



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Does Satisfaction Have Impact On Loyalty At LUSH In Indonesia?

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Abstract: Consumer Satisfaction is one of the important points when a company is established. By having a high level of satisfaction, the greater the consumer will be loyal to the company. Later, the consumer loyalty will become an important point to determine the life of the company. In the end, the company will look for many ways to create high consumer loyalty. This study uses the snowball technique, a sample of 100 Lush Consumer in Surabaya, Indonesia, were identified based on their attributes. The four hypotheses are based on the analysis, and each hypothesis is validated.

Keywords – Product Quality, Price, Corporate Image, Satisfaction and Loyalty

1. Introduction

Satisfaction and Loyalty are two things desired by the company, with the high satisfaction the company will create high loyal consumers too. Consumer that loyal will make purchases more so that they can determine the life of the company. There are many ways are done by companies to stay in the market, such as providing the best product quality, services and best prices too.

Creating good image in the eyes of consumer will also provide positive results for the company. Currently, there are a lot of companies are carrying the theme of being more “green” to have a good image. There are many efforts made by companies to become green, such as reducing plastic, reducing waste production, improving packaging to be more environmentally friendly and implementing CSR. There are also companies that truly implement “green” characteristics in all aspect of the company.

One of that company is the LUSH, which is a company operating in the cosmetics industries originating from England. Even though LUSH is a cosmetics company, the product produced by LUSH are made from fresh and natural ingredients and do not test the product on animals. Some of their products are face masks, soaps, bath bombs, bar soaps, body lotion, body showers. Not only green in their product, but also in packaging. LUSH also uses recycled plastic, without using a pump. LUSH was founded in 1995 and currently LUSH has 7 company and has 857 retail store around the world.

2. LITERATURE REVIEW

2.1. Quality Product

Sreenivasulu et al. (2014) assert that the most significant determinant of repurchase intention is product quality. When the quality is good, even if the price is high, customers will typically buy from you again (Sun, 2011). Product quality, according to Chandrashekar et al. (2007), is the caliber of a good or service, and its fluctuations can impact a business's connection with its clients, leaving them open to offers from other companies. According to Puspitasari (2020), one of the things that buyers look at before purchasing a product is its quality; the company must have high-quality products or services that are priced appropriately when operating a business. This is a feature of a product or service that relies on its capacity to meet needs.

2.2. Price

Pricing is one of the most challenging decisions a business must make because, according to Lipovetsky et al. (2011), a price that is too low will make it impossible to cover production costs and generate profits, while a price that is too high may drive away customers who would otherwise purchase or pay. One component of the marketing mix, product price, has the advantage of conveying the worth of a good or service; if the product is produced with good value, it will naturally yield a good price and profit as well (Kotler & Keller, 2008).

2.3. Corporate Image

Corporate image, according to Balmer et al. (2020), is a collection of opinions, views, and impressions that an organization creates in order to influence stakeholders and the general public. In contrast, Walsh & Bartikowski (2013) define corporate image as a broad word that encompasses consumer opinions, feelings, attitudes, beliefs, assessments, and general impressions of the business based on direct or indirect interactions. Corporate image, according to Saran & Shokouhyar (2021), is centered on how the public views the business. To try to change this perception, an organization selects a number of distinctive personality traits that it wishes to highlight to a certain demographic. Corporate image can be divided into two categories: the ability of the corporation to create or serve its consumers, commonly known as CSR (Corporate Social Responsibilities), and the consumer image of the company under social characteristics (Yu et al., 2021).

2.4. Satisfaction

Customer satisfaction, according to Yu et al. (2017), is a psychological concept that encompasses comfort, wellbeing, and the fulfillment of all of a customer's needs and expectations from a good or service. The degree to which a product's performance is thought to meet the expectations of purchasers or consumers is known as customer satisfaction. According to Kotler and Armstrong (2016), customer satisfaction occurs when a product's performance meets or exceeds the expectations or hopes of the customers and is received by them. Kotler & Keller (2012) added that the secret to marketing strategy is knowing how to please customers.

2.5. Loyalty

Kotler and Keller (2012) define loyalty as a strong will to continue buying or subscribing to a specific good or service in the future, even in the face of circumstances and advertising campaigns that could affect behavior. Customer loyalty is what makes a brand worth millions or billions of dollars, according to Noorham et al. (2020). Customers can enjoy these items for what they are and stick with them by disregarding the gaps in the competition, which creates a steady flow of income for the business. Because devoted clients are difficult to sway by rivals' prices, Albari & Kartikasari (2019) assert that customer loyalty plays a critical role in enhancing financial performance and business sustainability.

3. RESEARCH ISSUES AND METHODOLOGY

3.1 Research Issues

In this investigation, a quantitative method was taken. The people that utilize LUSH in Surabaya make up the populace. Non-probability sampling is the sampling method that is employed, and a questionnaire is a key data gathering tool. In order to select respondents who will assist in distributing and completing surveys, researchers will employ snowball sampling procedures in this study. According to the respondents' characteristics, 100 LUSH consumers in Surabaya were included in this study. The research model is displayed below.

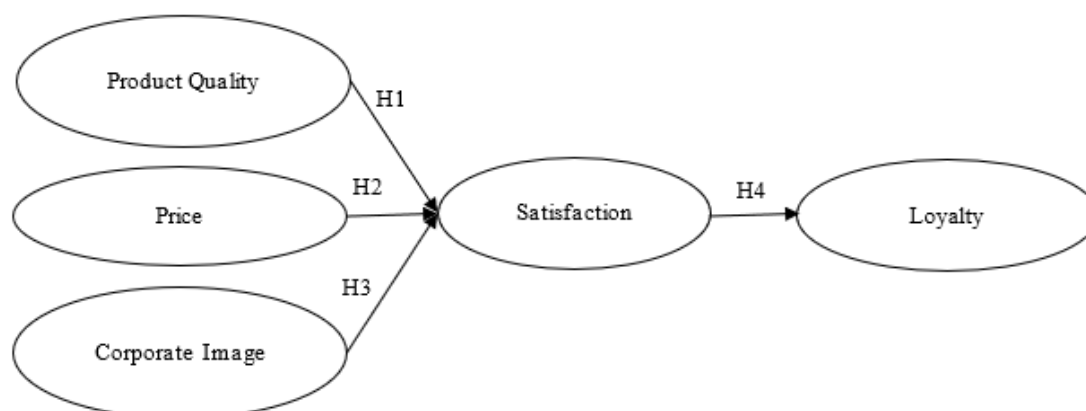


Figure 3. Research Model

3.2 Research Methodology

In research and statistics, sampling is a frequent method for learning about a population by examining a sample of that group (Kabir, 2016). The size of the sample is decided based on statistical calculations to ensure an accurate representation, and samples are often picked at random to ensure that they are representative of the wider population. It is crucial to remember that if the sample is not accurately representative of the population, sampling techniques may add biases to the results. For instance, if a researcher only chooses volunteers from a particular social class or geographic area, the findings might not fairly represent the entire community. Hence, to ensure that the results are accurate and dependable, great thought must be given to the sampling strategy utilized in each research study (Leavy, 2017).

Non-probability sampling was used as the sample method for this study. The author was able to select respondents who would complete the questionnaire by using the snowball sampling approach in order to gather data. The respondents in this survey had the following traits: Male and female

1. Aged 18-60 years
2. Made at least one transaction at LUSH in the past year
3. Reside in Surabaya

The data processing models for simple regression and multiple linear regression from the SPSS 22.0 software suite were used to analyze the data. In order to test the direct effects of the intervening variable on the dependent variable as well as the direct effects of the intervening variable on the dependent variable that was created from multiple indicators, the study's model and hypothesis were first examined using a simple regression technique. Second, multiple regression methodologies were utilized to evaluate the overall impact of the independent and dependent variables as well as the individual effects of each independent variable on the dependent variable, which was composed of numerous indicators. Validity and reliability checks, as well as standard assumption tests, were performed prior to data processing.

Bivariate Pearson is the validity testing method used in this investigation (Pearson Product Moment Correlation). The scores for each item are compared to the overall score using a bivariate Pearson analysis. If the r_{count} is greater than the r_{table} and has a positive value, the data is regarded as legitimate (Sunyoto, 2011). A reliability test, according to Hair et al. (2006), looks at the consistency of various measurements of a variable. There are many approaches to assess a concept's reliability in research, including Cronbach's alpha. Hair et al. (2006) say the lowest Cronbach's alpha value is 0.6.

4. FINDINGS AND DISCUSSION

4.1. Findings

Multiple regression was used in this study to examine the correlations between variables. SPSS 22.0 was the statistical analysis tool utilized to approach the problem formulation. Upon receiving the completed questionnaires, a descriptive statistical analysis was conducted. Figure 4 illustrates that the respondents who completed the questionnaires were primarily female, as women in Indonesia tend to be beautiful with no harm for herself and environment. The survey participants were customers of LUSH who resided in the Surabaya region and had used the product. The data processing of all questionnaires utilized responses from 100 respondents. The results indicate that the responses are visible.

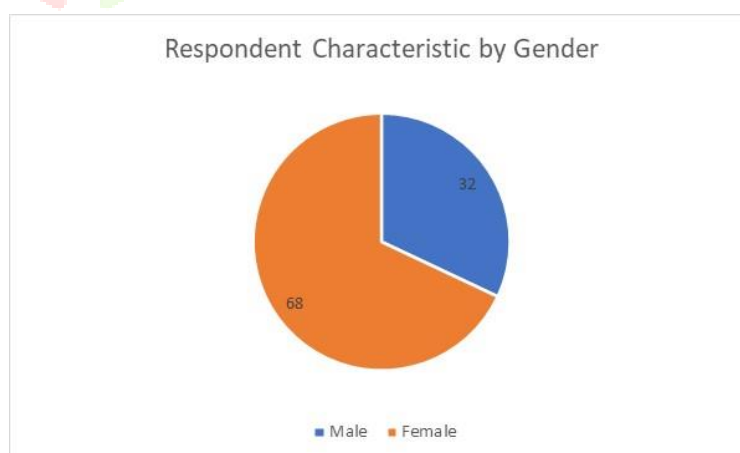


Figure 4. Respondent Characteristic by Gender
Source: own calculation

The findings in Figure 5 reveal that respondents are predominantly aged between 18 and 35 years, with 33 respondents falling within this age bracket, followed by 38 respondents in the 36-45 age group and 29 respondents in the 46-60 age group. This suggests that the majority of responders belong to the age segments of Generation Y and Z.

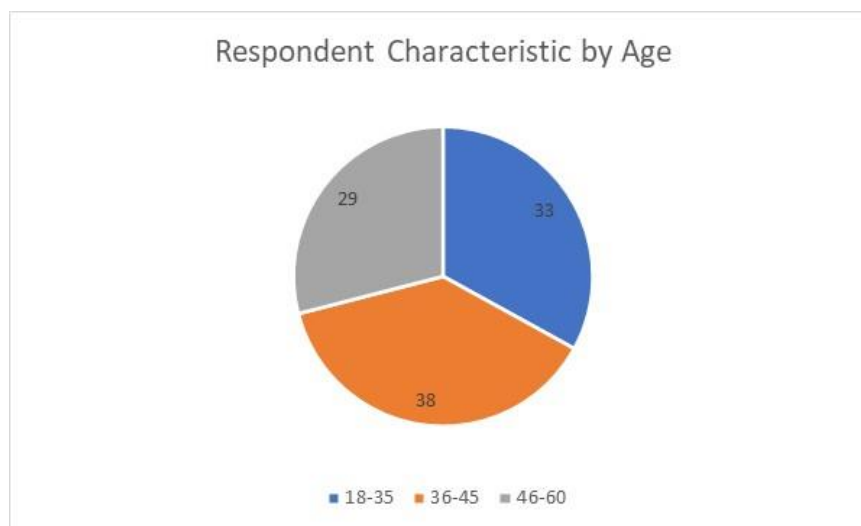


Figure 5. Respondent Characteristic by Age
Source: own calculation

4.1.1. Validity Test

Table 1 is a data validity that indicates that all indicators used to measure each variable are valid, as each item's factor loading value is greater than the critical value of 0.160.

Table 1. Validity Test

Indicator	FL	Indicator	FL	Indicator	FL	Indicator	FL	Indicator	FL
Quality Product		Price		Corporate Image		Satisfaction		Loyalty	
QP1	.472	PR1	.668	CI1	.567	ST1	.735	LY1	.742
QP2	.454	PR2	.613	CI2	.679	ST2	.685	LY2	.753
QP3	.532	PR3	.713	CI3	.658	ST3	.766	LY3	.678
		PR4	.687						

Source: own calculation

4.1.2 Reliability Test

The reliability test's outcomes are as follows.:

Table 2. Reliability Test

Variable	Cronbach's Alpha Based on Standardized Items
Quality Product	.766
Price	.821
Corporate Image	.767
Satisfaction	.823
Loyalty	.812

Source: own calculation

As shown in Table 2, all of the Cronbach alpha regression values in this study are higher than 0.60. This indicates that the statements used to create these variables are consistent and dependable and can be used for additional analysis.

Results of Multiple Regression (Quality Product, Price, Corporate Image to Satisfaction)

The multiple regression findings are as follows:

Table 3. Coefficient Regression Model 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.154	.327		-1.321	.565
	QP	.692	.041	.626	4.234	.000
	PR	.612	.031	.547	4.198	.000
	CI	.749	.045	.682	4.447	.000
a. Dependent Variable: BI						

Source: own calculation

From table 3, the regression equation can be written as follows:

$$ST = b_1QP + b_2PR + b_3CI$$

$$ST = 0.516QP + 0.612PR + 0.682CI$$

Based on Table 3, all the independent variables have a positive influence on Satisfaction. Corporate Image has the greatest regression coefficient compared to other variables, which is 0.682. Therefore, Corporate Image is the most influential in Satisfaction. On the other side, Price has the smallest effect on Satisfaction, which is 0.547.

Results of Simple Regression (Satisfaction to Loyalty)

The result of simple regression findings are as follows:

Table 4. Coefficient Regression Model 2

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.165	.347		-1.367	.348
	ST	.761	.075	.648	4.236	.000
a. Dependent Variable: UB						

Source: own calculation

From table 4, the regression equation can be written as follows:

$$LY = b_5ST$$

$$LY = 0.648ST$$

Based on table 4, Satisfaction has a positive influence on Loyalty. In this research, Satisfaction has the highest regression coefficient which is 0.648.

F-test:-

The calculations using SPSS reveal that the significance of the F-test value in the model is 0.000, which demonstrates that the independent variables have a substantial combined effect on the dependent variable.

Table 5. Result of F-test 1

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.164	4	18.125	74.467	.000 ^b
	Residual	44.223	193	.172		
	Total	86.571	195			
a. Dependent Variable: ST						
b. Predictors: (Constant), QP, PR, CI						
Source: own calculation						

Source: own calculation

Table 6. Result of F-test 2

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.467	1	38.451	231.418	.000 ^b
	Residual	47.254	194	.176		
	Total	122.230	196			
a. Dependent Variable: LY						
b. Predictors: (Constant), ST						
Source: own calculation						

Source: own calculation

t-test:-

A t-test has already been conducted for Quality Product, Price, and Corporate Image related to Satisfaction and Loyalty. The purpose of this t-test was to examine whether the independent factors of Quality Product, Price, and Corporate Image significantly influence the dependent variable, which is Satisfaction and Loyalty. If the t-test value is less than 0.05, the partial influence on the variable is considered significant. According to Table 5 and 6, each independent variable significantly affects Satisfaction and Loyalty.

4.2. Discussion

For research at LUSH customer, there are six hypotheses in this study. All six theories are acceptable for the LUSH customer object. According to a t-test, the first hypothesis—that is, that Product Quality has a substantial impact on Satisfaction on the LUSH object—is accepted at LUSH, as evidenced by the significance value of 0.000, which is below 0.05. The study's findings corroborate earlier research by Gelderman et al. (2021), which found a favorable correlation between product quality and satisfaction. The natural materials used, product dimensions, features, design, and packaging that contribute to energy conservation, pollution avoidance, waste recycling, and environmental friendliness are all factors that determine the quality of environmentally friendly products (Chang & Fong, 2010; Suki, 2017). Using products that promote environmental care will make customers feel good about themselves and their ability to contribute to the environment.

According to a t-test, the second hypothesis—that price has a substantial impact on satisfaction—is accepted for the Body Shop product. The significance value for this hypothesis is 0.000, or less than 0.05. The study's findings corroborate earlier research by Gelderman et al. (2021), which found a strong positive correlation between price and satisfaction. The findings generally point to the conclusion that LUSH customers believe that the product's price supports and is in line with the difference between the seller's comparative price and other parties' prices, which is fair, reasonable, and can also be justified in light of the advantages and caliber of the goods produced and the environmentally friendly activities carried out.

With a t-test significance value of 0.000 (below 0.05), the third hypothesis—that is, Corporate Image having a significant impact on Satisfaction on the LUSH object—is accepted for the The Body Shop object. The study's findings corroborate earlier research by Gelderman et al. (2021), which found a strong positive correlation between corporate image and satisfaction. Enhancing corporate image in line with the green context—which includes environmental issues, innovation, social responsibility, ethics, regulation, and sustainable development—is necessary to raise satisfaction levels. The public's perception of LUSH as an ethical and environmentally friendly beauty brand is the reason this variable is accepted.

According to the fourth theory, loyalty is significantly impacted by satisfaction. This hypothesis is accepted in the LUSH object based on a t-test with a significance value of 0.000 (below 0.05). The findings of this study corroborate earlier research by Gelderman et al. (2021), which claimed that satisfaction is a crucial step in the formation of loyalty and that it has the strongest impact on loyalty. Customers of LUSH believe that LUSH products already perform well, consistently, and better than those of competitors, which is why this premise is accepted

5. CONCLUSION

Based on the study's findings, there are several managerial implications that can be drawn for LUSH to increase Loyalty among its customer in Surabaya:

1. Quality Product: With the help of initiatives that encourage consumers to engage in easily recycled and reused packaging, LUSH can continue to achieve product quality standards and preserve and enhance associated features that enable the use of easily recycled packaging.
2. Price: LUSH can offer evidence so that consumers can directly compare costs with those of competing products and conclude that LUSH offers good value in line with the caliber of eco-friendly products and consistently fulfills its commitment to supporting eco-friendly companies.
3. Corporate Image: By continuing to develop environmentally friendly programs that have been put into place, educating the community and LUSH customers, and undoubtedly improving the quality of LUSH products in terms of customers' green needs to support environmentally friendly products, LUSH can continue to cultivate a positive image related to environmental concerns.
4. Satisfaction: In order to encourage customer involvement through experience sharing and boost customer satisfaction, LUSH can offer customers automatic machines to complete the self-payment process. This will make the payment process simpler and more convenient for them, and it will also eliminate the need for paper bills.

The overall findings of the study highlight how important Corporate Image is in determining Satisfaction and suggest that LUSH might benefit from using this aspect in its marketing and promotional strategies. By focusing on the development of Quality Product, Price, and Corporate Image, LUSH may draw in more Surabaya customers.

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