AN ANALYSIS ON CUSTOMERS' LEVEL OF EXPERIENCE TOWARD SATISFACTION, IMAGE AND LOYALTY IN PEOPLE BASED SERVICE INDUSTRY, IN PARTICULAR SALON INDUSTRY IN JAKARTA

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ABSTRACT

The research was conducted to analyze the effect of customers' level of experience towards their satisfaction, image and loyalty in hair salon industry in Jakarta, which was adapted from the research done by Brunner, Stocklin, & Opwis in 2008.

Data collection method used in gathering 300 questionnaires was email, social networks approach and store intercept interview. The data gathered were then analyzed using Descriptive Analysis, Correlation Bivariate, ANOVA, T-test, Mean Value Analysis, and Multiple Regressions.

The result indicates that there was positive relationship between satisfaction, image and loyalty. The role of experience was also proven exist although its existence was resulting in a different way from the previous study. In this study, total satisfaction was verified as the general indication for loyalty, while role of experience existed where new customer paid more attention for transaction specific satisfaction and experienced customer put more consideration on cumulative satisfaction.

New customers were proven to have different views towards satisfaction, image and loyalty compared to experienced customers. Therefore, hair salons need to differentiate their strategies between new and experienced customers.

Keywords: satisfaction, image, loyalty, role of experience level, correlation, multiple regressions, Irwan Team, Johnny Andrean, Toni&Guy, Jakarta and surroundings.

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INTRODUCTION

Background

This thesis describes a study conducted by the author in Jakarta, Indonesia, titled: "An Analysis on Customers' Level of Experience toward Satisfaction, Image and Loyalty in People Based Service Industry, in Particular Hair Salon Industry in Jakarta". The research was adapted from a study done by Thomas A. Brunner, Markus Stocklin and Klaus Opwis in 2008 toward a service industry, specifically for a European night-train Company. Investigation was conducted to analyze the effect of customers' level of experience toward their satisfaction, image and loyalty behavior.

Through the study, the author aimed to find out about the inter relationship between satisfaction, image, loyalty and level of experience. Furthermore, the author desired to comprehend the factors behind customer behavior, preferences and purchasing decision toward hair salon industry in Jakarta.

Scope

Because of its high reliability toward the variables of satisfaction, image and loyalty hair salon is considered as the proper research setting for the study:

- Low switching cost therefore easy to measure loyalty.
- Frequent demand thus easy to measure experience level and cumulative satisfaction.
- Most of hair salon do not differentiate customer based on their experience level, for this reason, will contribute new insights to the industry.

The research was conducted in the area of Jakarta, Indonesia, since Jakarta is one of the big cities with the highest growth rate of hair salon industry in Indonesia (Chaerunnisa, 2008). The salons chosen as research samples are salons with premium prices which are targeted for upper middle class people and located in shopping centre. According to Morrisey (2005), price sensitivity would vary with income level. Hence, premium priced salon was chosen because such salon customers are expected to deliver more reliable and accurate opinion about image, satisfaction and loyalty because they tend to chase quality, image and satisfaction. In comparison, budget priced salon's customers have high price sensitivity level and more price-oriented while high end salon's customers have very low price sensitivity level.

In order to determine the research scope in the premium priced salon industry, author held a 15 minutes focus group discussion[3] session. Focus group

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[3] Focus group is a panel of people (6-10) which used to exchange ideas, feelings, and experiences on a specific topic (Cooper & Schindler, 2006)

discussion then resulted in three most recognized hair salon brands which then chosen as the research scope area. 300 questionnaires then distributed to top three hair salons in Jakarta which are Johnny Andrean Premium, Irwan team, Toni&Guy located at EX Plaza Indonesia, Grand Indonesia, Plaza Senayan and Senayan City. Briefly, the targeted respondents were Johnny Andrean, Irwan Team and Toni&Guy Salon customers with vary level of experience. The respondents were asked to complete the questionnaires regarding to its experience toward the hair salon.

Research Problem
- Satisfaction and image are thought to have high influence in determining many forms of customer loyalty. Meuter et al. (2000) revealed that consumers are more likely to engage in positive word-of-mouth and repurchase when satisfied.
- Importance of customer loyalty is considered being fundamentally important for companies. In most industries, the companies with the highest retention rates (evidence of superior customer value) also earn the best profits. As further benefits, the programs even reduce marketing and operating costs, increase referral, and are immune to competitors' promotion efforts. Therefore, customer loyalty cannot be neglected in today's highly competitive business world (Reinartz and Kumar, 2000).
- Numerous studies already conducted in order to examine satisfaction, image and loyalty while very few of them have considered adding experience as the variable of the research.
- The previous findings proposed the importance to distinguish customers' satisfaction measurement in two ways, transaction-specific and cumulative. Hence, customer satisfaction section in the questionnaire is divided into two parts of specific and cumulative satisfaction.

Purpose of Study
The aims of this study are:
- Facilitate hair salon owner in achieving deeper understanding toward factors that will affect customer's repurchase behavior.
- Provide benefits to hair salon in exploring model of satisfaction, image and loyalty and to analyze the impact of experience.
- Give insights to hair salon in clarifying the role of experience factor in predicting customer loyalty.
- As an investigation the differ characteristics between new customers from experienced ones.
- Providing knowledge of the importance distinguishing specific-transaction satisfaction and cumulative satisfaction.

LITERATURE REVIEW

Consumer Behavior

According to Schiffman and Kanuk (2004), consumer behavior can be explained as behavior that consumers display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs. They also stated that, consumer behavior focuses on how individuals make decision to spend their available resources (time, money, effort) on consumption related items.

Satisfaction

Satisfaction is "the consumer's fulfillment response," a judgment that a product or service provides a pleasurable level of consumption-related fulfillment, including under- or over-fulfillment (Oliver, 1997). Satisfaction itself can be divided into transaction-specific and cumulative satisfaction (Boulding, Kalra, Staeling, & Zeithaml, 1993. It is important to distinguish the two kind of satisfaction because they are not independent of each other (Yi & La, 2004), for example, for an experienced customer with high cumulative satisfaction, transaction specific satisfaction will be less important since one unsatisfying experience most likely will not affect the total satisfaction (Boulding, Kalra, & Staelin, The quality of double whammy, 1999). This study will relate the four variables satisfaction, loyalty, image and experience. Satisfaction itself has strong theoretical relationship with the other three variables:

Satisfaction-loyalty

Customer satisfaction is an important determinant of customer loyalty (Lovelock, Wirtz, Tat Keh, & Lu, 2005) and most managers are interested in customer satisfaction because it is strongly associated with loyalty (e.g. Sambandam and Lord, 1995; Anderson and Sullivan, 1993; Cronin et al., 2000). The similar statement also stated by several authors: A positive impact of satisfaction is reported on repurchase behaviour (Sambandam and Lord, 1995; LaBarbera and Mazursky, 1983), repurchase intent (Anderson and Sullivan, 1993; Cronin et al., 2000), positive word-of-mouth (Bitner, 1990; Swan and Oliver, 1989), customer retention (Bolton, 1998), and use of continuously provided services (Bolton and Lemon, 1999).

Satisfaction-image

Speaking of correlation between satisfaction and image, several authors (e.g. Bigne´ et al., 2001; Zins, 2001) propose that image perceptions affect satisfaction because they mould customers' expectations before the visit and because, by definition, satisfaction depends on the comparison between those expectations and the actual service. Moreover, when a customer is satisfied with the service, the image of the company is improved and this upgraded image will then influence satisfaction making the relationship between the two constructs reciprocal. When services are difficult to evaluate, corporate image is believed to be an important factor influencing the perception of quality, customers' evaluation of satisfaction with the service, and customer loyalty (Andreassen and Lindestad, 1998; Ostrowski et al., 1993).

Satisfaction – experience

Oliver (1980) applied Helson's (1964) adaptation-level theory to customer satisfaction research can be noted. According to this theory one's level of expectation about product are influenced by:

1. The product itself including one's prior <u>experience</u>, brand connotations, and symbolic elements
2. Content of communications from salespeople and social referents
3. Individual characteristics of customers including persuasibility and perceptual distortion

As further supporting theory for the experience factor especially in the hair salon industry, it is acknowledged that delivering satisfaction to customer will be easier if salon team know exactly who they are catering for (Know Your Customer, 2009).

Loyalty

Customer loyalty expresses an intended behaviour related to the product or service. This includes the likelihood of future purchases or renewal of service contracts or, conversely, how likely it is that the customer will switch to another brand or service provider (Selnes, 1993).

According to Reichheld and Teal (1996), the loyalty-based model effectively explains success and failure in the business world. In most industries, the companies with the highest retention rates (evidence of superior customer value) also earn the best profits. As further benefits, the programs even reduce marketing and operating costs, increase referral, and are immune to competitors' promotion efforts. Therefore, customer loyalty cannot be neglected in today's highly competitive business world (Reinartz and Kumar, 2000).

Image

In services and business-to-business industries, the brand appears to be more often connected to the reputation of the company rather than individual products or services (Selnes, 1993). In addition by Keller (1993), corporate image is also believed to influence the customer's satisfaction evaluation. On the company level, image has been defined as perceptions of an organization reflected in the associations held in consumer memory. Fundamentally, high levels of brand awareness and a positive brand image should increase the probability of brand choice, as well as produce greater consumer (and retailer) loyalty and decrease vulnerability to competitive marketing actions.

Experience

Shaw, Dibeehi, & Walden in Beyond Philosophy define customer experience as an interaction between an organization and a customer, which involve physical performance, senses and emotions that can be delivered in a transaction. While Ivana Taylor (2009) stated that there are four elements that can indicate customer experience which are feelings, body sensations, attitudes and thoughts.

(Selnes, 1993), it is also used to figure current customer transaction with the brand, expose the intention behind the purchasing decision and to get opinion in order to further develop and exploit the total experience gained (Peelen, 2005). Moreover about experience, Selnes (1993) exposed that customers with a high degree of service expertise are able to perform a comparison of expectations prior to consumption and actual experience after consumption. Their repurchase intention is consequently assumed to be based on a cognitive evaluation of previous purchase experience.

HYPOTHESIS DEVELOPMENT

Hypotheses

This research objective is to investigate four hypotheses from the previous study in testing the role of customer experience on hair salon's customer behavior toward satisfaction, loyalty and image toward the salon outlet. The level of experience itself is measured by a physical transaction between customer and company in the previous occasion. Customers who have previous transaction history with the company in the past are considered as the experienced while first timer customers with zero transaction history are measured as the inexperienced (new customers).
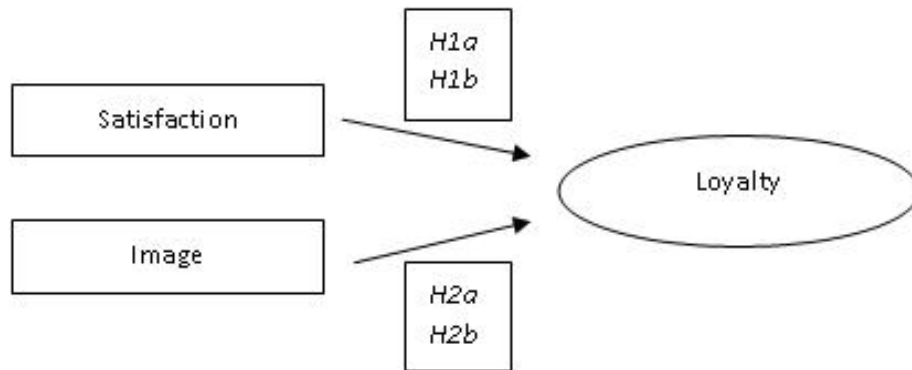
Figure 1. Hypotheses Relationship Model

According to Oliver (1980), after experiencing and assessing a service performance, customer will compare the result to their expectations former to purchase or use. If the performance turns out to be higher than expected, satisfaction will increase while if performance is lower than expected, satisfaction will decrease or even generate dissatisfaction. In terms of loyalty, as customers achieve more experience over time, importance of cumulative satisfaction is increasing while less weight is placed on the current encounter. For example, one unsatisfying experience will probably not affect customers with high level of experience and have high cumulative satisfaction (Boulding, Kalra, & Staelin, 1999).

Thus, it is hypothesized that:

H1a: The higher specific-transaction satisfaction, the higher is loyalty.

H1b: For new customers H1a is more pronounced than for experienced customers.

Selnes (1993) stated that it is important to relate a model of loyalty together with satisfaction as well as revealed that both variables, image and satisfaction, were associated with loyalty. Since direct experience with the company is more reliable rather than it is advertised or told by other people, image becomes more reliable the more experienced a customer is with the service or product (Andreassen & Lindestad, 1998; Ostrowki, O'Brien, & Gordon, 1993). As a result, it is hypothesized that:

H2a. There will be a positive relationship between perceived image and loyalty.

H2b. For new customers H2a will be less pronounced than for experienced customers.

DATA AND RESEARCH METHODOLOGY

Research Method

Research type	Quantitative descriptive
Data collection method	- Email - Social networks - Intercept interview
Sampling plan	Probability sampling: Cluster sampling
Questionnaire type	- Focus questionnaire design - Self-administered questionnaire

Data Collection Method

The questionnaires were distributed during April - May 2010 to the targeted respondents using email, social networks approach and intercept interview method. Intercept interview is an interview method involves approaching customers while they are otherwise occupied, asking screening questions and including qualified respondents in an interview (Rigney & Associates, 2008). The form of intercept interview applied was store intercept which requires author to approach the respondents during or after the purchase stage at each hair salon outlet located at EX Plaza Indonesia, Grand Indonesia, Plaza Senayan and Senayan City, Jakarta, Indonesia.

The scope target was to get 50 respondents from each hair salon outlet with the total of 300 results from respondents. Unfortunately, the store intercept method could only be applied to Irwan Team respondents since Johnny Andrean and Toni&Guy did not give authorization to do store intercept. At the end, the author managed to obtain 64 questionnaires from Irwan Team store intercept and 236 first questionnaires accepted from the networking approach.

- *Pre-test Questionnaire*

The author distributed a pre-test questionnaire to 10 respondents to obtain feedback about the clarity of the questionnaire. As feedback from the 10 respondents, the author received minor yet insightful inputs and problems identification such as layout and wording selection. The questionnaire was then modified based on the feedback obtained.

- *Questionnaire Model*

The questionnaire consisted of 40 questions and using six (6) point likert-scale of either one (strongly disagree) to six (strongly agree) or one (very bad) to six (very good). The questionnaire is specifically designed to meet the objective of

this study in the particular industry of hair salon in Jakarta, Indonesia with the main structures of:

1. Demography:

Respondent's demographic profile and socioeconomics background such as age, gender, education level, occupation, monthly income level, as well as historical behavior toward hair salon and their level experience toward the salon outlet.

2. Satisfaction:

Satisfaction is measured using multiple-item approach in order to test the hypothesis H1a and H1b. The approach is included to rate both cumulative satisfaction and series of transaction specific attributes. Measures for the satisfaction are categorized to several store attributes such as store atmosphere, facilities, product used, location, employee services, service quality and several service attributes measurement as it is stated by Smith (2007).

3. Image:

In order to examine hypothesis H2a and H2b, respondent's image perception is measured toward both salon brand and salon specific outlet.

4. Loyalty:

Positive outcome of the transaction in the post purchase stage will be resulted on the loyalty performance which according to La & Yi (2004) customers' loyalty attitudinal sense can be measured by:
- repurchase intention
- resistance against better alternatives
- price tolerance
- intention to recommend the product or service (Word of Mouth)

FINDINGS AND DISCUSSION

Focus Group Discussion Results

Focus Group Discussion is conducted in order to achieve focus research and develop relevant research scope. The respondents of the group discussion represent Indonesian upper middle class people preferences regarding to hair salon brands. The respondents are people with middle to middle high incomers who work for NISP Bank Jakarta and live in Jakarta area. Author was guiding the process as facilitator, giving out topics and questions to encourage discussion in the group. Topics and questions given were about perception, preference and purchasing behavior toward hair salons in Indonesia. Several premium hair salon brands such as Johnny Andrea, D'Glam, Irwan Team, Toni&Guy, Headquarters, etc. The group recalled Johnny Andrean, Irwan

Team and Toni&Guy as the most recognized and visited premium hair salon brand in shopping center, Jakarta, Indonesia.

Descriptive Analysis – Frequency

Gender	Female (82.7%)
Age	20-30 years old (63.3%)
Level of Education	Undergraduate (41%)
Occupation	Student (53.3%)
Residential Address	South Jakarta (36%)
Monthly Income/ Allowance Level	IDR <2 million (39%)
Average Monthly Expense	IDR <1.5 million (37%)
Service Treatment Type	Wash & blow, hair cut, hair treatment and combination.
Monthly Frequency Visiting Hair Salon	1x/ month (46.7%)
Average Monthly Expense on Hair Salon	IDR 100,000-250,000 (44.3%)

In terms of experience, it is indicated that 28% of the respondents were first timer while the rest of it (72%) were not first timer and have previous experience toward the Hair Salon Brand. Thus, the 84 respondents were considered as new customers while the rest of it (216) were categorized as the experienced ones.

ANOVA, Mean Value, T-test & Correlation Analysis

Table Mean Value Analysis, ANOVA between brands and T-test between outlets

		Over all	Irwan Team	Johnny Andrean	Toni& Guy	ANOVA between brand	Irwan Team – GI	Irwan Team - SC	T-test between IT outlet	Johnny Andrean - PS	Johnny Andrean - SC	T-test between JA outlet	Toni & Guy - PS	Toni & Guy - EX	T-test between TG Outlet
Transaction specific satisfaction	Store Atmosphere	4.53	4.69	4.26	4.63	0.002	4.56	4.82	.202	4.51	4.01	.009	4.70	4.56	.348
	Salon Facilities and Product Used	4.62	4.91	4.48	4.48	0.000	4.80	5.02	.160	4.79	4.17	.001	4.58	4.38	.215
	Location	**5.09**	**5.13**	**5.05**	**5.09**	0.781	5.03	5.24	.173	5.11	5.00	.503	5.00	5.17	.320
	Employee Services	4.85	**5.10**	**4.65**	**4.79**	0.000	4.99	5.20	.169	4.88	4.42	.009	4.95	4.63	.023
	Specific Service Quality	4.58	4.82	4.30	4.64	0.000	4.75	4.89	.354	4.45	4.15	.076	4.71	4.56	.254
Transaction specific satisfaction (Total)		4.68	4.88	4.46	**4.68**	0.000	4.76	5.00	.132	4.66	4.27	.002	4.77	4.60	.150
Cumulative satisfaction		4.59	4.90	4.38	4.49	0.000	4.79	5.00	.190	4.58	4.18	.007	4.67	4.31	.009
Total Satisfaction		4.63	4.89	4.42	4.59	0.000	4.78	5.00	.150	4.62	4.23	.002	4.72	4.46	.030
Total Image		4.73	**4.99**	**4.60**	4.62	0.001	4.80	5.18	.015	4.84	4.35	.003	4.67	4.57	.559
Total Loyalty		**3.99**	4.17	3.84	3.97	0.043	3.98	4.35	.066	4.13	3.56	.001	3.93	4.01	.617

Note: 1.) Likert Scale of: 1=Strongly Disagree, 2=Disagree, 3=Slightly Disagree, 4= Slightly Agree, 5=Agree, 6= Strongly Agree (in general)

2.) ANOVA, not significant with Sig. > 0.05; T-test (2 tailed), not significant with Sig. > 0.025

Overall Mean Value Analysis

To measure and analyze the overall result of the likert scale questions, author ran mean value comparison for overall result, each salon brands as well as each salon outlets. From the overall 300 respondents of this study, it was indicated that Location had the highest mean value of 5.09 while Loyalty had the lowest mean value of 3.99. Moreover, respondent were mostly more than 'slightly agree' in all the Satisfaction and Image factors while Loyalty is the only factor fall below 'slightly agree' scale. In conclusion, although customers' scores on satisfaction and image toward the hair salon were high, it won't guarantee the high rank of loyalty. Further study on the mean value comparison between brands and outlets were break down with ANOVA and T-test method.

Analysis between Hair Salon Brands

For Irwan Team and Johnny Andrean, the three highest mean value factors were Location, Employee Services (both were indicators for transaction specific satisfaction) and Image. These signified that both of the hair salons had performed well in locating their salon position, providing well trained employee and building fine brand image. On the other hand, Toni&Guy customers were heavily pleased with the transaction specific satisfaction performance. Furthermore, in every aspect, Irwan Team scored above the overall mean value as well as surpassed the average of both Johnny Andrean and Toni&Guy rating, which indicates outstanding performance in Satisfaction, Image and Loyalty.

Analysis between Hair Salon Outlets

T-test analysis was executed to compare two mean values from two independent samples (Stanislaus S. Uyanto, 2006). In this case, the test was useful to compare performance of two salon outlets from each hair salon brand.

Irwan Team Grand Indonesia and Senayan City

For Irwan Team salon, every factor except for Image was not significant with Sig. value > 0.025. This showed that the performance between the outlets in Grand Indonesia compared to Senayan City were showing least significant different. Irwan Team has succeed in presenting great consistency in serving their customers, even though the image of Senayan City outlet (5.18) was rated higher than the one in Grand Indonesia (4.80). According to the mean value analysis on both outlets, Senayan City outlet outranked Grand Indonesia in every aspect, thus, the higher rating on image maybe caused by the better service delivered by Irwan Team's Senayan City team.

Johnny Andrean Plaza Senayan and Senayan City

Johnny Andrean was proven consistent in Location and Specific Service Quality (consists of evaluation on trend and techniques applied), with Sig. value of 0.503 and 0.076. Aside from those two factors, there were noteworthy distinction between Johnny Andrean Plaza Senayan and Senayan City. This inconsistency may be resulted from Johnny Andrean's differential pricing strategy (as discussed in Chapter 1, part 1.1.4), which varied accordingly to its location and customer characteristics.

Generally, Plaza Senayan outlet scored better than Senayan City. Senayan City outlet even had almost neutral score on the Loyalty (Senayan City mean value of 3.56). This is confirming customer's low attachment toward the outlet of Johnny Andrean's Senayan City, which confirmed by Gonzales (2010) who agreed that bond between customer and stylists is what differentiate one salon from another and it is a powerful strategy to build customer loyalty. With this, it can be concluded that although customer's satisfaction and image of the outlet were pretty good (mean value > 4), it will not guaranteed them to be loyal to the outlet.

Toni&Guy Plaza Senayan and EX Plaza Indonesia

In general, the performance of Toni&Guy Plaza Senayan and EX Plaza Indonesia were consistent, except for Employee Service (Sig. 0.23) and Cumulative satisfaction (Sig. 0.09). According to the respondents, outlet in Plaza Senayan was showing better Employee Service (4.95) and Cumulative satisfaction (4.67) when compared to EX Plaza Indonesia (Employee Service of 4.63 and Cumulative satisfaction of 4.31)
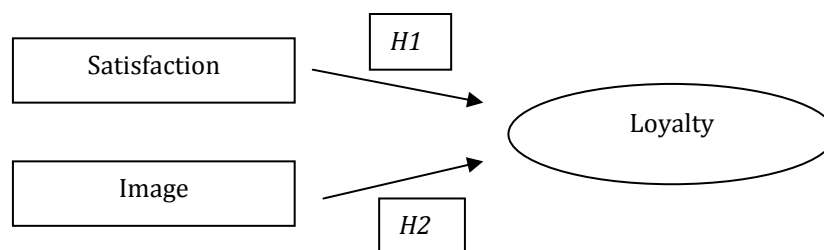

Figure 2. General Regression Analysis

Regression analysis method was chosen to test the hypothesis. There are four hypothesis consist of H1a, H1b, H2a and H2b, with the structure as shown as

the above. In the previous research done in 2006, the four hypotheses were all accepted.

Table 1. General Regression Analysis

Parameter	R-Square	Un-Standardized Coefficients	Standardized Coefficients	Sig.
Overall				
Transaction specific satisfaction	0.229	-0.134	-0.103	0.301
Cumulative satisfaction	0.229	0.336	0.286	0.006
Image	0.229	0.341	0.315	0.000
Total Satisfaction	0.175	0.537	0.418	0.000
New Customer				
Transaction specific satisfaction	0.364	0.371	0.391	0.017
Cumulative satisfaction	0.364	-0.149	-0.199	0.222
Image	0.364	0.347	0.424	0.004
Total Satisfaction	0.253	0.443	0.503	0.000
Experienced Customer				
Transaction specific satisfaction	0.257	-0.341	-0.261	0.034
Cumulative satisfaction	0.257	0.742	0.599	0.000
Image	0.257	0.161	0.148	0.116
Total Satisfaction	0.197	0.585	0.444	0.000

Legend: Not significant with Sig. > 0.05
Not significant with negative Beta coefficients

Table 2. Overall Hypothesis Result

Hypothesis	Status
H1a: The higher specific-transaction satisfaction, the higher is loyalty.	Rejected
H1b: For new customers H1a is more pronounced than for experienced customers.	Rejected
H2a: There will be a positive relationship between perceived image and loyalty.	Accepted
H2b: For new customers H2a will be less pronounced than for experienced customers.	Rejected

In general, the regression analysis result on the hypothesis test was summarized on the table above. From this analysis, there are several things can be noted from the respondents:

1. The overall respondents revealed that Cumulative Satisfaction, Image and Total Satisfaction were significant factors that can influence their loyalty behavior.
2. For new customers, Loyalty was built by Transaction Specific Satisfaction, Image and Total Satisfaction.
3. Experienced customers might not really concern with Transaction Specific Satisfaction and Image offered by hair salon. In fact, Cumulative Satisfaction and Total Satisfaction were all the factors matter.

As we can see, there was lack of significant relationship between each H1a and H1b as well as H2a and H2b. But, replacing the transaction-specific satisfaction with total satisfaction (summation of transaction specific and cumulative satisfaction) was a worthy consideration. First of all, there was positive relationship between Total Satisfaction and Loyalty with Sig. value of 0.000 and Coefficients of 0.418, thus H1a was accepted. Second, H1b was also accepted, as for new customers (Sig. 0.000, Coefficients 0.503) H1a was more pronounced than for experienced customers (Sig. 0.000, Coefficients 0.444). This might signify that in order to predict Loyalty, Total Satisfaction can be better indicator compare to Specific Transaction Satisfaction or Cumulative Satisfaction.

Summary of Regressions Analysis

Table 3. Summary of Hypothesis Results

Hypothesis	Status			
	Overall	**Irwan Team**	**Johnny Andrean**	**Toni&Guy**
H1a	Rejected	Rejected	Rejected	Rejected
H1b	Rejected	Rejected	Rejected	Rejected
H2a	Accepted	Accepted	Rejected	Accepted
H2b	Rejected	Rejected	Rejected	Rejected

With the intention of gaining more insights on the analysis, further regression analysis was also executed for each hair salon brand. Considering the regression altogether, the result was not supporting the previous study in which all the four hypotheses were accepted. In this study, most of the theories were rejected which possibly can be caused by different industry setting.

In accordance with the table above there were several things can be noted, such:

- Certainly there was not significant relationship between Transaction Specific Satisfaction and Loyalty (H1a &H1b rejected in each case).
- Mostly the hypothesis about Image and Loyalty (H2a) was accepted except for Johnny Andrean.
- In each case, H2b was rejected.
- All theories were not applicable for Johnny Andrean salon.
- Irwan Team and Toni&Guy generally had similar result on every hypothesis.

There are numerous variables that can affect customer's loyalty. According to the regression analysis for this case, possibly neither Transaction Specific nor Cumulative Satisfaction matter, maybe what really matter is the Total Satisfaction.

Further result was then conducted between Transaction Specific and Cumulative Satisfaction. As results, hypotheses of H1a and H1b were generally showing positive relationship in the case of Total Satisfaction and Loyalty. In this case, generally Total Satisfaction was proven to be the best satisfaction parameter in proving hypotheses H1a and H1b compare to Transaction Specific and Cumulative satisfaction. Accordingly, the fact supported the theory of Lovelock, Wirtz, Tat Keh, & Lu in 2005 whereas customer satisfaction is still an important determinant of customer loyalty.

Considering the result on the above altogether, it can be concluded that:

- The higher Total Satisfaction, the higher is Loyalty, whereas, for new customers is more pronounced than for experienced customers.
- In determining Loyalty, new customer paid more attention for Transaction Specific Satisfaction while experienced customer put more consideration on Cumulative Satisfaction.

Considering the findings indicated that satisfaction and image were not the most suitable predictors of loyalty, the author attempted to conduct analysis on price. According to the mean value analysis on price, interestingly, Johnny Andrean had the lowest mean value, which indicates low loyalty and high impact of Price. This might explained the rejection of the four hypotheses by Johnny Andrean's customers, while Transaction specific satisfaction and Image might not be the right indicator for Loyalty, maybe Price was the applicable and valuable indicator.

CONCLUSION AND RECOMMENDATION

Conclusion

Although the original hypotheses were not supported well in this study, there were several conclusions that can be drawn through the satisfaction analysis:

- The higher total satisfaction, the higher is loyalty; however for new customers this relationship is more pronounced than for experienced customers.
- In determining loyalty, new customer paid more attention to transaction specific satisfaction while experienced customer places more importance on cumulative satisfaction.

Thus, it can be concluded that either specific or cumulative satisfaction had major roles in determining loyalty and it is important to differentiate them. This supports the theory of Yi&La (2004), "It is important to distinguish the two kind of satisfaction because they are not independent of each other".

This study had succeeded in proving the role of experience level and clarifying its function in predicting loyalty, although it has different outcomes with the original journal. This proves that the role of experience level can be different depending upon the industry.

Managerial implication

The result of the research provides insights into the hair salon industry especially located in Jakarta, Indonesia. First of all, it is important for managers to deliver satisfaction to customers. Different retention programs might also be developed in order to fulfill varied customer's characteristics.

New customer as first timer pay attention to little things and thus transaction specific satisfaction is important in determining this group of customers. While the experienced customers may already have previous familiarity and impression toward the hair salon, thus what really matter is cumulative satisfaction.

Secondly, brand image is important in determining customer's loyalty. According to the previous research findings, image can help companies to communicate their brand and attract customers to experience it.

Furthermore, analysis of each brand indicates different brand characteristics can point towards diverse customer purchasing behavior and preference. Thus, the application of this study should be modified to each industry setting.

Recommendation for Irwan Team

In general, Irwan Team needs to focus in maintaining Cumulative satisfaction and Total Satisfaction rather than putting too much focus on Transaction specific satisfaction.

Referring from Irwan Team cross tabulation analysis, Irwan Team customer's profile indicates high social status and frequent (loyal) customers. With this profile, it is suggested for Irwan Team to maintain their customer's total satisfaction by delivering high-end and exclusive store ambience as well as good service quality. Customer recognition program is also recommended for Irwan Team, since it will create emotional bond with frequent customers and improve their loyalty level toward the brand. This was supported by Gonzales (2010) who stated that bond between customer and stylists is what differentiate one salon from another, and it is a powerful strategy to build customer loyalty.

Moreover, Irwan Team had the least male respondents (4 out of 52 male respondents) among the three salon brands. It is possible this is caused by the lack of male figures both in in-store promotion as well as public advertisement. In order to approach more male consumers, Irwan Team should also consider placing male figures in their promotion strategy and advertising in male magazine.

According to the mean value analysis, on every factor, Irwan team scored above average, performing better than Johnny Andrean as well as Toni&Guy. Thus, author recommends Irwan Team to retain and maintain the excellent performance in satisfaction, image and loyalty.

The salon also has stable performance between the two outlet of Senayan City and Grand Indonesia. There are almost no significant different on their performance except for image. It is suggested for Irwan Team to maintain their performance consistency and improve the image of Grand Indonesia outlet. According to several authors (e.g. Bigne´ et al., 2001; Zins, 2001) there is two ways to develop brand image. First image perception before visits and second is by satisfaction after the experience with the service. Thus, Irwan Team Grand Indonesia can improve their brand image by creating good image perception through advertising promotion and store outlook improvement as well as developing satisfaction by enhancing the quality of their service performance.

Recommendation for Johnny Andrean
From the cross tabulation analysis, Johnny Andrean Salon was indicated to have wide range of market scope, since the respondents are varied in the types of occupation, age and income level. This fact represents big market opportunity for Johnny Andrean to capture and expand.

With this kind of opportunity, the author suggests the company to do aggressive promotion strategy such as advertising, sales promotion, public relations and publicity.

Johnny Andrean Salon is strongly suggested to increase their quality of satisfaction and image, especially for Senayan City outlet, for example, by

improving the in-store atmosphere, developing existing salon facilities technology and training their employee in order to continuously improving the service quality. This improvement is expected to enhance customer loyalty.

On the other hand, Johnny Andrean needs to build and deliver the most appropriate brand image for the company. If the company is unable to meet customer's expectation, customer will be very disappointed and dissatisfied. This is the possible reason for the contradictory relationship between Image and Loyalty in Johnny Andrean's regression analysis. Thus, it is suggested that Johnny Andrean to promote the right brand image.

Other possible reason for negative relationship between image and loyalty is Johnny Andrean's price discrimination strategy. This inconsistency in terms of price and quality can cause customer confusion. Thus, it is recommended for Johnny Andrean to distinguish their outlets' target market in order to avoid customer confusion. Brand extension is one of the possible strategy, Johnny Andrean can launched "Johnny Andrean Premium" for the high end customers. Furthermore, according to the price analysis result, Johnny Andrean's customers were the most price sensitive group. Thus, Johnny Andrean must be able to stay competitive in terms of price or must come up with strategy to reduce the price sensitive level for example by developing customer loyalty programs, such as membership and rewards program. With this kind of programs, customers are expected to have continuously repurchase intention with the company in the future.

Recommendation for Toni&Guy

Cross tabulation result confirmed Toni&Guy as the hair salon with the most male respondents (50%). For that reason, the author suggested the hair salon brand to maintain and even enhanced its promotion in grabbing attention of male consumers. Perhaps Toni&Guys can even emphasize its marketing strategy in capturing this market segment and be a market leader in the men hair salon industry. As according to Molaro (2001) majority (63%) of medium-to-large-size salons owners and managers indicated that the number of men using their salons has increased. Men are requesting hair, skin, nail, and body treatments, and 41 percent of them purchase retail products at a salon. Toni&Guy can start approaching men market segment by using male models and celebrity as brand model representative, advertising in male radio and magazine, adding masculine atmosphere in the store and etc.

Furthermore, the research data showed that the majority of Toni&Guy's customers were younger than 30 years old, which clarifyies its immense opportunity in the young and hip market. Since the characteristic of the young society is hip, dynamic and trendy. Promotion strategy suggested is heavy publicity on hair salon image, for example by sponsoring fashion and music

events, getting involve in many lifestyle communities in Jakarta and hiring famed public figure.

Respondents of Toni&Guy were showing negative relationship between every satisfaction factors (specific, general and total) and loyalty, while image was indicated to have strong influence on loyalty. In fact, although the customers were unenthusiastic toward satisfaction, they were showing high loyalty and price tolerance level. Perhaps the strong relationship between the brand and customers was caused by Toni&Guy's image characteristic as an international brand. As a successful international brand, customers might have exclusive perception toward the brand. If this was true, subsequently there was indication that international brand had better image profile in customer's point of view.

Because of customer's high association with image, Toni&Guy are strongly suggested to maintain and develop their brand image by applying promotional efforts mentioned in the above and improving their service performance in various areas such as employee quality, store ambience and hair styling technique.

Future Research Recommendation

According to several limitations and results in this study, author recommended the following for further research:

1. For future study, researchers are recommended to explore different hair salon segment from this study. As this study used premium-priced hair salon, future research can be conducted in low end or high end hair salons. This was expected to facilitate hair salon owner in achieving extensive knowledge on the industry. Furthermore, the scope of the study can be enlarged by studying cross-regional situation or even different industry setting, in order to gain deeper insight.

2. This study used transaction specific satisfaction, cumulative satisfaction and image in determining loyalty and analyzing the role of experience level. For future research, adding more variables are recommended as it would provide more details understanding of the factors that influenced loyalty as well as the role of experience level.

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