THE INFLUENCE OF BRAND IMAGE, BRAND TRUST, AND CUSTOMER PERCEIVED VALUE IN CREATING CUSTOMER LOYALTY IN HALAL CERTIFICATE OF MUI ON COSMETIC PRODUCT: An Empirical Study on Customer of Wardah Cosmetics in Malang

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Abstract

The purpose of this research is to examine the influence of Brand Image, Brand Trust, and Customer Perceived Value in creating Customer Loyalty in Halal Certificate of MUI on Cosmetic Product. The use of these variables enables the writer to observe customers of Wardah Cosmetics in Malang. In order to know the relationship among variables, a regression analysis, F-test, and t-test were applied. The samples in this research are the Muslim customers of Wardah Cosmetics in Malang who purchase the product twice and more. The sampling technique used was a purposive sampling involving 122 respondents. Brand Image, Brand Trust, Customer Perceived Value, and Customer Loyalty were tested using validity test, reliability test, and classical assumption test. The hypothesis testing used F-test and t-test to analyze the data used in Multiple Linear Regression Analysis. The multiple regression analysis result shows that Brand Image, Brand Trust, and Customer Perceived Value have significant effects simultaneously and partially toward Customer Loyalty. The dominant test shows that Brand Image is the most dominant variable influencing the Customer Loyalty. The result of this research can be applied in Marketing Strategy. The company should retain the image, trust, and value of product with halal image in order to always have a positive image on the customers’ eyes which later can influence their loyalty.

Keywords: Brand Image, Brand Trust, Customer Loyalty, Customer Perceived Value, Halal Certificate of MUI
1. BACKGROUND

The cosmetic industry is a thriving global industry. It offers an opportunity for new entrants as well as welcomes competitors. Therefore, cosmetic industry contributes to the global income and economic growth of a country (Ramli, 2015). Currently, cosmetic industry in Indonesia is growing well. There is an increasing number of cosmetic sales in 2012 by 14% to Rp 9.76 trillion from Rp 8.5 trillion. Cosmetic Association of Indonesia (Perkosmi) estimates that in 2013 the sales of cosmetics can grow up to Rp 11.22 trillion, or it increases 15% compared to 2012. In terms of exports, the cosmetic industry is estimated to grow 20% to US $ 406 million (Ministry of Industry of Republic Indonesia, 2012).

Today, an issue of halal is not simply a religious issue as it provides an opportunity to increase sale and gain competitive advantage in business field. Halal is considered as a global symbol in ensuring the quality and the selection of lifestyle (Kordnaeij et al., 2013). According to the recent studies, 20% of Moslems are greatly concerned about the halal aspects of their purchased and used products by mainly focusing on the impurities and the presence of pork derivatives in cosmetics and alcohols in perfumes. Halal accreditation is currently carried out by around 140 Islamic associations having a good international reputation. In the USA, sales of halal products are growing at 80% (Chemical, 2014).

More than 88% of Indonesia’s population follows Islam and makes Indonesia is well known for its largest Moslem population (Pew Research Center’s Forum on Religion & Public Life, 2012). Based on data of Population and Civil Records Service, the total population of Malang City in July 2015 reaches 873,716 people (Population and Civil Records Service of Malang, 2015). Malang citizen are mostly Moslem, the second is Protestant, Catholic, Hindu, Buddhist, and others (Religion Department Office Malang, 2010).

Halal cosmetic and toiletry industries have great potential to drive the halal economy. The increasing number of total population of Moslem customer is almost 20% of the population in the world. Thus, this becomes the main reason of the halal wave in the cosmetic industry which has changed the buying behavior among the Moslem customers today (Hashim & Musa, 2014). The increasing level of customer affluence along with increasing knowledge of cosmetic ingredients, make the customers pay a premium for cosmetics that meet their ethical or religious beliefs.

Brand image, brand trust, and customer perceived value are factors to measure the customer loyalty. There is an increase of halal cosmetic trend in this era. Thus, while
purchase cosmetic product customers consider more on image of product, positive belief to the cosmetic brand, and suitability with the product.

One of local cosmetic industries which has a good brand image and is able to dominate the national market is Wardah. Wardah Cosmetics has been produced since 1995. After doing refreshment in 2009, Wardah appears in new faces and focuses to work on the segment of Moslem women as the main target to extend to all segments (PT Paragon Technology and Innovation, 2013). Wardah successfully achieved many awards since 2011. It obtained CPKB certification (Cara Pembuatan Kosmetika yang Baik or the practice of Good Manufacturing cosmetics) in 2005 by the National Agency for Foods and Drugs Control (BPOM), as well as Halal Brand Award for Halal Cosmetics in 2011 and it succeeded in creating a mindset of customers’ mind into halal brand cosmetics (Supriadi, 2014). As the first halal cosmetic brand in Indonesia, Wardah Cosmetics has been ready to compete with its competitor both local and international cosmetic products.

Based on the background described previously, the researcher is interested in conducting a research entitled “The Influence of Brand Image, Brand Trust, and Customer Perceived Value in Creating Customer Loyalty in Halal Certificate of MUI on Cosmetic Product: An Empirical Study on Customer of Wardah Cosmetics in Malang”.

- **Research Problems**

  Based on the research background stated previously, this research has several problems as follow:

  1. Do brand image, brand trust, and customer perceived value variables significantly have simultaneous influence on customer loyalty in using Wardah Cosmetics?
  2. Do brand image, brand trust, and customer perceived value variables significantly have partial influence on customer loyalty in using Wardah Cosmetics?
  3. Among brand image, brand trust, and customer perceived value, which variable is the most dominant factor that drives customer loyalty in using Wardah Cosmetics?

- **Research Objectives**

  The general objectives of this research are as follow:

  1. To analyze the simultaneous influence of brand image, brand trust, and customer perceived value variables on customer loyalty in using Wardah Cosmetics.
  2. To analyze the partial influence of brand image, brand trust, and customer perceived value variables on customer loyalty in using Wardah Cosmetics.
3. To show which variable that has dominant influence on customer loyalty in using Wardah Cosmetics.

2. REVIEW OF RELATED LITERATURE

   Brand Image
   According to Aaker (1991), brand image has been an important concept in customer behavior research since the early 1950s. A well-communicated brand image enables customers to identify the needs satisfied by the brand and thereby differentiate the brand from its competitors. The current study extends Hsieh et al., (2004) study by following Biel’s definition and adopts the three previously mentioned brand concepts as corporate image, product image, and user image.

   Brand Trust
   Trust refers to a positive belief about the reliability and dependability of a person or an object (Everard & Galletta, 2006). According to Lau and Lee (1999), there are three factors affecting confidence or trust against brand, as follows: 1) Brand characteristics relating to trust brands include unpredictability, had the reputation of, and competent. 2) Company characteristics that include the reputation of a company, the company's motivation is desirable, and the integrity of a company 3) Customer-brand characteristic, include the similarity between the concept of emotional branding, with the personality of customers preferences towards a brand, and the experience of the brand.

   Customer Perceived Value
   Customer perceived value is defined as “the customer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988, p.14). In Walsh et al., (2014) research stated that there are four dimensions of perceived value: Quality Value refers to the practical or technical benefits that customers can obtain by using a product, Emotional value refers to mental or psychological needs of customers, Price value refers to how satisfactory a product is compared with the cost, time, or effort spent in obtaining the product, and Social value refers to the social utility (e.g., status, prestige).

   Customer Loyalty
   Oliver, (1997:392) defines customer loyalty as a deeply held commitment to rebury or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. It is divided into three dimensions: attitudinal, behavioral, and cognitive dimensions (Jones & Taylor, 2007:38).
MUI Halal Certification


- Research Hypothesis

According to Sekaran (2010) a hypothesis can be defined as a logically conjectured relationship between two or more variables expressed in the form of testable statement. The hypothesis presented in this study as follows:

\( H_1: \) Brand Image (BI), Brand Trust (BT), and Customer Perceived Value (PV) significantly have simultaneous influence on Customer Loyalty (CL) in using Wardah Cosmetics.

\( H_2: \) Brand Image (BI), Brand Trust (BT), and Customer Perceived Value (PV) significantly have partial influence on Customer Loyalty (CL) in using Wardah Cosmetics.

\( H_3: \) Brand Image (BI) variable is the dominant factor that drives Customer Loyalty (CL) in using Wardah Cosmetics.

3. RESEARCH METHOD

Type of Research

The type of this research is explanatory research. According to Maxwell et al., (2008), explanatory research is the research in question which is intended to explain, has been quantitative in nature and has typically tested prior hypotheses by measuring relationships between variables. Malhotra and Peterson (2006:150) stated that quantitative method is a methodology that seeks to quantify the data and typically applies some form of statistical analysis. This research uses quantitative method to explain how big the impact of brand image, brand trust, and customer perceived value toward customer loyalty in a case study of halal cosmetic product, Wardah Cosmetic’s customers in Malang.

Research Location

The data of this study were gathered in November 2015 using primary data collection method. The researcher distributed questionnaires to Moslem customers who used Wardah Cosmetics brand in Malang area.
Population and Sampling

The population of this research study is Moslem customers of Wardah Cosmetics in Malang who were used as the data source of the research. The population in this research is uncountable because not all people are able to be selected and the size is unknown.

- Sampling Technique

Sampling can be defined in two types, Probability sampling and Non probability sampling (Sekaran and Boogie, 2010). In this research, sampling technique uses the non probability sampling. Purposive sampling is a part of non probability. The criteria of the sample are: (1) Moslem respondent of Wardah Cosmetics in Malang, (2) Respondent whose age ≥ 16 years old, and (3) Respondent who repurchase Wardah Cosmetic more than twice.

- Sample Size

Following Roscoe (1975) in Sekaran (2010) in determining sample size the researcher took 122 samples which were larger than 30 and less than 500 of respondents that represent the population of Wardah Cosmetics’ customers in Malang where questionnaire was distributed.

Data Collection Method

There are two types of data collection methods which are primary data and secondary data. In this research the data were collected by distributing questionnaire to 122 Moslem respondents. The respondents who fulfilled this questionnaire were the customers of Wardah Cosmetics in entire Malang who purchase the product twice or more. The primary data is also obtained from directly to the customers of Wardah Cosmetics who bought the product and one of the sales promotion girl (SPG) in Wardah Cosmetics store who knows about the product and company well. Meanwhile, the secondary data is compiled by studies literature such as journal, relevant books, articles, company documents, annual or monthly report of Population and Civil Records Service of Malang and Religion Department Office Malang.

The Operational Definition of Variables

- Independent Variable

According to Li et al., (2011) the indicators of Brand Image are: $BI_1$ Corporate Image, $BI_2$ User Image, $BI_3$ Product Image. Brand Trust (BT) is one of the central features of buyer-seller relationships. The indicators of Brand Trust (Lau & Lee, 1999) are: $BT_1$ Brand Characteristic, $BT_2$ Company Characteristic, $BT_3$ Customer Brand Characteristic. Customer Perceived Value (PV) is overall assessment of the utility of a product (or service) based on perceptions of what is given. The indicators of Customer Perceived Value (Walsh et al., 2014) are: $PV_1$ Quality, $PV_2$ Emotional, $PV_3$ Price, $PV_4$ Social.
- **Dependent Variable**

  The dependent variable of this study is Customer Loyalty (CL). According to Oliver (1997), customer’s loyalty is a deep held commitment to re-buy or re-patronize a preferred product or service consistently in the future. The indicators of Customer Loyalty (Jones & Taylor, 2007) are: $\text{CL}_1$ Behavioral, $\text{CL}_2$ Attitudinal, $\text{CL}_3$ Cognitive.

4. **FINDING AND DISCUSSION**

- **Finding**

  The Characteristic of the Respondents

<table>
<thead>
<tr>
<th><strong>Respondent Characteristic</strong></th>
<th><strong>Criteria</strong></th>
<th><strong>Frequency</strong></th>
<th><strong>Percentage (%)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Latest Education</td>
<td>Junior High School</td>
<td>16</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>Senior High School</td>
<td>80</td>
<td>66%</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Undergraduate/Postgraduate/Doctorate</td>
<td>21</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Age</td>
<td>16-19</td>
<td>28</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>20-23</td>
<td>57</td>
<td>47%</td>
</tr>
<tr>
<td></td>
<td>23-26</td>
<td>12</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>&gt; 26</td>
<td>25</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Current Occupation</td>
<td>High School Students</td>
<td>11</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>College Students</td>
<td>74</td>
<td>61%</td>
</tr>
<tr>
<td></td>
<td>Civil Employees</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Entrepreneur</td>
<td>11</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>21</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Monthly Income or Allowance</td>
<td>&lt; Rp 500.000,-</td>
<td>9</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Rp 1,000,000.- - Rp 2,000,000.-</td>
<td>60</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>Rp 2,000,001.- - Rp 3,000,000.-</td>
<td>28</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>&gt; Rp 3,000,000.-</td>
<td>25</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Source of Information</td>
<td>Social Media (Twitter, FB, etc)</td>
<td>18</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Brochure/Banner</td>
<td>10</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>Website</td>
<td>14</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>Friends/Family</td>
<td>47</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>Product Packaging</td>
<td>33</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Buying Frequency</td>
<td>2 times</td>
<td>43</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>3 – 6 times</td>
<td>53</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>7 – 10 times</td>
<td>19</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>&gt; 10 times</td>
<td>7</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Primary Data Processed, 2015
A total of 122 questionnaires was distributed and collected from female customers in Malang area. The highest number of customers whose latest education is senior high school (66%) implied that those using Wardah Cosmetics are dominated by the youth. Most of them are currently taking the education in the university level. The dominant age of respondents ranging from 20-23 years old also implied that most of customers of Wardah Cosmetics are youth. Based on the finding, it reveals that the respondents are dominated by college students. It is not that surprising as Malang has many universities such as Brawijaya University, State University of Malang, University of MaChung, and many other universities. Many college students decided to use Wardah Cosmetics because the products are various, affordable, and soft for youth skin. It can be concluded that the most customers of Wardah Cosmetics have monthly income or allowances in range of Rp 1.000.000,- to Rp 2.000.000,-. It is also proved that Wardah Cosmetics has affordable price for its product. Wardah has been popular for its halal local cosmetic brand nowadays. Information about Wardah cosmetics coming from friend or family is the most dominant factor affecting customer purchase on this product. The data showed that 43% of respondents or almost half of them had bought the product for 3-6 times in the last 6 months. It means that almost half of customers have behavioral to repurchase the product and tend to be loyal customers.

**Validity and Reliability Test Result**

Result of validity test shows that 29 of 35 questionnaire items in Brand Image, Brand Trust, Customer Perceived Value, and Customer Loyalty have significant value less than 0.05 and r value larger than 0.3, which means it can be concluded that instruments that is used for independent and dependent variable are valid. Meanwhile in reliability test result is obtained the Cronbach Alpha Coefficient (α) of independent and dependent variables are more than 0.6 which means the instruments of independent and dependent variable are reliable.

**Normality, Multicollinearity, and Heteroscedasticity Test Result**

VIF value of each variables (BI 2.635, BT 2.865, PV 2.128) is less than 10 which can be concluded that there is no multicollinearity (no relationship between the independent variables) in the data and also the tolerance value is less than 1 or BI 0.379, BT 0.349, PV 0.470. Multicollinearity assumptions are met and there is no clear pattern, as well as points spread above and below the number 0 on the axis of the CL. Then there is no heteroscedasticity (assumptions are met). The significant value of (Asymp. Sig. (2-tailed)) is 0.101 and the value of Kolmogorov-Smirnov is 1.221 which is greater than α (0.05) which means that the distributions of the residuals are normal.
Multiple Linear Regression Analysis

After all assumptions are met, then the regression analysis is used to obtain the effect of the independent variables (BI, BT, and PV) to dependent variable (CL).

**Summary of Regression Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>BETA (Unstandardized Coefficients)</th>
<th>t-score</th>
<th>Significance</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constanta</td>
<td>-3,413</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image</td>
<td>0,234</td>
<td>4,717</td>
<td>0,000</td>
<td>Significant</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>0,205</td>
<td>2,648</td>
<td>0,009</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Perceived Value</td>
<td>0,270</td>
<td>2,667</td>
<td>0,009</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Primary Data Processed, 2015

From the table above, the regression model obtained is as follows:

\[ Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 \]

\[ CL = -3,413 + 0,234BI + 0,205BT + 0,270PV \]

Adjusted R Square value is 0.641 which explain that the contribution of independent variables (BI, BT, and PV) is included in the regression equation to CL variable which is equal to 64.1%, while 35.9% is contributed by other variables that are not included in this equation.

**Hypotheses Test Result**

The simultaneous test (F-Test) result shows that the calculated value of \( F_{\text{calculated}} \) obtained is 70.176 and has a significance of less than 0.05 which is 0.009, Then \( H_0 \) is rejected which means that Brand Image (X_1), Brand Trust (X_2) dan Customer Perceived Value (X_3) variables significantly influence Customer Loyalty (Y) Variable simultaneously.

The partial test (T-Test) result shows that each independent variable has a significant effect toward dependent variable. Brand Image variable has a value of t-test statistics for 4.717, with a significance of 0.000. The value of the test statistic t-calculated is greater than t-table and significant value t is smaller than \( \alpha \) (0.05). This test shows that Brand Image variable significantly influences Customer Loyalty variable. Brand Trust variable has a value of t-test statistics for 2.648, with a significance of 0.009. This test shows that Brand Trust variable significantly influences Customer Loyalty variable. Customer Perceived Value variable has a value of t-test statistics for 2.667, with a significance of 0.009. This test shows that Customer Perceived Value variable significantly influences Customer Loyalty variable.
Brand Image (BI) variable is a variable that has the greatest standardized beta coefficient that is equal to 0.422. This proves that Customer Loyalty variable is influenced more by Brand Image variable rather than the other 2 variables (BT 0.247; PV 0.215).

**Discussion**

The research finding in this study shows that brand image (BI) has positive influence both partially and simultaneously toward customer loyalty (CL). This is in line with the finding of the previous research by Sondoh Jr et al., (2007), stating that there is a positive relationship between brand image and customer loyalty among Malaysian female customers with regard to their evaluation on cosmetic products. Another research by Mohtar et al., (2014) stated that certification body, product quality, and company image in customer behavior toward halal product selection are influenced by affective attitude. Wardah Cosmetics needs to pay more attention to this factor.

The previous research from Soong et al., (2011) is in line with the finding of the present study stating that the brand trust has a significant influence on customer loyalty partially and simultaneously. The research outcome shows that the higher level of brand trust, the higher degree of loyalty customers have in shopping. One of the items in brand trust states that Wardah Cosmetics is a trusted halal product in cosmetic industry. Wardah Cosmetics also has good brand reputation as halal product from customer. It means that halal cosmetic certification of product by LPOM MUI can increase trust from customers and create a long-time relationship with the brand.

In this study, the research finding indicates that customer perceived value (PV) has positive influence both partially and simultaneously toward customer loyalty (CL). This finding in this research is similar to Ishaq's research (2012) stating that customer perceived value is positively related to customer loyalty. This variable has the smallest number of coefficient beta. Thus, the customer perceived value needs to be improved and there should be more innovation on the product value to keep customer loyalty.

5. **CONCLUSION AND RECOMMENDATION**

**Conclusion**

Based on the research result, the conclusions of the research are as follow:

1. It can be concluded that the overall Brand Image, Brand Trust, and Customer Perceived Value variables have simultaneously positive significant influence on Customer Loyalty.
2. It can be concluded that the overall Brand Image, Brand Trust, and Customer Perceived Value variables have partially positive significant influence on Customer Loyalty.

3. Brand Image is the most dominant variable that drives Customer Loyalty.

**Recommendation**

1. Marketers of Wardah Cosmetic Company need to find the best way to satisfy their customers. Improvisations like increasing the quality of product, improving the communication quality with customers, or finding out new ways of promoting their products are needed to maintain brand image in order to reach the goal of company.

2. Wardah Cosmetic should keep its programs or events that have been created before. For example, annual program like “Beauty to Share” to build positive image and value of the company thus, the program can create the customer loyalty.

3. Wardah has to maintain its strategy and has to build a unique characteristic toward its brand by providing more ‘safe’ and ‘pure’ products. It is in line with the company’s tagline claiming that Wardah products are made from only premium, natural, halal and safe ingredients.

4. For future researchers, this research can be used for a reference in conducting future research especially on the topic of the influence of brand image, brand trust, and customer perceived value on MUI halal cosmetic certification.

6. REFERENCES


