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De La Salle Lipa

The Influence of Brand Image and Customer Value on Customer Loyalty of Nokia High-End in Bandung

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ABSTRACT

Blackberry has already changed the competition especially in Indonesia smart phone market. And Nokia, as market leader in Indonesia cellular phone market, got the impact of this situation. Along this year, customer whom used Nokia as their cell phone, tend to change their cell phone to Blackberry. The aim of this research is to understand The Influence brand image and customer value on customer loyalty of Nokia High-end in Bandung. The qualitative, descriptive, verificative analysis method is used in this research to discover brand image, customer value and customer loyalty. This research also used the explanatory method to find out brand image and customer value on customer loyalty of Nokia High-end in Bandung. The result showed that both variable signficantly influenced the customer loyalty. And both of them have similar impact. Beside that, Nokia has a good image, and their customer value are in the high level and also their customer loyal to them. Innovation could be done by the improvement of the fitur and benefit that their competitors have such as BlackBerry for example the BlackBerry Massenger fitur. Chatting facility (Nokia Messenger Facility) with all the Nokia's owner in certain types could make Nokia more competitive to their competitors such as BlackBerry. Improvement in product and service quality especially in accuracy and effectiveness of service would be usefull for Nokia to keep their customer loyalty. Eventhough it is already good at service, but speed of service and the accuracy still the pin point of the customer. Another variables such as the product mix, customer relation management (CRM) can be used in the next research to discover the customer loyalty.

Keywords: *Brand Image, Customer Value, and Customer Loyalty*

1. INTRODUCTION

Seeing the recent success of the Blackberry, can not be denied if the public interest against the smartphone is pretty high. A very high open interest is certainly disrupt some phone vendors that had been especially Nokia market share of mobile phones in Indonesia.

Nokia has long been operating in Indonesia and consumer preferences for various segments allegedly began to be affected by the presence of the Blackberry. In terms of product quality, Nokia also has a product that has the class same with the Blackberry. Nokia E71 for example is a product of Nokia that has the features and design similar to the Blackberry. The launch was almost simultaneously with the Blackberry Bold 9000. Even with lower prices, Blackberry Bold 9000 remains the target consumer.

Since 2008, Blackberry is becoming a trend showing social status. Initially, the Blackberry smart phone use by young people are included in the category of gadget freak, try a variety of smartphones. In its development, Blackberry finally become favorite among artists, mothers, and young people because it gives the user an easy and cheap communication options via push e-mail or chat using an application provided by RIM. E-mail turned out to be a cheap means of communication because they do not have a limited number of words such as when using SMS.

The development of the Blackberry mobile phone was allegedly the cause of the migration of consumers from high-end Nokia phones to Blackberry product. Though the new Blackberry developed in Indonesia in recent years only. This is certainly become an issue for Nokia because Nokia has long been a market share of mobile phones in Indonesia through a complete product line. However, customer value that had been owned by Nokia and its image that has been built so far allegedly did not make the Nokia high-end consumers remain loyal when the product of Blackberry appears.

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Based on the introduction above, then the problem is formulated as follows: What is the response of respondents over the image of Nokia? What is the response of respondents in the value of Nokia customer and how the responses of respondents on the Nokia customer loyalty? And how much the influence of the brand image and customer value to Nokia customer loyalty?

The purpose of this research was to find out customer responses on the image of Nokia, to know the responses of respondents on customer value, and to determine customer loyalty, and to know how much influence the brand image and customer value to customer loyalty Nokia. The results of this research are expected to contribute and additional useful information for companies in the development of brand image and customer value.

2. LITERATURE REVIEW

A good brand image become a strong attraction to drive consumers to purchase the products that offered. Or at least the desire or will generate a strong interest from consumers to enjoy or buy the products that offered and will eventually lead to the loyalty of their own. Reference [2] shows that corporate image was an effect combination toward observer from all verbal and visual components of the company which is planned or unplanned or from other external influence. This could be mean that corporate image was all kind thing that influence the acceptances of the company to their target market or even to a regular consumer. Reference [4] states that the image is a banner that can be used for protect for all products that use them. There are four main things to be aware of a brand, namely: (i) recognition (the ability of consumers to recognize and remember a brand in their minds), (ii) the reputation (brand strength that can build a high enough status for a brand because in the consumer the eyes a brand has a good track record), (iii) affinity (emotional relationship that arises between a brand with consumers), (iv) domain (concerning how large the scope of a product that would use the brand in question).

Customer-perceived value (CPV) is the difference Between the prospective customer; s valuation of all the benefits and all the costs of an offering and the perceived alternatives. Total customer benefits is the perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering because of the products, services, personnel and image involved. Total customer cost is the perceived bundle of costs customers incur in Evaluating Expect to, obtaining, using and disposing of the given market offering, including monetary, time, energy, and psychological costs [6].

Reference [3] states that many companies rely on customer satisfaction as a guarantee of success in the future but then disappointed to find that the consumer who are satisfied to buy competitors' products without hesitation. According to Griffin is also a loyal customer is a consumer who has the characteristics: repeat purchase, purchase a cross product lines, referrals and retention. According to Michael [7], in business context, loyalty could be understood as a customer sacrifice whom a loyal customer will not consume competitors product eventhough it is cheaper or giving a chance to other company to enhance their ability because because they see another valuable aspect when they keep a business with the competitors. Meanwhile, Ndubisi giving a description of customer loyalty where customer loyalty could be made, forced and maintenanced with marketing plan which has several goals, such as : trust development, showing commitment, regular communication with customer, reliable and proactive, and an efficient complain handling [8].

Testing hypotheses between image and overall customer value to customer loyalty, expressed by the following statistical hypotheses:

H_0 : All $\rho Y_{X1\,X2} = 0$

Brand image and customer value did not influence the Nokia's customer loyalty both simultaneously or partially

H_1 : Not all $\rho Y_{X1\,X2} = 0$

Brand image and customer value influence the Nokia's customer loyalty loyalty both simultaneously or partially

To test the overall model significance, used the test statistic F as follows [10] :

$$F_{hitung} = \frac{(n-k-1)\,R^2{}_{y(x1,x2)}}{k\left(1-R^2{}_{y(x1,x2)}\right)}$$

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To test the partial model significance, statistical t-test was used [10] :

$$t_i = \frac{P_{yx1x2}}{\sqrt{\dfrac{\left(1 - R^2{}_{yx1x2}\right) CR_{ii}}{(n-k-1)}}}$$

Test Criteria:
If $F_{count} > F_{table}$ or if $t_{count} > t_{table}$, then H_0 is rejected
If $F_{count} < F_{table}$ or If $t_{count} < t_{table}$, then H_0 is accepted

The above test statistic follows the F-Fisher distribution with $\alpha = 5\%$ and degree of freedom db_1 and $db_2 = k = nk-1$

3. METHOD

This study consisted of four goals. The purpose of the first, second and third is to find out customer responses on the image, customer value and customer loyalty Nokia. Disclosure of the three goals of the research uses descriptive research method. This type of research data for the three goals of the research is qualitative. As for his fourth goal of research is to know how much influence the brand image and customer value to customer loyalty that is used in verification research with research that uses research data using quantitative data.

The unit of analysis or observation is the Nokia customers in Bandung. The spread of respondents performed in 115 respondents will be deployed in Bandung Electronic Center (BEC) located in Jl. Purnawarman Bandung.

The data required in this research consisted of two sources, namely: the results of research in the field (primary data) and data already available prior to this research (secondary data). The sampling method will be used to draw samples in this research was convenience sampling where the sample is selected subjectively by the researchers of a population. Researchers may select individuals because of compatibility considerations of time [1]. The samples taken from 115 respondents. Collecting data in this research carried out by two techniques namely field research through questionnaires, interviews and observation, and library research.

This research uses a brand image as an independent variable, in which the variable operationalization measured by using this indicators as follows: recognition was measured by using an indicator known brands level of convenience, ease of familiar logos, packaging and easy to know design of Nokia. Reputation is measured by the level of quality and benefits of the product itself. Meanwhile, the affinity measured by the level of interest in the ad, the curiosity of the product, understanding the product, and fitness lifestyle. Furthermore, a unit of measurement for the domain is the level of knowledge of product differentiation.

Subsequently, a second independent variable is the customer value, in which the variable operationalization measured by using this indicators as follows: firstly, the benefit will be measured by the level of features and benefits of products, easy of getting the product, easy of servicing warranty service, the competence of employees in the service, and reputation level of Nokia. Meanwhile, the cost is measured by the level of price, time to get the product, the energy required to get the product, and level of comfort using the product.

Meanwhile, this research uses customer loyalty as the dependent variable in which the variable operationalization measured by using this indicators as follows: firstly, the repeat is measured by the level of repurchase Nokia products in the future. Purchase a cross product lines measured from the level of purchases of other support products. Retention is measured by the level of rejection of competitors' products. And the last is measured by references Nokia product to another party.

4. DISCUSSION

To testing the validity of questionnaire items, use the product-moment correlation method of Pearson. The calculation of validity coefficients used with the help of SPSS 16 for Windows software. Item declared valid if the values of Pearson Product-Moment Correlation greater than the critical value. Critical r value is set at 0.3 [10]. Results of testing the validity coefficient is greater than the value of critical r, so it can be concluded that the items are valid and the items

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used to measure the variable image, customer value and customer loyalty can produce accurate data in accordance with the purpose of research.

Methods of measuring the reliability of the technique used is the method of Cronbach, is looking for the reliability of the instrument that score was not 0-1, but a range between some values. To counting, author use the help of *SPSS 16 for Windows software.*

Table 1. The Result of Realibity Test

Variable	Realibity Coefecients
Brand Image (X_1)	0,901
Customer Value (X_2)	0,811
Customer Loyality (Y)	0,789

After testing by using SPSS 16 for Windows, Cronbach alpha values obtained for the whole variable is worth more than 0.5. In accordance with the provisions of Kaplan-Saccuzzo [5], the question is said to reliable if it is worth more than 0.5. Means research instrument for the variable brand image, customer value and customer loyalty otherwise reliable.

Raw data processing is done by only the incoming data are grouped and tabulated by then given an explanation. Then look for the answers to each element average using the formula:

$$Average\_value = \frac{\sum (frequency * weight)}{\sum sample (n)}$$

The statistical analysis used by the author is path analysis. Data results of questionnaires that are raised to ordinal scales of measurement interval with the help of MSI programs. After the data modified in the form inverval, then path analysis was done in order to analyze the influence of both variables against the variables of interest.

4.1. Customer Perceptions of Brand Image, Customer Value and Customer Loyalty of Nokia

4.1. 1. Customer Perception of Nokia's Image

Scores of respondents from each of the indicators in the image is derived as follows: ideal score (if each item gets the highest score) multiplied by the number of items multiplied by the number of respondents question, that is equal to: 1x4x115 = 460. Lowest score (if each item received the lowest score) multiplied by the number of items multiplied by the number of respondents question, that is equal to: 1x1x115 = 115.

After that, created a range of scores and then divided into 5 (five) categories. Customer perception about the image is shown in Table 2 below:

Table 2. Customer Perception of the Nokia's Image

NO	INDICATOR	SCORE	CATEGORY
1	How familiar are you with the Nokia brand?	393	Recognize
2	How you memorized with the slogan of Nokia?	394	Memorized
3	How far you know the character of Nokia?	393	Recognize
4	How far you can describe the logo of Nokia?	352	Can Enough
TOTAL	1.532	Quite Well	

Source : Results of field data processing, February 2010.

Based on Table 2, the results of the classification of customer perception score indicates that the image of the Nokia is in the category quite well. This indicates that the image of the Nokia is pretty good in the eyes of consumers. Both here could mean that the efforts made by Nokia imaging through quality products and services offered have been captured well by consumers. It is expected that with a good image this will increase the trust of consumers that will ultimately bring benefits to Nokia's own.

4.1. 2. Customer Perceptions of Nokia's Customer Value

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Scores of respondents from each of the indicators in the variable value of customers acquired in the same manner as in the image. Customer perception of customer value are shown in Table 3 below:

Table 3. Customer Perceptions of Nokia's Customer Value

NO	INDICATOR	SCORE	CATEGORY
1	The completeness features of Nokia cell phone?	394	Complete
2	The sophistication of Nokia phone?	394	Sophisticated
3	Easy of getting the Nokia phone?	463	Easy
4	Nokia mobile phone service?	396	Satiesfied
5	Nokia employee friendliness?	420	Friendly
Sub Total		2.067	
6	Views on Nokia?	493	Very Well
7	Nokia mobile phone prices?	399	Cheap
8	The time it takes to get a Nokia phone?	394	A little
9	Attempts to get a Nokia phone?	393	Small
10	The Confidence to the Nokia brand?	352	Quite trust
Sub Total		2.031	
TOTAL		4.098	High

Source : Results of field data processing, February 2010.

The table above is known that the Customer Value is in the high classification. This indicates that the products and services delivered by Nokia is better in the eyes of its customers.

From table 3. above, we can note that the total value for the benefit is 2067. While the total value for the cost amounted to 2031. Hence the value of Nokia customers are as follows:

$$Value \ = \ \frac{Benefit}{Cost} \ = \ \frac{2067}{2031} = 1.02$$

From the above calculation is known that the Nokia is more than one customer. This indicates that the benefits received by consumers is greater than the cost they must spent. However, customer value above this one is not necessarily better when compared with the value customers from competitors.

1.3. Respondents perception of Nokia Customer Loyalty

Scores of respondents from each of the indicators in customer loyalty is obtained in the same manner as in the image and customer value. Customer perceptions about their loyalty shown in Table 4 below:

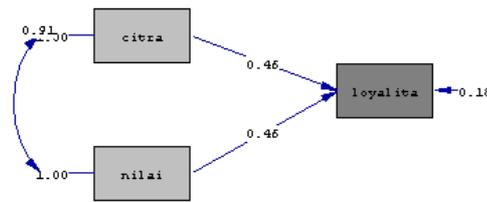Table 4. Customer Perceptions of Nokia's Customer Loyalty

NO	INDICATOR	SCORE	CATEGORY
1	The desire to buy back a Nokia phone	493	Quite want
2	The desire to buy products other than mobile phones made by Nokia	394	Want
3	Rejection of the other phone than Nokia	452	Reject
4	The desire to recommend a Nokia mobile phone to the other party	393	Want to Promote
TOTAL	1.732		Loyal

Source : Results of field data processing, February 2010.

Based on Table 4, the results of the classification of customer perception scores showed that customer of Nokia is in the loyal classification. This indicates that consumers are loyal to Nokia products. However, the results of completed questionnaires, some respondents considered that there are still ways to improve customer loyalty from Nokia.

4.2. Analysis of Brand Image, Customer Value and Customer Loyalty of Nokia

Based on test results, it is known that there are significant influences together and partially between the variables of image and customer value to customer loyalty Nokia. As for pictures relations between X_1 and X_2 to Y is as shown in Figure 1 below:

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Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Figure 1. Path diagram and coefficients of X_1 and X_2 to Y

Based on the value of coefficient of determination, it is known that amounted to 77.22% change in the Nokia customer loyalty due to a change of image and customer value. While the rest, 22.78%, influenced by other factors beyond the two variables, as stated in Table 5 below:

Table 5. Influence of Each Variable X to Y

VARIABEL	Coefficients	INFLUENCE		TOTAL
		Direct	Indirect	
Brand Image (X_1)	0,46	21,16%	17,35%	38,61%
Consumer Value (X_2)	0,46	21,26%	17,35%	38,61%
TOTAL INFLUENCE				77,22%
Residue Factor				22,78%

From the research result shows that these two variables both brand image and customer value have an equal effect on customer loyalty Nokia. And the influence of both these variables, either directly or indirectly, to variable strong customer loyalty.

Based on partial results of hypothesis testing, then both variables have a significant influence on customer loyalty Nokia, as shown in Table 6 :

Table 6. Effect of Partial Variable Hypothesis Test Image and Customer Value on Nokia's Customer Loyalty

No	Hypotesis	Coefficients	T_{count}	T_{table}	Result	Statistic Summary
1	Image affects customer loyalty	0,46	4,76	1,98	Significant	H_0 rejected, meaning that there is significant influence between the image on customer loyalty
2	Customer value affects customer loyalty	0,46	4,76	1,98	Significant	H_0 rejected, meaning that there is significant influence between customer value to customer loyalty

5. CONCLUSION

Based on research results, Nokia image included in the category quite well. Guaranteed product quality supported by excellent service quality service into the image of Nokia in the eyes of consumers. A complete product line and quality makes Nokia the choice of consumers. The results also show that the value of Nokia customers are included in the high category. Customers judge that the benefits received from their Nokia phones is greater than the costs they must spent. In addition, the cost to be incurred by any customer, competitive and reasonable in accordance with the quality product they can. Meanwhile, customer loyalty which has been created is included in the high category. Customers also feel that Nokia has the power to detain them not to switch to another brand phone. The results also showed that the significant effect of variable image Nokia and customer value are the same in influencing customer loyalty. And the influence of both these variables, either directly or indirectly, of variable very strong consumer interest.

Innovation can be done by adding the facility to chat with fellow owners of certain models of Nokia phone (Nokia facilities Messenger) will certainly make the Nokia to be more competitive with other manufacturers such as

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Blackberry. Improving the quality of services, especially services, fast and reliable service will be very useful for Nokia to keep the loyalty of its customers. Although it has been good overall, but the service speed and accuracy of service is still in the spotlight of the customer against Nokia. In addition, quality improvement can be done by always considering the needs and desires of customers. Although it already has a good name, but still must remain vigilant and maintain the quality of the output. Many emergence of similar phones and increasing competition can be used as motivation for improvement. Subsequent research could be done by looking at other variables that affect customer loyalty. Variable product mix and Customer Relations Management (CRM) can be used to further explore the Nokia customer loyalty.

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