



# The Impact of Trust and Customer Value on Customer Loyalty

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**Abstract.** This study aims to analyze 1) the impact of trust and customer value on customer loyalty; 2) the impact of trust on customer loyalty; and 3) the impact of customer value on customer loyalty. This research is causative research with a purposive sampling technique. The research instrument used questionnaire, the respondents of the study are from Padang society who had applied Lifebuoy Shampoo more than twice. The data analysis technique used multiple linear regression. The test results revealed that 1) trust and customer value carry a significant and positive impact on customer loyalty; 2) trust has a significant and positive impact on customer loyalty; and 3) trust and customer value have a significant and positive impact on customer loyalty.

**Keywords:** customer loyalty · trust · customer value

## 1 Introduction

Nowadays, the competition in the industrial world increases fiercely, it requires the awareness of company management to be able to anticipate any changes that occur in the industrial world to defeat the competitors in marketing current products. Manufacturers not only build upon the product quality but also depend on the business strategy implemented to seize opportunities in the future. In the end, the company was able to win the competition and survive in an increasingly competitive market. This research is following the theme of PICEEBA 9, namely “Leap to the imminent future: Seizing Opportunities in Education, Economics, and Business”.

Presently, the industry which develops rapidly in personal care is the shampoo industry. The industries that dominate the Indonesian market are P&G Indonesia and PT Unilever Indonesia Tbk. PT Unilever continues to strive in creating the best products. Therefore, its products are capable of becoming market leaders, one of it is the Lifebuoy branded product.

Lifebuoy manufacturer keeps innovating in their production to compete in the market by producing shampoo products. There are three types of Lifebuoy shampoo, such as Lifebuoy anti-dandruff, Lifebuoy anti-hair fall and Lifebuoy strong & thick. By offering various types of shampoos and benefits, Lifebuoy shampoo is assumed to be accepted by consumers and the market. However, the fact revealed that Lifebuoy shampoo is still left behind its competitors, this can be proven by the ranking of Top Brand, Lifebuoy

shampoo is beneath its competitors. Table 1 displays the Top Brand index for the shampoo category.

Table 1 shows that Lifebuoy shampoo has been included as the Top Brand in Indonesia. However, it is still beneath its competitors. Lifebuoy is under Pantene, Clear, and Sunsilk. It indicates that Lifebuoy has not become the consumer priority.

Consumers will repurchase a product when they have a high level of satisfaction. Customer loyalty is shaped by customer satisfaction [1, 2]. Customer loyalty is a behavioral impulse to make purchases repeatedly [3]. Customer loyalty is loyalty, they will not switch to buy the product from another company [4]. increasing customer loyalty is the company’s goal [5]. Customer loyalty forms a competitive advantage, improving market share and profits in the long term [6].

The preliminary survey revealed that the loyalty of Lifebuoy shampoo customers in Padang is described in Table 2.

Table 2 shows that Lifebuoy shampoo consumers in Padang are not loyal to Lifebuoy shampoo as their hair care product. It indicates that there is an issue with Lifebuoy shampoo customer loyalty in Padang. Low customer loyalty can cause problems for Lifebuoy manufacturers because the loyalty of the customer is the company’s highest competitive superiority. Customers are a long-term investment for the company [7]. Consumer loyalty is very important for business continuity [8].

**Table 1.** Top Brand Index in Shampoo Category

No	Brand	Year		
		2018	2019	2020
1	Pantene	24.1%	22.9%	28.1%
2	clear	17.2%	19.8%	18.7%
3	Sunsilk	20.3%	18.3%	13.3%
4	Lifebuoy	8.1%	14.1%	11.9%
5	Dove	10.1%	6.1%	7.6%

Source: [www.topbrand-award.com](http://www.topbrand-award.com), 2021

**Table 2.** The Results of Preliminary Survey based on customer Loyalty to Lifebuoy Shampoo in Padang

No	Statement	Answer			Percentage	
		Yes	No	Σ	Yes	No
1	Applying lifebuoy shampoo	30	-	30	100%	-
2	Always apply lifebuoy shampoo	8	22	30	30%	70%
3	Love to apply lifebuoy shampoo	17	13	30	56.6%	43.4%
4	Recommending lifebuoy shampoo to others	12	18	30	40%	60%

Source: primary data processing, 2021

One of the factors that influence customer loyalty is trust [9]. Business transactions will not occur without trust [6]. Another factor that affects customer loyalty is customer value [9]. Customer value is the customer's perception in selecting and evaluating product attributes and services [6]. Customer value shows that the product can be accepted by consumers [7]. Customer value consists of service, quality, image, and price. This paper discusses the impact of trust and customer value on customer loyalty [2].

## 2 Method

This research approach is quantitative with causative research. The sampling technique used purposive sampling with the number of respondents will be 97 people from Padang who had used Lifebuoy Shampoo more than twice. This study uses three variables, such as customer loyalty as the dependent variable, trust and customer value as the independent variable. Customer loyalty in this research is the commitment that customers have for Lifebuoy shampoo by repurchasing and applying Lifebuoy shampoo products continuously, it is measured by the indicators: 1) stating positive thoughts about the Unilever company to others; 2) recommending the Unilever company to others people who are asking for advice; 3) considering that the Unilever company is the priority when making a hair care purchase, and; 4) doing more business or purchases with the Unilever company in the next few years. Trust in this study refers to all prior knowledge acquired by consumers and all conclusions that they made toward the objects, attributes, and benefits of Lifebuoy shampoo, measured by the indicators: 1) trust in the brand; 2) rely on the brand; 3) honest brand,; and 4) a safe brand. Customer value in this study refers to the difference between the value of Lifebuoy shampoo customers and the costs to get the product of Lifebuoy shampoo It is measured by three indicators: 1) emotional value; 2) social value; and 3) quality value.

The research instrument used a questionnaire with a five-point Likert scale. The instrument was developed based on the indicators of each research variable. At first, the instrument was tested. The test results of the instrument show that each statement item for each variable is declared valid and the reliability for the customer loyalty variable is very high (0.957), the trust variable is very high (0.828), and the customer value variable is very high (0.931). Multiple linear regression was used as a data analysis technique in this study. Before doing the multiple linear regression analysis, classical assumption tests were carried out including data normality tests, heteroscedasticity tests, and multicollinearity tests. The data normality test result revealed that the data were normally distributed, and there was no multicollinearity and heteroscedasticity.

## 3 Result and Discussion

### 3.1 The Impact of Trust and Customer Value on Customer Loyalty

The results of the simultaneous hypotheses test showed in the Table 3.

Based on Table 3, the results of simultaneous hypothesis testing (F test) show that trust and customer value have a significant positive impact on customer loyalty (sig.0.000).The

**Table 3.** Simultaneous Hypothesis Test Results

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1258.002	2	629,001	47,916	.000 <sup>b</sup>
	Residual	1233.956	94	13,127		
	Total	2491,959	96			

a. Dependent Variable: Consumer Loyalty

b. Predictors: (Constant), Consumer Value, Consumer Trust

findings of this study are following the research findings, that trust and customer value hold a significant positive impact on customer loyalty [10].

The results of the processed data also show that the R square value of 0.505 means that 50.5% of customer loyalty is affected by trust and customer value, while 49.5% of customer loyalty itself by other variables outside this study. Meanwhile, the value of adjusted R Square of 0.494. The value of R square can be represented in Table 4.

Multiple linear regression coefficients shown in Table 5.

The multiple linear regression model is obtained in Table 5.

$$Y = 1,876 + 0,624X_1 + 0,345X_2 + e$$

Information:

Y : Customer loyalty

**Table 4.** Value of R square

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.711a	.505	.494	3,623	1,510	

Predictors: (Constant), Consumer Value, Consumer Trust

Dependent Variable: Consumer Loyalty

**Table 5.** Multiple Linear Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	1.876	3.600	
	Consumer Trust	.624	.116	.497
	Consumer Value	.345	.111	.286

a. Dependent Variable: Consumer Loyalty

**Table 6.** Results of Partial Hypothesis Testing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.876	3.600		.521	.603
	Consumer Trust	.624	.116	.497	5.383	.000
	Consumer Value	.345	.111	.286	3.099	.003

a. Dependent Variable: Consumer Loyalty

X1 : Trust

X2 : Customer value

e : Error

The multiple linear regression model above means that 1) if the value of trust and customer value is 0, the value of customer loyalty is 1.876; 2) it assumes that the customer value is constant, 1 unit rise in trust will also increase customer loyalty by 0.624; and 3) assuming a fixed value of trust, every 1 unit rise in customer value will increase customer loyalty by 0.345.

### 3.2 The Impact of Trust on Customer Loyalty

The results of partial hypothesis testing are revealed in Table 6.

Referring to Table 6, the t-test results indicate that trust has a significant positive impact on customer loyalty (sig. 0.000). The findings of this study have support the previous studies' findings. The findings of previous studies stated that consumer trust had a significant positive impact on customer loyalty [6, 8, 9, 11–14]. Customer Trust is strongly correlated with customer loyalty [15].

According to [8] state that a high perception of the trust that a person has will increase customer loyalty. Furthermore, According to [16] explain that consumers form trust in a product then develop an attitude towards it and finally buy it or they buy the product and then form beliefs and attitudes towards the product. It is very important to gain consumer trust so that consumers become loyal to the products or services offered [9]. A way to increase loyalty is through trust [6].

Therefore, it can be concluded that when consumers have high confidence in using Lifebuoy shampoo as an honest and safe product, consumers will repurchase and be loyal in using Lifebuoy shampoo.

### 3.3 The Impact of Customer Value on Customer Loyalty

By following the results of partial hypothesis testing (t-test) in the table, it represents that customer value has a significant positive impact on customer loyalty (sig. 0.003).

The findings of this study support the findings of previous studies which declare that customer value has a significant positive impact on customer loyalty [2, 7].

Customer value has a high influence in creating loyal customers to apply Lifebuoy shampoo in Padang. Consumers who feel high customer value in applying Lifebuoy shampoo as their hair care product will create loyal consumers to Lifebuoy shampoo. This is because of the desire to repurchase, and convey positive things to others about Lifebuoy shampoo when they get the benefits that they are expected, such as getting rid of dandruff, hair fall treatment and keeping hair healthy and strong.

Customer loyalty is formed from high customer value [6]. According to [9] state that if customers feel the value of restaurant products is good, it can increase customer loyalty. The level of customer value will affect the positivity of customer loyalty to the product [7]. According to [15] explained that it is substantial to figure out the impact of competition on the establishment of the relationship between customer loyalty and customer value in service encounters. Therefore, it can be concluded that Customer Value which is measured by using indicators of emotional value, social value and quality value will affect the level of loyalty and customer loyalty in applying Lifebuoy shampoo.

## 4 Conclusion

Customer loyalty is an important thing that must be considered by manufacturers. Customer loyalty holds a significant role in the growth and sustainability of a business. The results show that 1) trust has a significant and positive impact on customer loyalty; 2) customer value has a significant and positive impact on customer loyalty; and 3) trust and customer value have a significant and positive impact on customer loyalty. The results of this study can be applied as guidelines by manufacturers in increasing customer loyalty through increasing trust and customer value. The implications of the results of this study can be used by company management in increasing consumer loyalty by increasing consumer confidence and consumer value.

This research is focused on Lifebuoy shampoo products. Further research can be carried out on other products or the service sector. This study uses a quantitative approach, further research should use a mixed method so that the information provided by consumers is more complete and in-depth because the data can be collected through in-depth interviews. Further research can also add other variables that affect consumer loyalty.

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