

Effect of Brand Image and Brand Trust on Customer Loyalty of Non Subsidized NPK Fertilizer PT. PupukSriwidjaja Palembang

Agus Priyanto¹, ZakariaWahab², and Muchsin Saggaf Shihab³

Abstract: *This study aims: To analyze influence of (1) brand image and (2) brand trust to customer loyalty of non subsidized NPK fertilizer products at PT. PupukSriwidjaja Palembang (Persero). The study design used in this research is associative and qualitative descriptive. The samples used were 100 respondents. To measure the influence between variables, used multiple linear regression and to test the hypotheses used to test the hypothesis F and t. Results of the study analysis showed (1) There is a significant effect of brand image to customer loyalty of non subsidized NPK fertilizer at PT. PupukSriwidjaja Palembang, and (b) There is a significant effect of brand image and to customer loyalty of non subsidized NPK fertilizer at PT. PupukSriwidjaja Palembang.*

Keywords : *Brand Image, Brand Trust, and Customer Loyalty*

INTRODUCTION

PT. PupukSriwidjaja Palembang (PSP) is a state-owned was established in 1959 which produces and distribution in fertilizer product. In 2016, PSP starts operating steam granulation plant and producing compound fertilizer (NPK) with an installed capacity of 100,000 tons per year. NPK fertilizer needs for agriculture and plantations in Indonesia reach 7.5 million tons per year, while the total production from Public Service Company is

only 3.1 million tons. More than 50% of NPK fertilizer needs are met by the private sector or through imports. (Source: <http://pupuk-indonesia.com>). Pusri is a newcomer to the NPK business, compared with existing manufacture which established for a long time. Market research and market penetration must be done to introduce NPK fertilizer as a new product produced by PSP. One of the efforts is to stimulate a strong brand image (and brand trust). Without a strong and positive brand image and brand trust, it is very difficult for companies to attract new customers and maintain existing customers (Ferdinand, 2012: 212).

LITERATURE REVIEW

According to Kotler and Keller (2012: 248), brand image describes the extrinsic nature of a product or service including the way a brand tries to meet customers' psychological or social needs. According to Kotler and Armstrong (2013: 233), a set of beliefs about a brand is called a brand image. According to Stanton (2013: 268), brand image describes a set of perceptions and beliefs held by customers towards a brand that is reflected through associations in the customer's memory

According to Murthy (in Kertajaya, 2014: 211) Brand Trust is a brand that successfully creates memorable brand experiences in consumers that are sustainable in the long term, based on integrity, honesty and politeness of the brand. According to Guviez and Korchia (in Ferdinand, 2012: 148) Trust Brands are psychological variables that reflect a number of initial assumptions involving credibility, integrity, and excellence, which are

¹ Corresponding author: email: aguspriya.3rd@gmail.com Magister Management, Economic Faculty, University of Sriwijaya, Indonesia.

² Magister Management, Economic Faculty, University of Sriwijaya, Indonesia.

³ Magister Management, Economic Faculty, University of Sriwijaya, Indonesia.

attached to the brand. According to Delgado (in Ferdinand, 2012: 150), Brand Trust is the hope of the reliability and good intentions of a brand

According to Kotler and Keller (2012: 175), loyalty is a firmly held commitment to buy or subscribe to a particular product or service in the future, even though there are influences of situations that have the potential to cause behavior change. According to Oliver (2013: 199), loyalty is a commitment to buy back and use products consistently in the future, regardless of situational and marketing efforts that have the potential to lead customers to switch to other products.

CONCEPTUAL FRAMEWORK

The conceptual framework used in this study, as presented in the picture as follows:

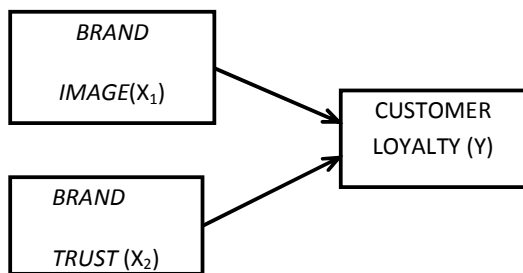


Figure 1
Conceptual Framework

Hypothesis

H1: It is assumed there is a significant effect between brand trust on customer loyalty of non-subsidized NPK fertilizer products at PSP

H2: It is assumed there is a significant influence between brand image on customer loyalty of non-subsidized NPK fertilizer products at PSP

RESEARCH METHODOLOGY

The research design used in this study was associative and qualitative descriptive. Data collection techniques used are documentation, interviews and questionnaires. The documentation technique is by collecting documents obtained directly from PSP.

The questionnaire technique is by distributing questionnaires and asking the respondent to answer the questions provided in accordance with their respective perceptions.

The population in this study were Farmers in Belitang District, which numbered 54,633 people. Based on the results of calculations using the Slovin formula, obtained a sample of 99.82 respondents or rounded up to 100 respondents. The quantitative analysis model used is multiple linear regression, with the following equation:

$$Y = \alpha + \beta_1 \cdot X_1 + \beta_2 \cdot X_2 + e$$

Where Y is Customer Loyalty, α is constant value, β_1 - β_2 is regression coefficient, X1 is Brand Image, X2 is Brand Trust, E Term Error

Hypothesis testing

The hypothesis test used is a simultaneous test (F test) and a partial test (t test). The F test is used to determine how much the influence of Brand Image (X1) and Brand Trust (X2) simultaneously on Customer Loyalty (Y). The t test aims to find out how much the influence of Brand Image (X1) and Brand Trust (X2) partially on Customer Loyalty (Y).

RESULT

Research Instrument Testing Results

The results of the validity test explain that the data in the variable Brand Image (X1), Brand Trust (X2), and Customer Loyalty (Y) produce a value of $r\text{-count} > r\text{-table}$, then the items are declared valid at the real level 5 % and can be used in subsequent tests. The reliability test results explain that the Cronbach's Alpha variable Brand Image (X1), Brand Trust (X2), and Customer Loyalty (Y), are above the number 0.700; which means that the variables used are declared reliable and can be used in subsequent tests.

Basic Assumptions of Multiple Regression

The data on the variable Brand Image (X1), Brand Trust (X2), and Customer Loyalty (Y) are normally distributed, there is no

multicollinearity, and there is no heteroscedasticity.

quality, distribution channels, and other factors by other factors not included in this study.

Analysis of Multiple Linear Regression

Table 1. Results of Testing Multiple Linear Regression and Hypothesis t

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2,296	0,257		8,935	0,000
Brand Image	0,353	0,096	0,294	2,843	0,004
Brand Trust	0,293	0,075	0,204	2,279	0,016

Source: Data Processing Results

Based on calculations such as in Table 1 above, a multiple linear regression equation can be formed, namely as follows:

$$Y = \alpha + \beta_1.X_1 + \beta_2.X_2 + e$$

$$Y = 2,296 + 0,353.X_1 + 0,293.X_2$$

The variable regression value of Brand Image (X1) is 0.353. This means that the Brand Image variable (X1) affects the Customer Loyalty (Y) variable of 0.353 (35.3%).

Brand Trust variable regression value (X2) is 0.293. This means that the Brand Trust variable (X2) affects the variable Customer Loyalty (Y) of 0.293 (29.3%)

Determination Coefficient Test Results

Based on the results of the R-Square test using SPSS program, the test results obtained from the coefficient of determination are as follows:

Table 2. Determinant Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	DW
1	0,660	0,436	0,412	0,325127	1,843

Source: Data Processing Results

Based on Table 2. above, R-Square value is 0.436 (43.6%), meaning that customer loyalty can be explained by brand image and brand trust by 43.6%; while the remaining 56.4% is explained by other factors not included in this study, such as product quality, price, service

Hypothesis Test Results

Test Results for Hypothesis F (Anova)

Based on the results of the test using the SPSS program, the results of the F Hypothesis F (Anova) were obtained, as follows:

Table 5. Hypothesis Test Results F (Anova)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1,528	2	0,764	7,225	,000
Residual	10,254	97	0,106		
Total	11,781	99			

Source: Data Processing Results

Results to determine the F-table, with a real level of $(\alpha) = 5\%$ (0.05), namely $df = (n-k - 1) = (100-2-1) = 97$ and $k = 2$. So the value of F-table (5%; 97; 2) is 3,090. So that the value of F-count (7.225) > F-table (3.090) or Sig F (0,000) < α (0.05), both H1 and H2 are accepted, meaning there is a significant effect of Brand Image and Brand Trust on Loyalty Customers of non-subsidized NPK fertilizer products at PSP.

Test Result for Hypothesis t (Partial Test)

Value of t-count variable Brand Image (X1) is 2.843 and significance (Sig t) is 0.004; means t-count (2,843) > t-table (1,985) or Sig t (0,004) < α (0,05)

The value of t-brand variable Brand Trust (X2) is 2,279 and significance (Sig t) is 0,016; means t-count (2,279) > t-table (1,985) or Sig t (0,016) < α (0,05)

SUMMARY

- Validity Test Results value R count all items in the variable above the R-table value (> 0.361) items used are declared valid.
- Reliability Test Results Cronbach Alpha values of all variables are above 0.600 (> 0.600) The variables used are declared valid
- Data Normality Test Results Significance value (Sig) Kolmogorov Smirnov all variables are above alpha $(\alpha) = 5\%$. The variables used are normally distributed
- Multicollinearity Test Results VIF values of all variables under number 5 Data do not occur symptoms of multicollinearity
- Heteroscedasticity Test Results The points on the scatterplot, spread and do not form a

- specific pattern The data of all variables did not occur heteroscedasticity
6. Conformity Test Results Value Model F-count (7,225)> F-table (3,090) There is a significant effect of brand image and brand trust on customer loyalty.
 7. Results of Multiple Linear Regression Analysis the regression value of Brand Image (X1) variable is 0.353 The effect of brand image on customer loyalty is 0.353
 8. Brand Trust (X2) regression coefficient value of 0.293 the influence of brand trust on customer loyalty is 0.353.
 9. Hypothesis Test Results t (Partial Test) Value t-count Brand Image (X1) (2,843)> t-table (1,985) There is a significant effect of brand image on customer loyalty of non-subsidized NPK fertilizer products at PSP.
 10. Value of calculated Brand Trust (X2) (2,279)> t-table (1,985) There is a significant influence of brand trust on customer loyalty of non-subsidized NPK fertilizer products at PSP.

CONCLUSION

Based on the results of the analysis and discussion in the previous chapter, it can be concluded that:

- a. There is a significant effect of brand image on customer loyalty of non-subsidized NPK fertilizer products at PSP.
- b. There is a significant influence of brand trust on customer loyalty of non-subsidized NPK fertilizer products at PSP.

SUGGESTION

Based on the conclusions above, then there are some suggestions that might be useful in increasing customer loyalty of PSP NPK products as follows:

- a. Maintain the availability and continuity of NPK products on the market.
- b. Increase persuasion and counseling activities to farmers, increase promotion and education about the quality or excess of Pusri brand, to increase farmers' loyalty in using NPK fertilizer produced by PSP.
- c. Paying attention to the problem of selling prices of Pusri brand NPK fertilizer, considering the level of competition in NPK fertilizer prices in the market is quite high.

- d. Building farmers' trust, by ordering field extension workers to conduct routine socialization or counseling to farmers, on the advantages of using Pusri brand NPK fertilizer.
- e. Meetings or discussion groups with farmers related to customer complaints and conduct quick reactions as a follow-up action to complaints from farmers.

REFERENCES

1. BasavarajSulibhavi and Shivashankar K. (2017), *Brand Image and Trust on Customers Loyalty: A Study on Private Label Brands in Hubli-Dharwad Conglomerate City of Karnataka*, *Int. Journal of Engineering Research and Application*, ISSN : 2248-9622, Vol. 7, Issue 9, (Part -6) September 2017, pp.01-06.
2. DethaMisgiPratiwi, David P.E Saerang, dan Ferdinand Tumewu (2015), *The Influence of Brand Image, Brand Trust and Customer Satisfaction on Brand Loyalty (Case of Samsung Smartphone)*, *JurnalBerkalIlmiahEfisiensi*, Volume 15, No. 05, Tahun 2015
3. Ferdinand, 2012, *Perilaku Konsumen, Analisis Model Keputusan*, Penerbit Atma Jaya, Yogyakarta.
4. Griffin Jill, 2015, *Customer Loyalty*, Penerbit: Erlangga, Jakarta.
5. Kotler, P., & Lane, K. (2009). *ManajemenPemasaran*. Jakarta: Erlangga.
6. S. H. Liao, Yu-Chun Chung, dan R. Widowati (2015), *The Relationships among Brand Image, Brand Trust, and Online Word-of-Mouth: an Example of Online Gaming*, *Proceedings of the 2015 IEEE IEEM*, DOI: 10.1109/IEEM.2009.5373094, 978-1-4244-4870-8/09/\$26.00 ©2009 IEEE, 30 April 2015

7. Swastha, Basu 2014. *Manajemen Pemasaran, Analisa Perilaku Konsumen*. Edisi Kesebelas. Penerbit LibertLP. Yogyakarta.
8. Undang-undang Nomor 5 Tahun 1960 tentang *Peraturan Dasar Pokok-pokok Agraria* (Lembaran Berita Negara Republik Indonesia Nomor 46 Tanggal 7 Juni 1960).
9. Walker, L. 2013. *Manajemen Pemasaran*. Edisi Keduabelas. Penerbit Erlangga. Jakarta.

AUTHORS PROFILE

First Author:

Agus Priyanto, student postgraduate
Magister Management at Sriwijaya
University, Indonesia. Email:
aguspriya.3rd@gmail.com

Second Author:

ZakariaWahab, Lecturer of Economic Faculty at
Sriwijaya University Indonesia

Third Author:

Muchsin Saggaf Shihab, Lecturer of Economic
Faculty at Sriwijaya University Indones