

The Effect of Customer Value, Mall Atmosphere and Advertising Toward Customer Loyalty Through Customer Satisfaction (A Study On Mall Visitor At Bekasi, Indonesia)

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Abstract: This research aims to analyze the effects of customer value, mall atmosphere and advertising toward customer loyalty mediated by customer satisfaction as the intervening variable at malls in Bekasi City, Indonesia. The population in the research are customers who have an experience of purchasing products or services in malls at Bekasi. The sampling has been developed through purposive random sampling, resulting in 150 respondents returning the distributed questionnaires to the researchers. The primary data are analyzed by using Structural Equation Modelling (SEM). Research on customer satisfaction and loyalty are rarely carried out in the middle of 2010. The results of the research indicate that customer value, mall atmosphere and advertising have significant and positive effect to customer loyalty mediated by customer satisfaction.

Keywords: customer value, mall atmosphere, advertising, customer satisfaction, customer loyalty

I. Introduction

The development of a city is indicated through the increasing number of malls in the particular city. This premise is what all can see in Bekasi City, Jawa Barat Province, Indonesia. Compared to other cities surrounding Jakarta (the capital city of Indonesia) like Bogor, Tangerang, and Depok, the number of malls in Bekasi increases more rapidly. The data obtained from *Badan Pusat Statistik* (a central agency for statistics, abbreviated as BPS) shows that 40 percents of malls in the region are located in Bekasi. This fact reflects the development of retail business and is a logical consequence of the increasing number of inhabitants in Bekasi. The city is primarily attractive to those who want to stay close to their workplace mainly in Jakarta.

The rapid development of malls in Bekasi, like it or not, generates tight competition for malls located near with each other. Thus, best practices of promotion are the only logical choice for the management of those malls in order to attract more visitors, mainly people living in Bekasi. The range of promotion activities are all directed to bring satisfaction to the visitors or customers. It is the hope of the management that the visitors keep returning to the mall to shop through the promotion activities. The activities are carried out consistently with regard to the demands and needs of the customers with an ultimate goal of creating loyalty in the mind of the customers. Some effort carried out by the management are by providing better lighting, layout, and architecture; all this is to create a delightful shopping atmosphere to the customers.

In order to not dissatisfy the customers, the management needs to focus on what values are going to be offered to them, such as variety and quality of products, more affordable prices, and quality of service. These values are to be consistently and communicatively informed to the people of Bekasi through various types of media, from printed to electronic, in order to attract visitors.

In relationship with customer values, the atmosphere of the mall, advertising, customer satisfaction, and customer loyalty, the aim of the current study is to analyze variables which influence satisfaction and, thus, loyalty of customers of malls in Bekasi.

II. Review Of Related Literature

1. Customer Loyalty

Loyalty is considered as the manifestation of customer behavior in carrying out the act of purchasing on products or services offered by sellers. The degree of loyalty can be measured from the intensity of purchase carried out by customer on the offered products or services. The intensity depends heavily on how a customer makes a decision regarding a purchasing activity. A customer has the right to select or purchase a brand he/she is demanding and, eventually, makes a purchasing decision (Griffin, 2002). Oliver defines loyalty as "...deeply held commitment to re-buy or repatriation preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cost switching behavior" (1993). In a similar tone, Kotler and Keller assert that loyalty is "...strongly held commitment to buy and buy again or subscribe to a particular product or service again in future despite influence of marketing and business situations that could potentially lead to switching behavior" (2006). Kotler and Keller's view on loyalty is similar by Baloglu who

states that customer loyalty is "... customers may repeatedly purchase a product or service, or exhibit 'behavioral loyalty' for reasons other than an attitudinal commitment to the brand or company" (2002). Meanwhile, according to Gremler and Brown (1996), customer loyalty is "...the degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises" (1996).

III. Customer Satisfaction

Customer satisfaction is seen as one vital element in marketing as its goal is to provide products and services in order to satisfy customer's demands and needs. For the sake of measuring the customer's level of satisfaction, causes to the achievement of satisfaction needs to be defined at the first place. Satisfaction in one time is achieved at ease, but in other time it undergoes a complicated process. Oliver defines customer satisfaction as "...A judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level or consumption-related fulfillment" (1997). Meanwhile, Lenka and Mohapatra (2009) assert that customer satisfaction is a combination of one's cognitive and affective response. Kotler describes satisfaction as "...A judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level or consumption-related fulfillment" (2003).

Customer satisfaction is one's feeling to like or not like the result of overall comparison of what he/she obtains from a product of service after using it with regard to his/her hope. In other words, customer satisfaction is an evaluation to the chose product or service after usage. Satisfaction is a predictor of customer loyalty as historically, satisfaction has been used to explain loyalty as behavioural intentions (e.g., the likelihood of repurchasing and recommending) (Gustafsson et al., 2005).

Customer satisfaction is mostly seen from the perspective of a customer's experience on consuming or using a product or service. Therefore, satisfaction can be defined as a result of costumer's perception assessment on whether or not a product or service has given him/her satisfaction. The level of satisfaction lies on a match between values obtained by a customer after consuming the product or service and his/her hopes. In other words, customer satisfaction can be achieved once what needed and hoped are a match with the consumed experience. As previous researchers state, customer satisfaction is the function of the performance of a product and the customer's hope.

IV. Customer Value

Customer value is the fundamental basis for all marketing activity (Holbrook, 1994). Moreover, Holbrook states that customer value is "...a relativistic (comparative, personal, situational) preference characterizing a subject's [consumer's] experience of interacting with some object ... i.e. any good, service, person, place, thing, event, or idea" (1994). His view is on the opposite side with Nauman (1995) who states that customer value is created when customer expectations in each of the three areas are met or exceeded in which only when all three are in harmony will customer value be maximized. Customer value is credited by most marketing experts as an ultimate thing to pay attention to in order to preserve the continuation of a business in a long term (Payne & Adrian, 1993).

These mentioned views support the arguments by Zeithaml and Valarie who state that "customer perceived value is defined as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (1988). According to Kotler (2003), customer value is a ratio between what that customer gets and what he/she gives. It can be concluded that customer will obtain several advantages such as function, price, time, psychological, and the price of the product itself.

Customer is the one side who always wants to maximize value in that he/she creates a value hope and makes comparison to the hope. Customer is likely to purchase a product or service from a company providing the highest value, obtaining from a subtraction of the total customer value to the total of customer price. This indicates that sellers need to pay attention to the expected customer value. Monroe defines customer value as "...buyers perceptions of value represent a trade off between the quality or benefits they perceive in the product relative to the sacrifice they perceived by paying the price" (1990).

A product or service is said to have the higher value in the eye of customer when it provides quality or advantage and sacrifice that is worth buying. In other words, customer value is the customer's perception toward offered value by comparing the quality and benefit to its price. The customer's perception is reflected from his/her judgment on the quality of product, the quality of service, and the price.

V. Mall Atmosphere

The competition among malls nowadays lies on the aspect of product displaying. The store atmosphere becomes a primary attention made by retailer in order to create comfort to visitor. It is important as shopping experience is one of attracting points for customer to return. According to a research carried out by Nielsen, 93% of Indonesia's customer sees retail as a recreational place. There a customer feels the enjoying sensation

through visual display, calming sound, relaxing smell, and nice texture. Baker (1987) calls this displaying concept as “servicescape”. Bitner later explain this servicescape as “...all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer actions” (1992). Arnould defines servicescape as “...consciously designed places, calculated to produce commercially significant actions” (1998). Babin and Attaway (2000) estimates servicescape as evoking emotions, which help determine value, and this value motivates customers to patronize a given choice repeatedly.

In later days, the definition of servicescape develops into a broader sense, not only involving the physical environment but also considering the psychological aspect of customer. Customer’s emotional response heavily influences or encourages action of purchasing. Donovan (1982) states that the atmosphere of a mall is twofold, namely, intended and perceived atmosphere. The atmosphere is one element utilized by retailer in order to attract visitors. It is likely that customer does not only correspond to the offered products and services but also to the purchasing environment created in such a way by the retailer.

The atmosphere of mall, or store, atmosphere, is an important characteristic for every retailer who wants to create comfort to visitors, thus deciding to stay longer around the mall which, in turn, encourage them to buy something (Donovan, 1982). Store atmosphere comprises two physical environment, that is, external—including parking lot and the smooth flow of access in the entrance-exit gate—and internal—including good access to window shopping and select products. Furthermore, Berman and Evan (2007) divide elements of store atmosphere into the exterior, interior, store layout, and interior display. A visitor coming into a mall does not only judge on the offered products but also the store atmosphere; it is a key to influence customer’s shopping behavior (Kumar, 2009).

VI. Advertising

Marketing communication needs to be designed in such a manner as to communicate the market effectively and efficiently. One of tools of marketing communication is advertising. Advertising is a massive communication tool directed to customer of all layers. Kotler (2003) asserts that advertising is a non-personal communication form in order to promote ideas, products, and services with a certain number of payment to media in return of its sponsorship. In other words, advertising is a communication tool to persuade, provide information, and to remind customer on a certain product in order to accept, purchase, and eventually be loyal to the offered product (Tjiptono, 2002).

Bovee and Arens (1992) state that advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media. Moreover, Har et al. (2011) views advertising as an important tool in creating awareness among customers and intense advertising spending. Kotler and Keller (2012) argue that the objective of advertising is among these four: to inform, persuade, remind, or reinforce. Thus, the goal of advertising is to accomplish a special communication task to a certain customer in a certain period of time in the form of providing information, persuading or influencing, reminding, and repositioning the product in the market.

There has been many research discussing on the development of customer’s perception on a form of advertising from the side of its frequency of appearance and expenditure. Miller (2000) argues that an ad can have multiple responses from the customer as follow: when people have been exposed to the ad and have remembered it, people have remembered the ad but have not remembered the brand, people have remembered the brand name but cannot remember the message, people have remembered the ad but it has not affected their purchasing intentions out of completely other reasons. Moreover, one primary indicator of a successful ad is that the message is always in the mind of people.

VII. Research Method

1. Research Design

This type of research is descriptive and causality based on research purposes. Under the process, the approach used in this study is quantitative approach, and based on the results, this research is applied research, namely research conducted with the aim to implement the findings in order to solve certain problems that are being experienced by an organization. The variables in this study are analyzed by hypothetical-deductive method in which the conceptual structure or theoretical is arranged, then tested empirically. This study examines five variables, namely, customer value, mall atmosphere, advertising, loyalty and customer satisfaction. In order to explore these variables, the study uses a survey for mall customers in Bekasi to express their opinion.

2. Sampling

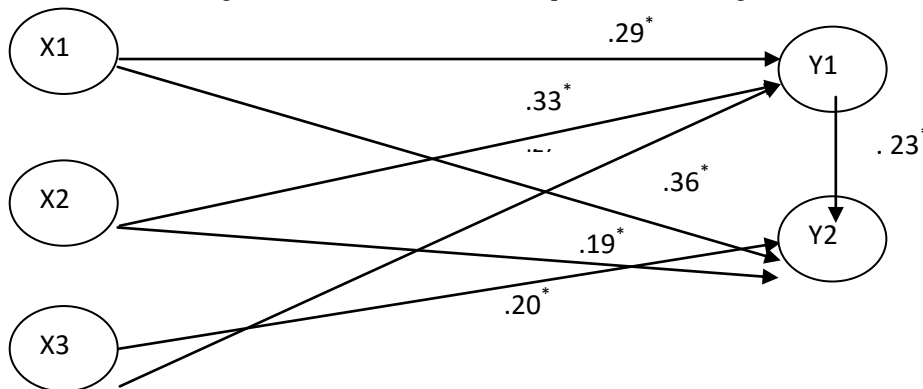
The research population are customers of three malls in Bekasi, namely, Metropolitan Mall, Mega Bekasi Mall, and Bekasi Cyber Park. To take samples, the purposive sampling technique is carried out in that the chosen customers are those visiting the malls at least twice and have made a purchase. During the three

months of data collection, as many as 150 questionnaires return, all of which are fully completed. The 150 samples are considered adequate to conduct a SEM analysis (Hair, 1998).

3. Findings

The result of SEM analysis shows that the value of measurement is absolute, indicated by the Chi Square as many as 38.493 with the level of probability 0.998. Moreover, the incremental value goodness of fit index for RMSEA is 0.000, GFI is 0.966, and TLI is 1.30. The SEM structure equation modelling is recommended as the tool of analysis, as shown in Figure 1.

Figure 1 Resume of Structure Equation Modelling



Note:

*) the level of $p \leq 0.05$

X1 is customer value

X2 is mall atmosphere

X3 is advertising

Y1 is customer satisfaction

Y2 is customer loyalty

From the findings, it is shown that customer value, mall atmosphere, and advertising significantly influence customer satisfaction and customer loyalty. Furthermore, mall atmosphere has a better positive influence to customer satisfaction as compared to the other two exogenous variables. Once customer is satisfied, loyalty comes at ease. However, it is observed from the finding that customer value takes a big role in creating loyalty. Thus, it can be inferred that customer value should put a bigger emphasis than mall atmosphere in order to create customer satisfaction and loyalty.

VIII. Discussion

1. Customer Value, Mall Atmosphere, Advertising, And Customer Satisfaction

The result of SEM analysis indicates that customer value, mall atmosphere, and advertising have a positive influence and significant toward customer satisfaction. This result is in line with Nauman (1995) who states that in order to create satisfaction retailer needs to pay attention to the three advantages of customer value, that is, the quality of product, quality of service, and price. Meanwhile, Peter and Olson (2003) conclude that there are several factors influencing customer satisfaction, such as the quality of service, brand image, and mall atmosphere. As Yalcin et al (2013) assert that when retailer realizes the management of the mall atmosphere, there is a great chance of increasing customer satisfaction. Moreover, Bitner (1992) argues that there are three dimensions of mall atmosphere that become the customer’s attention, namely, atmosphere, symbol, and space. Customer satisfaction can also be obtained from well-delivered and accurate information as, Har et al (2001) states that, an advertising has to be able to attract customer’s attention. Therefore, the ad needs to be designed in such a way that it is attractive, liked, understood, and trusted by costumer so that it changes his/her behavior, that is, a need to purchase the offered product. Har et al (2011) also states that a good advertising is the one easily understood. Moreover, a good ad is when customer always remembers the advertised advantages. This is in line with Hameed (2003) who concludes that advertising possesses a significant relationship with customer satisfaction.

2. Customer Value, Mall Atmosphere, Advertising, And Customer Loyalty

The result of the analysis shows that customer values, mall atmosphere, and advertising positively and significantly influences customer loyalty. This is to say that the role of customer value holds an important key to creating mall visitor’s loyalty. This result is in line with the one carried out by Bloker et al (2011) who concludes that customer value has a significant impact on customer loyalty.

Mall atmosphere, on the other hand, is needed by customer in order to increase his/her degree of attractiveness toward shopping and fulfilling his/her needs. The role of mall atmosphere through lighting, layout, sound, colour, and temperature can encourage customer's emotional response to shop. This is in line with Bitter (1992) who says that physical environment such as decoration and artefact, layout, and environmental condition is the real condition of a mall. The finding supports Kumar's research (2000) stating that mall atmosphere holds an important role to influence customer's behavior toward performing repeated actions or, in other word, loyalty.

Advertising is an effort made by a company to involve customer more actively in performing an action of purchasing offered product or service. A good advertising activity has to be able to influence buyer's choice and decision (Jeffskin, 1982). Ayyildiz (2007) found that advertising did not directly influence loyalty. However, this research concludes the vice versa; advertising is found to be directly influence customer loyalty. This indicates that advertising activities executed by several malls in Bekasi are effective and able to create repeated visit.

The result of SEM analysis testing the influence of customer value, mall atmosphere, and advertising toward customer satisfaction and loyalty shows that mall visitor's satisfaction has a strategic role for malls in Bekasi in doing advertising activities, creating nice mall atmosphere, and accommodation customer values in order to generate repeated visit, i.e. loyalty. Customer satisfaction becomes one important goal of every mall there is. Without customer satisfaction, visitor is likely to visit the mall once and never comes back. Customer value, mall atmosphere, and advertising are keys to success in creating repeated visit to malls. The finding of this research is consistent with Sugarti's research (2013) which concludes that customer value positively and significantly affects customer loyalty through customer satisfaction. It also generates a similar result with Ahmad's research (2012) in that mall atmosphere positively affects customer loyalty through customer satisfaction. Ayyildiz's research (2007) also has the same finding as the present research in that advertising does not directly influence customer satisfaction, while customer satisfaction greatly influences customer loyalty.

IX. Conclusion And Future Research

A well-managed actions to accommodate customer value, improve mall atmosphere, and improve advertising activities for malls in Bekasi are proven to increase the mall visitor's satisfaction. Once customer is satisfied, it is likely that he/she is going to return to the mall over and over again. This research shows that management of malls in Bekasi has paid a necessary attention to customer value, lay outing for the sake of the visitor's comfort, and effective advertising that, in the end, affect significantly to customer satisfaction. Not only the customers are satisfied, but also are willing to take repeated actions of visiting the malls in the future. There will be, of course, other innovations carried out by the management which this research have not discussed. Innovation in advertising, lay outing and mall atmosphere, and the customer value-based innovation are all necessary as to not make the visitors fall into boredom and, thus, find something new when they make a visit to the malls. Therefore, future research can discuss innovation in terms of advertising, mall atmosphere, and customer value with regard to increasing customer satisfaction.

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