

Consumer Behavior: Price, Product Quality and Consumer Loyalty through Customer Satisfaction on Xiaomi Smartphones in West Java

M. Husen Haikal*, Abel Bintang Wisnu, Raden Edo Prasetyo Rastiono, Ferryansyah, Sri
Wiludjeng
Faculty of Economics and Business, Widyatama University, Indonesia
*senhaikal14@gmail.com

Abstract

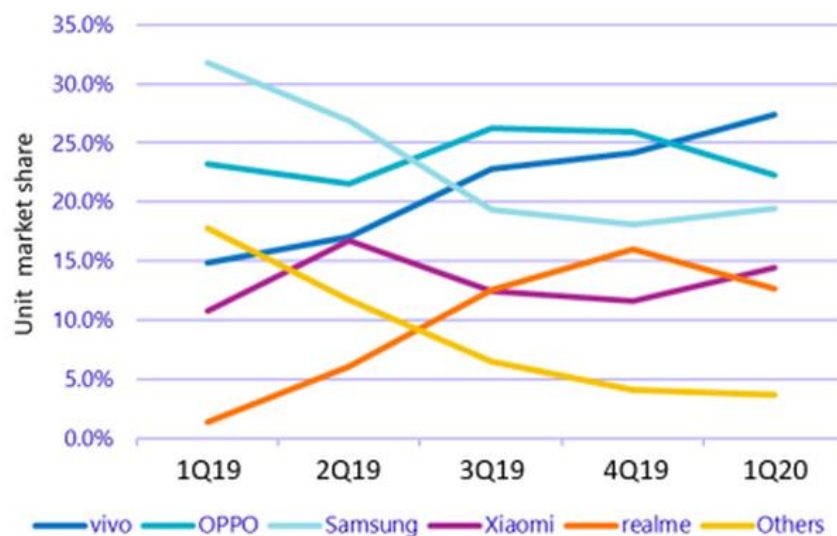
The condition of the COVID-19 pandemic has an impact on electronic industry players (kompas.com), which can result in a decline in trading activities in the electronic industry, especially xiaomi cellular. With the decline in company sales, it has an impact on company revenue. Not only the xiaomi brand but many companies have been affected by this COVID-19 condition. Many companies have been forced to go out of business because sales have declined considerably. This problem occurs due to weak or sluggish demand for cellular products. With these conditions, companies are required to be able to determine the right marketing strategy so that resale is like before the conditions of the COVID-19 pandemic. One of the strategies that are often chosen by companies to be superior in the competition in the cellular industry is through price and product quality strategies in order to create customer satisfaction so that consumers feel loyal to the brand. For this reason, further research is needed to find out how respondents respond about price, product quality, consumer loyalty through consumer satisfaction on Xiaomi branded cellular products. The research method used is descriptive and verification methods, while the data to support this research are secondary data and primary data. The population of this research is cellular users in West Java by taking a representative sample. While the analytical tool used is the Regression Hierarchy Analysis Further research is needed to find out how respondents respond about price, product quality, consumer loyalty through consumer satisfaction in Xiaomi branded cellular products. The research method used is descriptive and verification methods, while the data to support this research are secondary data and primary data. The population of this research is cellular users in West Java by taking a representative sample. While the analytical tool used is the Regression Hierarchy Analysis Further research is needed to find out how respondents respond about price, product quality, consumer loyalty through consumer satisfaction in Xiaomi branded cellular products. The research method used is descriptive and verification methods, while the data to support this research are secondary data and primary data. The population of this research is cellular users in West Java by taking a representative sample. While the analytical tool used is the Regression Hierarchy. The sampling technique used was accidental sampling or random sampling. The results of the study indicate that price, product quality have a positive and significant effect on customer loyalty through customer satisfaction. For this reason, it is recommended that companies pay attention to price and quality so that consumers feel satisfied and in the end they are loyal to the brand or company.

Keywords: Price, Product Quality, Customer Satisfaction and Consumer Loyalty.

Introduction

In a modern era like this, the development of communication technology is developing very rapidly, especially in the electronic industry, one of which is smartphones, which indirectly become the basic needs of society. In early 2020, humanity in the world was faced with the COVID-19 pandemic which had an impact on the entire world economy, including in Indonesia. Many smartphone companies have been affected by this pandemic, so they have difficulty competing and sales have decreased, one of them is the Xiaomi brand. Data shows Xiaomi branded smartphones have decreased in sales since facing the COVID-19 pandemic. As shown in the graph as follows

Indonesia Top 5 Smartphone Companies, 1Q20 Unit Market Shares



Source: IDC, 2020

Source: <https://asset.kompas.com/crops/>

In the second quarter of 2019, Xiaomi had a sales percentage of 17% but after being faced with the COVID-19 pandemic in the first quarter of 2020, the sales of Xiaomi smartphones experienced a decline in sales to 14% (<https://selular.id/2020/05/idc-top-5-brand-smartphone-di-indonesia>), this is thought to be due to the price set by the company. if the price rises, the demand for the product falls and vice versa. For this reason, companies must be careful in setting prices. Several factors need to be considered in pricing, for example production costs, competitors, location, product design, product quality, and additional services. The price offered by the Xiaomi branded smartphone is relatively more affordable for the people of Indonesia compared to competing companies, where this should be a distinct advantage for Xiaomi products, but in fact the data shows that Xiaomi cannot compete with competitor companies such as Oppo, vivo, Samsung, Huawei. Even if you look at the quality of Xiaomi brand products, it's also fairly good. The quality of the products provided by the Xiaomi smartphone is quite good in specifications and is in accordance with the price set, as well as the build quality given to this smartphone product. Products affect consumer loyalty through satisfaction. The purpose of this study is to find out how respondents respond to prices,

product quality of Xiaomi smartphones, and how much price and product quality can affect consumer loyalty using Xiaomi products through customer satisfaction.

Literature review

Price

Price is one element of the marketing mix that generates costs. According to Kotler and Keller (2012: 67), "Price is one element of the marketing mix that generates costs. Price is the easiest element in a marketing program to customize, product features, channels and even communication takes a lot of time. According to Kotler, there are several dimensions and indicators in price, namely price affordability, price suitability and product quality, price compatibility with benefits and price competitiveness. According to Tjiptono (2014: 151), "Price is the only element of the marketing mix that provides income or income for the company." According to Alma (2013: 169), "Price as the value of an item expressed in money". Based on some of the definitions above, the author comes to the understanding that price is an element of the marketing mix that is flexible which can change at any time according to time and place, offered to Xiaomi branded cellular consumers.

Product Quality

Product quality is one of the most important aspects of all products is quality, business competition is getting tougher from time to time. Quality products are needed in order to compete in the market. Quality products can create customer satisfaction. Quality can determine where a product is free from defects or meets standards. This is in line with the opinion of Kotler and Armstrong (2012: 283), namely the ability of a product to carry out its function. This is reinforced by Tjiptono (2010) who argues that quality is a direct picture of a product which includes performance, reliability, ease, in using aesthetics. As for the dimensions and indicators of product quality according to Tjiptono, namely performance, additional features (Features), Reliability, Conformance to specifications, durability and aesthetics. According to Mowen and Minor (2008), product quality is an overall evaluation of the customer's overall performance of superior goods and services. To achieve the desired product quality, quality standardization is required. This needs to be done because the products produced have standards that can meet consumer desires so that consumer confidence in the product is maintained. With some of the above definitions, the writer understands that product quality can be measured through the performance obtained by consumers for Xiaomi branded smartphone products. Product quality is the overall evaluation of the customer on the performance of superior goods and services. To achieve the desired product quality, quality standardization is required. This needs to be done because the products produced have standards that can meet consumer desires so that consumer confidence in the product is maintained. With some of the above definitions, the writer understands that product quality can be measured through the performance obtained by consumers for Xiaomi branded smartphone products. Product quality is the overall evaluation of the customer on the performance of superior goods and services. To achieve the desired product quality, quality standardization is required. This needs to be done because the products produced have standards that can meet consumer desires so that consumer confidence in the product is maintained. With some of the above definitions, the writer understands that product quality can be measured through the performance obtained by consumers for Xiaomi branded smartphone products.

Customer Satisfaction

Some experts define customer satisfaction based on their respective perspectives, although there is no single definition that becomes a common reference regarding customer satisfaction, but in essence they state the same substance about customer satisfaction. According to Kotler and Keller in Donni June Priansah (2017), stating that customer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the expected performance (result) of the product against the expected performance (or outcome). If the performance is below expectations, the consumer is not satisfied. If the performance meets expectations, the consumer is satisfied. If performance exceeds expectations, consumers are very satisfied / happy. According to Fandy Tjiptono (2014), the word "satisfaction: comes from the Latin" satis "(meaning quite a lot, adequate) and "facio" (doing or making) simply satisfaction can be interpreted as an effort to fulfill something or make something adequate. According to Swan in Fandy Tjiptono (2014) defines customer satisfaction as a conscious evaluation or cognitive assessment regarding whether the product's performance is relatively good or bad or whether the product is suitable or not suitable for its purpose or use. Meanwhile, according to Rondonuwu and Komalig in the journal Purnomo Edwin Setyo (2017). Consumer satisfaction is measured by how well the expectations of consumers or customers are met, in theory also explains consumer satisfaction indicators, which include the fulfillment of consumer expectations, attitudes or desires to use the product, Recommending to other parties, service quality, loyalty, good reputation and location.

Consumer Loyalty

According to Kotler and Keller (2016: 153), the definition of customer loyalty is as follows: A deeply held commitment to repurchase a preferred a product or service in the future despite situational influences and marketing effort having the potential to cause switching behavior. previously Lovelock, et al. (2010: 76) which is translated by Dian Wulandari & Devri Barnadi P. states the definition of loyalty as follows: "Loyalty is used in a business context, to describe the willingness of customers to always use the company's products in the long term, especially if using them exclusively, and recommending products. -company products to friends and colleagues. "This definition is in line with the definition of customer loyalty found by Yi in the journal Iddrisu, Nooni, Fianko and Mensah (2015: 19) are as follows: "Customer loyalty can be defined in two district ways. First. Loyalty is attitude. Different feelings create on individual's overall attachment to a procut, service, or organization. These feelings define the individual's (Purely Cognitive) degree of loyalty. The second definition of loyalty is behavioral. examples of loyalty behavior include continuing to purchase service from the same supplier. Increasing the scale and or scope of relationship, or the act of recommendation. According to Griffin in Ratih Huriyati (2010: 130), there are several indicators of customer loyalty, namely Makes Regular Repeat Purchase, Purchase Across product and service lines, refers others, Demonstrates immunity to the pull of the competition. "Customer loyalty can be defined in two district ways. First. Loyalty is attitude. Different feelings create on individual's overall attachment to a procut, service, or organization. These feelings define the individual's (Purely Cognitive) degree of loyalty. The second definition of loyalty is behavioral. examples of loyalty behavior include continuing to purchase service from the same supplier. Increasing the scale and or scope of relationship, or the act of recommendation. According to Griffin in Ratih Huriyati (2010: 130), there are several indicators of customer loyalty, namely Makes Regular Repeat Purchase, Purchase Across product and service lines, Refers others, Demonstrators immunity to the pull of the competition. "Customer loyalty can be defined in two district ways. First. Loyalty is attitude. Different feelings create on individual's overall attachment to a procut, service, or

organization. These feelings define the individual's (Purely Cognitive) degree of loyalty. The second definition of loyalty is behavioral. examples of loyalty behavior include continuing to purchase service from the same supplier. Increasing the scale and or scope of relationship, or the act of recommendation. According to Griffin in Ratih Huriyati (2010: 130), there are several indicators of customer loyalty, namely Makes Regular Repeat Purchase, Purchase Across product and service lines, refers others, Demonstrates immunity to the pull of the competition. Different feelings create on individual's overall attachment to a procut, service, or organization. These feelings define the individual's (Purely Cognitive) degree of loyalty. The second definition of loyalty is behavioral. examples of loyalty behavior include continuing to purchase service from the same supplier. Increasing the scale and or scope of relationship, or the act of recommendation. According to Griffin in Ratih Huriyati (2010: 130), there are several indicators of customer loyalty, namely Makes Regular Repeat Purchase, Purchase Across product and service lines, refers others, Demonstrates immunity to the pull of the competition. Different feelings create on individual's overall attachment to a procut, service, or organization. These feelings define the individual's (Purely Cognitive) degree of loyalty. The second definition of loyalty is behavioral. examples of loyalty behavior include continuing to purchase service from the same supplier. Increasing the scale and or scope of relationship, or the act of recommendation. According to Griffin in Ratih Huriyati (2010: 130), there are several indicators of customer loyalty, namely Makes Regular Repeat Purchase, Purchase Across product and service lines, Refers others, Demonstrators immunity to the pull of the competition. examples of loyalty behavior include continuing to purchase service from the same supplier. Increasing the scale and or scope of relationship, or the act of recommendation, according to Griffin in Ratih Huriyati (2010: 130), there are several indicators of customer loyalty, namely Makes Regular Repeat Purchase, Purchase Across product and service lines, Refers others, Demonstrators immunity to the pull of the competitions.

Based on some of the above definitions, the researcher came to an understanding that customer loyalty can be measured through several indicators that can show how much customer loyalty to Xiaomi products.

RESEARCH METHODS

The research method used is descriptive verification method with a quantitative approach. The independent variable (x1) is price, product quality as variable (x2) and customer loyalty as (y). While the data used are external and internal data with accidental sampling technique. The number of samples used is 100 which can be obtained by the Unknown Population formula Rao Purba (Surjarweni, 2015: 155), namely:

$$n = \frac{Zx^2}{4u^2}$$

Information:

n = sample size

Z = the level of confidence the sample needed in the study, at $\alpha = 5\%$ (the degree of confidence was determined at 95%) then Z = 1, 96.

M = margin of error, tolerable error rate (set as 10%).

By using the formula above, the following calculations are obtained:

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

Based on these calculations, the number of respondents to be sampled in this study were 96 people.

Research Tools

The tools in this research or the instruments used are by distributing questionnaires, interviews and observations.

Hierarchy of Regression

The analysis technique used is hierarchical regression. This technique is used to determine how much influence the variable price capability (x1), product quality (x2) on customer loyalty variable (Y) through customer satisfaction as a moderating variable (Z). This regression test is carried out hierarchically, namely by gradually regressing. The first regression, was carried out without including the moderating variable of labor quality (Z). The first regression equation is:

$$Y = a + B X1 + B X2.$$

Meanwhile, the second regression includes the moderating variables for customer satisfaction (Z). the second regression equation is:

$$Y = a + bX1_z + bX2_z + bX1_X2_z$$

Results and Discussion

Phase 1 test results

This first test is carried out to find out how much influence the price variable, product quality has on consumer loyalty directly, this can be seen in Table 1:

Table 1. Effect of Price and Product Quality on Loyalty
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18,238	2,979		6,121	.000
	X1 Price	.048	.131	.038	.363	.717
	Product Quality X2	.032	.088	.039	.370	.712

Dependent: Loyalty

Table 1 can be explained that the constant value of 18.238 can be interpreted if the value of the variable price (X1) and product quality (X2) is 0 and there is no change then the value of the consumer loyalty variable (Y) will still be 18.238. In addition, the Price Regression coefficient (X1) is 0.048 and the product quality variable (X2) is 0.032 and both are positive,

which means that each increase in the Price variable (X1) by one unit will increase the Consumer Loyalty variable (Y) by 0.048 and each increase. Product Quality variable (X2) of one unit will increase the Consumer Loyalty (Y) variable by 0.032. Thus it can be concluded that the two independent variables Price (X1) and the Product Quality variable (X2) have a positive influence on the Consumer Loyalty variable (Y).

Stage 2 regression

This test is conducted to determine the effect of price, product quality on customer loyalty variables, which involves the satisfaction variable as a moderating variable. The results of this test can be seen in Table 2:

Table 2. The Effect of Price and Product Quality through Satisfaction on Consumer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	14,259	3,397		4,198	.000
	X1 Price	-127	.150	-101	-848	.399
	Product Quality X2	.036	.086	.043	.417	.677
	Customer Satisfaction Z	.321	.141	.270	2,280	.025

Dependent: Loyalty

When seen in the table above, it can be explained that the constant value of 14.259 means that if the value of the variable price (X1) and product quality (X2) is 0 and there is no change, the value of the consumer loyalty variable (Y) is still worth 14,259. Meanwhile, the Price Regression coefficient (X1) shows a number of 0.127 and the product quality variable (X2) is 0.036, which means that each increase in the Price variable (X1) by one unit will reduce the Consumer Loyalty variable (Y) by -0.127, which means the price does not affect consumer loyalty, because it is indicated by a minus sign, prices go up or down, consumers remain loyal to the product. Moreover, this statement is strengthened by the satisfaction variable as a moderating variable (Z) of 0.321. This means that if consumers are satisfied, consumers will be more loyal. While the product quality variable (X2) shows a number of 0.036, meaning that if there is a change in product quality by one unit it will increase the Consumer Loyalty variable (Y) by 0.036. This will also be reinforced by the satisfaction variable (Z), which means that if consumers are satisfied because the quality of the product matches consumer expectations, the consumer will be more loyal and vice versa.

Conclusion

Discussion of the above test results can be concluded that research on price, product quality has a positive effect on Xiaomi consumer loyalty, moreover the results of this study are reinforced by the satisfaction variable as a moderating variable. The more the price and product quality are in accordance with the desires or expectations of consumers, the more satisfied consumers will be and ultimately the consumers will be loyal to the Xiaomi brand cellular products. For this reason, manufacturers of Xiaomi brand products are advised to pay attention to purchasing power factors, competitor prices, location, design, etc., so that they are not wrong in pricing. As for product quality, the company also adjusts every certain period to new technology, new features, designs, new benefits, etc., so that consumers are always loyal or make repeat purchases.

Acknowledgements

All praise and gratitude we offer to Allah SWT, who has given His grace and guidance, as well as prayers and greetings to the great Prophet Muhammad SAW, so that we author can complete research with the title "Price, Product Quality and Consumer Loyalty through Consumer Satisfaction on a smartphone. Xiaomi in West Java. Do not forget to express my gratitude to the Chancellor of Widyatama University, Vice Chancellor I, Vice Chancellor II, and Vice Chancellor III, for the opportunity given to the author to conduct this research. The author would also like to thank the supervisor in completing this research, as well as the author's gratitude to all those who helped,

References

1. Alma, B. (2013). Marketing Management & Marketing Services. Purwokerto: CV Alfabeta.
2. Christopher H Lovelock, JW (2010). Service Marketing. London: Prentice Hall.
3. Huriyati, R. (2010). Marketing Mix and Consumer Loyalty. Bandung: Alphabeta.
4. John C. Mowen, MM (2008). Consumer Behavior. New Jersey: Prentice Hall.
5. Nooni, F. D. (2015). Iddrisu. 19.
6. Philip Kotler, GM (2012). Principles of Marketing. New Jersey: Pearson Education.
7. Philip Kotler, KL (2012). Marketing Management. London: Pearson.
8. Philip Kotler, KL (2016). Marketing Management. Boston: Pearson Education.
9. Priansa, DJ (2017). Consumer Behavior in Contemporary Business. Bandung: Alfabeta.
10. Setyo, PE (2017). Effect of Product Quality and Price on Customer Satisfaction "Best Autowork". Journal of Marketing, 6.
11. Tjiptono, F. (2010). Strategic Marketing. Yogyakarta: Andi.
12. Tjiptono, F. (2014). Marketing Services. Yogyakarta: Andi.
13. Tjiptono, F. (2014). Service marketing, Principles, Application and Research. Yogyakarta: Andi Publisher.