ABSTRACT

Modern society teaches that outer appearance is the most valuable asset that everyone must have nowadays. In a society where certain appearances and figures of the face are renowned for their beauty, women invest a lot in their outward appearance. As the result, there is a rapid development of cosmetics which nowadays many cosmetic brands have sprung up both domestic and foreign brands. However, there is a brand of cosmetics that is fairly new in the market but is able to compete with well-known brands out there, namely Innisfree. Innisfree is a South Korean brand engaged in cosmetics and skin care based on natural and organic ingredients. Innisfree was founded in 2000 and officially opened a store in Indonesia in early 2017 (Kompas.com. 2017).

This study aimed to determine the effect of Store Atmosphere, Service Quality, Product Assortment towards Customer Loyalty through Customer Satisfaction on Innisfree cosmetics products in Surabaya.

The sample used in this study is Innisfree customers domiciled in Surabaya, man and woman aged between 18-60, have visited and purchased Innisfree products about 2 times in the past 6 months, have used Innisfree product for at least the past 6 months, and know of other similar products besides Innisfree, a number of 100 respondents. For processing and analysing the data in this research used SPSS software version 22.0.

Based on the research that has been done, Store Atmosphere has a positive effect on Customer Satisfaction and Customer Loyalty with each regression coefficient of 0.395 and 0.388 with a significance value of 0.000 and 0.000, Service Quality has a positive effect on Customer Satisfaction with a regression coefficient of 0.206 with a value significance of 0.033, Service Quality has a positive insignificant effect on Customer Loyalty with a coefficient of 0.096 with a significance of 0.2216, Product Assortment has a positive effect on Customer Satisfaction and Customer Loyalty with each regression coefficient of 0.201 and 0.239 with a significance value of 0.019 and 0.001. Customer Satisfaction has a positive effect on Customer Loyalty with a regression coefficient of 0.434 with a significance value of 0.000. Based on this study, it can be concluded that Customer Satisfaction is the variable that most influences Customer Loyalty on Innisfree products in Surabaya. Therefore, it is important for Innisfree to always improve Customer Satisfaction by continually reviewing products both in terms of materials and variations that consumers are interested in.

Keywords: Store Atmosphere, Service Quality, Product Assortment, Customer Satisfaction, Customer Loyalty, Innisfree.