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# Study of Green Brand Image, Company Reputation, and Product Quality against Customer Loyalty through Moderating Customer Satisfaction Variables

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*Abstract-* The purpose of this study was to determine the effect of green brand image, company reputation, and product quality on consumer loyalty through the moderating variable customer satisfaction at consumers of PT. Natural Nusantara Wonogiri branch. The population in this study are all who have used the products of PT. Natural Nusantara. The sampling technique used nonprobability sampling with purposive sampling method. And obtained a sample of 100 respondents who have used the product of PT. Natural Nusantara. The variables in this study used three variables, namely the dependent variable, the independent variable, and the moderating variable. For the dependent variable (Y) of this study is consumer loyalty. The independent variables include: green brand image (X1), company reputation (X2), and product quality (X3) and the moderating variable is customer satisfaction (Z). The research method used is a quantitative method. The data analysis method uses the original Structural Equation Modeling (SEM). Meanwhile, for data processing using the IBM SPSS AMOS 24 program.

*Keywords:* *green brand image, company reputation, product quality, customer satisfaction, customer loyalty.*

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*Strictly as per the compliance and regulations of:*




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# Study of Green Brand Image, Company Reputation, and Product Quality against Customer Loyalty through Moderating Customer Satisfaction Variables

Anissatri Anjarwati

*Abstract-* The purpose of this study was to determine the effect of green brand image, company reputation, and product quality on consumer loyalty through the moderating variable customer satisfaction at consumers of PT. Natural Nusantara Wonogiri branch. The population in this study are all who have used the products of PT. Natural Nusantara. The sampling technique used nonprobability sampling with purposive sampling method. And obtained a sample of 100 respondents who have used the product of PT. Natural Nusantara. The variables in this study used three variables, namely the dependent variable, the independent variable, and the moderating variable. For the dependent variable (Y) of this study is consumer loyalty. The independent variables include: green brand image (X1), company reputation (X2), and product quality (X3) and the moderating variable is customer satisfaction (Z). The research method used is a quantitative method. The data analysis method uses the original Structural Equation Modeling (SEM). Meanwhile, for data processing using the IBM SPSS AMOS 24 program. The results of this study indicate that, (1) green brand image, company reputation, and product quality affect customer satisfaction. (2) green brand image affects customer loyalty. (3) company reputation affects customer loyalty. (4) product quality has no effect on customer loyalty. (5) green brand image has no effect on customer loyalty with satisfaction as a moderating variable. (6) company reputation affects customer loyalty with satisfaction as a moderating variable.

*Keywords: green brand image, company reputation, product quality, customer satisfaction, customer loyalty.*

## I. Introduction

Environmental sustainability needs to be considered by companies, so they want to find new approaches to apply green marketing in selling their products in the environmental era (Huang, Wang et al. 2020). Green marketing has become an important way to attract consumers who are concerned about environmental protection, more companies want to build an environmentally friendly green brand image to differentiate their green products (Wu and Lin 2016). The growing business world makes it difficult for a company to maintain customer loyalty because of the increasing number of competitors that come up with new innovations. This can lead to a reduction in customers in a company.

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A company is required to improve its company's performance, so that the company can maintain customer loyalty or even increase the quality and quantity of its company. Customer satisfaction can be given to consumers through a green brand image, good company reputation, and good quality of the company's products. With this customer satisfaction, it can be expected that consumers will make purchases repeatedly, so that customer loyalty can be formed, so that the goals of the company can be achieved.

Lee (2010) green brand image can provide an intention to repurchase, an intention to recommend to others and a willingness to pay. Previous research said that the green brand image of a product can have an impact on satisfaction (green satisfaction) from the consumer side. So that the higher the green brand image, the customer loyalty to a company will increase (Astini 2016).

A company is expected to provide services in accordance with consumer expectations or even exceed consumer expectations. The reputation of the company is also an important factor that can make customers loyal to the company. With a good company reputation, a company will be seen as good in the eyes of consumers. Researchers have proven that a company's reputation can increase customer loyalty. Previous research has discussed several aspects of a company's reputation. According to (Balqiah, Setyowardhani et al. 2011) a good company reputation can enhance a company's ability to create value within the company. In line with the research of Gaines-Ross, (2008) that a good reputation is not only beneficial for the company to get capital, but also attracts employees to improve their skills. The admired company will increase sales from customer loyalty, attract business partners, ensure the public that the company operates ethically, can reduce problems, even if the company offers a higher price (Balqiah, Setyowardhani et al. 2011).

A company definitely wants to have a good product quality. With the creation of product quality, it is likely that these consumers will recommend it to others. So that the higher the quality of the product will increase customer satisfaction, and then customers will become loyal to the company's products. Previous research has discussed several aspects of product quality. Previous research has discussed that product quality affects



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consumer loyalty through brand reputation. This influence occurs when customers will be more loyal to the company if the reputation they have is good (Hermawan 2011). This study agrees with the research of Bei and Chiao (2006) that product quality has an effect on increasing customer satisfaction and customer loyalty (Halim, Swasto et al. 2014).

Loyalty is the behavior of a person in making decisions to make continuous purchases of goods or services in a company (Astini 2016). This means that a customer uses the product for a long time and for the future, it is unlikely that a consumer will switch to the use of a competitor's product, even though a competitor's product has been found to change, both in terms of price and other factors. Loyal customers will always give positive comments and recommendations about the company to others (Andrean, Sumargo et al. 2012).

One of the companies that compete in the environmentally friendly sector is PT. Natural Nusantara. PT. Natural Nusantara is a business that runs in the fields of agro-complex, health and beauty. PT. Natural Nusantara has a goal of empowering the potential of natural resources and sustainable human resources.

This study aims to determine the extent to which environmentally friendly brands, company reputation, product quality, customer satisfaction are applied by PT. Natural Nusantara has an effect on consumer loyalty.

## II. Materials and Methods

*a) Overview of Research*

This research was conducted on visitors of PT. Natural Nusantara Wonogiri branch which is located in Bulukerto, Wonogiri district, Central Java. This research was conducted by distributing online questionnaires in the Surakarta Residency, online questionnaires were created using Google Drive and distributed through social media. After making the questionnaire format along with the questions, the researchers distributed the questionnaire to the visitors of PT. Natural Nusantara Wonogiri branch on various social media. The number of respondents who participated in filling out the research questionnaire totaled 135 respondents. After being analyzed, there were several respondents who did not meet the requirements. And there are 100 respondents who can be researched at a later stage. There are 25 questions with five variables. Five questions about green brand image, five questions about corporate reputation, five questions about product quality, five questions about customer satisfaction, and five questions about customer loyalty. Sampling using non-probability sampling technique with purposive sampling method. Analysis of research data using analysis of Structural Equation Modeling (SEM), with IBM SPSS AMOS 24.

*b) Research Methods*

The population in this study are all who have used the products of PT. Natural Nusantara Wonogiri branch. Those in the Surakarta Residency are Surakarta district, Sukoharjo district, Sragen district, Klaten district, Karanganyar district, Wonogiri district.

The samples taken in this study were 100 respondents who had used Natural Nusantara products in Wonogiri branch. The technique used in this research is nonprobability sampling technique, because in this study it is not known the number of population that will be taken. And part of the sample taken is representative of the population. The method used in this research is purposive sampling which can be understood that the required information can be obtained from a target group that is desired and meets the criteria desired by the researcher. (Ferdinand 2014).

## III. Results and Discussion

*a) Research Results*

i. *Instrument Test*

ii. *Validity test*

Validity testing is done using Confirmatory Factor Analysis (CFA). According to (Ghozali 2017) to measure the validity can be seen from the loading factor. The factor loading must be 0.50 or more and ideally 0.70.

*Table 1:* Validity test

| Variable | Indicator | Loading standard | Conclusion |
|---|---|---|---|
| Green Brand Image | GBI1 | 0.850 | VALID |
| | GBI3 | 0.957 | VALID |
| Corporate Reputation | CR2 | 0.825 | VALID |
| | CR3 | 0.793 | VALID |
| Product Quality | PQ1 | 0.889 | VALID |
| | PQ3 | 0.841 | VALID |
| | PQ5 | 0.809 | VALID |
| Customer Satisfaction | CS1 | 0.864 | VALID |
| | CS3 | 0.879 | VALID |
| | CS4 | 0.840 | VALID |
| Customer Loyalty | CL1 | 0.901 | VALID |
| | CL3 | 0.903 | VALID |
| | CL5 | 0.904 | VALID |

*Source: primary data AMOS 24 output (2021)*



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In table 1, it can be seen that all question indicators from green brand image, corporate reputation, product quality, customer satisfaction, and customer loyalty are declared valid because each question indicator which is an indicator of each variable has a loading factor of ≥ 0.50.

iii. *Reliability Test*

The reliability test carried out for measurement can give relatively the same results if it is carried out by re-measuring on the same subject. According to (Ferdinand 2014) The variable is said to be reliable if it has a reliability level for Construct Reliability of ≥ 0.70 and the level of reliability for Variance Extracted is ≥ 0.50.

*Table 2:* Reliability Test

| Variable | Contruct Reliability | Variance Extracted | Conclusion |
|---|---|---|---|
| Green Brand Image | 0.900 | 0.820 | Reliable |
| Corporate Reputation | 0.791 | 0.655 | Reliable |
| Product Quality | 0.900 | 0.718 | Reliable |
| Customer Satisfaction | 0.896 | 0.742 | Reliable |
| Customer Loyalty | 0.930 | 0.815 | Reliable |

*Source: primary data AMOS 24 output (2021)*

In table 2, it can be seen that all variables show the value of construc reliability≥ 0.70 and the value of the variance extracted ≥ 0.50 so that all variables are declared reliable.

iv. *Goodness Off Fit Testing*

The testing phase of the SEM model aims to see the suitability of the model, the results of testing the suitability of the model in this study are nine criteria used to judge whether a model is considered feasible or not. The results of the AMOS output in this study are as follows:

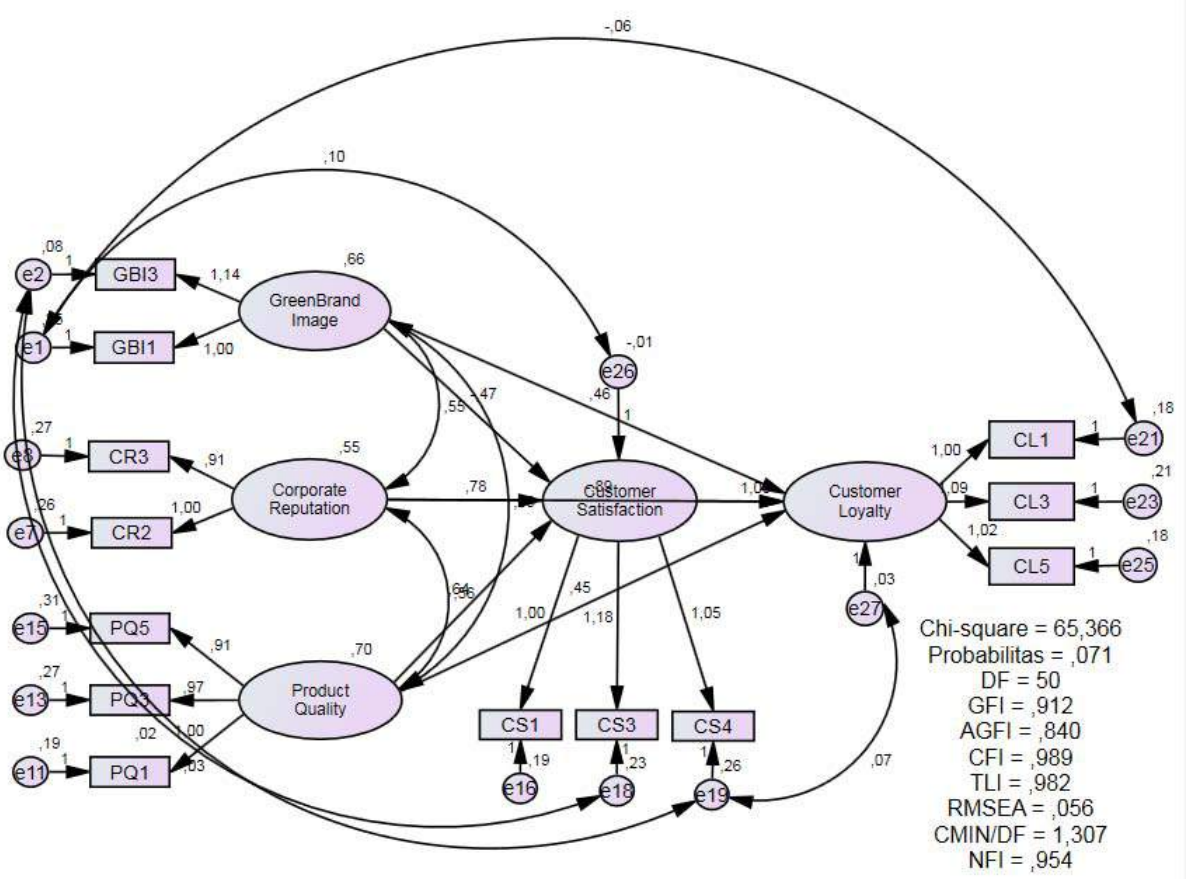



*Fig. 1:* SEM Analysis Results



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The results of SEM analysis testing after modification indices are presented in table 3

*Table 3:* Goodness of Fit Testing

| Goodness of Fit | Cut off Value | Test result | Information |
|---|---|---|---|
| X2 - Chi-square | 67,5048 | | |
| | 65,366 | It is expected that a small value, with DF = 50, the test result is 65.366 smaller than the cut off value | |
| 67,5048. | | | |
| Probability | ≥ 0.05 | 0.071 | Good |
| DF | | 50 | |
| GFI | ≥ 0.90 | 0.912 | Good |
| AGFI | ≥ 0.90 | 0.840 | Marginal |
| CFI | ≥ 0.95 | 0.989 | Good |
| TLI | ≥ 0.95 | 0.982 | Good |
| RMSEA | ≤ 0.08 | 0.056 | Good |
| CMIN / DF | ≤ 2.00 | 1,307 | Good |
| NFI | ≥ 0.90 | 0.954 | Good |

*Source: Primary data AMOS 24 output (2021)*

From the overall measurement of goodness of fit above, it indicates that some models are showing well so that the model proposed in this study can be accepted and can be continued to hypothesis testing.

v. *Hypothesis test*

After the criteria for the goodness of fit of the structural model can be met, the next stage will be testing the hypothesis. This research hypothesis testing was carried out based on the Critical Ratio (CR) value of a causal relationship from the results of SEM processing as in Table 4.

*Table 4:* Regression Weights

| | | | Estimate | SE | CR | P | Label |
|---|---|---|---|---|---|---|---|
| | | | Estimate | SE | CR | P | Label |
| Customer Satisfaction | <--- | Green Brand Image | -, 465 | , 235 | -1,976 | , 048 | par_7 |
| Customer Satisfaction | <--- | Corporate Reputation | , 779 | , 283 | 2,753 | , 006 | par_8 |
| Customer Satisfaction | <--- | Product Quality | , 637 | , 206 | 3,090 | , 002 | par_9 |
| Customer Loyalty | <--- | Product Quality | , 451 | , 288 | 1,566 | , 117 | par_10 |
| Customer Loyalty | <--- | Green Brand Image | , 460 | , 191 | 2,412 | , 016 | par_11 |
| Customer Loyalty | <--- | Customer Satisfaction | 1,061 | , 302 | 3,515 | *** | par_12 |
| Customer Loyalty | <--- | Corporate Reputation | -, 887 | , 395 | -2,242 | , 025 | par_16 |

*Source: Primary data AMOS 24 output (2021)*

Criteria on hypothesis testing according to (Ghozali 2017) the value of critical ratio (CR)> 1.96 and p-value with a comparison of the significance level (a = 5%) or <0.05, it has a significant effect.

From table 4 it can be concluded that the green brand image variable has the effect of green brand image on aging. The company reputation variable has a significant effect on satisfaction, product quality has a significant effect on satisfaction, the green brand image variable has an influence on customer loyalty, the company reputation variable has a significant effect on customer loyalty, the satisfaction variable has a significant effect on customer loyalty. product quality variable does not have a significant effect on customer loyalty.

*b) Discussion*

*Analysis of the effect of Green Brand Image on Customer Satisfaction.* The results of this study indicate that the green brand image variable has a P number of 0.048, this number is below 0.05 and the CR is -1.976 barada below 1.96 so that H1 is accepted. In the sense that green brand image has a negative and significant effect on customer satisfaction. The results of this study are in line with the research conducted by (Astini 2016) which states that the Green Brand Image has a significant effect on satisfaction (Green Satisfaction) from the consumer side.

This can be interpreted that the green brand image contained in the product does not guarantee customer satisfaction in purchasing PT. Natural Nusantara. It is known that green brand image does not guarantee customer satisfaction so that the green brand image provided by PT. Natural Nusantara is not a reinforcement for visitors to remain loyal in using PT. Natural Nusantara.



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*The effect of Corporate Reputation on Customer Satisfaction*. The results of this study indicate that the corporate reputation variable has a P number of 0.006, this number is below 0.05 and CR is 2.753 barada above 1.96 so that H2 is accepted. In the sense that corporate reputation has a positive and significant effect on customer satisfaction. The results of this study are in line with the results of research conducted by Sia & Subagyo, (2013); Huang, (2016) stated that corporate image has a positive and significant effect on customer satisfaction(Hermawan, Basalamah et al. 2017).

It can be interpreted that the corporate reputation contained in the product can increase customer satisfaction in purchasing PT. Natural Nusantara. The higher the corporate reputation in the company, the higher the customer satisfaction of PT. Natural Nusantara. On the other hand, the lower the corporate reputation in the company, the lower the customer satisfaction of PT. Natural Nusantara.

*The effect of Product Quality on Customer Satisfaction.* The results of this study indicate that the variable product quality shows that the P number is 0.002, this number is below 0.05 and the CR is 3.090 barada above 1.96 so that H2 is accepted. In the sense that product quality has a positive and significant effect on customer satisfaction. The results of this study are in line with the results of research conducted by Jahanshahi et al. (2011), and Senthilkumar (2012) who prove that product quality can increase consumer satisfaction (Hermawan 2011).

It can be interpreted that the product quality contained in the product can increase customer satisfaction in purchasing PT. Natural Nusantara. The higher the product quality in the company, the higher the customer satisfaction of PT. Natural Nusantara. Vice versa, the lower the product quality in the company, the lower the customer satisfaction of PT. Natural Nusantara.

*The effect of Green Brand Image on Customer Loyalty.* The results of this study indicate that the variable green brand image shows that the P number is 0.016, this number is below 0.05 and the CR is 2.412 barada above 1.96 so that H5 is accepted. In the sense that green brand image has a positive and significant effect on customer loyalty. The results of this study are in line with research conducted by Chen, (2013); Martínez, (2015), emphasized that if an organization wants to increase its loyalty, the organization must increase two types of benefits, namely green brand image and utilitarian benefits (Leckie 2017).

This can be interpreted that the green brand image contained in the product does not guarantee customer loyalty in purchasing PT. Natural Nusantara. It is known that green brand image does not guarantee customer loyalty so that the green brand image provided by PT. Natural Nusantara is not a reinforcement for visitors to remain loyal in using PT. Natural Nusantara.

*The effect of Corporate Reputation on Customer Loyalty.* The results of this study indicate that the corporate reputation variable shows the P number is 0.025, this number is below 0.05 and the CR is -2.242 barada below 1.96 so that H7 is accepted. In the sense that corporate reputation has a negative and significant effect on customer loyalty. The results of this study are in line with the results of research conducted by (Fernandes and Solimun 2018) which states that the existence of expectations, suitability, and achievement of services provided by the company will result in customer satisfaction, which in turn will result in customer loyalty.

It can be interpreted that the corporate reputation contained in the product can increase customer loyalty in purchasing PT. Natural Nusantara. The higher the corporate reputation in the company, the higher the customer loyalty of PT. Natural Nusantara. On the other hand, the lower the corporate reputation in the company, the lower the customer loyalty of PT. Natural Nusantara.

*The effect of Product Quality on Customer Loyalty.* The results of this study indicate that the variable product quality shows that the P number is 0.117 this number is above 0.05 and the CR is 1.566 barada below 1.96 so that H4 is rejected. In the sense that product quality has a non-significant effect on customer loyalty. The results of this study are in line with the results of research conducted by (Kusumasasti, Andarwati et al. 2017) which states that product quality does not have a major influence on customer loyalty.

This can be interpreted that the product quality contained in the product does not guarantee customer loyalty in purchasing PT. Natural Nusantara. It is known that product quality does not guarantee customer loyalty so that the product quality provided by PT. Natural Nusantara is not a reinforcement for visitors to remain loyal in using PT. Natural Nusantara.

*The effect of Customer Satisfaction on Customer loyalty.* The results of this study indicate that the variable customer satisfaction shows that the P number is 0,000, this number is below 0.05 and the CR is 3.515 barada above 1.96 so that H6 is accepted. In the sense that customer satisfaction has a positive and significant effect on customer loyalty. The results of this study are in line with the results of research conducted by(Fernandes and Solimun 2018) yang menyatakan bahwa adanya harapan, kesesuaian, dan pencapaian layanan yang diberikan oleh perusahaan akan menghasilkan kepuasan pelanggan, yang pada akhirnya akan menghasilkan loyalitas pelanggan.

Hal ini dapat diinterpretasikan bahwa customer satisfaction yang terdapat dalam produk dapat meningkatkan loyalitas pelanggan pada pembelian



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produk PT. Natural Nusantara. Semakin tinggi customer satisfaction dalam perusahaan maka akan senakin tinggi pula loyalitas pelanggan PT. Natural Nusantara. Begitu sebaliknya semakin rendah customer satisfaction dalam perusahaan maka akan semakin rendah loyalitas pelanggan PT. Natural Nusantara.

## IV. Conclusion

Berdasarkan hasil pengujian SEM pada bab sebelumnya, maka dapat disimpulkan bahwa:

Variabel green brand image memiliki pengaruh terhadap kepuasan pelanggan. Dalam artian semakin tinggi green brand image dalam suatu produk, maka kepuasan mereka terhadap produk akan meningkat. Variabel corporate reputation memiliki pengaruh terhadap kepuasan pelanggan. Dalam artian semakin baik reputasi dalam perusahaan, maka kepuasan mereka terhadap produk akan meningkat. Variabel product quality memiliki pengaruh terhadap kepuasan pelanggan. Dalam artian semakin tinggi kualitas produk, maka kepuasan mereka terhadap produk akan meningkat. Variabel green brand image berpengaruh terhadap customer loyalty. Dalam artian semakin tinggi green brand image, maka loyalitas mereka terhadap produk akan meningkat. Variabel corporate reputation memiliki pengaruh terhadap customer loyalty. Dalam artian semakin baik reputasi perusahaa, maka loyalitas mereka terhadap produk akan meningkat. Variabel product quality tidak berpengaruh terhadap customer loyalty.. Dalam artian semakin tinggi kualitas produk, tidak menjamin loyalitas pelanggan. Variabel customer satisfaction memiliki pengaruh terhadap customer loyalty. Dalam artian semakin tinggi kepuasan pelanggan, maka loyalitas mereka terhadap produk akan meningkat.

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