

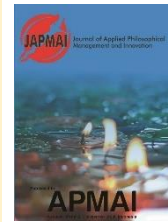


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CUSTOMER LOYALTY AFFECTING FACTORS IN VOLVO HEAVY EQUIPMENT PRODUCTS AT PT. INTRACO PENTA PRIMA SERVIS AREA EAST KALIMANTAN

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Abstract

The contribution of the coal mining sector business in East Kalimantan has a significant effect on the increase and decrease in demand for the heavy equipment industry. This condition causes intense competition among companies holding heavy equipment brands in the East Kalimantan area. This study aims to determine the effect of Customer Value, Brand Image and Customer Satisfaction as a mediating variable on Customer Loyalty in Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis East Kalimantan Area. This research used quantitative with non-probability sampling method. The subjects were 65 customers who have purchased and used Volvo Heavy Equipment products from PT. Intraco Penta Prima Servis East Kalimantan Area. Data collection was obtained by distributing questionnaires, interviews, and documentation study. The result showed that customer value and brand image have a positive and significant effect on the customer satisfaction, customer value and brand image have a positive and significant effect on customer satisfaction and customer loyalty. This research implies on the basis of further research, and can be used to improve company performance.

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Introductions

One of the current short and medium term strategies of the government is to make efforts to increase investment in business actors engaged in the coal and mineral mining industry. The coal mining industry has been an industrial sector that has played a major role in supporting national and regional economic development and growth. The coal mining sector will contribute to creating jobs, contribute to regional revenues, bring in foreign exchange through exports, support electrification and national energy security. However, the role and sustainability of the coal mining industry is still vulnerable to the ups and downs of other commodity prices as well as global economic developments (Prasmoro & Hasibuan, 2018).

Meanwhile, the potential for coal mining resources in East Kalimantan Province according to the Data Center for Geological Resources (2019) is 46,350.83 million tons or 37.14 percent of Kalimantan's coal resources. The potential for coal mining makes East Kalimantan one of Indonesia's coal production centers and at the same time plays an important role in economic growth and supports regional development.

The business contribution of the coal mining sector in East Kalimantan has a significant effect on the increase and decrease in demand for heavy equipment. By the end of 2019 the national heavy equipment production is estimated to reach 6,000 units or 70-80 percent of



its production capacity which reaches 10,000 units per year. PT. Intraco Penta Prima Servis as a company that serves the needs of heavy equipment, especially the Volvo brand with quality products and provides special solutions and services for each of its customers. Armed with a strong commitment and advanced principles with PT. Intraco Penta Prima Servis with all of its partners in East Kalimantan continues to strive to increase its sales as one of the important factors that become the focus of the company because it brings profit or profit to the company.

According to Kasali (2007), getting a profit or profit does not only rely on revenue volume, but must be oriented towards long term satisfaction. Companies must develop policies that cover marketing, sales, service and technology, all of which are integrated in one harmonious work unit for the realization of customer value.

Some of the partnership programs with customers that are carried out to build maximum service are:

1. Full Maintenance Contract Program

PT. Intraco Penta Prima Servis offers heavy equipment unit sales program services by providing spare part support, service maintenance programs by providing specialized mechanics to serve these customers.

2. Service Maintenance Contract Program

PT. Intraco Penta Prima Servis offers Heavy Equipment unit sales program services by providing contract services only for maintenance service by providing mechanics who specifically serve these customers by procuring spare parts according to customer requests and approvals.

3. Regular Maintenance Program

PT. Intraco Penta Prima Servis offers a regular maintenance program that will be periodically informed to customers for maintenance services, replacement of spare parts and other services needed to maintain the performance of the unit.

Currently, those who can compete in the heavy equipment industry are those with the lowest cost per hour. This figure shows the efficiency of the machine itself. The lower the cost per ton of owning and operating costs, the lower the production costs of the heavy equipment. The supporting factor of the cost per ton of a unit is the quality of the product itself which can be seen from the efficiency of the fuel used, the reliability of the heavy equipment and the ability of the tool to work to become its own customer value and brand image. With all performance and unit reliability there should be a positive relationship between the customer value and brand image variables with the customer satisfaction and customer loyalty variables.

Based on previous research conducted by Lam et al. (2004) which raised the effect of the variable customer value on customer satisfaction, it was found that customer value had a positive effect on customer satisfaction. Research conducted by Hijjah et al. (2015) using the customer value variable on customer loyalty through customer satisfaction, it is found that customer value has a direct effect on customer satisfaction.

Previous research conducted by Flint et al. (2010) raised the customer value variable on customer loyalty, the results showed that customer value had a positive effect on customer loyalty. And in Chen's research (2015) which took the customer value variable to the customer loyalty variable, it showed that customer value had a positive effect on customer loyalty.

Previous research conducted by Cassia et al., (2017) by raising the influence variable of brand image on customer loyalty by mediating customer satisfaction, it was found that the brand image of a product or item has a positive effect on customer loyalty and has a full effect on the mediation variable of customer satisfaction. While the service brand image variable has a positive effect on customer loyalty and partially influences the mediation variable on customer satisfaction. Another study conducted by Djumarno & Oktaviadrisjafar (2017) raised the brand image variable on customer loyalty by using customer satisfaction



mediation by getting the result that brand image affects customer satisfaction and brand image affects customer loyalty. So that the company must maintain customer loyalty by always increasing customer satisfaction and at the same time must always maintain a brand image to its customers.

Research conducted by Halim et al. (2014) who raised the brand image variable on customer loyalty, the results showed that brand image did not have a positive effect on customer loyalty. Meanwhile, if you use customer trust mediation, brand image has a positive effect on customer loyalty. And research conducted by Ogba & Tan (2009) using the variable brand image to customer loyalty shows that brand image has a positive effect on customer loyalty.

Research conducted by Dennisa & Santoso (2016) by raising the variable customer satisfaction with customer loyalty concluded that there is a positive influence between customer satisfaction and customer loyalty. And research conducted by Hadiwidjaja & Dharmayanti (2014) using the customer satisfaction variable on customer loyalty concluded that there was a positive influence between customer satisfaction and customer loyalty.

Customer loyalty to Volvo heavy equipment products is greatly influenced by several factors. In this study, various factors that will affect customer loyalty will be examined by raising the customer value and brand image variables with the customer satisfaction interface variable. Research on customer value variables aims to determine how Volvo heavy equipment products provide choices felt by customers towards the product, product performance and the consequences arising from product use and the achievement of customer goals and expectations. Meanwhile, brand image research aims to determine the overall customer perception of the Volvo heavy equipment brand and how strong it is in building customer loyalty.

Furthermore, this study also has the following objectives: 1) To analyze and prove whether the customer value variable affects customer satisfaction on Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis Area of East Kalimantan, 2) To analyze and prove whether the Brand Image variable affects customer satisfaction on Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis Area of East Kalimantan, 3) To analyze and prove whether the Customer Value variable affects customer Loyalty on Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis Area of East Kalimantan, 4) To analyze and prove whether the Brand Image variable affects customer Loyalty on Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis Area of East Kalimantan, 5) To analyze and prove whether the Customer Satisfaction variable affects customer Loyalty on Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis East Kalimantan Area.

Literature Review and Hypothesis

Customer value

Customer value is a customer's choice of a product or service that can truly satisfy the needs and desires of the customer. Customer value is a combination of quality, service and price from a product offering. Customer value is the difference between the total value for customers and the total cost of the customer and the total value for customers is a group of benefits that customers expect from goods or services (Kotler & Armstrong, 2008).

Kotler & Armstrong (2008) state that "Customer value is the difference between a prospect's evaluation of all the benefits and costs of a particular offer and other alternatives that are considered." The definition disclosed shows that customer value involves benefits and sacrifices, where customers will compare the benefits and sacrifices made. If the perceived benefit is greater than the sacrifice, it is likely that he will choose the value of the offer and vice versa, if the perceived benefit is less than the sacrifice made, the customer will leave the company's offer.

Customer value has the following indicators: 1) Emotional value, utility that comes from feelings or affective or positive emotions arising from consuming the product. 2) Social Value, the utility obtained from the product's ability to improve the consumer's social self-



concept. 3) Quality/performance value, the utility obtained from the product due to cost reduction in the short and long term. 4) Price/value of money, utility obtained from perceptions of the expected performance of a product or service (Tjiptono, 2004).

Brand image

Brand image (brand image) is a consumer assessment of the brand in a market. This creation can be created based on personal experience or hearing about its reputation from other people or the media (Tjiptono, 2004). Brand image is the consumer's perception of the brand image of the product to be consumed or used (Kotler & Keller, 2013).

According to (Kotler & Andreasen, 2003) brands can have the following levels of understanding:

1. Attribute : the brand reminds us of certain attributes.
2. Benefits : a brand is more than just a set of attributes. Consumers are not buying attributes but buying benefits.
3. Value : the brand also says something about the value of the producer.
4. Culture : the brand represents a particular culture.
5. Personality : the brand reflects a certain personality.
6. User : brand indicates the type or type of consumer who buys or uses the product.

According to (Kotler & Keller, 2013) Brand Image has three very important indicator dimensions, namely: 1) Strength is the strength of a brand that depends on how information from the product enters the customer's memory, 2) Favorability is the customer's belief that the product is able to satisfy desire so as to create a positive attitude towards a brand, 3) Uniqueness is a level of brand uniqueness that has competitive and sustainable benefits so that customers are attracted to use it.

Customer satisfaction

According to Suharno (2018) defines that customer satisfaction is the level of a person's feelings after comparing the performance or results he feels compared to his expectations of a product or service. Meanwhile, according to Tjiptono (2004) defines customer satisfaction as a response or an emotional response to an evaluation of experiences related to certain products and services purchased, behavior patterns and the market as a unit.

Customer satisfaction according to Rangkuti (2013) is customer response to evaluation and perceived discrepancies between previous expectations and the actual performance of the product that is felt after its use. So satisfaction is an emotional response that is felt by customers when they enjoy the experience of using or consuming a product/service.

According to (Kotler & Keller, 2013) customer satisfaction is a after-purchase evaluation where the chosen alternative gives at least the same results or exceeds customer expectations, while dissatisfaction arises if the results obtained do not meet customer expectations. The level of customer satisfaction obtained after the customer does or enjoys something. Thus it can be interpreted that customer satisfaction is the difference between what consumers expect or the value of expectations with the situation given by the company in an effort to meet customer expectations.

Customer satisfaction as an intervening variable has the following indicators: 1) Attributes related to the product, namely anything both tangible and intangible, which includes services provided that can be used or consumed so that they can satisfy wants and needs, 2) Attributes related to service is an attribute associated with post-purchase delivery. This is because customers will conduct post-acquisition evaluations, 3) Attributes related to purchase, namely attributes related to service delivery at the time of purchase and pre-purchase.

Customer loyalty

Customer loyalty is a situation where consumers have a positive attitude towards a product or producer (service provider) and are accompanied by a consistent pattern of repeat purchases. Loyalty is expressed as an expected behavior for a product or service, which

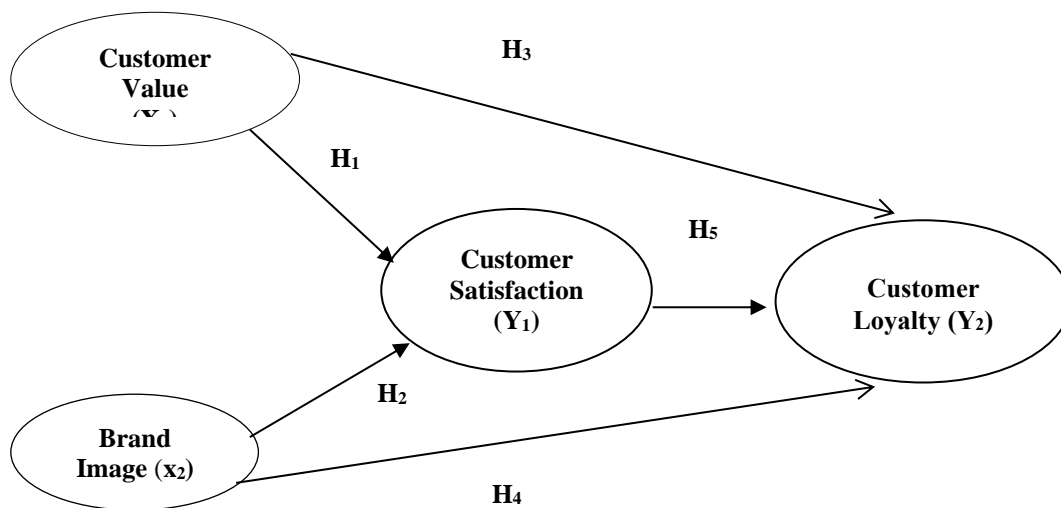


includes the possibility of further purchases or changes in service agreements, or vice versa, how likely it is that customers will switch to other brands or other service providers (Tjiptono, 2004).

Meanwhile, according to Chen (2015) customer loyalty is a measure of consumer attachment to a brand. This measure is able to provide an idea of whether or not a customer might switch to another product brand, if the brand is found to have a change, both in terms of price and other attributes.

According to (Kotler & Andreasen, 2003) loyal customers have specific prejudices about what to buy and from whom. Besides, loyalty indicates the condition of a certain duration of time and requires that the purchase action occurs no less than twice. Customers who are loyal to a product or service are people who have the following indicator characteristics:

1. Say positive things, is to say positive things about the products that have been consumed.
2. Recommend friend, is to recommend products that have been consumed to friends.
3. Continue purchasing, is a purchase that is made continuously for products that have been consumed.



Hypothesis

- H1 = It is suspected that customer value has a positive and significant effect on customer satisfaction
- H2 = It is suspected that brand image has a positive and significant effect on customer satisfaction
- H3 = It is suspected that customer value has a positive and significant effect on customer loyalty
- H4 = It is suspected that brand image has a positive and significant effect on customer loyalty
- H5 = It is assumed that customer satisfaction has a positive and significant effect on customer loyalty

Method

This research method is a descriptive quantitative research that is to analyze with numbers that can be calculated or measured. Quantitative descriptive research is a research methodology that seeks the quantity of data and usually uses statistical analysis tools. While the type of research used is explanatory research, which is research that aims to test



hypotheses about causal relationships and aims to analyze the relationships between one variable and another or explain how a variable affects other variables Abdillah & Jogiyanto (2015). The author uses this method to explain the relationship between the influence of variables so as to get specific information about the impact of customer value and brand image on customer loyalty with the intervening variable customer satisfaction of Volvo Heavy Equipment product customers at PT. Intraco Penta Prima Servis East Kalimantan area.

The population in this study were customers or companies that had made purchases and used Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area with at least two transactions in the past year. The number of representative samples depends on the number of indicators multiplied by five to ten (Ferdinand, 2014). So that the number of samples used is at least 65 samples calculated by multiplying the number of indicators by 13 indicators multiplied by a minimum scale of 5 to 10. The sampling technique uses non-probability sampling methods with snowball sampling techniques, namely sampling based on certain characteristics.

This study uses data analysis methods with Smart Partial Least Square (PLS) version 3.0 software. PLS is a statistical method of Structure Equation Modeling (SEM) based on multivariate comparisons between multiple dependent variables and multiple independent variables.

Result and Discussion

Respondent characteristic

This research is based on questionnaire response information from 65 company respondents. The results of the questionnaire provide an overview of the profile of the respondents who participated in giving their responses and had characteristics based on gender, age, position, latest education and based on the frequency of purchases.

Based on the questionnaire of 65 respondents who gave responses, most of the gender were male as many as 46 people or 70,769%, while the number of female respondents were 19 people or 29,231%. Based on age, it shows that most of the respondents are over 45 years old as many as 35 people or 53.85%, 25 people aged 35 - 44 years or 38.46%, 4 people aged 26 - 34 years or 6.15% and respondents aged less than 25 years were only 1 person or 1.53%.

Based on the position in the customer company, it shows that most respondents have positions as Director as many as 36 people or 53.38%, respondents with positions or managerial positions are as many as 29 people or 44.62% and respondents with positions or supervisor positions do not choose. Based on the frequency of purchasing Volvo heavy equipment product units from customers, it can be seen that respondents who bought more than three transactions were 39 customers or 60%, respondents who bought three transactions were 20 customers or 30.76% and respondents who made purchases twice. as many as 6 customers or 9.24%.

Instrument validity and reliability test

This study uses four latent variables measured through several indicators as measurement instruments. The four variables in question are: customer value as measured by four indicators, brand image as measured by three indicators, customer satisfaction as measured by three indicators and customer loyalty as measured by three indicators. To ensure the consistency and validity of the measurement results, testing criteria are needed related to the validity and reliability of the instrument. The following are the testing criteria carried out with the SmartPLS 3.0 software.

Convergent validity of the measurement model with reflective indicators can be seen from the correlation or relationship between each indicator and its construct. Convergent validity can be seen from the results of the loading factor value which can be said to be valid if it has a value greater than 0.5. The results of the correlation between the indicators and their constructs are as shown in Table 1. below:



Table 1. Outer Loading Factor Result

| Construct | Indicator | Question Item | Outer Loadings Result | Note |
|-----------------------------------|--------------------------------|---------------|-----------------------|-------|
| Customer Value (CV) | Emotional value | X1.1 | 0.822 | Valid |
| | Social value | X1.2 | 0.801 | Valid |
| | Quality performance value | X1.3 | 0.854 | Valid |
| | Price atau value of money | X1.4 | 0.833 | Valid |
| Brand Image (BI) | Brand Strength | X2.1 | 0.777 | Valid |
| | Brand Favorability | X2.2 | 0.871 | Valid |
| | Brand Uniqueness | X2.3 | 0.882 | Valid |
| Customer Satisfaction (CS) | Attributes related to product | Y1.1 | 0.860 | Valid |
| | Attributes related to service | Y1.2 | 0.805 | Valid |
| | Attributes related to purchase | Y1.3 | 0.817 | Valid |
| Customer Loyalty (CL) | Say positive things | Y2.1 | 0.864 | Valid |
| | Recommend friend | Y2.2 | 0.816 | Valid |
| | Continue purchasing | Y2.3 | 0.815 | Valid |

Source: Primary Data Processed with Smart-PLS 3 (2019)

Based on the results of the analysis, it shows that the customer value (X1) variable, which is measured by four indicators, shows that all indicators are valid because all indicators have a convergent validity value above 0.5. Variable brand image (X2) which is measured by three indicators shows that all indicators are valid because all indicators have a convergent validity value above 0.5. The customer satisfaction (Y1) variable as measured by three indicators shows that all indicators are valid because all indicators have a convergent validity value above 0.5. The variable of customer loyalty (Y2) as measured by three indicators shows that all indicators are valid because all indicators have a convergent validity value above 0.5. Thus the overall question indicators used in this study are valid or have met convergent validity.

Another instrument reliability test is to test the composite reliability of all indicators that measure the construct with a threshold of 0.6. The results of composite reliability can be seen in Table 2.

Table 2. Composite Reliability Result

| Construct | Composite Reliability Result |
|----------------------------|------------------------------|
| Customer Value (CV) | 0.897 |
| Brand Image (BI) | 0.882 |
| Customer Satisfaction (CS) | 0.867 |
| Customer Loyalty (CL) | 0.871 |

Source: Primary Data Processed with Smart-PLS 3 (2019)

Based on Table 2, it shows that all research variables have shown a composite reliability value of more than 0.6 and it can be interpreted that all the indicator question items used to measure each variable are reliable.

The last reliability test is to see the results of the cronbach's alpha reliability value with a threshold of 0.6. Cronbach's result. *Alpha Reliability* can be seen on Table 3 below:

Table 3. Cronbach's Alpha Result



| Construct | Cronbach's Alpha Result | Note |
|----------------------------|-------------------------|----------|
| Customer Value (CV) | 0.847 | Reliable |
| Brand Image (BI) | 0.799 | Reliabel |
| Customer Satisfaction (CS) | 0.770 | Reliabel |
| Customer Loyalty (CL) | 0.780 | Reliabel |

Source: Primary Data Processed with Smart-PLS 3 (2019)

Based on Table 3, the results of cronbach's alpha reliability test for all variables have a value above 0.6. So, it can be interpreted that all the indicator question items used to measure each variable are reliable.

Hypothesis Testing

Hypothesis testing used was done by using Partial Least Square (PLS) analysis technique with the SmartPLS 3.0 software application. The schematic of the PLS program model tested is in accordance with Figure 2.

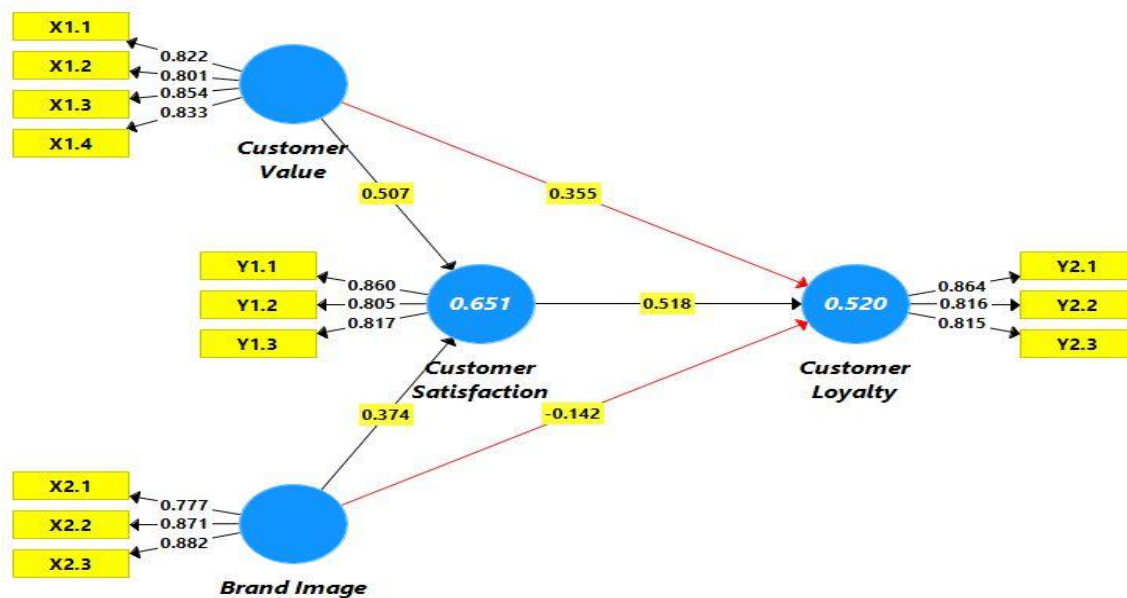


Figure 2. Research Structural Model on Smart PLS 3.0

To find out the goodness-fit model, it can be seen from the R-square value. The R-square value can be used to explain the effect of exogenous variables on endogenous variables whether they have a substantive effect. This test is also carried out to see how much the dependent latent construct has the influence relationship described by the independent latent construct. In customer loyalty research on Volvo heavy equipment products at PT. Intraco Penta Prima Servis in the East Kalimantan area there are independent latent constructs, namely customer value (CV) and brand image (BI), the moderation construct of customer satisfaction (CS) and the dependent construct of customer loyalty (CL).

These two dependent constructs are described by the substantia (high) and moderate independent constructs. The following are the results of the R-Square which are contained in Table 4.

Table 4. R-Square Result



| Dependent Construct | R-Square | Analysis |
|----------------------------|----------|----------|
| Customer Satisfaction (CS) | 0.651 | Moderate |
| Customer Loyalty (CL) | 0.520 | Moderate |

Source: Primary Data Processed with Smart-PLS 3 (2019)

The highest R-Square value is the value for customer satisfaction (CS) which is 0.651 which means that the customer value (CV) and brand image (BI) constructs explain the overall variant of the customer satisfaction (CS) construct in a moderate amount of 65, 1% while the remaining 34.9% is explained outside the construct of customer loyalty research on Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area.

The highest R-Square value is the value for customer loyalty (CL) which is 0.520 which means that the constructs of customer value (CV), brand image (BI) and customer satisfaction (CS) explain the overall variant of the customer loyalty (CL) construct in moderation which is 52% while the remaining 48% is explained outside the construct of customer loyalty research on Volvo heavy equipment products at PT. Intraco penta Prima Servis East Kalimantan area.

The structural model testing is done by using the t-statistic test. This test was conducted using the bootstrapping method with a two-tailed test with a significance level of 5% to test the research hypothesis. The hypothesis is accepted if the value of the t-statistic > 1.96 means that the exogenous variable has a significant effect on endogenous and if the t-statistic is <1.96 then the hypothesis is rejected and it means that the exogenous variable has no significant effect.

Table 5. t-statistic Analysis Result

| No | Konstruk | Estimate | t-statistic | p-value | Note |
|----|-------------|----------|-------------|---------|----------|
| 1 | (CV) → (CS) | 0.507 | 4.000 | 0.000 | Accepted |
| 2 | (BI) → (CS) | 0.374 | 3.325 | 0.001 | Accepted |
| 3 | (CV) → (CL) | 0.355 | 2.601 | 0.011 | Accepted |
| 4 | (BI) → (CL) | -0.142 | 1.309 | 0.195 | Rejected |
| 5 | (CS) → (CL) | 0.518 | 3.448 | 0.001 | Accepted |

Source: Primary Data Processed with Smart-PLS 3 (2020)

Based on Table 5 above, the following hypothesis testing results are obtained:

- Hypothesis Testing 1 (customer value to customer satisfaction). The relationship between customer value and customer satisfaction is significant with a t-statistic of (4,000 > 1.96). The original sample estimate value is positive, which is 0.507 and the p-value is 0.000 < 0.050, which indicates that the direction of the relationship between customer value and customer satisfaction is unidirectional, positive and significant. Thus the hypothesis H1 in this study is accepted.
- Hypothesis Testing 2 (brand image on customer satisfaction). The relationship between brand image and customer satisfaction is significant with a t-statistic of (3,325 > 1.96). The original sample estimate value is positive, which is 0.374 and the p-value is 0.001 < 0.050, which indicates that the direction of the relationship between brand image and customer satisfaction is unidirectional, positive and significant. Thus the H2 hypothesis in this study is accepted.
- Hypothesis Testing 3 (customer value to customer loyalty). The relationship between customer value and customer loyalty is significant with a t-statistic of (2.601 > 1.96). The original sample estimate value is positive, which is 0.355 and p-value 0.011 < 0.050, which indicates that the direction of the relationship between customer value and customer loyalty is unidirectional, positive and significant. Thus the hypothesis H3 in this study is accepted.



- d) Testing Hypothesis 4 (brand image on customer Loyalty). The relationship between brand image and customer loyalty is not significant with a t-statistic of (1.309 < 1.96). The original sample estimate value is negative, which is (-0.142) and p-value 0.195 > 0.050 which indicates that the direction of the relationship between brand image and customer loyalty is inverse, negative and insignificant. Thus the hypothesis H4 in this study is rejected.
- e) Testing Hypothesis 5 (customer satisfaction with customer loyalty). The relationship between customer satisfaction and customer loyalty is significant with a t-statistic of (3,448 > 1.96). The original sample estimate value is positive, which is 0.518 and the p-value is 0.001 < 0.050, which indicates that the direction of the relationship between customer satisfaction and customer loyalty is unidirectional, positive and significant. Thus the hypothesis H5 in this study is accepted.

Discussion

Based on the convergent validity test and discriminant validity test using the results of the outer model values carried out by testing outer loadings, cross loading, cronbach's alpha reliability and average variance extracted (AVE), it can be stated that the indicators used in each each variable is considered valid to build a model in this study.

Based on the results of the analysis of the reliability test with the results of the inner model values carried out with the coefficient of determination (R²) and t-statistic, it can be stated that the latent variables are considered reliable to be the measuring variables of the model used in this study. Likewise, the instrument items used for each variable were considered to have consistency as a measuring tool for the construction.

The results of the study are based on the results of hypothesis testing in Table 5. above shows that the relationship between customer value and customer satisfaction is significant with a t-statistic of (4,000 > 1.96). The original sample estimate value is positive, which is 0.507 which indicates that the direction of the relationship between customer value and customer satisfaction is unidirectional. So it can be concluded that customer value for Volvo Heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area has a significant influence on customer sand is acceptable. This means that research is in accordance with theory and supports research conducted by Lam, et al., 2004; and Hijjah & Anindya, 2015 which proves empirically that customer value is perceived by customers is a positive predictor of customer satisfaction.

The results of this study indicate that the customer value of Volvo heavy equipment products. PT. Intraco Penta Prima Servis can increase customer satisfaction. customer value PT. Intraco Penta Prima Servis with all its indicators, emotional value, social value, quality or performance value and price or value of money is very strong in influencing customer perceptions of Volvo heavy equipment products. The results showed that the description of the customer respondents' perceptions fell into the "high" category.

The results of the study are based on the results of the hypothesis test in Table 5. above shows that the relationship between customer value and customer loyalty is significant with a t-statistic of (2.601 > 1.96). The original sample estimate value is positive, which is equal to 0.355 which indicates that the direction of the relationship between customer value and customer loyalty is unidirectional. So it can be concluded that customer value for Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area has a significant influence on customer loyalty, which means that if the customer value perceived by the customer is getting higher or better, the customer loyalty will experience a significant increase. Therefore, it can be said that the third hypothesis which states that "customer value for Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area has a positive effect on customer loyalty" proven true and acceptable.

This means that the research is in accordance with the theory and supports the research conducted by (Flint et al. 2010) with his research entitled customer value anticipation, customer satisfaction and loyalty: An empirical examination and (Chen, 2015) with his research entitled customer value and customer loyalty: Is competition a missing link? which



proves empirically that customer value has a significant role in influencing customer loyalty. In this study, most customers support customer value for Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area, which shows a positive response to others, recommends to others and will re-purchase Volvo heavy equipment products. The results showed that the description of the customer respondents' perceptions fell into the "high" category.

The results of the study are based on the results of the hypothesis test in Table 5. above shows that the relationship between brand image and customer loyalty is not significant with a t-statistic of (1.309 < 1.96). The original sample estimate value is negative, which is (-0.142) which indicates that the direction of the relationship between brand image and customer loyalty is not unidirectional. So it can be concluded that the Brand Image of customers on Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area does not have a significant effect on customer loyalty, which means that if the perceived brand image is getting better, then customer loyalty will not experience a significant increase. Therefore, it can be said that the fourth hypothesis which states that "Brand Image of Volvo heavy equipment products at PT. Intraco Penta Prima Servis area of East Kalimantan has a significant positive effect on customer loyalty." It is not proven true and the hypothesis is rejected.

The results of this study indicate that the brand image variable does not have a significant effect on the customer loyalty variable. The results of this study stated that in fact the customers used Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis East Kalimantan area based on reasons and consideration of the product brand image only. This result is supported by research Halim et al. (2014). The results showed that brand image has no significant effect on customer loyalty.

However, it is different from the results of research conducted by (Djumarno et al., 2017) with their research entitled The Effect of brand image and Product Attributes on Customer Satisfaction and Customer Loyalty and research conducted by (Ogba & Tan, 2009) with research entitled Exploring the impact of brand image on customer loyalty and commitment in China. Journal of Technology Management in China which states that Brand Image has a significant positive effect on Customer Loyalty. So that PT. Intraco Penta Prima Servis East Kalimantan area must conduct an evaluation by building positive perceptions and information on the brand image of Volvo heavy equipment products and making continuous efforts to improve customer past experiences with the brand.

Customers are proven to be loyal to Volvo Heavy Equipment products not only based on their perception and belief in the Volvo Heavy Equipment brand, but there are several other aspects considerations such as the strength of competing brands that shift the strength of Volvo Heavy Equipment products, the company's funding ability due to global business influence and differences. customer demographic region that makes commitment to the choice of brand image not a priority.

The brand image of Volvo Heavy equipment products does not have a significant effect on customer loyalty. It can also be caused because the perception attached to the brand has decreased in quality and performance, so that customers do not make Brand Image as their main choice of loyalty commitment.

The results of the research are based on the results of the hypothesis test in Table 5. above shows that the relationship between customer satisfaction and customer loyalty is significant with a t-statistic of (3,448 > 1.96). The original sample estimate value is positive, which is 0.518 which indicates that the direction of the relationship between Customer Satisfaction and Customer Loyalty is unidirectional. So it can be concluded that Customer Satisfaction of customers on Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area has a significant influence on Customer Loyalty, which means that if the Customer Satisfaction perceived by customers is getting higher or better, then Customer Loyalty will experience a significant increase. Therefore, it can be said that the fifth hypothesis which states that "Customer Satisfaction Volvo heavy equipment products at PT.



Intraco Penta Prima Servis East Kalimantan area has a positive effect on Customer Loyalty "proven true and acceptable. This means that the research is in accordance with the theory and supports the research conducted by Hadiwidjaja & Dharmayanti (2014) and Dennisa & Santoso (2016) that proves empirically that customer satisfaction has a positive and significant impact on customer loyalty.

Conclusion and Suggestion

Based on the result of this research, there are some conclusion. Customer satisfaction of Volvo heavy equipment product customers at PT. Intraco Penta Prima Servis East Kalimantan influenced by both customer value and brand image of the product. Customer value also affect customer loyalty, wherein customer value perceived by the customer is getting higher or better, the customer loyalty for Volvo heavy equipment product customers at PT. Intraco Penta Prima Servis East Kalimantan area will also significantly increased.

From the result known that brand image has no significant effect on customer loyalty and the relationship between the two is unidirectional negative. So it can be concluded that the brand image of customers on Volvo heavy equipment products at PT. Intraco Penta Prima Servis in the East Kalimantan area does not have a significant influence on customer loyalty, which means that if the brand image perceived by the customer is getting better, then the customer loyalty will not experience a significant increase. The results of this study indicate that in fact the influence of the brand image of Volvo Heavy Equipment products at PT. Intraco Penta Prima Servis East Kalimantan area with customer loyalty can go through a mediating variable (intervening), namely customer satisfaction.

Customer satisfaction has a positive and significant effect on customer loyalty which means that if the customer satisfaction perceived by the customer is getting higher or better, then the customer loyalty for customers of Volvo heavy equipment products at PT. Intraco Penta Prima Servis East Kalimantan area will experience a significant increase.

Some suggestions that can be given by researchers as input and recommendations are as follows are PT. Intraco Penta Prima Servis East Kalimantan area have to improve their sales and marketing personnels' competencies in order to increase the work quality. Training or direction to improve soft skills, all employees have the initiative to always provide positive information to all its customers about the products it owns. The results of this study can be used as a reference for further research with the hope of adding other variables such as product quality, product performance and service quality when the customer gets the product to use it according to the benefits that are considered reliable so that the research results are more accurate and useful for company evaluation, especially in increase customer satisfaction and customer loyalty.

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