Brand Image, Service Quality, and Product Differentiation: Building Customer Satisfaction

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Article Info

ABSTRACT

This quantitative study was carried out at the Bicopi Cafe in Surabaya with the goal of analyzing the impact of difference, brand image, and service quality on customer happiness. Eighty respondents were selected from among Bicopi's clientele. Multiple linear regression was used for data analysis with SPSS 25.0 assistance once the validity and reliability of the gathered data were confirmed. The results showed that customer satisfaction is significantly and favorably impacted by service quality. Similarly, when compared to service quality and product difference, brand image is the most prominent characteristic and has a considerable and positive impact on consumer satisfaction. In the meantime, consumer happiness at Bicopi Cafe in Surabaya is not substantially impacted by the differentiation variable.

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1. INTRODUCTION

In an increasingly competitive business landscape, changes in the food industry are rapid [1]. Retaining customers has become a key to a company's success. Intense competition requires businesses to focus not only on attracting new customers but also on efforts to retain existing ones. Customer satisfaction is one of the critical factors in maintaining a business. Satisfied customers tend to be loyal to the brand, provide positive recommendations, and are even willing to pay more for products or services they like. Business competition encourages every company to improve service quality, which ultimately leads to customer satisfaction [2].

In a competitive environment, understanding customer needs and desires becomes crucial. Today's customers are not only looking for quality products, but also a satisfying experience. They expect good service, a comfortable atmosphere, and unique products. By understanding customer preferences, cafe businesses can develop effective strategies to attract and retain customers. Despite the promising potential of the cafe business, there are several challenges to address, such as the emergence of new competitors which forces cafes to continually innovate, the ever-changing culinary trends requiring fast adaptation, and high operational costs including rent, raw materials, and employee salaries, all of which can increase the cafe's operating expenses.

The culinary industry, especially cafes, is becoming increasingly competitive. Amid the growing number of cafe businesses, retaining customers has become a unique

challenge for every entrepreneur. To win the competition, a cafe must not only offer delicious products but also provide an unforgettable experience for its customers. One of the key factors that can influence customer satisfaction and the sustainability of a cafe business is service quality, brand image, and product differentiation. Companies must focus on building their brand identity because brand image can significantly influence whether customers decide to make a purchase or not [3].

As a participant in the Surabaya food market, Bicopi Café Surabaya is undoubtedly subject to fierce competition. in order to endure and keep expanding. Since client satisfaction is essential for assessing the quality of services, Bicopi Café must determine the elements that affect it [4]. The purpose of this study is to investigate how customer happiness at Bicopi Café Surabaya is impacted by service quality, brand image, and product differentiation.

As a successful example of a café business in Surabaya, Bicopi Café strives to continuously enhance its quality and competitiveness. By understanding the factors affecting customer satisfaction, Bicopi Café can design more effective and targeted strategies to improve services, retain customer loyalty, and attract new consumers.

Previous studies have shown mixed findings regarding the factors influencing customer satisfaction. For instance, some research indicates that service quality significantly impacts customer satisfaction [5], while other studies suggest the opposite, finding no significant relationship between service quality and customer satisfaction [6]. Similarly, brand image has been reported to have no effect on customer satisfaction in certain contexts [4]. However, differentiation consistently emerges as a significant determinant of customer satisfaction. This study aims to give a better understanding of the main elements that influence customer satisfaction in light of these discrepancies and research gaps. By filling in these gaps, the study hopes to advance the field's expanding body of knowledge and provide useful advice for companies trying to improve customer

satisfaction and experience. These insights will be useful to businesses as they develop marketing strategies pertaining to these factors. The study's goals are to identify which of the following factors has the biggest influence on customer satisfaction at Bicopi Café Surabaya by looking at and analyzing the partial effects of service quality, brand image, and differentiation on customer satisfaction.

2. LITERATURE REVIEW
2.1 Service Quality

According to [7] service quality is the overall excellence and characteristics of a product or service that support its ability to meet needs, both directly and indirectly. Service quality is an effort to fulfill the needs and desires of customers, along with delivering the service in a manner that meets their expectations and ensures customer satisfaction.

According to [8] they summarize the ten dimensions of service quality into five main dimensions, which are: Reliability, responsiveness, assurance, empathy, and tangibles.

2.2 Brand Image

Brand image, according to [9], is the impression that consumers have of a specific product's brand that sets it apart from competing ones. The brand image, which appears as perceptions connected to beliefs held in the customers' minds about a particular brand, tends to be consistent with the brand image of consumers who are used to using that brand, enabling them to distinguish it from others. According to [10], brand image is the way that consumers see a company. The main goal of brand image management is to make sure that customers form solid, good associations with the company, forming a positive perception and emotional bond in their thoughts. According to this definition, a brand's image is how customers perceive it, and the goal of brand image management is to ensure that consumers

consistently remember the brand in a positive light.

According to [9] brand image has three indicators:

1. Corporate Image, this includes the company's popularity and credibility. Corporate image plays a significant role in influencing consumers' purchasing decisions.
2. User Image refers to consumers' beliefs and perspectives about the users or consumers of a product, with the aim of fostering a positive view of the brand. User image is closely linked to consumer personality.
3. Product Image refers to consumer awareness of the attributes, benefits, and warranties of a product that is competitive and durable, motivating consumers to use it or benefit from the services offered, whether in terms of price differences or product appearance.

2.3 Differentiation

Differentiation, according to [11], is "actually differentiating the market offering to create superior customer value," which entails creating a number of variations in market offerings that are highly valued by consumers. A business strategically positions itself to excel in meeting the needs of a large number of buyers in its industry by identifying one or more critical attributes that they find highly valuable. By offering a distinctive value proposition that sets it apart from competitors, the company can command premium pricing, reflecting the uniqueness and perceived value of its offerings. This approach not only enhances the company's competitive advantage but also strengthens customer loyalty and market positioning. [12] explains that differentiation tends to change and involves differences. To achieve strong differentiation, a company must focus on three dimensions: content, context, and infrastructure.

2.4 Customer Satisfaction

When a client compares their expectations prior to utilizing a product or service with the actual experience they have after using it, they can determine whether they are satisfied or not. [13], [14] emphasize that customer satisfaction results from the comparison between customer expectations and the actual experience after using a company's product or service. When the customer experience aligns with or exceeds expectations, it results in happiness and satisfaction with the product or service. Conversely, if the experience fails to meet expectations, it leads to disappointment and dissatisfaction, potentially affecting the customer's perception and loyalty to the brand. Therefore, companies need to understand customer expectations and provide a satisfying experience in order to achieve high levels of customer satisfaction.

1. Customer satisfaction, indicators can be measured by a customer's willingness to repurchase a product or service, how often they recommend the product or service to others (word of mouth), and how often they actively refer the product or service to others (referral). According to [14], customer satisfaction indicators can be measured in three ways: Repurchasing the Product or Service, this indicator measures how often customers reuse a product or service they have previously purchased. The higher the repurchase rate, the better the experience aligns with customer expectations.
2. Recommending the Product or Service to Others (Word of Mouth), this indicator measures how frequently customers promote the product or service to others. The more customers provide positive word of mouth (WOM), the more satisfied they are with the product or service.

3. Actively Referring the Product or Service to Others (Referral), this indicator measures how often customers actively recommend the product or service to others. The more customers make recommendations, the more satisfied they are with the product or service.
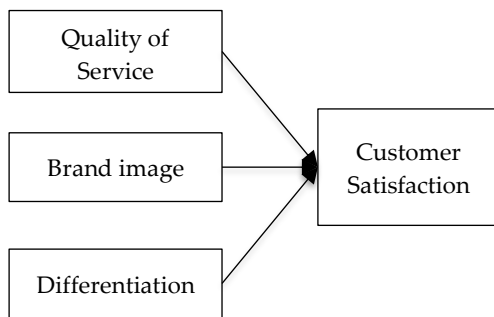

Figure 1. Conceptual Framework and Hypothesis

Hypothesis:
1. Service quality, brand image, and differentiation has a significant effect on customer satisfaction
2. Brand image has a dominant effect on customer satisfaction

3. METHODS

This study employs a quantitative method, where quantitative data serves as the research methodology grounded in positivism. The research data consists of numerical values that are analyzed using statistical tools to address the research problem and draw conclusions. The research location is Bicopi Café in Surabaya, and the population comprises consumers of Bicopi

Café in Surabaya. For this study, the author adopts the sample size approach from [15] where the analysis used is multivariate with correlation or multiple regression. The sample size is determined by multiplying the number of variables being studied by a factor of 20. In this study, there are four variables, comprising both independent and dependent variables. Therefore, the required sample size is calculated as 4×20=80 respondents. This approach ensures sufficient statistical power and reliability in the analysis, enabling accurate evaluation of the relationships between the variables under investigation. amounts to: 20 x 4 variables = 80. Based on this calculation, the sample size is 80 respondents. Simple random sampling is used to ensure the representativeness of the sample. Data collection methods include literature study, surveys, and observations to obtain comprehensive data. To assure the correctness and consistency of the data, validity and reliability tests are done. The data analysis procedure includes statistical methods provided by SPSS 25.0 software, integrating multiple linear regression analysis and the Coefficient of Determination Test (R^2) to measure the strength and explanatory power of the model. Hypothesis testing can carried out using numerous techniques, including the F-test for evaluating the simultaneous effects of independent variables, the t-test for examining individual (partial) effects, and the dominance test to identify the most influential variable. These comprehensive analytical methods ensure robust and reliable results, providing valuable insights into the relationships among the variables studied.

4. RESULTS AND DISCUSSION
4.1 Results

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852[a]	.726	.715	23.37010
a. Predictors: (Constant), X3, X2, X1				

Sources: data processed, 2024

Table 2. ANOVA

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	110025.691	3	36675.230	67.151	.000[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Residual	41508.297	76	546.162		
	Total	151533.988	79			
a. Dependent Variable: Y						
b. Predictors: (Constant), quality of service, brand image, differentiation						

Sources: data processed, 2024

Table 3. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-31.779	31.796		-.999	.321
	Quality of service	.440	.088	.397	5.003	.000
	Brand image	.565	.079	.526	7.131	.000
	Differentiation	.071	.075	.065	.947	.347
a. Dependent Variable: Customer satisfaction						

Sources: data processed, 2024

The R Square value of 0.726 in Table 1 above indicates that, taken together, service quality, brand image, and differentiation explain 72.6% of the variation in customer satisfaction. Other factors that are outside the purview of this study have an impact on the remaining 27.4%.

The brand experience variable has a significance value of 0.000, which is below the 0.05 threshold and suggests that it significantly affects consumer satisfaction, according to the table above. Additionally, the t-value of 5.003 is greater than the t-table value of 1.985, indicating that customer satisfaction is significantly impacted by service quality. Consequently, the idea that customer satisfaction is greatly impacted by service quality is validated. This research underlines the crucial role that service quality plays in boosting customer satisfaction and reinforces its value as a key driver in building great customer experiences.

The brand image variable has a significance value of 0.000, which is below the 0.05 cutoff and suggests a considerable impact on customer satisfaction. Furthermore, the computed t-value of 7.131 is higher than the t-table value of 1.985, indicating that customer happiness is significantly impacted by brand image. This highlights the importance of brand image in influencing customers' perceptions and overall satisfaction with the product or service. Thus, the hypothesis stating that brand image significantly affects customer satisfaction at Bicopi Café Surabaya is supported. The idea that brand image plays a crucial role in determining consumer happiness is further supported by this outcome. It draws attention to the substantial impact that a favorable brand image can have on consumers' opinions and level of brand satisfaction.

The differentiation variable has a significance value of 0.347, which is larger than 0.05 and indicates that it has no appreciable effect on customer happiness, according to the data above. Additionally, the calculated t-value of 0.947 is less than the t-table value of 1.985, further suggesting that differentiation does not significantly impact customer satisfaction. As a result, the hypothesis that differentiation significantly influences customer satisfaction at Bicopi Café Surabaya is rejected. This finding confirms that product differentiation does not play a significant role in affecting customer satisfaction at this particular café.

The combined service quality, brand image, and distinctiveness variables have a significant value of

0.000, below the 0.05 cutoff, with a computed F-value of 67.151, according to ANOVA table 2. This indicates that all three independent variables, when considered together, have a significant effect on customer satisfaction. The analysis also reveals that the brand image variable is the most dominant factor in influencing customer satisfaction, as evidenced by its highest t-value of 7.131, surpassing both the service quality and differentiation variables. This underscores the critical role of brand image in shaping customer satisfaction.

4.2 Discussion

The t-test results, which were collected using SPSS, demonstrate that service quality has a significant impact on customer satisfaction at Bicopi Café Surabaya. The positive correlation between customer satisfaction and service quality, with a significance value below 0.05, confirms a statistically meaningful influence. These results align with (A. Setiawan et al., 2019) et al., The Impact of Service Quality on Customer Satisfaction.

Where service quality was found to have an impact on customer satisfaction. However, this study's results differ from the research by [16] in their study The Impact of Product Quality and Service Quality, which concluded that service quality did not significantly affect customer satisfaction.

This indicates that Bicopi Café's service successfully meets customer expectations, particularly in terms of efficiency and accuracy. The café's staff are prompt, polite, and attentive, helping customers without delay. They foster strong relationships with customers through effective communication, individualized care, and a deep understanding of their needs. Moreover, the physical environment, equipment, staff, and services are all designed to align with customer expectations, as emphasized by [8]. Ultimately, service quality plays a vital role in enhancing customer satisfaction and improving the overall customer experience.

The results of the investigation demonstrate a positive correlation between customer satisfaction and brand image, suggesting that the two have a substantial influence on one another. The findings of a study by [4] titled Service Quality, Brand Image, and Their Impact on Customer contentment and Loyalty contradict these findings, which found no connection between customer contentment and brand image. Nonetheless, this study is in line with the results of [17] The Impact of Service Quality and Brand Image on Customer Satisfaction, which shown that brand image significantly affects customer satisfaction.

Brand image is a critical factor in shaping customer satisfaction, as it directly influences how customers perceive a brand. A company's image can greatly affect customer satisfaction by building trust and confidence in its products or services. Consumer perceptions of a brand are often influenced by its image, which includes elements like its reputation, values, and the emotional bond it creates with customers. For Bicopi Café, its brand image can enhance customer satisfaction by aligning with the customers' expectations, needs, and desires.

Customer satisfaction is deeply connected to the brand's perceived quality, benefits, and consistency. As customers become more aware of the unique advantages and value a brand offers, their loyalty strengthens, and they are more likely to continue engaging with the brand. The perception of Bicopi Café's brand image is shaped by customers' understanding of its features, benefits, and competitive assurances. These factors motivate consumers to not only purchase the café's offerings but also experience greater satisfaction. Consequently, a strong and positive brand image is essential in boosting customer satisfaction and promoting long-term customer loyalty.

Customer satisfaction and brand image are positively correlated, indicating that when Bicopi Café's brand image grows, so does customer contentment. This emphasizes how crucial it is to keep up a strong and favorable brand image in order to increase client satisfaction at Bicopi Café.

Additionally, the data shows that consumer happiness is not much impacted by product differentiation. These findings run counter to those of [18] study, The Impact of Product Differentiation on Customer Satisfaction and Loyalty, which found that customer satisfaction is greatly impacted by product differentiation.

It appears that Bicopi Café's product offerings fall short of its patrons' expectations in terms of content, context, and structure. Therefore, at Bicopi Café in Surabaya, differentiation has not been shown to significantly increase customer happiness.

5. CONCLUSION

Based on the research findings regarding customer satisfaction at Bicopi Café Surabaya, it can be concluded that service quality has a significant and positive influence on customer satisfaction. Brand image also plays a significant role in enhancing customer satisfaction and is the most dominant factor when compared to service quality and differentiation. In contrast, the differentiation variable does not significantly affect customer satisfaction at Bicopi Café Surabaya.

Suggestions for future research include that, in addition to maintaining service quality and brand image, the management of Bicopi Café could consider developing more intensive marketing programs involving brand ambassadors. Furthermore, stronger promotional efforts are recommended to boost product differentiation and attract a wider customer base.

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