THE INFLUENCE OF ETHICAL SALES BEHAVIOR, BRAND EQUITY, AND CUSTOMER EXPERIENCE ON KETJE COFFEE CUSTOMER LOYALTY IN BANDAR LAMPUNG

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Abstract

The objective of this study is to examine the influence of ethical sales behavior, brand equity, and customer experience on customer loyalty at Ketje Coffee in Bandar Lampung. The research population consists of customers of Ketje Coffee in Bandar Lampung, with a sample size of 100 customers. The analysis method employed in this study is multiple linear regression analysis. The research findings indicate that ethical sales behavior, brand equity, and customer experience all have a positive and significant impact on customer loyalty. This implies that ethical sales behavior, brand equity, and customer experience play a crucial role in shaping customer loyalty. The results of this research can assist Ketje Coffee in enhancing ethical sales behavior, strengthening brand equity, and improving customer experience, thereby increasing the company's competitiveness and fostering better customer loyalty. In the current era of heightened business competition, this study provides a platform for Ketje Coffee to enhance customer loyalty and encourage customers to choose Ketje Coffee for their consumption needs.

Keywords: Ethical Sales Behavior, Brand Equity, Customer Experience, Customer Loyalty

1. INTRODUCTION

Human lifestyles have undergone significant transformations throughout history, and one notable change is the adoption of coffee consumption. In contemporary society, the act of drinking coffee has become commonplace and familiar to individuals of all age groups. Consequently, the proliferation of coffee shops has surged as people seek out this beloved beverage. This surge in coffee shops has led to heightened competition among various establishments, necessitating the provision of distinctive, high-quality products and exceptional service to entice customers and encourage repeat patronage. By offering superior products and service, coffee shops can ensure customer satisfaction, thereby fostering customer loyalty and prompting repeat purchases. In this fiercely competitive era, it is imperative for every entrepreneur to prioritize delivering unparalleled customer service and offering top-notch products to cultivate and maintain customer trust and loyalty.

Ketje Coffee, a renowned coffee shop in Bandar Lampung, has gained popularity in the area. It is a well-established coffee brand with numerous branches in Bandar Lampung, as well as in other major cities across Indonesia. Currently, Kopi Ketje has 36 coffee shops spread out in various cities, including Kota Medan and Jambi with 2 branches each, Jabodetabek with 8 branches, and Palembang, Pekanbaru, and Bengkulu with 1 branch each. In Lampung alone, there are 21 branches, with 16 of them located in Bandar Lampung. Remarkably, within just four years, Ketje Coffee has managed to become the coffee brand with the highest number of branches in Bandar Lampung.

Observations reveal that every branch of Ketje Coffee shop is consistently bustling with visitors, indicating a strong customer base. This achievement can be attributed to the meaningful actions taken by Ketje Coffee to foster customer loyalty. According to Han & Hyun (2018), customer loyalty brings significant benefits to companies, including a steady flow of profits and reduced marketing or promotional costs. Ethical sales behavior plays a crucial role in cultivating this loyalty (Jalali et al., 2016). Wedatama et al. (2019) emphasize that ethical sales behavior involves effective communication with customers, selling products or services that genuinely benefit them, fulfilling promises made, and safeguarding the confidentiality of customers' personal information.

To outshine competitors, a strong brand equity is essential. Agustini & Suasana (2020) explain that a product with robust brand equity holds greater appeal and value in the eyes of consumers and competing brands. This, in turn, encourages consumers to make purchases, resulting in profits for the company. Additionally, customer experience plays a vital role in shaping a company's reputation. It is the subjective response of customers based on their internal interactions with the company (Tyrväinen et al., 2020).

The aim of this research is to thoroughly examine and understand the effects of ethical sales conduct, brand equity, and customer experience on customer loyalty at Ketje Coffee in Bandar Lampung. By conducting this research, we seek to gain insights into the relationship between these variables and how they contribute to customer loyalty in the context of Ketje Coffee. The findings will help the company understand the key drivers of customer loyalty and develop effective strategies to enhance customer loyalty and ultimately drive business growth.

2. LITERATURE REVIEW

2.1. Ethical Sales Behavior

Customer loyalty and perceived customer trust can be enhanced through ethical sales behavior, as highlighted by Emaratkar et al. (2018). Ethical sales professionals engage in honest communication with customers, ensuring that they only promote services and products that they genuinely believe are relevant to the customers' needs. Furthermore, they make promises that they can fulfill and maintain the confidentiality of customer information, as emphasized by Hsieh et al. (2020). The foundation of ethical behavior studies is built upon the principle that unethical conduct should be avoided, while ethical behavior should be encouraged, as stated by Treviño et al. (2014). Ethical sales behavior is considered a mutually beneficial relationship between the company and its customers. This positive relationship is noticeable to customers, who can provide feedback. It pertains to salespeople who adhere to social norms of fair play, honesty, and complete transparency, as outlined by Wu (2017).

2.2. Brand Equity

The successful implementation of ethical sales behavior can significantly impact a company's brand equity reputation. Brand reputation, as perceived by customers, plays a crucial role in determining the strength of a brand. A positive brand reputation indicates the potential for high brand equity (Wantini et al., 2021). Consequently, brand equity becomes an invaluable intangible asset that requires careful maintenance by the company.

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When brand equity is secure and continuously growing, customers are more likely to demonstrate a willingness to pay a premium for the company's goods or services (Seo et al., 2020). Durianto et al. (2014) further emphasize that brand equity encompasses the relationship between a brand, its name or symbol, and the collection of assets and liabilities associated with it. This relationship serves to enhance the value of the company's products or services in the eyes of the customers.

2.3. Customer Experience

In today's highly competitive market, customer experience plays a crucial role, especially when it comes to similar products where companies strive to stay afloat. Zare and Mahmoudi (2020) define customer experience as the outcome of customers' emotional or rational perceptions during their direct or indirect interactions with a business. These interactions can significantly influence customers' interest in a product, service, or even the overall success of a company. To deliver a truly satisfying experience, companies must possess internal capabilities that enable them to provide a human touch to their customers (Lieberman, 2021). Customer experience encompasses the range of positive or negative emotions that customers feel when using or engaging with a product or service (Wiyata et al., 2020).

2.4. Customer Loyalty

The development of customer loyalty is contingent upon customers having a positive experience when engaging with a service or product company. This loyalty plays a pivotal role in the competitive landscape. Boonlertvanich (2019) defines loyalty as encompassing customer behavior and attitude, which can be assessed to gauge the level of customer loyalty. The significance of customer loyalty cannot be overstated, as it is regarded as crucial for the success of any business (Elizar et al., 2020). Customer loyalty is characterized by the consistent preference for specific products and services over others (Ngo et al., 2021). Furthermore, loyalty is often associated with repeat purchases of a particular product (Tankovic & Benazic, 2018).

3. RESEARCH METHODS

This research aims to find out how ethical sales behavior, brand equity, and customer experience influence Ketje Coffee customer loyalty in Bandar Lampung. using a quantitative analysis method based on multiple regression, where quantitative research is defined as research that focuses on analyzing numerical data (numbers) obtained through the method. The population of this study consisted of all Ketje Coffee consumers in Bandar Lampung. Since the number of populations is unknown precisely then to determine the size of the sample is to use the formula Unknown Populations.

$$n = \frac{Z^2}{4\,\mu^2}$$

Using the formula above, then obtained the calculation as follows:

$$n = \frac{Z^2}{4\,\mu^2}$$

$$n = \frac{1{,}96^2}{4(0{,}1)^2}$$

N = 96.4 ≈ 100 respondents
From these calculations, the known size of the sample required is 100 responders.

The sampling technique in this study uses a simple random sampling method, which means that it doesn't take into account factors like gender, religion, or age. The goal is to provide equal opportunities for every member of the population by using questionnaires as the primary data collection tool. To analyze the data, the researchers used the SPSS 26 application, which relies on statistical calculations to make the testing process easier. In this research, multiple linear regression analysis is used to determine the relationship between two or more variables and predict the influence of the independent variable on the dependent variable. The t-test is necessary to show the effect of an independent variable on the dependent variable, assuming it remains constant. The F-test, on the other hand, helps determine the magnitude of the influence of the independent variable on the dependent variable. By examining the coefficient of determination (R^2), we can understand how much these variables influence each other when analyzed simultaneously. Based on the coefficient of determination (R^2), the accuracy of the multiple linear regression analysis indicates that there is a significant variation in the contribution of the independent and dependent variables.

4. RESULTS AND DISCUSSION
4.1. Research Result

1)   Multiple Linear Regression

Tabel 1. Multiple Linear Regression Result

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.494	1.738		.284	.777
Ethical Sales Behavior (X1)	.307	.113	.238	2.723	.008
Brand Equity (X2)	.340	.135	.313	2.523	.013
Customer Experience (X3)	.291	.117	.318	2.476	.015
a. Dependent Variable: Customer Loyalty (Y)					

Source: data processed 2023

The following is the regression model equation that was formed

$Y = a + b1X1 + b2X2 + b3X3$

$Y = 0.494 + 0.307X1 + 340X2 + 0.291X3$

1. The constant value is 0.494, which means that if all of the independent variables (X) have a value equal to zero or are constant, then the dependent variable (Y) has a value equal to 0.494.
2. The Ethical Sales Behavior variable (X1) has a regression coefficient is 0.307, which means
3. that increasing the Ethical Sales Behavior variable by one unit increases Customer Loyalty by 0.307.
4. The Brand Equity variable (X2) has a regression coefficient is 0.340, which means that every unit increase in Brand Equity increases Customer Loyalty by 0.340.
5. The Customer Experience variable (X3) is 0.291, which means every unit increase in Brand Equity increases Customer Loyalty by 0.291.

2) Coefficient of Determination Test

Tabel 2. Coefficient of Determination Test Result

Model Summaryᵇ				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792ᵃ	.628	.616	1.707
a. Predictors: (Constant), Customer Experience (X3), Ethical Sales Behaviour (X1), Brand Equity (X2)				
b. Dependent Variable: Customer Loyalty (Y)				

Source: data processed 2023

Based on the data provided in the table, we can see that the R Square (R2) value is 0.628, which is equivalent to 62.8%. This value tells us that the variables Ethical Sales Behavior (X1), Brand Equity (X2), and Customer Experience (X3) can collectively predict 62.8% of the Customer Loyalty (Y) variable. However, it's important to note that the remaining 37.2% of the variable is influenced by other factors that were not considered in this study.

3) Partial T Test

Table 3. Partial T Test Summary

Coefficientsᵃ					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.494	1.738		.284	.777

	Ethical Sales Behavior (X1)	.307	.113	.238	2.723	.008
	Brand Equity (X2)	.340	.135	.313	2.523	.013
	Customer Experience (X3)	.291	.117	.318	2.476	.015
a. Dependent Variable: Customer Loyalty (Y)						

Source: data processed 2023

Based on the T Test results table above, it is known:

1. The T Test results show that Ethical Sales Behavior (X1) has a significant impact on customer loyalty (Y). The significance value (Sig) is 0.08, indicating that H1 is accepted and H0 is rejected. Therefore, better Ethical Sales Behavior leads to increased customer loyalty.

2. The T Test results indicate that Brand equity (X2) has a significant influence on customer loyalty (Y). The significance value (Sig) is 0.013, suggesting that H2 is accepted and H0 is rejected. Thus, higher brand equity is positively correlated with customer loyalty.

3. The T Test results demonstrate that Customer experience (X3) has a significant impact on customer loyalty (Y). The significance value (Sig) is 0.015, indicating that H3 is accepted and H0 is rejected. Therefore, a higher level of customer experience enhances customer loyalty.

4) Simultaneous F Test

Table 4. Simultaneous F Test Result

ANOVA[a]					
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	471.612	3	157.204	53.957	.000[b]
	Residual	279.698	96	2.914		
	Total	751.310	99			
a. Dependent Variable: Customer Loyalty(Y)						
b. Predictors: (Constant), Customer Experience (X3) , Ethical Sales Behaviour (X1), Brand Equity (X2)						

Source: data processed 2023

Based on the F Test findings, the Sig value is 0.000, indicating that Sig.< 0.05. Consequently, H4 is accepted while H0 is rejected. This implies that the variables Ethical Sales Behavior (X1), Brand Equity (X2), and Customer Experience (X3) all have an impact on customer loyalty (Y).

4.2. Discussion

1) The Influence Of Ethical Sales Behavior On Customer Loyalty

The impact of ethical sales behavior on customer loyalty was examined through hypothetical testing, and the results indicated a significant influence. The findings suggest that ethical sales behavior is closely associated with positive evaluations of service quality and effective communication with customers. Additionally, ethical selling practices can also impact customer satisfaction with pricing, leading to a willingness among loyal customers to pay higher prices. In summary, ethical sales behavior plays a crucial role in establishing and strengthening customer loyalty. Sales professionals who adhere to ethical principles are able to cultivate customer addiction, maintain strong connections, and enhance their appeal through positive word-of-mouth. This aligns with the research conducted by Kusuma (2022), which further supports the notion that ethical sales behavior has a direct impact on customer loyalty.

2) The Influence Of Brand Equity On Customer Loyalty

The impact of brand equity on customer loyalty has been demonstrated through hypothetical testing. The findings indicate that brand equity plays a crucial role in enhancing the credibility of a company's products and strengthening its position in the market. This, in turn, enables the brand to effectively compete and remain ingrained in the customer's memory. A brand with a high equity value possesses a greater competitive edge and is more likely to sustain its presence in the market. By enhancing brand equity, companies can effectively cultivate customer loyalty, thereby positively influencing their overall success. This aligns with the research conducted by Tobing and Ngatindriatun (2019), which further supports the notion that brand equity significantly impacts customer loyalty.

3) The Influence Of Customer Experience On Customer Loyalty

The impact of customer experience on customer loyalty has been demonstrated through hypothetical testing. It is evident that customer experience plays a significant role in fostering customer loyalty. Several studies have indicated that the quality of service and customer experience have a positive influence on client loyalty. For instance, Puspita et al. (2023) discovered that customer experiences exert an influence on customer loyalism. When businesses understand and cater to the desires of their customers, they are able to create a favorable perception in the eyes of their customers. However, it is important to note that a positive customer experience does not guarantee automatic customer loyalty.

5. CONCLUSION

In light of the research findings, it can be deduced that all the hypotheses have been accepted, indicating that ethical sales behavior, brand equity, and customer experience significantly impact customer loyalty at Kopi Ketje in Bandar Lampung. The t-count results reveal that the customer experience variable holds the greatest influence on customer loyalty, with a value of 0.015. This suggests that organizations should pay close

attention to creating a positive customer experience in order to foster customer loyalty. Additionally, ethical sales behavior and brand equity also have an impact on customer loyalty, as indicated by the counting results. The ethical sales behavior variable has an influence of 0.008, highlighting the importance of ethical sales practices in influencing customer loyalty. Similarly, the brand equity variable has an influence of 0.013. Furthermore, the results of the F test demonstrate that all variables play a role in supporting customer loyalty.

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