, customers tend to choose a brand that is more familiar than other brands. Building awareness is the primary trigger in increasing customer satisfaction because someone who knows more about a brand tends to have a higher level of satisfaction. The satisfaction felt by customers tends to influence the loyalty of a customer toward the brand. According to the findings of this study, the average respondent strongly agreed that after seeing the online advertisement, they became convinced and aware of the Mixue brand. As a result, Mixue should concentrate on retaining their loyal customers by improving the quality of the brand product, boosting the intensity of digital marketing across various media platforms, and increasing brand awareness among internet users. A company like Mixue should implement a digital marketing strategy to increase customer loyalty, satisfaction, and brand awareness. More studies will be needed to refine and expand on such research findings.

REFERENCES


