

Building of E-Customers' Loyalty through Image Department Store in Digital Era (Survey of Department Store in the City of Bandung)

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Abstract---In the retail sector, the development of the digital era has brought changes to society regarding shopping patterns. The customer loyalty tends to decrease. The purpose of this study was to find out how department store image, e-customer loyalty and the influence of department store image on e-customer loyalty. The population of this study is customers of online department store shopping sites in Bandung covering Matahari, Metro, Ramayana and Yogya. The sample customers are department store shopping sites that shop at least once a month at department stores. The analysis used is descriptive and path analysis. The results of the study stated that there was a significant effect of department store image on e-customer loyalty.

Keywords---Image, E-loyalty, Department store, Digital era, Bandung.

I. INTRODUCTION

The world economy, especially developing countries like Indonesia, is moving towards a digital economy. Technological development is the main driver of these changes. Technology helps develop economic sectors such as the retail sector with e-commerce, education online and social interaction through social media.

In the retail sector, the development of the digital era has brought changes to society related to practical and efficient shopping patterns such as online shopping, which is a buying and selling activity that allows consumers to be able to directly buy goods through the website.

The Indonesian retail business association (Aprindo) stated that the sale of conventional (off line) retailers decreased in May 1997 by 3.6%, among them due to changes in offline spending to online shopping (Gliemourinsie, 2017). This condition requires every business person to think fast, oriented and customer-centered and integrated solutions.

From several survey results that need to be considered by business people in the digital era are buying and shopping behaviors which according to the survey results tend to undergo significant changes and are quite different from the conventional era, with more and more buyers turning to digital transactions with lower prices, the quality and choice of goods are increasingly varied. These results in customer loyalty tends to decrease, maintain and grow

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loyalty to stores in the digital era is not as easy as in the conventional era which is dominated by direct communication and direct store communication (Indonesian advertising, 2018).

One retail business that has been greatly affected by changes in consumer spending behavior is department stores.

Table 1: Average Department Store Revenue 2010 to 2018.

Year	Value (in IDR billion)	Growth (in%)
2010	1.949,00	12
2011	1.664,43	15
2012	1.962,55	18
2013	1.371,26	21
2014	2.600,44	10
2015	2.762,61	6
2016	2.682,74	-3
2017	1.350,96	-2

Note: Semester 1/2018

Source: MAPI Financial Report, processed (2018).

The collapse of the department store business was caused by several factors including declining purchasing power, changing spending patterns, online buying and selling, and tight retail business competition (Gumiwang, 2017). A number of department managers are well aware that they must look for ways to do business and decide to approach customers digitally. Some department stores are now opening retail stores online without leaving their offline stores.

As stated by Kurniawan (2017), digital interaction alone is not enough, in fact, when the online world develops, offline touch becomes a strong point of differentiation. This situation as is done by Matahari department store, using an online to offline system. Where consumers can see, choose and determine the product they want to buy online at the site, then make payments and take items offline in Matahari department store (Niken Ayu, 2018).

Then from research on consumer spending habits, AC Nielsen revealed that equity Indices (E1), a number that shows the level of public loyalty towards department stores in Bandung, Yogya, is still a popular shopping choice with EI 2.8 followed by Matahari 1.4. Yogya is considered to offer the cheapest prices following by Matahari.

From the survey of Indonesian customer satisfaction index 2018, the department store category found that the value of the industry index changed quite significantly, namely the value of perceived best score where the perception of the overall brand (product quality, price, etc. is the best compared to all other brands), experienced a sharp decline from around 65% to 55.4%. This means that many respondents now begin to doubt that the brands they use are the best. This fact must be observed by retailers, because it can encourage a decrease in loyalty.

Research related to E-customer loyalty and its influence on the image of department stores in the city of Bandung has not been done so far, so researchers are interested in knowing: What is the image and e-customers loyalty of department store in Bandung, and the influence of department store image on e- customer loyalty.

II. LITERATURE REVIEW AND HYPOTHESIS

II.I. Department Store Image

The image of a store according to Peter & Olson (2014; 610) is something that consumers think about the ins and outs of a store. This includes perceptions and attitudes based on feelings that arise through the five senses as a result of stimuli related to the store. Operationally the store image is usually assessed through questions that are asked to consumers about the product, how the products are in the store or about the importance of various operational aspects of the store.

According to Kurt & Clow in Nguyen (2016: 315), indicators of image assessment are:

- a. Reputation, how strong a store is known, by consumers.

- b. Recognition, high corporate value in consumer perceptions.
- c. Affinity (emotional relationship), namely the emotional relationship that occurs between stores and consumers.
- d. Brand loyalty, which is how far the loyalty of customers uses the company's products or services.

A good image of an organization is an asset, because the image has an impact on consumer perceptions of communication and operations of the organization in various ways. Gronroos in Sutisna (2004; 332) identifies four role images for an organization:

First, image provides hope, along with external marketing campaigns, such as advertising, personal sales and word of mouth communication. The image has an impact on the expectation. Positive images make it easier for organizations to communicate effectively, and make people easier to understand by word of mouth communication. Of course negative images have the same effect, but in the opposite direction.

Second, the image is a filter that influences perceptions of company activities. Technical quality and especially functional quality are seen through this filter. If the image is good, then the image becomes a protector. Protection is only effective on minor errors in technical or functional quality. But that should not happen often. If small errors often occur, the image will not be able to protect functional quality anymore. Protection becomes meaningless, and finally the image will change to negative. Negative images will lead to disappointed consumers.

Third, image is a function of consumer experience and expectations. When consumers build expectations and reality from experience in the form of technical and functional of service quality, the quality of service they feel results in a change of image. If the service quality that is felt meets the image or exceeds the image, the image will get strengthened and even increase. If the performance of the organization is under the image, the effect will be the opposite.

Fourth, the image has an important influence on management. In other words the image has an internal impact. Images that are less tangible and clear may affect employee attitudes towards the organization. Negative and unclear image, may negatively affect employee performance also on customer relationships and quality (Saudi, 2018). Conversely, a clear and positive image, for example organizations with excellent service, internally tell clear values and will strengthen a positive attitude towards the organization.

II.II. E- Customer Loyalty Department Store

According to Anderson and Srinivasan (2003), e-customer loyalty is defined as the customers' favorable attitude toward an electronic business resulting in repeat buying behavior. While according to Cyr in Hassanein & Ivanovi, (2017: 98), e-customer loyalty as intention to review a website or to purchase from it in the future. E-customer loyalty refers to the intention of consumers to buy from a website, or the intention to buy back to a particular website (Giovanis, 2014).

The e-customer loyalty indicators include:

- Have a strong commitment to buy back on an e-tailer site
- Subscribe to products / services on an e-tailer site
- Buy products / services consistently on an e-tailer site
- Not easily affected by situational influences
- Not easily affected by marketing efforts that have the potential to cause displacement.

Image is a complex matter and is formed by several factors. The study of image that has been done shows that the image is formed from two main factors, namely communication (information) and consumer experience while consuming goods and services (Echtner and Ritchie in Suhartanto, 2002; 27). The first factor that shapes and influences the image is communication carried out by a company in the form of promotion or through mass media. In addition to being influenced by communication through the media, consumer perceptions are also influenced by communication that occurs between consumers and others, known as word of mouth communication. Negative word of mouth communication about the company will form a bad image in the eyes of the public and vice versa.

The form of communication carried out by the company as well as communication from mouth to mouth, the effect is very large in influencing one's perception of the organization's image, especially for consumers who do not have experience in dealing with the organization (Budiawan, 2018). Whereas for consumers who have enough experience in dealing with companies, both from consuming products and from their interactions with companies, communication will have relatively less influence in influencing the image.

The second factor that influences the image is the experience of consumers either directly or indirectly in dealing with service providers. The influence of experience related to an organization is very large in shaping consumer perceptions of an organization, (Gronroos in Suhartanto, 2002: 27). If consumers get a product or service, price, and quality that is satisfactory, consumers tend to have a positive perception of the organization. In addition to products and services, other factors that influence the image are the atmosphere and physical environment of a company. A business that is able to provide quality goods or services and has a comfortable environment will have a good image in the eyes of consumers.

The results of studies in various industries show that experience in providing goods and services that are bad will affect the company's image and thus affect the company's marketing activities (Zeithaml and Bitner, 2015; 126). While studies in retail business show the same thing that retail image is not only influenced by goods, prices, services but also the location and atmosphere of the store, (Hilderbrandt in Suhartanto, 2002; 27).

From the determinant of the image above shows that both communication and the experience of consuming goods and services related to a company, are important factors that will shape the image of a retail business. However, many studies indicate that even though communication built by the company influences the image, the main element of image building is direct consumer experience of the quality of goods and services they consume.

Based on research in the retail industry, Erdil (2015: 29) argues that images can influence consumer preferences, purchasing patterns, and levels of customer satisfaction. Furthermore, a positive image can be a buffer against a bad incident. Conversely, a negative image will cause consumers to be increasingly dissatisfied and encourage negative word of mouth communication.

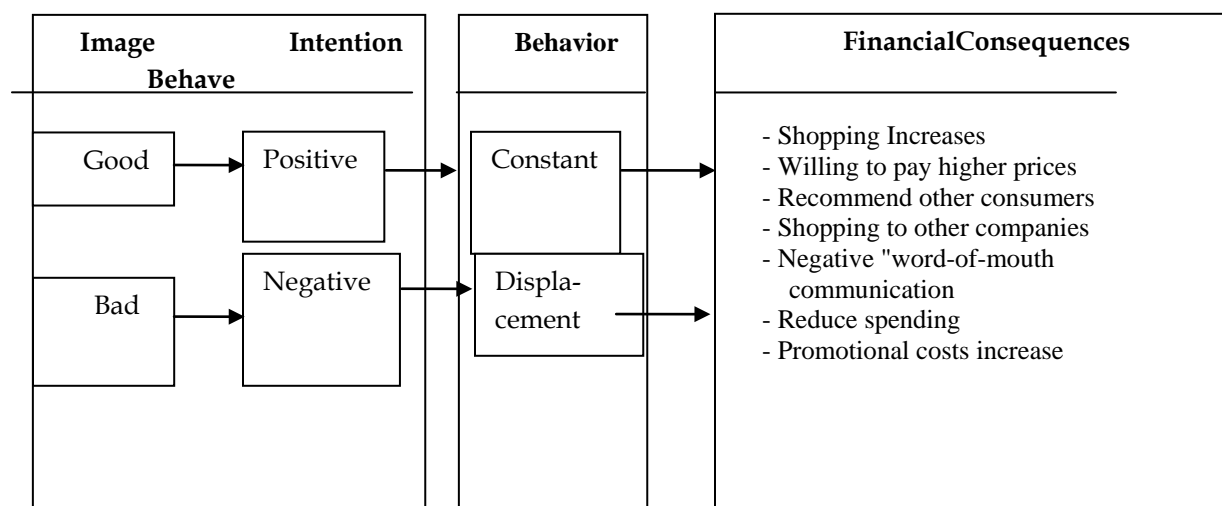


Figure 1: Image Effects on consumer behavior.

Source: Gronroos, Zeithaml et al, in Suhartanto (2002: 28)

As shown in the picture above (1) the left part of the model is at the individual level of the consumer which shows that the image and intention to behave are directly related. So that the image is a determinant of whether consumers will remain consumers or move to other retail businesses. If consumers feel the image of a good retail business, the intention to behave is positive. As a result, they will tend to repurchase, increase purchases, and want to recommend retail businesses that have good images to others. A positive image will benefit the creation of loyalty, trust in the product and the willingness of consumers to look for these products and services when they need it, (Schiffman and Kanuk, 2014; 141). The study conducted by Erdil (2015: 29) supports the above opinion that store image has a very large influence in influencing the perceived value and desire of consumers to repurchase. In other words, the further effect and behavior of consumers is to strengthen consumer relations with a retail business. From this description, it can be concluded that to increase customer loyalty, retailers must have a positive image. As Levy Weitz (2012: 99) points out, several approaches to increasing loyalty to stores include choosing an easily accessible location, offering a variety of products that are complete, giving rewards to consumers who often buy goods and provide customer service the good one. Retailers can also encourage consumer loyalty by developing a clear and distinctive image of the products offered by retailers and consistently strengthening that image through the price of merchandise (physical factors) and services (non-physical factors).

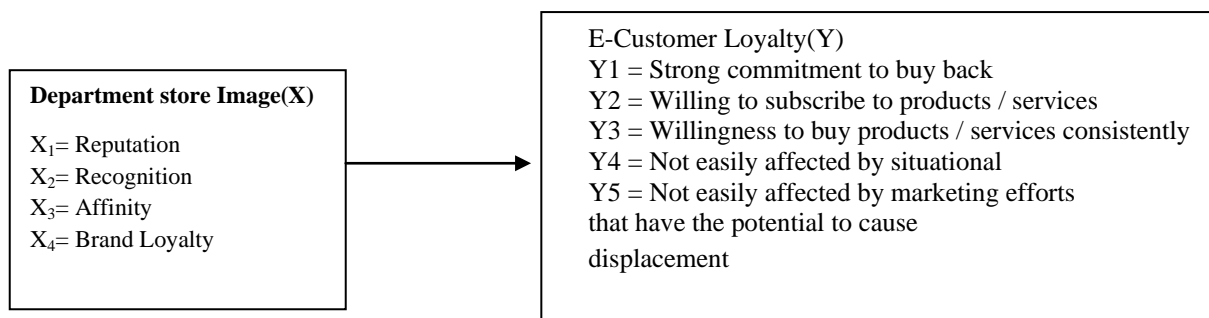


Figure 2. Theoretical frame work.

II.III. Research Hypothesis

II.III.1. The image of a department store has an effect on e-customer loyalty.

II.III.II. Research methods

This research is descriptive and verification. The method used is survey research. The population in this study were customers of online department store shopping sites in Bandung including: Yogya, Matahari, Metro and Ramayana. The sample in this study is the department store shopping customers who shop at least once a month at department stores. The sample size is minimal with 120 iterations. The sampling technique is using non probability, purposive method. The technique of collecting data is observation, questionnaires and interviews. The analysis used descriptive analysis and path analysis (path analysis).

III. ANALYSIS RESULTS AND DISCUSSION

III.I. Analysis Results

III.I.I. Test Validity and Reliability

Based on the validity test with product moments correlation, the SPSS program for window ver. 20, this research instrument is declared valid because the significance value is smaller than 5%. While the reliability test can be stated reliably because the Cronbach alpha value is greater than 0.6.

III.II. Analysis Descriptive

Tabel 2. Department store image in bandung.

No.	Question	%	Criteria
1	Customer introduction to department stores	42,50	Good
2	The high value of department stores in customer perceptions	40,00	Good
3	The emotional relationship that occurs between department stores and customers	38,83	Pretty good
4	Customer loyalty uses department store brands	36,67	Not good

From Table 2 above, it can be seen that customers are familiar with both department stores in Bandung (42.50), and department stores have good values in customer perceptions (40%), and department stores in Bandung can adequately build emotional relationships with their customers (38 , 83%), but have not been able to encourage customer loyalty to use department store brands (36.67%).

To build a positive department store image in the minds of customers, department stores must strive to improve emotional relationships with their customers, by providing up-to-date products, a comfortable shop atmosphere, or more personalized sales service, so customers feel memorable and satisfied with the experience "memorable" shopping, so customers become loyal to department store brands.

Table 3: *Department Store E-Customer Loyalty in Bandung.*

No.	Question	%	Kriteria
1	Have a strong commitment to buy back at department store sites	49,17	Strong enough
2	Willing to subscribe to products / services on department store sites	41,67	Quite willing
3	Willing to buy products / services consistently on department store sites	39,40	Quite willing
4	Not easily affected by situational influences	40,81	Easy
5	. Not easily affected by other department store marketing efforts that have the potential to cause displacement	45,17	Easy

From Table 3 above, it can be seen that customers have a strong commitment to buy back at department store sites (49.17%), enough to subscribe to products / services at the department store site (41.67%), and are quite willing to buy products / services consistently at department store sites (39.40%), but customers are easily affected by situational influences (40.81%) and are easily affected by other department store marketing efforts that have the potential to cause displacement (45.17%).

To increase customer e-loyalty at department stores in Bandung, it can be done by providing easy-to-access online shopping sites, attractive web appearance, providing complete and correct information about department stores and the items they sell, giving rewards to customers who frequently place orders and purchase online and provide the best service to its customers.

III.III.Path Analysis

From the calculation results obtained the magnitude of the effect coefficient for the variables examined as shown in the following figure:

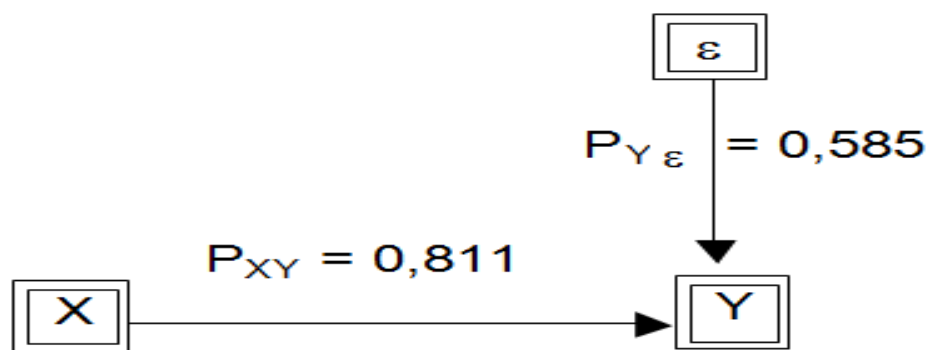


Figure 3. *Path Diagram of The Effect of Department Store Image Against E-Customer E-loyalty*

From the calculation of the path coefficient β_{xy} obtained by 0.811.

The α of this study is 0.05 and a significant test on the t test is t_{table} with degree of freedom, $db = 120 - 2 = 118$ for a two-sided test of 1.980

Obtained t value calculated:

$$t = \frac{0,811}{\sqrt{\frac{(1-0,658)}{116-1-1}}} = 15,078$$

From the t-count value, it is obtained information that the value of t count is 15.078 greater than t_{table} , then H_0 is rejected and it can be concluded that the effect of department store image on customer E-loyalty is significant (meaningful)

So from the results of the calculation above, the influence of department store image on e-customer loyalty is equal to $(P_{XY})^2 = 0.811 \times 0.811 = 0.685$ or 68.5%, while 31.5% e- customer loyalty is influenced by other variables outside the influence of department store image.

IV. DISCUSSION

The image of a department store is a determinant of whether a customer will remain a customer or move to another department store. If customers feel the image of a Department Store is good, the intention to behave is positive. As a result, they will tend to repurchase, increase purchases, and want to recommend retail businesses that have good images to others. (Zeithmal, Yoon Guffey, and Kijewski, (in Suhartanto, 2002: 28).

A positive image will benefit the creation of e- customer loyalty, trust in the product, willingness of customers to search for these products and services if they are needed. (Schiffman and Kanuk, 2014: 141).

The study conducted (Erdil, 2015: 29) supports the above opinion that store image has a very large influence in influencing the perceived value and desire of customers to repurchase.

From the results of the study, it is known that the image of department stores in Bandung has an effect on e-customer loyalty by 68.50%. From the image forming elements, it is known that customers Brand Loyalty towards department stores in Bandung are still low, so in this increasingly high competition the department stores in Bandung need to improve their image.

Poor department store image, according to Siswanto Sutojo (2006: 58) and Sutisna (2004: 86), can be caused due to the following reasons:

1. The company does not communicate its brand positioning.

Unknown image means that there is a communication problem, therefore the image becomes negative or not as it should be the image must be communicated with facilities that are suitable for the target segment. Facilities that can be used to convey images can be in the form of advertisements, PR activities, or a combination of both.

2. Communication carried out is not in accordance with reality.

This is due to the poor experience of consumers using company products or there is no consistency between real performance and the image that is communicated. The company must communicate its image to its target segments realistically so that the target segment believes it. If poor performance must be improved with internal actions aimed at improving performance.

The results of the research conducted by the author are in line with the findings of the research conducted by Cretu and Brodie (2007), where brand image has a special effect on customer loyalty. Research by Koo (2005), states that overall store image has a significant and very strong influence on satisfaction and loyalty. The research conducted by Hatane Samuel (2019), states that brand image has a direct positive effect on e-customer loyalty. The research results of Dwi Wahyu (2017), states that store image has a positive and significant influence on e-customer loyalty, meaning that the better the image of the store, the more it will make customers shop through websites more often.

V. CONCLUSION

1. Customer response to the image of department stores in Bandung is quite good, with each element consisting of Reputation good, Recognition is good, Affinity is good and Brand Loyalty is not good. This is because department stores in Bandung have not been able to build emotional relationships with their customers, and the communication made is not in accordance with reality, so that customer loyalty to department store brands is still low.
2. Customer response to department store loyalty in Bandung is quite good with each element consisting of: strong commitment to buy enough, willingness to subscribe to products / services on the site enough, willingness to buy products / services consistently on the site enough, but easy affected by situational and marketing efforts that cause displacement. This is because the shopping sites owned by department stores in Bandung are less attractive, the information provided is incomplete and clear, and is not easy to access, and services through slow websites.
3. The image of a department store has an effect on e-customer loyalty. So to form e-customer loyalty a department store must have a positive image, in the minds of its customers.

VI. SUGGESTION

1. To improve the image of department stores in Bandung, department stores in Bandung must have differences and uniqueness with others (for example by having a private label) to position the brand. Department stores can communicate their brand positioning through advertising and public relations that reach their target market. Communication carried out must be in accordance with reality and continuous through both offline and online. To build emotional relationships with customers, department stores can establish personal intimacy, so that customers feel more attention through customer relationships, for example by meeting customers regularly, giving gifts to customers, preferential treatment to customers, so that customers feel an important part of the department store.
2. To increase e-customer loyalty at department stores in Bandung, it can be done by providing attractive online shopping sites, complete and up-to-date information, providing fast and responsive service through sites, often providing rewards or discounts to customers who frequently place orders or online purchase, ease of access, and provide the best service to its customers.

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