Effect Influencing Factor Toward Brand Loyalty in Online Platform Laundry Service

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Keyword	Abstract
community relationship management, relationship marketing orientation, customer engagement, brand trust, brand loyalty, PLS-SEM	*The laundry industry in Indonesia has been undergoing a significant transformation in recent years, largely driven by the increasing use of social media as a marketing and engagement tool. The massive laundry industry in Indonesia causes entrepreneurs in the laundry sector to face the challenge of securing their customers so they don't switch to using the same services offered by competitors. Therefore, this research was conducted to identify the factors that influence brand loyalty and provide recommendations for development plans to increase brand loyalty which is the object of this study. This study uses quantitative methods, online surveys as instruments and uses PLS-SEM analysis. This study used 151 respondents who are users of laundry services who live in the city of Bandung. This study reveals that Brand Trust has a positive relationship toward Brand Loyalty, Customer Engagement has a positive relationship toward Brand Loyalty, and Relationship Marketing Orientation has a positive relationship toward Brand Loyalty and Customer Engagement. The findings of this study provide recommendations to the company regarding the object of this research to develop development plans and strategies for increasing brand loyalty based on the identified factors that significantly influence brand loyalty which will have an impact on increasing sales.*

INTRODUCTION

The laundry industry in Indonesia has been undergoing a significant transformation in recent years, largely driven by the increasing use of social media as a marketing and engagement tool. According to a report by Hootsuite and We Are Social, there were 160 million active social media users in Indonesia in 2021, representing a penetration rate of 59% of the population. This has created new opportunities for businesses in the laundry industry to reach and engage with their target customers in innovative ways.

Many laundry businesses in Indonesia have already started using social media platforms such as Instagram, Facebook, and Twitter as a strategic marketing tool to build customer engagement (CE). Those involved in effective social media engagement can successfully influence customer behavior, brand preferences, and purchase decisions in the laundry industry in Indonesia. Across product categories, 26% purchases are influenced by social media recommendations (Bughin, 2015). Social media has the speed and ability to target customers and control cost, driving business change through interactive, two-way communication between customers and firms (Harrigan et al., 2017; Vivek et al., 2012). This new form of digital communication has resulted in enhanced customer association with particular brands as they start experiencing higher attachment, trust, dedication, satisfaction, and loyalty toward these brands (Harrigan et al., 2017).

Social media marketing enhances strong brand loyalty (BL) when brands offer valuable suggestions with appropriate and favored content on various social media platforms.

Organizations also encourage communities to create content and increase engagement (Medeiros and Needham, 2009). Thus, social media has revolutionized customer behavior, awareness, decision making, and brand engagement.

This study aims to develop a concept that increases the effectiveness of Indonesia's laundry industry. Based on previous literature, we explore modern business approaches such as community relationship management (CoRM) (Ang, 2011) and relationship marketing orientation (RMO) (Sin et al., 2002), and consider customer engagement (CE) as an essential element (Vivek et al., 2012, 2014). In the first, this study integrates CoRM (the 4Cs model), RMO, CE, and brand trust (BT), focusing on Drykeun cases. Additionally, we aim to find novel ways to increase brand loyalty (BL) using CoRM, RMO, relationship management, and brand trust (BT) focus. This will enable the Drykeun to respond to customer's desire and laundry services to prioritize long-term business growth, thereby building value for shareholders, employees and customers.

METHOD

In this research Author utilized a quantitative research approach to help the research to pursue the determined goals through surveying the targeted participants. The Author uses a quantitative approach because quantitative research allows for precise measurement and objective analysis of data, providing accurate and reliable results (Creswell & Creswell, 2018).

Quantitative research provides an objective and systematic approach to collecting and analyzing data. It focuses on numerical data, allowing for precise measurements and replicable results (Creswell & Creswell, 2018). The information that will be gathered is around 4 attributes namely CoRM, RMO, CE, and BT from customer point of view.

The population of this research represents Drykeun's target market, which is people who used or subscribed laundry services for at least 3 months. This time period allows respondents to have tried laundry services and already have brand loyalty to that brand. Specifically, this study's population is made up of Bandung City. Considering Bandung as a population because Bandung is an urban area that has many laundry industries.

The list of questions in the questionnaire design was developed in the previous research, Author adopted and modified question research developed by Harvard Business Review (2016), Jahn & Kunz (2012), and Bruhn et al., (2012) to measure the Community Relationship Management (CoRM). For the Relationship Marketing Orientation, Author adopted and modified items were developed by Wongsansukcharoen et al. (2015) and Chattananon & Trimetsoontorn (2009). For Customer Engagement (CE) measurement, we adopt and modify 14 items of question research developed by Bruhn et al. (2012) and Vivek (2009). For Brand Trust (BT), authors adopt and modify nine items developed by Hur et al. (2011) and Luk & Yip (2008). Lastly, to measure Brand Loyalty (BL) we adopt and modify 14 items developed by Laroche et al. (2013), Jahn & Kunz (2012), and (Bruhn et al. (2012). All items were measured on a five Likert-type scale. In this study Author develops 42 items to be analyzed in the next chapter.

The collected data from the previous section will be analyzed using Structural Equation Modeling method using smartPLS 4.0 with Partial Least Squares (PLS) technique. Refer to Jr. et al., (2013) PLS-SEM is suitable for exploratory research where the goal is to generate new insights and theories, as it allows for the inclusion of formative indicators and the analysis of complex and non-linear relationships. According to Jr. et al., (2013), Partial Least Squares (PLS) is a statistical method that has several advantages in data analysis.

RESULTS
Reliability Test

In the first experiment, the author applied 42 indicators, but not all of the indicators are reliable, so the author tried to eliminate the unreliable indicators based on criteria from Wong

(2013). From 42 indicators listed, only 21 indicators have the outer loading > 0.7. In other words, only 21 indicators that are reliable and could be analyzed using PLS-SEM.

Validity Test

The variable of the model in a questionnaire design can be analyzed to be valid if the Average Variance Extracted (AVE) is equal to 0.5 or higher. The result of this validity test shows that all of the variables are considered as valid.

Internal Consistency Reliability

Internal consistency reliability is employed to assess whether all the indicators of a construct align with its value scores. A value greater than 0.7 is considered acceptable for reliability Wong (2013), while Cronbach's alpha should ideally exceed 0.6. The composite reliability scores for the variables in the table above exceed 0.70, suggesting a high level of internal consistency reliability. Furthermore, Cronbach's alpha values for each construct are above 0.60. Therefore, we can confidently assert that all variables demonstrate reliability.

Convergent Validity

Analyzing the Average Variance Extracted (AVE) values of each variable helps determine the convergent validity of the data. Wong (2013) suggests that AVE values above 0.5 are considered acceptable. Based on analysis, it can be observed that the average variance extracted (AVE) values for all variables are above 0.5. This indicates that all the variables are considered valid.

Discriminant Validity

Discriminant validity is another method to assess validity using cross loadings. Wong (2013) suggests that for each variable to be considered valid, the square root of the average variance extracted (AVE) coefficient should exceed the correlation between the two latent variables. The findings are as follows.

	BL	BT	CE	CoRM	RMO
BL	**736**				
BT	690	**743**			
CE	711	662	**733**		
CoRM	590	616	476	**725**	
RMO	706	674	687	583	**720**

Table 1 Discriminant Validity Test Result

The results shown in table above indicate that the loading values of the indicator items on their respective constructs are higher than the cross loading values. This suggests that all the constructs have a strong discriminant validity, with the indicator items within each construct performing better than those in other constructs.

Collinearity Test

Wong (2013) suggests that the Variance Inflation Factor (VIF) scores are employed to assess the presence of collinearity in a test. In order to mitigate collinearity issues, it is recommended to maintain a VIF value lower than 5. The result of the collinearity test shows that all of the constructs indicate the absence of any issue of multicollinearity among the variables.
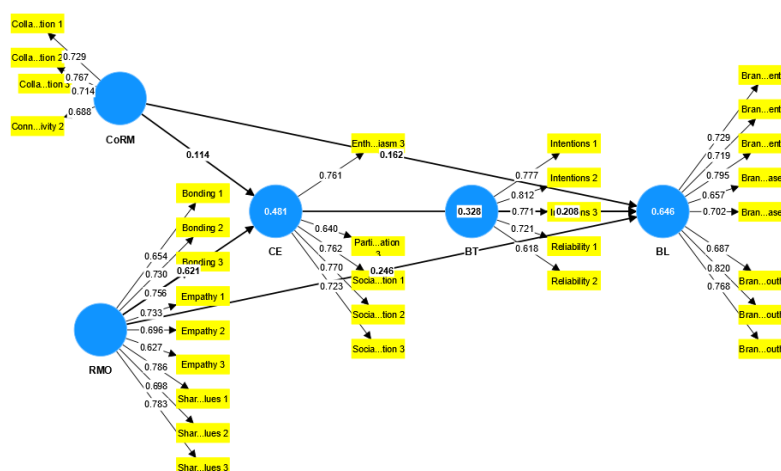
Structural Path Significance

Figure 1 Structural Path Significance Result

Based on the theoretical framework employed in this research, Partial Least Squares (PLS) is utilized to analyze the causal relationship. Following the aforementioned steps, the researcher employed bootstrapping, using the SmartPLS approach, to establish the connection between the inner and outer models. By evaluating the outcomes, the researcher can determine whether the hypothesis is supported or rejected. This current model has five components and thirty-one indicators. CoRM comprises 4 indicators, RMO comprises 9 indicators, CE comprises 5 indicators, BT comprises 5 indicators, and BL comprises 8 indicators.

When evaluating the quality of the model, it is important to consider factors such as path coefficients, coefficient of determination ($R2$), and cross-validated redundancy. In order to determine the significance of the model's association, t-values equal to or greater than 1.96 are necessary.

	R-square	R-square adjusted
BL	0.646	0.637
CE	0.481	0.474

Table 2 R-square result

R-square is a statistical value that measures the amount of variance in dependent variables that is explained by the model. According to the table above, the coefficient of determination or R-square for Customer Engagement (CE) is 0.481 means that CoRM, RMO, BT are able explain 48.1% of the variance in Customer Engagement variables. On the other hand, the R-square for Brand Loyalty is 0.646 means that Customer Engagement (CE) and Brand Loyalty (BL) which explain 64,6% of variance in Brand Loyalty. According to Wong (2013), the result of R-square for Customer Engagement (CE) categorized as weak because of R-square < 0.5. Beside that, R-square for Brand Loyalty is categorized as a moderate because of R-square > 0.5.

Hypothesis Testing

Refer to Wong (2013), the hypothesis considered as accepted is when the path coefficient has a positive value of T-value is greater than 1.96 at the 0.05 level of significance. The table below summarizes the hypothesis testing result.

Hypothesis	Structural Path	T statistics (|O/STDEV|)	P values	Result
H1	BT → BL	1.983	0.047	Accepted
H2	CE → BL	3.401	0.001	Accepted
H3	CoRM → BL	1.723	0.085	Rejected
H4	CoRM → CE	1.332	0.183	Rejected
H5	RMO → BL	2.668	0.008	Accepted
H6	RMO → CE	8.525	0.000	Accepted

Table Hypothesis Testing Result

a. H1 Brand Trust has a significance positive relationship toward Brand Loyalty
b. H2 Customer Engagement has a significance positive relationship toward Brand Loyalty
c. H3 Community Relationship Management has a significance positive relationship toward Brand Loyalty
d. H4 Community Relationship Management has a significance positive relationship toward Customer Engagement
e. H5 Relationship Marketing Orientation has a significance positive relationship toward Brand Loyalty
f. H6 Relationship Marketing Orientation has a significance positive relationship toward Customer Engagement

DISCUSSION

The purpose of this study is to identify what factors influence Drykeun's brand loyalty, to determine the relationship between influencing factors towards brand loyalty and propose improvement programs to increase Drykeun's brand loyalty. This study defines the potential customer of Drykeun to develop a customer loyalty strategy in order to increase the sales and win the competitions. The outcome of this research might be utilized by Drykeun to create a guideline of development/improvement plan to become an online laundry platform that can increase its scalability through collaboration with other businesses. Using PLS-SEM analysis, the author confirms the relationship between each construct. The conceptual framework's hypotheses were derived from variables: community relationship management, relationship marketing orientation, customer engagement, and brand trust that examined the brand loyalty variable.

According to a previous study conducted by Wongsuphasawat & Buatama (2019), community relationship management, relationship marketing orientation, customer engagement, and brand trust has a significant positive impact on customer loyalty. However, through the result of PLS-SEM analysis, the author finds that relationship marketing orientation, brand trust, and customer engagement has a positive effect on brand loyalty and community relationship management has not a positive relationship toward brand loyalty. To develop brand loyalty strategy the author provides some strategy to increase brand loyalty through the influencing factors to do a collaboration with other businesses that more detail explained in the Gantt Chart of implementation plan.

Referring to Kotler et al. (2017), the author proposed a guideline for Drykeun for improvement programs that specifically focus on partnering with other companies in order to utilize another company's customer base. From this partnership, Drykeun can get many advantages from other companies and help Drykeun in expanding its market.

CONCLUSION

The purpose of this study is to identify what factors influence Drykeun's brand loyalty, determine the relationship among factors toward Drykeun's brand loyalty, and proposed improvement program that can increase Drykeun's brand loyalty. This findings and implementation/improvement plan is used for Drykeun guideline in developing the value proposition that differ from existing laundry services to win the competitions. Author has collected data and reviewed essential data acquired from people who have been using laundry service for at least three months. Using PLS-SEM, the data were analyzed through SmartPLS software 4.0.

In the context of this study, through results of PLS-SEM analysis, it was proven that Brand Trust (BT) has a significant positive relationship toward Brand Loyalty (BL), Customer Engagement has positive relationship toward Brand Loyalty (BL), Relationship Marketing Orientation has a significant positive relationship toward Brand Loyalty (BL) and Customer Engagement (CE). On the other hand, in Community Relationship Management (CoRM) there is not a significant positive relationship toward Brand Loyalty (BL) and Customer Engagement (CE).

The proposed guideline is to develop an improvement program of Drykeun that was created in this research based on the factors identified (relationship marketing orientation, customer engagement and brand trust) that have a significant positive relationship toward brand loyalty. The guideline proposed is adopted from Kotler et al. (2017) about partnership that can be explained in the implementation plan that could help Drykeun developing its service improvement programs to differ Drykeun with its competitors. Through proposed guidelines, Drykeun and or other companies facing similar problems will be able to secure their customers by increasing brand loyalty.

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