

Islamic Service, Branding, And Advertising Influence 212 Mart Co-Op Consumer Loyalty

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Abstract

Purpose: This thesis explores the impact of Islamic Service Quality, Islamic Branding, and Islamic Advertising on consumer loyalty within the 212 Mart Co-ops. Employing a quantitative approach, this study aimed to understand the dynamics of consumer loyalty in this context.

Methodology/approach: Quantitative data were gathered through questionnaires, and Multiple Linear Regression was utilized for analysis. This study adopted a quantitative methodology supported by the SPSS program for data management and analysis.

Results/findings: This study reveals the significant influences of Islamic Service Quality and Islamic Branding on consumer loyalty in the 212 Mart Co-ops. However, Islamic Advertising does not exhibit a notable impact on consumer loyalty. Interestingly, Islamic service quality and branding collectively exert a significant influence on consumer loyalty.

Limitations: Acknowledging its boundaries, the study was confined to quantitative data, potentially influenced by biases in questionnaire responses. Additionally, the exclusion of other variables that impact consumer loyalty is recognized as a limitation.

Contribution: This research makes a noteworthy contribution by emphasizing the considerable impact of Islamic Service Quality and Islamic Branding on consumer loyalty within the 212 March Co-op. This study provides valuable insights for marketers and policymakers, suggesting avenues to enhance these aspects for an overall improvement in consumer loyalty.

Keywords: *Islamic Quality, Islamic Branding, Islamic advertising, and Consumer Loyalty*

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1. Introduction

Competition in the business and industrial world is increasingly intense each year. This fierce competition necessitates the need for innovation or new ideas from entrepreneurs to distinguish their businesses from others. Therefore, a strategy in a business is crucial in today's business world. The business competition in the current era of economic liberalism requires companies to strive in creating products or services that are superior or different from their competitors. One crucial aspect in business is branding, especially where the phenomenon of Islamic branding in business marketing has become a common occurrence, especially in Indonesia, where the majority of the population is Muslim. Referring to data from the Central Statistics Agency, there is a total of 87.18% Muslim population out of the total 237,641,326 population in Indonesia.

Table 1. Religious Adherents Statistics in Indonesia

| Religion | Population | % |
|---------------------|--------------------|------------|
| Islam | 237.402.484 | 87,2 |
| Protestant | 18.468.774 | 6,9 |
| Catholic | 7.762.238 | 2,9 |
| Hindu | 4,550,278 | 1,9 |
| Buddhist | 1,873,644 | 0,7 |
| Confucianism | 133,832 | 0,07 |
| Others | 883,289 | 0,33 |
| Total | 266,524,261 | 100 |

Source: indonesia.go.id (2018), processed by the author

The data on a global scale also provides a positive outlook on the Muslim market worldwide. The global Muslim market comprises 21.01% or around 1.43 billion people of the total world population. Followers of Islam or Muslims are also the majority population in more than 50 countries in Europe, Africa, and Asia. Indonesia, being the country with the largest Muslim population in the world, is undoubtedly the most potential market for Islamic businesses. The importance of building a brand has become an obligation for participants in the business world to compete with other businesses. Therefore, every business is emphasized to compete competitively in generating and maintaining consumer satisfaction and loyalty. One way to achieve this is through brand competition, aiming to create a specific image for its consumers (Ranto, 2016).

However, some observers argue that it is not appropriate to mix brand and marketing with religion. Although from a marketing perspective, there is no problem in providing consumers with what they want and need (Temporal, 2001). This includes the context of the Muslim market because Islam is a religion that regulates the entire life of its followers. Therefore, considering Islam as a religion that does not influence needs and desires is a misguided paradigm. However, the Muslim market has not been handled well.

For Muslims, what they consume cannot be separated from the religious aspect. All actions and behaviours must be solely done for Allah, not individual worldly desires. Islamic branding, like Alserhan (2010) argues, provides extra motivation and makes it stronger in connecting consumers compared to traditional brands.

The retail business industry in Indonesia has experienced rapid development in recent years, with the emergence of new names in both supermarket and minimarket businesses. This development is influenced by factors such as market opportunities, changes in lifestyle, consumption patterns of the Indonesian people, and government efforts to stimulate economic growth by developing the retail industry.

Despite the current slowing down trend in retail sales growth in Indonesia, there is a need for analysis or new movements by players in the retail industry. Reported growth in retail sales in Indonesia was 3.4% in November 2019, a decrease from the previous month's 3.6% (CEICDATA). However, this slight decrease in percentage does not have a significant impact, as the growth of retail, especially minimarts, continues to increase in Indonesia. One of the largest minimart chains in Indonesia, for example, Alfamart, has a track record of significant growth, as evident in the graph below.

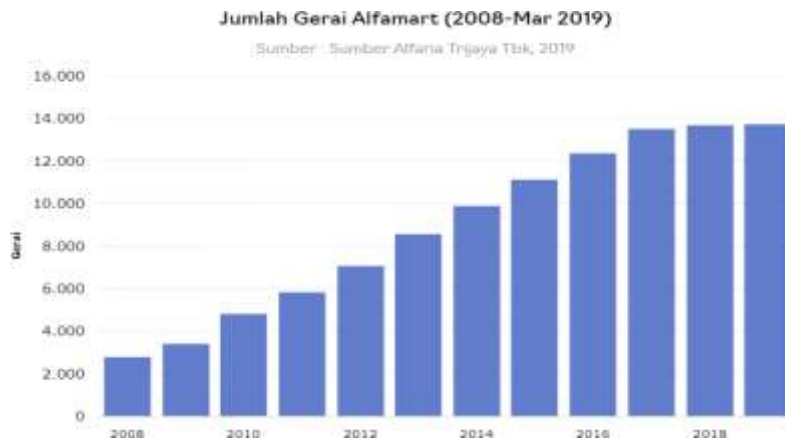


Figure 1. Alfamart Outlet Growth
 Source: Katadata.co.id (2019)

The graph above shows that for at least approximately 11 years, Alfamart outlets have experienced rapid growth. In 2008, Alfamart had around 2,779 outlets, and by 2019, it had approximately 13,726 outlets. Despite intense competition from other businesses in the same industry during this rapid growth, Alfamart and another minimart giant, Indomart, continue to dominate the minimart retail market.

One recent competitor in the minimart retail sector is 212 Mart, with the full name Cooperative 212 Mart. 212 Mart is a brand that embraces Islamic branding and Islamic values in its marketing and implementation. It operates with a cooperative concept, managed professionally like other minimarts, and focuses on maintaining its strength and competitiveness with competitors in terms of pricing, promotions, products, etc.

212 Mart operates under the concept of a cooperative (emphasizing shared ownership) and Small and Medium Enterprises (SMEs). The brand operates one of its businesses in the retail industry by opening outlets classified as minimarkets. Cooperative 212 received legal recognition from the government in 2017 through Decree of the Minister of Cooperatives and SMEs No. 003136/BH/M.UMKM.2/12017 issued by the Ministry of Cooperatives and SMEs of the Republic of Indonesia.

In its background, Cooperative 212 was established to support the comprehensive needs of the Muslim community and empower the potential of Muslims in Indonesia. This is aimed at reducing dependence on products and services from conventional businesses that do not adhere to Islamic values. The establishment of Cooperative 212 and the initiation of retail business in the minimarket sector aim to revive the economic spirit of the Muslim community, which is currently declining.

With the goal of building the economy of the Muslim community as one of the pillars of worship, transactions, and preaching towards happiness in this world and the hereafter, Cooperative 212 faces unique challenges as a Sharia-compliant business, especially in the retail sector.

However, when considering Islam as a business concept, it is essential to examine the reality faced by business practitioners, in this case, 212 Mart. 212 Mart is a minimart chain that first started operating in 2017, and by August 2018, there were a total of 213 212 Mart outlets spread across Indonesia.

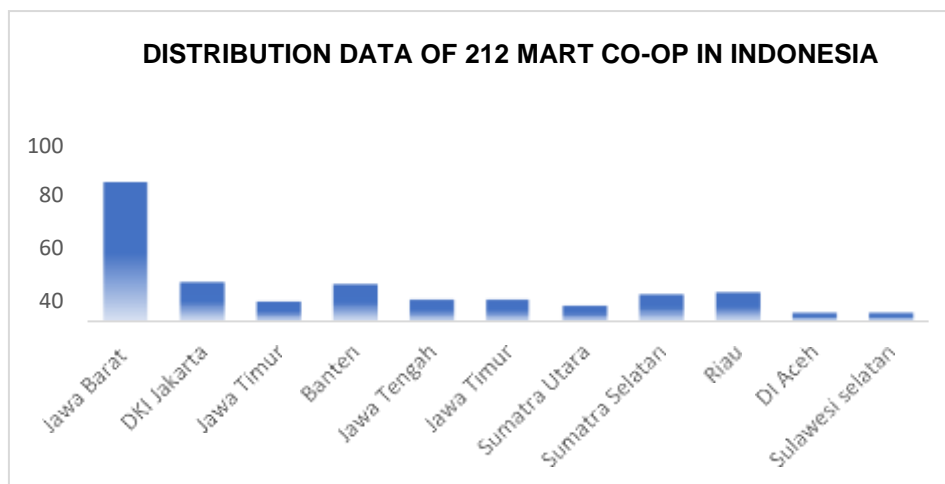


Figure 2. Distribution Data of 212 Mart Co-op in Indonesia
Source: koperasisyariah212.co.id (2018)

Observing the slow growth of 212 Mart with its Islamic branding feels peculiar. In approximately 2 years, there are only 213 outlets. When compared to similar minimarkets like Alfamart, which experienced an increase of 1,283 outlets within just one year (2017-2018), the contrast is striking. The purpose of this research is to determine whether the variables of Islamic Service Quality, Islamic Branding, and Islamic Advertising influence customer loyalty. Subsequently, we will discuss the literature review, methodology, and research findings.

2. Literatur Review

2.1 Islamic Service Quality

According to Sangadji (2017), services have various meanings, ranging from personal services to services that have meaning as a product. Juliyanti and Wibowo (2021) states that services are any actions or behaviours offered from one party to another that are intangible and do not result in ownership transfer. He also mentions that products resulting from services are entirely different from physically formatted products, leading to differences in marketing strategies. Service quality can be used as a measure to assess how well the service level meets consumer expectations (Tjiptono, 2001). Service quality can also be interpreted as the gap between the reality and the consumer's expectations of the service they receive. Service quality can be identified by comparing consumers' perceptions of the services they receive (Guspul, 2014).

2.2 Islamic Branding

According to Hanae and Ramezani (2011), Islamic branding is the branding of Islamic religion or halal products formulated according to Islamic principles, not limited to the culinary industry but also in logistics, clothing, finance, cosmetics, and banking. Islam can be considered as a distinct brand, with a different image from others. As a brand, Islam accommodates a large market of Muslim consumers with communal values, shared needs, and similar desires (Temporal, 2001).

2.3 Advertising

Advertising is a communication medium between producers and the market, sellers and potential buyers containing messages. Generally, there are two functions of advertising: as an information provider and as an opinion shaper. Informational advertising emphasizes conveying accurate information to the public about a product being offered in the market. The goal of advertising is for consumers to have a good understanding of the product, leading them to decide to purchase it. In this context, advertising is more similar to a brochure (Sari, Sulchan, & Mutamimah, 2021). Advertising is a type of marketing communication that is a general term referring to all forms of communication techniques used by marketers to reach their consumers and convey their messages. These techniques can range from sales promotions to direct marketing through sponsorship, packaging, and personal selling.

2.4 Consumer Loyalty

Oliver in Lancaster and Massingham (2010) states that loyalty is the commitment held by consumers to purchase or reuse products or services in the future, even though there are situational influences and other factors that have the potential to change consumer behavior. Meanwhile, according to Tjiptono in Ngaisah (2021), consumer loyalty is a customer's or consumer's commitment to a brand, whether small or large, based on positive attitudes, manifested in consistently repurchasing products or services. According to Schnaars in (Tjiptono, 2001), there are four possible types of relationships between satisfaction and customer loyalty: failures, forced loyalty, defectors, and successes.

Table 2. Relationship between Customer Satisfaction and Customer Loyalty

| | | Customer Loyalty | |
|-----------------------|------|---|---|
| | | Low | High |
| Customer Satisfaction | Low | Failures Dissatisfied and Non-loyal | Forced Loyalty Not satisfied but 'engaged' with the company's loyalty promotion program |
| | High | Defectors Satisfied but not loyal. | Successes Satisfied, loyal, and most likely to provide positive word-of-mouth. |

Source: (Tjiptono, 2001)

Based on the table above, it can be inferred that customer satisfaction should be accompanied by customer loyalty. Individuals who exhibit loyalty to a product, service, or brand not only have the potential to serve as word-of-mouth advertisers but are also likely to remain committed to the company's array of products or services in the future.

3. Methodology

This research method employs a quantitative approach, which is applied to a specific population or sample, involving data collection through research instruments, quantitative or statistical data analysis, and aims to test predetermined hypotheses (Sugiyono, 2013). Quantitative research, also known as empirical research, is conducted to test hypotheses derived from theories or concepts. In this study, the goal is to examine the influence of Islamic Service Quality, Islamic Branding, and Islamic Advertising, which fall under the independent variable (X), on the related or dependent variable (Y). The professionalism included in the independent variable (X) concerning the related or dependent variable (Z) will undergo quantitative analysis using descriptive or inferential statistics to determine whether the formulated hypotheses regarding variables X and Y are proven or not (Sugiyono, 2013).

The hypotheses for this research are as follows:

H1: Islamic Service Quality affects Consumer Loyalty

H2: Islamic Branding affects Consumer Loyalty

H3: Islamic Advertising affects Consumer Loyalty

H4: Islamic Service Quality, Islamic Branding, and Islamic Advertising collectively influence consumer loyalty

3.1 Research Variables and Operational Definitions

The study aims to analyze the Influence of Islamic Service Quality, Islamic Branding, and Islamic Advertising on Consumer Loyalty using two types of variables: independent variables and dependent variables.

Table 3. Research Variables and Operational Definitions

| Variable | Indicator | Source |
|------------------------|-------------------------------------|---|
| Independent (X) | Islamic Service Quality (X1) | Justice Physical evidence Assurance Empathy (Simanullang, 2018) |
| | Islamic Branding (X2) | Islamic Branding by Compliance Islamic Branding by Origin Islamic Branding by Customer (Hidayanti, 2018) |
| | Islamic Advertising (X3) | Does not contain elements of polytheism. Does not depict amorality. The use of good language. Does not contain elements of deception. (Prihandi, 2019) |
| | Consumer Loyalty (Y) | Consumer purchasing frequency. Consistently making purchases without considering competitors. Sharing positive information (word of mouth) about product attributes with others. (Ngaisah, 2021) |
| | | |
| | | |

4. Results and Discussion

The data analysis method employed in this research is multiple linear regression. Essentially, it involves studying the dependence of a dependent variable on two or more independent variables with the aim of estimating and/or predicting the population mean or values of the dependent variable based on known values of the independent variables. The results of the multiple linear regression analysis in this study are as follows:

Table 4. Result

| Model | | Unstandardized Coefficients | |
|-------|---------------------|-----------------------------|------------|
| | | B | Std. Error |
| 1 | (Constant) | 3.912 | 1.665 |
| | Islamic Quality | .374 | .070 |
| | Islamic Branding | .223 | .062 |
| | Islamic Advertising | .126 | .088 |

Source: processed by the author (2022)

Based on the previous explanation that all independent variables impact the dependent variable, namely sales volume. Therefore, the regression equation formed consists of the independent variables: product, price, people/Human Resources, and process. The regression equation formed is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

$$Y = 3,912 + 0,374X_1 + 0,223X_2 + 0,126X_3 + e$$

4.1 The Influence of Islamic Quality on Consumer Loyalty at 212 Mart Co-op

The results of this study prove that the influence of Islamic Quality on Consumer Loyalty at 212 Mart Co-op shows a positive and significant impact with a value of 0.000. This research is supported by Simanullang (2018), which indicates a positive and significant influence between the Islamic Service Quality variable and Consumer Loyalty. The service quality provided to consumers should function to maximize satisfaction. Therefore, in order to provide service, it must be carried out according to the service function. The service quality provided by every company undoubtedly has goals. Generally, the goal of providing service is to ensure that consumers feel satisfaction, and its impact on 212 Mart Co-op will result in maximum profit. Therefore, employees of 212 Mart must provide maximum service to customers who come to shop at 212 Mart Co-op, making them feel comfortable and satisfied with their shopping experience. This, in turn, will encourage customers to return to shop at 212 Mart Co-op in the future. As expressed by Tjiptono (2001), customer satisfaction is crucial today because the persuasive

power of customers is a strategy to attract new consumers. Many factors are considered by consumers, such as the level of service from 212 Mart employees when serving customers and whether the available goods meet customer expectations. Customer satisfaction is determined by whether customers perceive alignment between the performance of employees and the goods provided with their expectations.

4.2 The Influence of Islamic Branding on Consumer Loyalty at 212 Mart Co-op

The results of this study demonstrate that the influence of Islamic Branding on Consumer Loyalty at 212 Mart Co-op shows a positive and significant impact with a value of 0.001. This research is supported by Wahyudi and Astuti (2022), indicating a positive and significant influence between the Islamic Branding variable and Consumer Loyalty. A brand is an identification for a product, service, or business that distinguishes it from its competitors. A company's brand must act as a guarantee of the quality of its products or services. Islamic branding (using the name Islam or halal) is now widely used by companies. Islamic branding represents the halal identity for a company's products or services related to the use of the Islamic name. This form of branding has a unique market segmentation: Muslim consumers, who share values, needs, and desires worldwide in accordance with Sharia principles. Therefore, 212 Mart Co-op, as a brand providing daily necessities, can become an identifiable identity for consumers when choosing to purchase their daily needs. Hence, the importance of Islamic branding can influence consumer loyalty in shopping for necessities, as supported by research conducted by Hafiz (2017) titled "The Influence of Islamic Branding and Religious Behavior on Consumer Satisfaction and Its Impact on Consumer Loyalty to Wardah Cosmetic Products." The results of this study indicate that the Islamic branding variable significantly influences customer satisfaction.

4.3 The influence of Islamic Advertising on Customer Loyalty at 212 Mart Co-op

The results of this study demonstrate that the influence of Islamic Advertising on Customer Loyalty at 212 Mart Co-op shows a positive but not significant effect with a value of 0.158. This result contradicts the study by Nasrullah (2015), which indicates a positive and significant influence of the Islamic Advertising variable on Customer Loyalty. Advertising can provide information about a product very effectively, and the message conveyed in the advertisement is understood by consumers, stimulating their purchasing decisions. According to Prihanti (2019), Advertising Ethics has a positive and significant influence on purchasing decisions, indirectly affecting customer loyalty to a product. This indicates that the higher the level of Islamic Advertising Ethics provided, the more it will enhance the purchasing decisions made by consumers. This research is supported by a study conducted by Purnama and Safira (2017), stating that Muslims in Indonesia place a different level of importance on Islamic Advertising Ethics. With differences in religion and ethnicity, marketers must pay attention to elements related to Islamic Advertising Ethics. Thus, the displayed ads will align with the target market, making consumers like and not be offended by the presented ads, indirectly reducing consumers who are not suitable for the offered ads. In this study, Islamic advertising does not have a significant influence because 212 Mart Co-op is less active in advertising its products or services.

4.4 The Influence of Islamic Advertising, Islamic Branding, and Islamic Quality on Consumer Loyalty at 212 Mart Co-op Simultaneously.

The results of this study demonstrate that the influence of Islamic Advertising, Islamic Branding, and Islamic Advertising on Customer Loyalty at 212 Mart Co-op shows a positive and significant effect simultaneously or together, with a significance value of 0.000. These results indicate that if all variables, namely Islamic Quality, Islamic Branding, and Islamic Advertising, can significantly influence customer loyalty when shopping for their daily needs at 212 Mart Co-op. The Islamic Quality variable significantly influences customer loyalty because if 212 Mart Co-op provides maximum service, it will make customers feel comfortable when shopping, indirectly leading them to return and increase customer loyalty. The Islamic Branding variable significantly influences customer loyalty because a strong and recognizable brand will attract customers to shop at 212 Mart Co-op, especially with the halal brand, making Muslim consumers more interested in shopping at 212 Mart Co-op, thus increasing customer loyalty. Although the Islamic Advertising variable does not have a significant effect, its weakness is compensated by the support of the other two variables, making the lack of influence of Islamic Advertising covered, and the loyalty of customers shopping at 212 Mart Co-op will remain unaffected.

5. Conclusion

Based on the above research results, several points can be concluded as follows:

- 1) Islamic Quality has a positive and significant influence on Consumer Loyalty at 212 Mart Co-op with a significance value of 0.000.
- 2) Islamic Branding has a positive and significant influence on Consumer Loyalty at 212 Mart Co-op with a significance value of 0.001.
- 3) Islamic Advertising does not have a significant influence on Consumer Loyalty at 212 Mart Co-op with a significance value of 0.158.
- 4) Islamic Quality, Islamic Branding, and Islamic Advertising have a positive and significant impact on Customer Loyalty at 212 Mart Co-op simultaneously, with a significance value of 0.000.

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