

THE EFFECT OF CUSTOMER SATISFACTION, CUSTOMER LOYALTY, AND BRAND COMMITMENT ON WORD OF MOUTH OF WALL'S ICE CREAM IN MANADO

by:

Citra Pingkan Kindangen¹
Merinda Pandowo²

Faculty of Economics and Business,
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: ¹citrapingkan@gmail.com
²iinpan@yahoo.com

ABSTRACT

Food and beverage products and the followed improvement in industry are familiar for common people in every part of this world. The aim of this research is to analyze the effect of customer satisfaction, customer loyalty, and brand commitment on word of mouth. To achieve the objectives, the research method used is causal research by using multiple regression analysis as the analytical tool. The population of this research is the consumers in Manado who ever taste wall's Ice cream with sample size as many as 120 respondents. This research found that customer satisfaction, customer loyalty and brand commitment generally give the significant influence for word of mouth of wall's ice cream in Manado. Customer satisfaction, customer loyalty and brand commitment have significant influence for the changing of the significant influence for the word of mouth of wall's ice cream. This research suggests that the management must give the in-depth consideration about the importance of customer satisfaction, customer loyalty and brand commitment for the word of mouth in purchasing its products and the management must also give concern about other important factors that can influence the word of mouth for ice cream products from this company.

Keywords: *customer satisfaction, customer loyalty, brand commitment, word of mouth.*

INTRODUCTION

Research Background

Food and beverage products and the followed improvement in this industry are familiar for common people in every part of this world. It is undeniable for anyone about the function from these types of goods, because the consumption of each food and/or beverage item can satisfy the most essential need from people in every part of this world, which is the food and beverage based need. Due to the continuous development in the industrial area in this word, the food and beverage industry has become more diverge in ingredients, offered menus, processing methods, products displays, marketing and distribution concepts and products' maintenance models. Positively, the beneficial advantage from food and beverage sector for industrial businessmen will not make the necessary for consuming foods and/or beverage at home become unimportant for each individual person.

One essential tool that is generally employed by marketers from every company, including any company in the food and beverage company, in effectively and efficiently marketing the products or services is the Word of Mouth. This given tool is effective for promoting any product or service, because the management parties for the company do not have to push the sales representative agents and the advertising companies for explaining more details about available products or services to many people in the environment, either the loyal customers or the potential ones. After the sales person from the company explains the characteristics offered products and/or services and the item-related advertisement has been published by the advertising company, people in the society can decide to use the product or the service. After some of them have usage the product and/or service, the main information about the available item can be directly or indirectly spread by them to other people, which probably lead to the products or services usage by other potential customers.

Wall's is becoming one food and beverage company that is consumed by many people in this country and is focused on producing and selling ice cream products. This is based on the idea that ice cream products from this company are already familiar for the majority of people in Indonesia, with concerning the readiness of the similar products from other competitors, such as Campina Ice Cream and Diamond Ice Cream. Related with the products' similarity among Wall's and other competitors and the similar opinion from the majority of people in every environment about ice cream products, the suitable promotional action from this food and beverage company is important for maintaining the sales volume of Wall's ice cream products in this country. One of promotion method for Wall's company in Indonesia is Word of Mouth and it is influenced by Customer Satisfaction, Customer Loyalty, and Brand Commitment. Manado is one of another city in Indonesia that becomes sales area for Wall's Ice Cream products in Indonesia. Because of the importance of promotional tools for the continuousness of Wall's ice cream products in Manado, the relationships among Customer Satisfaction, Customer Loyalty, and Brand Commitment with the Word of Mouth are important for its' management in the Manado City.

Research Objectives

This research aims to examine to analyze the simultaneous and the partial effect of customer satisfaction, customer loyalty, and brand commitment on word of mouth communication of wall's ice cream in Manado.

THEORETICAL FRAMEWORK

Theories

Word of Mouth

Kazemi et al (2013) found that Word of mouth communications refer to the extent in which a customer informs his/her friends, coworkers, and relative about product and services that satisfies his/her needs. Kotler et al (2009:114) stated that one characteristic of word of mouth is Credible –people trust others they know and respect, word of mouth can be highly influential.

Customer Satisfaction

Berli and Quintana (2004), cited by Cengiz and Yayla (2007) found that customer satisfaction is a conclusion that is resulted from comparing expected performance and perceived actual performance with regard to the payment costs.

Customer Loyalty

Kotler et al, (2009:217) defined that loyalty is a deeply help commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing effort having the potential to cause switching behavior. Lovelock and Wirtz (2004:359) analyzed that customer who have high attitudinal loyalty, don't look for alternative providers. It's clear enough that customer loyalty have a big effect in establishing company. Schiffman and Kanuk (2007:90), they believe that consumers engage in extensive problem-solving behaviour involving brand and attribute comparisons, leading to a strong brand preferred and repeat purchase behaviour.

Brand Commitment

Kazemi et al (2013) found that commitment was defined as a psychological attachment to the brand and also has a close relationship with behavioral loyalty, also commitment leads that the customer express his/her defensive motivations and then these will result in high level of commitment. Hawkins et al (1995:425) defined that brand commitment is when customer committed aim because they believe it best meets their overall needs and customer have formed an emotional attachment to it (Customer like it). By studying its less-loyal buyers, the company can detect which brands are the most competitive with its own (Kotler and Armstrong, 2010:222).

Previous Research

Kazemi et al (2013) found that all hypotheses are confirmed and have been showed significant relationship between brand identity, customer loyalty and word of mouth advertising considering mediating role of customer satisfaction and brand commitment. Cengiz and Yayla (2007) found that marketing mix components, namely price, product, promotion and place via foregoing five factors: customer satisfaction,

customer loyalty, customer expectation, perceived quality and perceived value have effect on word of mouth with different impacts significantly. Jan et al (2013) revealed that customer satisfaction has a significant positive impact on word-of-mouth.

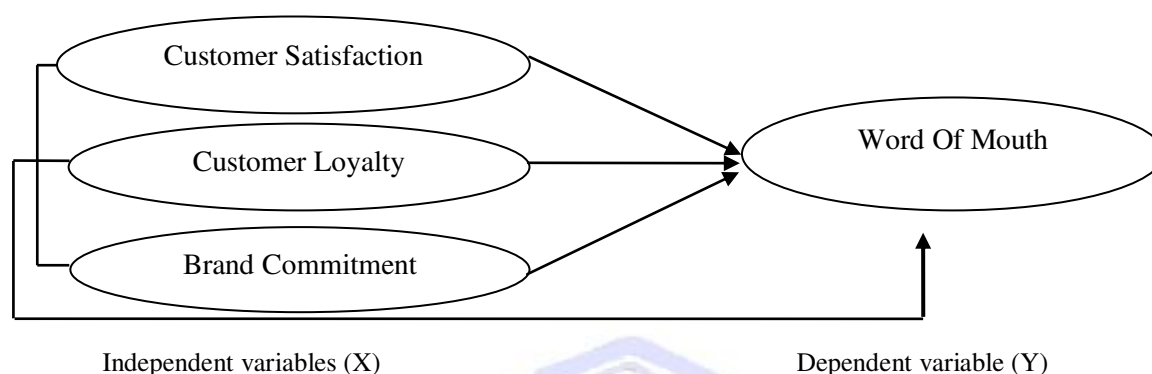


Figure 1. Research Model

Source: Theoretical Review

Research Hypotheses

The hypotheses of this research are:

- H1. Customer Satisfaction, Customer Loyalty, and Brand Commitment Simultaneously Affects Word of Mouth
- H2. Customer Satisfaction Partially Affects Word of Mouth
- H3. Customer Loyalty Partially Affects Brand Word of Mouth
- H4. Brand Commitment Partially Affects Word of Mouth

RESEARCH METHOD

Types of Research

This research is causal because its purpose is to determine if one variable causes another variable to occur or change. This research is a quantitative method since using questionnaire as a tool to gather data and analysis.

Place and Time of Research

The study was conducted in Manado from April 2014 – May 2014.

Population and Sample

Population of this research are consumers in Manado who ever taste Wall's ice cream. This research using 120 respondents in Manado whose ever taste Wall's ice cream.

Data Collection Method

The source of data can be from primary and secondary sources. Primary data is data originated by the researcher specifically to address the research problem. The researcher also gets primary data from the result of questionnaires. Secondary data is data collected for some purpose other than the problem at hand. The secondary data is taken from books, journals, and relevant literature from library and internet. Malhotra and Naresh (2009:306) defined the Likert Scale as "An Interval scale that specifically uses the five response categories ranging from 'strongly disagree' to 'strongly agree' which requires the respondents to indicate a degree of agreement or disagreement with a series of statements related to the stimulus." By using the Likert Scale, respondents will not have problems in understanding and filling out the questionnaire, and it is easy for the researcher to measure, interpreting and analyze the data.

Operational Definition and Measurement of Variables

1. **Customer Satisfaction** (X_1) can be defined as customer's emotional response to his/ her evaluation of the perceived discrepancy between prior experience with and expectations of a company product and the actual experienced performance as perceived after consume their product.
2. **Customer Loyalty** (X_2) can be defined as the continuity act from customer to purchase a product base on their felling when consumed the a product or if it fulfill his/her needs or wants.
3. **Brand Commitment** (X_3) can be defined as the behavior and attitude of customer towards a brand where in the future he/she will re-use and re-purchase because of a good experience when consume a food or beverage.
4. **Word Of Mouth** (Y) can be defined as kind of oral communication and it is not advertisement or other marketing effort that spreading by customer to other, which contain infomation related to a food or beverage base on customer experience consume it.

Data Analysis Method

Validity and Reliability test

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure. Validity is the level to the extent by which precision and accuracy of a measuring instrument to perform the functions of measuring in this study is the questionnaire. The reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instruments (Sekaran and Bougie, 2009:161). Reliability was measured by using Cronbach's Alpha coefficient, when the value of Cronbach's alpha increase the consistency also increases. If the coefficient value of Alpha less than 0.60 then the reliability is bad. Research instrument is acceptable if the test shows the alpha in the range of 0.7 and the reliability is good if above 0.80.

Classic Assumption

Multicollinearity

To assess multicollinearity, researchers can use tolerance or VIF, which build in the regressing of each independent on all the others. Even when multicollinarity is present, note that estimates of the importance of other variables in the equation (variable which are not collinear with others) are not affected.

Heteroscedasticity

Models in which the error terms do not all have the same variance.

Normality

In multiple linear regression models, the residual is assumed to be normally distributed. A residual is the difference between the observed and model-predicted values of the dependent variable. The residual for a given product is the observed value of the error term for that product.

Multiple Regresion Analysis Models

Multiple Regressions is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable. Once gathered the data from the field, the next step to analysis the data and solving the problem using Multiple Regression Method, it also to test the hypotheses that have been stated. The data then inserted into the statistical tools SPSS version 15.0. This method has been chosen to measure the effect of Customer Satisfaction (X_1), Customer Loyalty (X_2), Brand Commitment (X_3), and Purchase Decision (Y).

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Whereas:

- Y : Word of Mouth
 X_1 : Customer Satisfaction
 X_2 : Customer Loyalty
 X_3 : Brand Commitment

RESULT AND DISCUSSION

Result

Validity and Reliability

The Reliability result shows that the instrument is acceptable because the Alpha Cronbach coefficient has a value of 0.758; it proves that the data is up to standard and can move forward to the next step. The Validity result shows that the validity for each variable are good where the values are above minimum level of 0.30. It means that all independent variables in are above the minimum level.

Classic Assumption Test

Normality Test

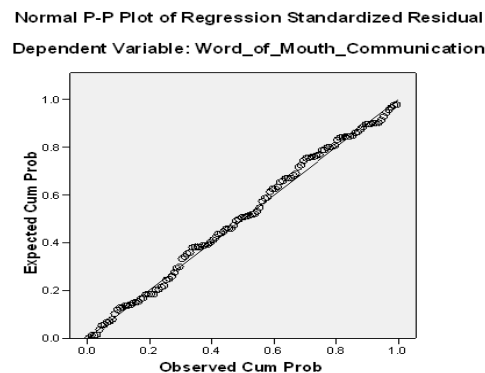


Figure 2. Normality Model
Sourced: Data Processed, 2014

Figure 2 shows that the points spread and spread around the diagonal line in the direction diagonal lines. This proves that the model Regression of The Influence of role variable as Customer Satisfaction (X_1), Customer Loyalty (X_2), and Brand Commitment (X_3) on Word of Mouth (Y) in test normality assumption is met.

Multicollinearity Test

Table 1. Multicollinearity Test Table

	Model	Collinearity Statistics	
		Tolerance	VIF
1	Customer Satisfaction	.761	1,313
	Customer Loyalty	.715	1.398
	Brand Commitment	.821	1,218

a. Dependent Variable: Word of Mouth

The results in the table above can be seen by SPSS output does not occur because the symptoms of multicollinearity VIF value of role variables as customer satisfaction (X_1), customer loyalty (X_2), and brand commitment (X_3) is < 10 (Below 10), this means that there is no connection between the independent variables. Thus, multicollinearity assumptions are met (free of multicollinearity).

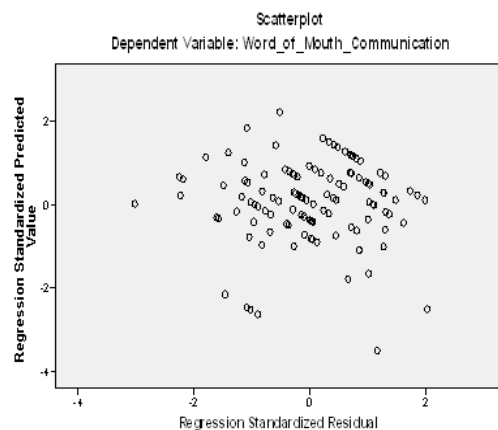
Heteroscedasticity Test**Figure 3. Heteroscedasticity Model***Source: Data Processed, 2014*

Figure 3 shows that there is no established pattern. The graph describing the plot spread above and below the number 0 (zero) on the Y-axis. This proves that the independent role variables as customer satisfaction (X_1), customer loyalty (X_2), and brand commitment (X_3) are free of Heteroscedasticity.

Multiple Regression Analysis**Table 2. Multiple Regression Result**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.636	.293			2.172	.032
Customer Satisfaction	.252	.069	.250		3.669	.000
Customer Loyalty	.550	.072	.535		7.615	.000
Brand Commitment	.106	.044	.159		2.426	.017

a. Dependent Variable: Word of Mouth

Source: SPSS

From the results of the regression equation the Regression Equation is as follows:

$$Y = 0.636 + 0.252X_1 + 0.550X_2 + 0.106X_3 + e$$

The explanations of the equation are:

- Constant (α) 0.636 shows the influence to relationship between Customer Satisfaction (X_1), Customer Loyalty (X_2) and Brand Commitment (X_3) factors to the Word of Mouth of Wall's Ice Cream Products in Manado (Y). If all independent variables are equal to zero the Word of Mouth of Wall's Ice Cream Products in Manado factor (Y) is predicted to be 0.636.
- If the others are constant, an increase of one point in Customer Satisfaction Factor (X_1) will result in an average increase of at least 0.252 in the Word of Mouth of Wall's Ice Cream Products in Manado factor (Y).
- If the others are constant, an increase of one point in Customer Loyalty Factor (X_2) will result in an average increase of at least 0.550 in the Word of Mouth of Wall's Ice Cream Products in Manado factor (Y).
- If the others are constant, an increase of one point in Brand Commitment Factor (X_3) will result in an average increase of at least 0.106 in the Word of Mouth of Wall's Ice Cream Products in Manado factor (Y).

Table 3. Table R and R²

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769 ^a	.591	.580	.32583

- a. Predictors: (Constant), Brand Commitment, Customer Satisfaction, Customer Loyalty
Source: SPSS

The coefficient of correlation (R) is 0.769 meaning the level of relationship between independent and dependent variable is considered as a substantial positive relationship. In the other words, Customer Satisfaction (X₁), Customer Loyalty (X₂) and Brand Commitment (X₃), with as independent variables and the Word of Mouth of Wall's Ice Cream Products in Manado (Y) as dependent variable have a substantial positive relationship. The coefficient of determination is identified by $R^2 = 0.591$ which is the correlation coefficient quadrate $(0.769)^2 = 0.591$. R Square is usually called the coefficient of determination which is 0.591 or 59.1% that means the Word of Mouth of Wall's Ice Cream Products in Manado (Y) is able to be explained by Customer Satisfaction (X₁), Customer Loyalty (X₂) and Brand Commitment (X₃). And the rest 40.9% are caused by the other factors.

Hypothesis Testing

Table 4. F-test Result

Model	Sum of squares	Df	Mean Square	F	Sig.
1 Regression	17.776	3	5.925	55.813	.000 ^a
Residual	12.315	116	.106		
Total	30.092	119			

- a. Predictors: (Constant), Brand Commitment, Customer Satisfaction, Customer Loyalty
b. Dependent Variable: Word of Mouth Communication
Source: SPSS

The ANOVA F-test results in Table 4 Test F count value is 55.813 with a significance level of 0,000. In this study if F count > F table (F count is greater than F table). So, since 55.813 > 3.72 then H₀ is rejected. It means that the Independent variable of X₁(Customer Satisfaction), X₂ (Customer Loyalty), and X₃ (Brand Commitment) have simultaneously effect on dependent variable of Y (Word of Mouth).

Table 5. T-test Result

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig
	B	Beta		
1 (constant)	.636		2.172	.032
Customer Satisfaction	.252	.250	3.669	.000
Customer Loyalty	.550	.535	7.615	.000
Brand Commitment	.106	.159	2.426	.017

- a. Dependent Variable : Word of Mouth
Source: SPSS

T-test analysis results are as follows:

1. t_{value} for Customer Satisfaction Factor (X₁) is 3.669 and t_{table} is 1.98 and meant that $t_{\text{value}} > t_{\text{table}} = 3.669 > 1.98$. Therefore, H₁ is accepted and H₀ is rejected and it means that Customer Satisfaction Factor (X₁) significantly influences the Word of Mouth of Wall's Ice Cream Products in Manado Factor (Y). The analysis shows that generally Customer Satisfaction Factor will increase the Word of Mouth of Wall's Ice Cream Products in Manado Factor (Y).

2. t_{value} for Customer Loyalty Factor (X_2) is 7.615 and t_{table} is 1.98 and meant that $t_{\text{value}} > t_{\text{table}} = 7.615 > 1.98$. Therefore, H_0 is accepted and H_1 is rejected and it means that Customer Loyalty Factor (X_2) significantly influences the Word of Mouth of Wall's Ice Cream Products in Manado Factor (Y). The analysis shows that generally Customer Loyalty Factor will increase the Word of Mouth of Wall's Ice Cream Products in Manado Factor (Y).
3. t_{value} for Brand Commitment Factor (X_3) is 2.426 and t_{table} is 1.98 and meant that $t_{\text{value}} > t_{\text{table}} = 2.426 > 1.98$. Therefore, H_0 is accepted and H_1 is rejected and it means that Brand Commitment Factor (X_3) significantly influences the Word of Mouth of Wall's Ice Cream Products in Manado Factor (Y). The analysis shows that generally Brand Commitment Factor will increase the Word of Mouth of Wall's Ice Cream Products in Manado Factor (Y).

Discussion

The result of this research is not surprising. It shows the trend that usually happens generally in many places. Customer satisfaction, customer loyalty, and brand commitment are found to affect word of mouth communication simultaneously and significantly. The significant and simultaneous relationship between the independent variables and the dependent variables proves that the customer satisfaction, customer loyalty, and brand commitment form a unity that pushes people in Manado to tell their good experience to the people they know or what is called word of mouth communication when they have the three independent variables.

Customer Satisfaction and Word of Mouth

Customer satisfaction is found to have a strong relationship with word of mouth communication as predicted. The social life of people in Manado is quite high which makes them socialize or gather regularly and they do not mind to utter their feelings or opinions about something. So when they feel satisfied about certain products, they will tell and ask their friends to feel what they felt. It is supported by Jan et al. (2013) in their research that revealed that customer satisfaction has a strong positive impact on word of mouth. Because of the need and/or want for food and beverage that is not always same for people in one city, especially in Manado City, it is not permanently thought that two or more people will have a similar or a same satisfactory feeling for a single product of food or beverage.

Customer Loyalty and Word of Mouth

The second independent variable, customer loyalty also affects word of mouth partially and significantly. Customer loyalty even has the biggest effect to the word of mouth among the three independent variables. That means when the people in Manado have become loyal of certain products, they will have a stronger willing to make people they know become loyal to the same products. They might think that they have done a good thing to the people they tell so, because when they become loyal of something they know that this thing is a good one and people they know must try it. Cengiz and Yayla ((2007) found that word of mouth is the most powerful communication way to reach customer.

Brand Commitment and Word of Mouth

Brand commitment as the third independent variable as resulted, affects word of mouth communication partially and significantly. It is found, when the customers have committed to a certain brand, they will bring the talk about the brand when they are around their friends and relatives. Brand image plays an important role to make people commit to a certain brand. A good brand image will make a brand commitment and a brand commitment will make powerful word of mouth communication. Kazemi, et al. (2013) in their research confirmed about the significant relationship between brand identity and customer loyalty and word of mouth is significant through customer satisfaction and brand commitment. The outcome in this research has noted about the general impact from Customer Satisfaction, Customer Loyalty and Brand Commitment to the changing of the Word of Mouth of Wall's Ice Cream in Manado. It is based on the people motivation for buying and consuming this type of products that is encouraged by Customer Satisfaction, Customer Loyalty and Brand Commitment. It is based on the people motivation for buying and consuming this type of products that is encouraged by Customer Satisfaction, Customer Loyalty and Brand Commitment.

CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions may be drawn as follows:

1. Customer Satisfaction, Customer Loyalty and Brand Commitment generally give the significant influence for the Word of Mouth of Wall's Ice Cream in Manado.
2. Customer Satisfaction has the significant influence for the changing of the significant influence for the Word of Mouth of Wall's Ice Cream in Manado.
3. Customer Loyalty has the significant influence for the changing of the significant influence for the Word of Mouth of Wall's Ice Cream in Manado.
4. Brand Commitment has the significant influence for the changing of the significant influence for the Word of Mouth of Wall's Ice Cream in Manado.

Recommendation

The management of Wall's Ice Cream in the Manado City must give the in-depth consideration about the importance of Customer Satisfaction, Customer Loyalty and Brand Commitment for the Word of Mouth in purchasing its' products, because these factors can impact the selling of ice cream products in advanced. On the other hand, the management of Wall's Ice Cream must also work up their product in term of ingredients, tastes and variants for Wall's ice cream so the product could give the satisfactory sensation to customers and get the trustworthiness from people in Manado city and the brand commitment will become better.

REFERENCES

- Cengiz, E., and Yayla, H., 2007. The Effect of Marketing Mix on Positive Word Of Mouth Communication: Evidence From Accounting Offices In Turkey. *Innovative Marketing*. Vol. 3, Issue. 4. 2007. http://businessperspectives.org/journals_free/im/2007/im_en_2007_04_Cengiz.pdf. Retrieved on March 3rd 2014. Pp.74-86.
- Hawkins, D.I., Best, R.J., and Coney, K.A., 1995. *Consumer Behavior: Implication for Marketing Strategy*, 6th Edition, Irwin, USA.
- Jan, M., Abdullah, K., and Shafiq, A. 2013. The Impact of Customer Satisfaction on Word of Mouth: Convention Banks of Malaysia Investigated. *International Journal of Information Technology & Computer Science (IJITCS)*. ISSN: 2091-1610, Vol. 10, Issue. 3. July/August 2013. http://www.academia.edu/4058809/The_Impact_of_Customer_Satisfaction_on_Word-of-Mouth_Conventional_Banks_of_Malaysia_Investigated. Retrieved on March 3rd 2014. Pp.14-23.
- Kazemi, A., PaEmami, V., Abbaszadeh, A., and Pourzamani, J., 2013. Impact of Brand Identity on Customer Loyalty and Word of Mouth Communications, Considering Mediating Role of Customer Satisfaction and Brand Commitment. (Case Study: Customer of Mellat Bank in Kermanshah). *International Journal of Academic Research in Economics and Management Sciences*. ISSN: 2226-3624, Vol. 2, No. 4. July 2013. [http://hrmars.com/hrmars_papers/Impact_of_brand_identity_on_customer_loyalty_and_word_of_mouth_Communications,_considering_mediating_role_of_customer_satisfaction_and_brand_commitment._\(Case_study_customers_of_Mellat_bank_in_Kermanshah\).pdf](http://hrmars.com/hrmars_papers/Impact_of_brand_identity_on_customer_loyalty_and_word_of_mouth_Communications,_considering_mediating_role_of_customer_satisfaction_and_brand_commitment._(Case_study_customers_of_Mellat_bank_in_Kermanshah).pdf). Retrieved on March 3rd 2014. Pp.1-14.
- Kotler, P., and Armstrong, G. 2010. *Principle of Marketing*, 13th Edition, Prentice Hall, USA.
- Kotler, P., Keller., Ang., Leong., and Tan, 2009. *Marketing Management: An Asian Perspective*, 5th Edition, Prentice Hall, Singapore.

- Lovelock, C., and Wirtz, J., 2004. *Service Marketing; People, Technology, Strategy*, 5th Edition, Prentice Hall, USA.
- Malhotra and Naresh K., 2009. *Basic Marketing Research, A Decision-Making Approach*, 3th edition, Prentice Hall, New York.
- Schiffman, L., and Kanuk, L. 2007. *Consumer Behaviour*, 9th edition, Prentice Hall, Singapore.
- Sekaran, U., and Bougie, R. 2009. *Research Methods for Business a skill building approach*, 5th Edition, Wiley, Great Britain.

