



THE INFLUENCE OF DIGITAL MARKETING STRATEGY AND SERVICE QUALITY ON BRAND IMAGE MEDIATED BY CUSTOMER LOYALTY AT PT HUTAMA TRANS KENCANA: A CONCEPTUAL MODEL

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ABSTRACT

The fast-paced era of globalization emphasizes the importance of building a strong brand image for businesses in Indonesia. Social media plays a crucial role in shaping brand perception, and a positive brand image offers advantages like increased customer loyalty and differentiation. Digital marketing strategies, service quality, and customer loyalty influence brand image. PT. Hutama Trans Kencana, an international shipping company, faces challenges in maintaining its brand image. A survey revealed a possible connection between this decline and digital marketing strategy, service quality, and customer loyalty. Thus, PT. Hutama Trans Kencana must improve its digital marketing strategies, enhance service quality, and strengthen customer loyalty to improve overall business performance. The research investigates the impact of digital marketing strategy and service quality on brand image mediated by customer loyalty at PT. Hutama Trans Kencana.

KeyWords

Conceptual Model, Brand image, Social media, Customer loyalty, Digital marketing strategy, Service quality.

INTRODUCTION

In the fast-paced era of globalization, building a solid brand image is crucial for businesses (Chinna et al., 2022). In Indonesia, brand image significantly impacts consumer preferences, with social media playing a vital role in shaping brand perception (Maharani et al., 2020). A positive brand image offers advantages such as increased customer loyalty and differentiation from competitors (Mustangin et al., 2022). Digital marketing strategies, service quality, and customer loyalty influence brand image (Kurniasih & Yuliaty, 2022).

Digital marketing strategies involve various digital platforms to promote products or services, creating broader brand awareness and enhancing brand-customer interactions. Companies can create desired brand perceptions and values through effective digital marketing, strengthening consumer trust and loyalty (Kurniasih & Yuliaty, 2022).

Direct interactions via social media and websites allow customers to provide feedback, strengthening brand perception and influencing brand image positively (Pratiwi et al., 2022). Service quality is critical in shaping brand image, with satisfied customers more likely to recommend and stay loyal to a brand (Rivai & Zulfitri, 2021; Ali et al., 2021). Customer loyalty also impacts word-of-mouth and social media influence on brand image, enabling brand expansion and strengthening its perception among potential customers (Yu-TeTu et al., 2012, 2013).

PT. Hutama Trans Kencana, an international shipping company, faces challenges maintaining its brand image, gradually declining from 2020 to 2022. A survey revealed a possible connection between this decline and digital marketing strategy, service quality, and customer loyalty. Thus, PT. Hutama Trans Kencana must improve its digital marketing strategies, enhance service quality, and strengthen customer loyalty to overcome challenges and improve overall business performance. This research investigates the impact of digital marketing strategy and service quality on brand image mediated by customer loyalty at PT. Hutama Trans Kencana.

LITERATURE REVIEW

A. Digital Marketing Strategy

According to Sánchez-Franco et al. (2014), digital marketing results from an advance in marketing methods. This shift occurred when businesses made digital media outlets a key component of their marketing strategy. Furthermore, Kaufman and Horton (2014) characterized digital marketing as distinct from traditional marketing models. Lane describes digital marketing as advertising products and services through digital distribution channels, as quoted by Smith (2011).

As stated by Coviello et al., cited by Fawaid (2017), digital marketing is using the Internet and other interactive technologies to build communication between identified organizations and customers. Furthermore, according to Sanjaya (2009), digital marketing encompasses a variety of media, including blogs, websites, e-mails, AdWords, and numerous social media platforms. All of these definitions highlight the critical role that digital marketing plays in connecting businesses with customers via digital channels.

According to Kotler and Keller (2012), the sales dimension in Digital Marketing is related to the 4P marketing mix idea, which covers product, price, location, and promotion. Accessibility, interaction, amusement, trust, aggravation, and instruction are all indicators in Digital Marketing, according to Nasdini (2012).

Goel et al. (2017), stated that there are various aspects influence the efficiency of digital marketing, including identifying the correct target market, understanding the latest technology, generating attractive content, allocating an acceptable budget, and using social media as a promotion channel.

B. Service Quality

Tjiptono (2007) defines service quality as meeting consumer requirements and aspirations, including accurately balancing consumer expectations. The totality of facilities and qualities of products or services that meet consumer wants, either directly or implicitly, according to ISO-8402. According to ISO 9000, quality is a product or service attribute that can satisfy both specified and implicit customer expectations.

According to Parasuraman & Zeithaml (2001), customer-perceived service quality is the amount to which the gap between the customer's perception of the reality received, and the customer's expectations of the service obtained is contrasted. According to Tenner and DeToro (1992), the quality of a good or service can be judged using indicators such as faster (faster), better (better), and cheaper (cheaper).

Hutasoit (2011) proposes ten elements that influence the quality of service given by a firm or organization:

- 1) Customer access, including convenience and comfort in getting services.
- 2) Communication, emphasizing the necessity of maintaining effective customer communication ties.
- 3) Competence, service providers must have the necessary knowledge and skills to carry out their obligations appropriately.
- 4) Consideration, consideration, and friendliness.
- 5) Credibility includes establishing trust through offering dependable and high-quality services and preserving a positive image and reputation in the eyes of customers.
- 6) Reliability refers to a company's capacity to offer dependable, accurate, consistent services per what customers have been promised.
- 7) Quickness and accuracy in responding to consumer needs.
- 8) Safety, including physical security, financial, and secrecy.
- 9) Physical Evidence, elements that customers may see, feel, or perceive when interacting with the organization.

SERVQUAL, a tool borrowed from the marketing field, is often used to quantify service quality in information systems (DeLone and McLean, 2003). SERVQUAL addresses several issues, including:

- 1) Tangibles refer to physical proof, specifically the ability of the company to demonstrate its presence to third parties.
- 2) Reliability, demonstrating the company's dependability in providing services as promised in an accurate and trustworthy manner.
- 3) Responsiveness describes the company's willingness to assist consumers and deliver prompt and suitable service.
- 4) Assurance encompasses both guarantees and certainties. This involves the firm personnel's knowledge, civility, and ability to develop client trust.
- 5) Empathy is offering clients genuine and individual attention and attempting to understand their desires.

C. Customer Loyalty

Customer loyalty, according to Kotler and Keller (2009), can be defined as a strong commitment to continue purchasing or supporting a favored product or service. According to Ishak and Luthfi (2011), clients who are loyal to a product or brand are more likely to promote it to others. As a result, client loyalty benefits brand image and company success.

According to Gramer and Brown, as reported by Utomo (2006), service loyalty refers to the amount to which a user exhibits repeated purchase behavior toward a service provider, has a positive attitude toward the service provider, and prefers him when he requires a service. The. According to Sutisna (2001), user loyalty can be separated into brand and store loyalty.

Customer pleasure, service quality, image, pricing, comfort, and ease of purchasing the brand, as well as the services and assurances supplied by the brand, are all factors that influence user loyalty (Tjiptono, 2007 & Mardalis, 2005).

According to Hidayat (2009), consumer loyalty is a consumer's commitment to a product or service brand that is represented in a favorable attitude and consistent repurchase. Deng, Lu, Wei, and Zhang (2010) proposed user loyalty indicators such as ongoing service provider use, promoting service providers to others, and loyalty to specific service providers.

D. Brand Image

Soltani (2016) defines brand image as "knowledge, opinions, and non-physical and physical characteristics of products that reflect the image given to the brand by customers." According to Tjiptono (2014), brand image also describes customer associations and opinions about a brand, expressed in their associations or recollections. There are several variables to consider while developing a brand image, as outlined by Riley et al. (2015):

- 1) Economic fit, which includes price competitiveness, is a dimension.
- 2) Symbolic fit, which includes elements such as prestigious status and luxurious attributes
- 3) sensory fit refers to the sensation and sentiments consumers have when using certain companies' products.
- 4) A futuristic fit with technical components that reflect the brand's image. The quality of design, originality, and brand uniqueness all contribute to a favorable impression of the brand image.
- 5) practical fit, considering how well the brand adheres to production quality, materials utilized, longevity, and dependability.

According to Schiffman and Kanuk (2007), the variables that influence brand image can be divided into five categories:

- 1) Product or service quality
- 2) Product dependability or trustworthiness
- 3) Make use of or profit from
- 4) Price
- 5) The brand image is crucial in determining the overall brand image.

Brand image can be measured using three indicators, according to Lupiyoadi (2013): corporate, user, and product. These indicators are particularly essential in brand image measurement because they reflect consumer views of numerous factors relating to the firm, users, and products.

CONCEPTUAL MODEL

Based on the findings of both a literature review and past research, it is recognized that a positive brand image can affect customers' views, develop trust, and raise the level of satisfaction experienced by customers. As a result, a conceptual model that represents how the study ideas were organized was developed, shown in Figure 1.

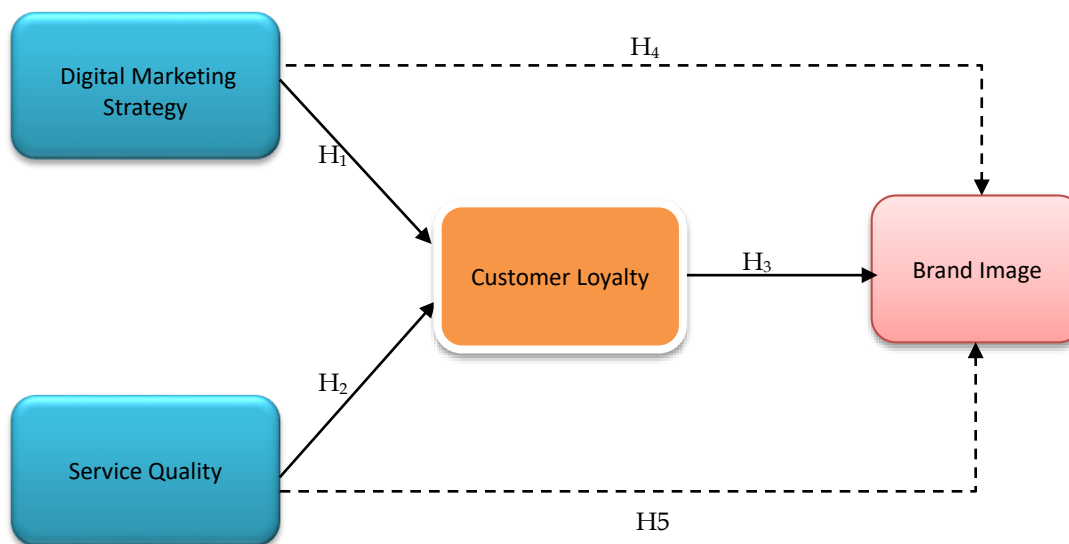


Figure 1. The Conceptual Model

Description:
 —————> : Direct Effect
 - - - - -> : Indirect Effect (Mediated)

HYPOTHESIS DEVELOPMENT

This Research Based on the conceptual research model in Figure 1, the theory and studies of previous research, the hypothesis can be formulated as follows:

H1: Digital Marketing Strategy has a direct positive and significant effect on Customer Loyalty.

H2: Service Quality has a direct and significant positive effect on Customer Loyalty.

H3: Customer Loyalty directly has a positive and significant effect on Brand image.

H4: Digital Marketing Strategy has a direct positive and significant effect on Brand image.

H5: Service Quality has a direct and significant positive effect on Brand image.

METHODOLOGY

This study employs a quantitative approach with explanatory research methodologies. The population of interest in the study is the PT. Hutama Trans Kencana service users. The investigation was carried out utilizing a proportional sampling method. As a result, a total sample of 45 PT. Hutama Trans Kencana service users were drawn from the Slovin calculation.

Direct questionnaires are used to collect data for this investigation. The collected data is altered by assigning a Likert scale score. The validity and reliability of this study were checked using SPSS software, and the test findings were analyzed using route analysis.

CONCLUSION

This paper was written to construct a conceptual model of the impact of digital marketing strategy and service quality on brand image, with variable customer loyalty acting as a mediator. This paper includes research background, literature discussion, conceptual models and hypotheses, and research methodology for brand image and its impact on digital marketing strategy and service quality at PT. Hutama Trans Kencana. This study aims to investigate the impact of Digital Marketing Strategy and Service Quality factors on Brand Image, with Customer Loyalty acting as a mediator.

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