

# The Effect of Customer Satisfaction and Brand Loyalty on Increasing Karawo's Business Market Share

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## ABSTRACT

This study aims to examine the effect of consumer satisfaction and brand loyalty on increasing the market share of Karawo Enterprises in Gorontalo. Consumer satisfaction and brand loyalty are important factors in maintaining business continuity and growth. This study uses a quantitative approach with a survey method of 570 Karawo customer respondents in Gorontalo. Data was collected using a questionnaire designed to measure the level of customer satisfaction, brand loyalty, and other factors that could potentially affect market share. Data analysis was performed using multiple linear regression techniques. The results showed that consumer satisfaction has a significant effect on increasing market share. Meanwhile, brand loyalty has no significant effect on increasing market share.

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## 1. INTRODUCTION

Market share is one indicator of the success of a business in a competitive industry. In this context, Usaha Karawo, which operates in Gorontalo, is one of the major players in the fashion industry in the area. However, with the emergence of new competitors and changes in consumer preferences, it is important for Karawo Enterprises to understand the factors that affect their market share.

One important factor that can affect market share is customer satisfaction. Satisfied customers tend to return and buy products or use services from Usaha Karawo repeatedly. In addition, customer satisfaction can also affect the brand image and reputation of the company. Therefore, it is important for Karawo Enterprises to understand their level

of customer satisfaction and how it affects their market share in Gorontalo.

Importance of customer satisfaction in influencing business market share and presents various strategies to achieve high customer satisfaction [1]. Net Promoter Score (NPS) and how customer satisfaction can be an important factor in influencing business growth [2]. Importance of customer satisfaction in building long-term relationships that lead to increased market share [3].

In addition to customer satisfaction, brand loyalty is also a crucial factor in increasing market share. Loyal customers tend to stick to the Usaha Karawo brand, even when there are other alternatives available in the market. By building and maintaining brand loyalty, Karawo Enterprises can

maintain their market share and face increasingly fierce competition. Brand loyalty is the main key in generating sustainable business growth [4]. Loyal customers tend to make repeat purchases, recommend products to others, and are more tolerant of price changes. Maintaining customer loyalty is an effective way to increase market share and achieve competitive advantage."

Brand loyalty is one of the most important factors in building long-term relationships between companies and customers [5]. Loyal customers are not only more likely to purchase your product or service repeatedly, but also more likely to pay a premium price, create a positive impact on their social network, and provide valuable feedback for the company. In the long run, brand loyalty helps companies secure a strong market share and reduce the influence of competition." Brand loyalty is a strong foundation in building a significant business market share [6]. Loyal customers will create long-term effects that benefit the company, including repeat purchases, positive influence in word-of-mouth marketing, and generating new customers through recommendations. Companies should invest in efforts to build brand loyalty as the main strategy to increase their market share

In order to understand the effect of customer satisfaction and brand loyalty on Karawo Business market share, this research will be conducted. This research will involve surveying the customers of Karawo Enterprises in Gorontalo, focusing on their experience, level of satisfaction, and level of brand loyalty. The collected data will be analyzed statistically to identify the relationship between customer satisfaction, brand loyalty, and the market share of Karawo Enterprises in Gorontalo.

It is hoped that this research can provide valuable insights for Karawo Enterprises in developing effective marketing strategies to increase their market share. In addition, the results of this study can also contribute to a general understanding of the factors that influence the success of a business in the food and beverage industry in the Gorontalo area.

## 2. LITERATURE REVIEW

### 2.1 Market share

Part or proportion of the market that is controlled or owned by a particular company or brand. Market share can be measured based on sales volume, sales value, or the number of customers owned by the company [7]. Market share as the percentage of sales or the number of customers owned by a company or brand in a particular market compared to the total available market [8].

Market share is a measure or percentage of a company's business or sales in a particular industry or market [9]. Market share is the portion or proportion of the market controlled by a company or brand as a result of its competitive advantage in meeting customer needs and wants [10].

Market share is the percentage of sales or the number of customers owned by a company or brand in a particular market compared to its competitors [11]. Market share reflects the company's competitive position and success in meeting customer needs. Market share is the proportion of sales or sales volume of a company in a particular market [12]. Market share can be measured in the form of a percentage or ratio of the total existing market.

Market share as a comparison between company sales and total sales in the same industry or market [13]. Market share reflects the competitiveness of the company and its influence in the industry [13]. Market share is a measure of the percentage of business owned by a company in a particular market. Market share reflects the position of the company in relation to its competitors [14].

### 2.2 Consumer Satisfaction

Mind that arises when consumer expectations are met or exceed what is expected after making a purchase or experiencing a service [15]. Consumer satisfaction is a customer's perception of the extent to which a product or service provided by a company meets or exceeds their expectations [16].

Consumer satisfaction is the feeling of satisfaction experienced by consumers after obtaining the expected product or service [17]. Consumer satisfaction is the degree of

compatibility between product or service performance and consumer expectations [18]. Consumer satisfaction is a feeling of pleasure or satisfaction felt by consumers as a result of their perception of the quality and performance of the product or service received [7]. Consumer satisfaction is a positive feeling that arises after consumers feel that their needs and expectations are met through experience with a particular product or service [19].

### 2.3 Brand Loyalty

Brand loyalty is the desire and willingness of consumers to continue to choose and use products or services from a particular brand, which is based on the satisfaction obtained from previous experience with that brand [20]. Brand loyalty is the level of consumer loyalty to a particular brand, where consumers tend to choose and buy products or services from that brand consistently and voluntarily.

Brand loyalty is a strong emotional relationship between consumers and brands, where consumers feel connected to the values and identity of the brand so that they continue to choose and buy products or services from that brand [21]. Brand loyalty is the result of a combination of consumer satisfaction, trust in the brand, and the competitive advantage possessed by the brand [22].

Brand loyalty is formed when consumers are satisfied with their experience using a product or service from a brand, and feel that the brand provides added value that cannot be found in competing brands [9]. Brand loyalty is a consumer preference that shows a tendency to buy products or services from a particular brand repeatedly, and also involves the level of consumer loyalty, affection, and identification with that brand [23].

### 2.4 Influence Between Variables

"acquiring new customers is far more expensive than retaining existing customers." [16]. According to him, satisfied customers have a tendency to remain loyal and recommend products or services to others, which contributes to market share growth.

Customer satisfaction in creating competitive advantage [24]. According to

him, satisfied customers will choose to buy again from the company rather than switching to competitors. Thus, increasing customer satisfaction can help secure business market share from competitors' threats.

"marketing is all about winning the hearts and minds of customers." [25]. He highlighted that customer satisfaction is an important foundation in achieving business goals, including increasing market share. Satisfied customers tend to be good brand ambassadors and can help expand a business' reach through positive recommendations.

"getting customers addicted" by providing an extraordinary experience [26]. According to him, satisfied customers will return again and again, and encourage others to try the products or services provided by the business. This will help in increasing market share by attracting new customers and retaining existing customers.

### H1 = There is a positive and significant effect of Consumer Satisfaction on increasing Karawo Business Market Share

Brand loyalty and revealed that retaining existing customers is more effective than finding new customers [27]. In his view, loyal customers will tend to make repeated purchases, provide positive recommendations to others, and can become effective brand ambassadors.

Brand loyalty in increasing market share [28]. He stated that a brand that is successful in building customer loyalty can create loyal customers and can provide long-term benefits for the company. In his view, brand loyalty is one of the key factors that differentiate successful companies from those that are not.

In the context of certain industries, such as the hotel or restaurant industry, hotel management and food companies, also emphasizes the importance of brand loyalty [29]. He believes that brand loyalty can create a sustainable positive experience for customers, so that they will prefer to use products or services from the same brand again.

**H2 = There is a positive and significant effect of Brand Loyalty on increasing Karawo Business Market Share**

**3. RESEARCH METHODS**

This study uses a survey research design using questionnaires distributed to Karawo Enterprises customers to collect data on customer satisfaction, brand loyalty, and other factors that influence market share. Data obtained from survey research were then analyzed using statistical regression techniques. The sample of this research is the people of Gorontalo who have Karawo subscribers via Google form as many as 57 people. Data analysis using multiple linear regression.

**4. RESULTS AND DISCUSSION**

**4.1 Assumption Test Results**

To check whether the data is normally distributed or not, it can be seen from the Normal PP Plot graph of standardized regression residuals. If the data points are spread homogeneously around the diagonal line and follow the pattern of the diagonal line, then it can be said that the regression model meets the normality assumption. Conversely, if the data points are spread far from the diagonal line or do not follow the pattern of the diagonal line, it can be concluded that the regression model does not meet the normality assumption. The normality test results can be found in Figure 1.

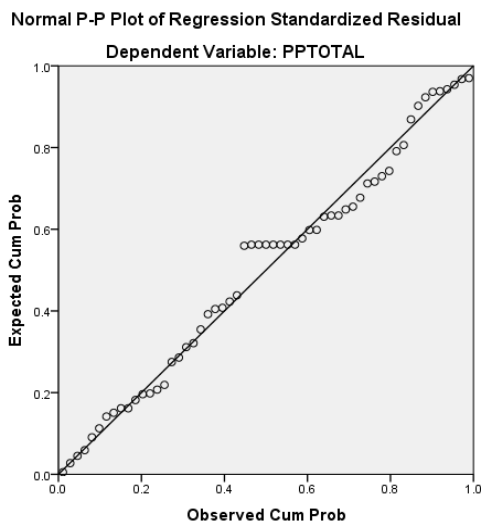


Figure 1 Data Normality Test

Based on Figure 1, it can be seen that the data points spread homogeneously around the diagonal line and follow the pattern of the diagonal line. Therefore, it can be concluded that the data is normally distributed and the regression model meets the assumption of normality.

**4.2 Model Feasibility Test**

Based on the due diligence results, it was found that the R Square value in this study was 0.383, which is equivalent to 38.30%. This value indicates that Consumer Satisfaction (X1) and Brand Loyalty (X2) contribute 38.30% to the dependent variable, namely the increase in Karawo's business market share (Y). Meanwhile, the remaining 61.70% indicated that there were other factors besides consumer satisfaction and brand loyalty that influenced this research.

Table 1  
Regression Test Results

| Variable              | Standardized Coefficient Beta | Q     | sig   | Information     |
|-----------------------|-------------------------------|-------|-------|-----------------|
| Constant              | 25,293                        | 7.206 | 0.000 |                 |
| Consumer Satisfaction | 0.418                         | 2,363 | 0.022 | Significant     |
| Brand Loyalty         | 0.232                         | 1,312 | 0.195 | Not significant |

**4.3 The Effect of Consumer Satisfaction on Increasing Karawo's Business Market Share**

The results of the analysis show that the coefficient value of the Consumer Satisfaction variable indicates a positive and significant relationship between Consumer Satisfaction (X1) and Increasing Business Market Share in Karawo (Y). This finding confirms the correctness of H1 in this study. This result is in line with the results of the opinion [16], [24]–[26].

This finding indicates that the higher the level of customer satisfaction with the product or service offered by the Karawo Enterprises, the greater the possibility for the Karawo Enterprises to increase their market share. By prioritizing customer satisfaction,

Karawo Enterprises can create a positive experience for consumers, meet their needs and expectations, and increase customer loyalty. High consumer satisfaction will have positive impacts such as increasing the number of returning customers, spreading positive recommendations from consumers to others, and forming a positive image for the Karawo Business brand. Through a marketing strategy that focuses on customer satisfaction, Karawo Enterprises can maintain and increase their market share in Gorontalo. This can be done by providing quality products or services, paying attention to consumer needs, responding quickly to consumer complaints or input, and creating an overall positive consumer experience. In this context, Karawo Enterprises is expected to continue to monitor and improve consumer satisfaction levels, adapt to changing consumer needs and preferences, and develop effective marketing strategies to maintain and increase their market share in Gorontalo.

#### 4.4 The Effect of Brand Loyalty on Increasing Karawo's Business Market Share

The results of the analysis show that the coefficient value of the Brand Loyalty variable indicates a positive but not significant relationship between Brand Loyalty (X2) and an increase in the market share of the karawo business (Y). This finding is not in accordance with the H2 hypothesis in this study. This result is not in line with the results of the opinion [27]–[29].

These findings indicate that brand loyalty is not the main factor influencing the growth and gain of market share for Karawo Enterprises in Gorontalo. Although brand

loyalty is considered important in retaining existing customers, in the context of Karawo Enterprises in Gorontalo, other factors such as customer satisfaction, price, product or service quality, and external factors may have a more significant effect on increasing market share. This emphasizes the importance of the Karawo Business to focus on efforts to increase consumer satisfaction, provide competitive value in terms of price and quality, and pay attention to other factors that become consumer purchasing decisions in the market. However, this does not mean that Karawo Enterprises must ignore the brand loyalty aspect. Brand loyalty remains important in retaining existing customers and building long-term relationships with them. Karawo's business can continue to strengthen brand loyalty through marketing strategies such as loyalty programs, consistent customer experience, and effective communication with customers.

#### 5. CONCLUSION

From this study, it can be concluded that customer satisfaction has a significant influence on increasing the Karawo business market share in Gorontalo. This shows that the higher the level of customer satisfaction with the product or service offered by the Karawo Enterprises, the greater the possibility for the Karawo Enterprises to increase their market share. Meanwhile, brand loyalty does not have a significant effect on increasing the market share of Karawo Enterprises in Gorontalo. This shows that brand loyalty is not the main factor influencing the growth and gain of market share for Karawo Enterprises in Gorontalo.

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