Consumer Loyalty of The Millennial Generation of BBK Electronics Corp Smartphone Products in The Sumbawa District

AGUS SANTOSO[1], HARTINI[2]

[1, 2] *Faculty Economic And bussiness, University Technology Sumbawa*

Abstract- Research to examine the effect of product quality, price, and brand image on consumer satisfaction and consumer loyalty either direct or indirect influence where consumer satisfaction is an intervening variable. The population used is the millennial generation in the Sumbawa district, with a sample of 100 respondents. The data collection method used a questionnaire created with google form and distributed via WhatsApp. The data analysis tool uses SEM. The results of this study indicate that product quality has a positive and significant effect on consumer satisfaction, the price has no significant effect on consumer satisfaction, Brand Image has a positive and significant effect on consumer satisfaction, product quality has a positive and significant effect on consumer loyalty through customer satisfaction as an intervening variable, the price has no significant effect on consumer loyalty through consumer satisfaction as an intervening variable, Brand Image has a positive and significant effect on consumer loyalty through consumer satisfaction as an intervening variable. It can be concluded that product quality and brand image significantly affect the millennial generation in owning Oppo, Vivo, Realme, One Plus and Iqoo smartphones, thereby increasing satisfaction and loyalty to these products.

I. INTRODUCTION

In the era of massive digitalization, the communication technology industry has developed very rapidly. One of the communication technology industry areas experiencing rapid development is the Smartphone industry. Smartphone functions are limited to communication tools, such as photography, videography, games, and multimedia to support work. The use of smartphones has become part of society's life force, especially the millennial generation, so the global demand for smartphones is also very high. A Counterpoint Research report shows that global smartphone distribution reached 342 million units in the third quarter of 2021.
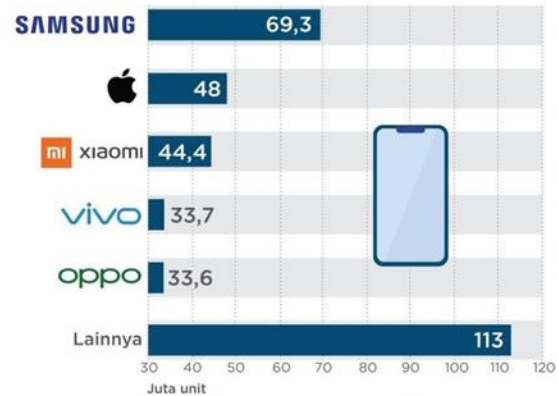

Figure 1. Distribution of smartphone data source

Samsung smartphone brand occupies the most superior position with smartphone shipments of 69.3 million units. Smartphones have as many as 48 million units. Xiaomi managed to send 44.4, Vivo and OPPO followed with the number of smartphone shipments of 33.7 million units and 33.6 million units, respectively. Smartphone vendors are increasing market penetration, as indicated by smartphone brand under company of BBK Electronics Corp, which oversees the Oppo, Vivo, Realme, One Plus and Iqoo brands. Can be seen from the number of product innovations and massive advertising. In the Indonesian market, the smartphone brand BBK Electronics Corp entered the Indonesian market in 2013 through the Oppo and Vivo brands.

Based on data from the Ministry of Communication and Information of the Republic of Indonesia, smartphone users will reach 167 million people or 89% of the total population of Indonesia, in 2021. Based on the We are social survey, Indonesia is a country where people use the internet for a long time.
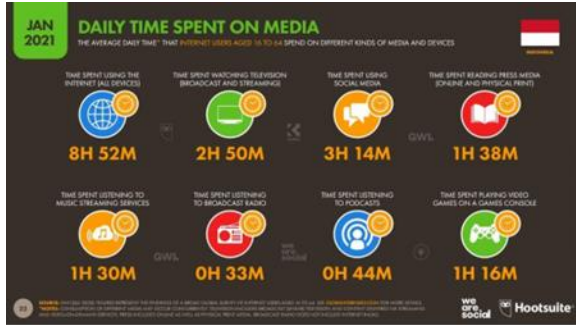
Figure 2. Smartphone user data source weare social

Average daily internet time using any device: 8 hours, 52 minutes, making Indonesia a destination country for smartphone sales. The millennial generation is the highest market share for smartphone users, so many manufacturers make market segmentation based on the preferences of the millennial generation.

In buying a smartphone, consumers have many considerations, including quality, price, and brand image. Currently, companies are racing against each other to increase customers and maintain product quality to create a competitive advantage over their competitors. According to Kotler and Keller (2016:164), quality is the ability of an item to provide results that match or even exceed what consumers want. The higher the quality of a product, the more likely it meet consumer expectations. Quality can be in product durability, sound design, and features. In addition to the product, other factors can increase customer satisfaction, namely price.

The price given by the producer will significantly influence the consumer's decision to make repeated purchases. According to Kotler (2003), price is the amount of value that consumers exchange for the benefits of having a product or service whose value is set by the seller for the same price as the buyer. It is crucial to determine the price based on the purchasing power of consumers.

Another factor that affects consumer satisfaction is the brand image. Consumers always consider the brand image attached to the products they have purchased. According to Kotler (2005:201), brand image is a set of beliefs, ideas, and impressions that a person has of a brand. Brand Image can describe the lifestyle, social status in the community so that when you have a brand that has a good track record, it will lead to consumer satisfaction.

The fulfillment of consumer expectations from product purchases will result in customer satisfaction. Kotler (2016: 153) defines consumer satisfaction as a person's feeling of pleasure or disappointment that arises after comparing a product or service (or result) with his expectations. If performance fails to meet expectations, the customer will feel dissatisfied. If the performance is in line with expectations, the customer will be satisfied. If performance exceeds expectations, the customer will feel very satisfied or happy.

Repeated purchases of products by consumers and the presence of new consumers are indicators that a product can maintain its position in the market. Maintaining customer loyalty is very important for companies to be sustainable. Based on this, research was conducted to determine whether the variables of product quality, price and brand image affect consumer loyalty with satisfaction as an intervening variable.

II. METHODOLOGY

The research method used in this research is a quantitative method, with the analytical tool being path analysis. The population in this study is the millennial generation in the Sumbawa district, with the sampling technique being purposive sampling. Purposive sampling determines the sample intentionally according to the criteria with the criteria that respondents have used products from BBK Electronics Corp., which oversees the Oppo, Vivo, Realme, One Plus and Iqoo brands for the past year. Paul Leedy's formula determined the number of samples in this study:

$$n = \left(\frac{Z}{e}\right)^2 (p)(1-P)$$

Information:
n = sample size
P = total population
e = sampling error (10%)error
Z = standard for the selected

If the population of a study is not known, then the maximum P (1−P) value is 0.25 and uses a 95% Confidence Level with an error rate of not more than 10%. The sample size is N = 96.04, but in this study, 100 respondents were used according to the number of calculations in the formula below.

$$n = (\frac{1.96}{0.1})^2(1 + \frac{1}{0.5})^2 = 96.4$$

III. RESULT

DATA ANALYSE

Evaluation of Measurement (Outer) Model
As for this measurement model to test the validity and reliability of the instrument, a research concept and model cannot be tested in a relational and causal relationship prediction model if it has not passed the purification stage in the measurement model.

Validity Test Validity
the test is used to test the validity and reliability of the questionnaire to ensure that the respondents can understand the statement items used in this study. According to Ghozali (2016), validity can be determined by convergent validity (outer model) with a loading factor value of 0.70 is considered sufficient, and Average Variance Extracted (AVE) with an AVE value must be above 0.50. In this study, the researchers used a loading factor value of 0.70 and an AVE value of 0.50. Questionnaires have been distributed to 100 respondents, namely the millennial generation. The questionnaire results were processed using SmartPLS 3.2.8 by producing the loading factor in table 1 as follows:

Table 1 Loading Factor

	Brand Image	Price	Satisfaction	Product Quality	Loyalty
B12	0.743				
B21	0.763				
B22	0.790				
B23	0.819				
B32	0.799				
H1 1		0.834			
H1 2		0.817			
H2 1		0.834			
H2 2		0.843			
H2 3		0.822			
K1.2				0.720	
K1.3				0.728	
K1.4				0.791	
K1 1			0.775		
K1 2			0.793		
K2.1				0.757	
K2.2				0.762	
K2.3				0.741	
K2 2			0.811		
K3.1				0.778	
K3.2				0.772	
K3 1			0.732		
K3 2			0.775		
K5.1				0.728	
K5.2				0.734	
L11					0.829
L12					0.809
L22					0.765
L31					0.846

L32		0.836
L41		0.821
k21	0.720	

Source: Data processed by Researchers Using SmartPLS 3.2.8

a. Product quality constructs were measured using PLS-SEM. The indicators that must be removed include K1.1, K2.4, K3.3, K4.1, K4.2, K4.3, K5.3. Factors that have a loading below 0.7 and the algorithm are done again, and the results are valid.
b. Price constructs were measured using PLS-SEM. It is found that all indicators have a loading factor above 0.7, then it is stated that all indicators are valid.
c. Brand Image construct is measured by using SmartPLS. Indicators B11, B31 must be discarded because the loading factor is below 0.7, so it must be retested, and the results are all indicators above 0.7.
d. Consumer Satisfaction construct is measured by using SmartPLS. As a result, several indicators k23 & K33, have a loading factor below 0.7, so it must be retested, and the results show that all indicators have a loading factor above 0.7.
e. Consumer Loyalty construct is measured by using SmartPLS. The result is that several indicators L21, L33, L42 have a loading factor below 0.7, so they must be discarded and retested. The result shows that all indicators have a loading factor above 0.7.

Based on the table data above, all question items are worth 0.70 and are declared valid. Another parameter used to measure validity is Average Variance Extracted (AVE). According to Wiyono (2011: 403), the AVE value must be above 0.50. The table below shows that all variables have an AVE value greater than 0.50, with the lowest value of 0.565 on the product quality variable and the highest value of 0.689 on the Price variable.

Table 2 Test Results Covergen Validity

Construct	AVE	Description
Brand Image	0.613	Valid
Price	0.689	Valid
Satisfaction	0.590	Valid
Product Quality	0.565	Valid

Loyalty	0.669	Valid

Source: Data processed by Researchers

- Reliability

A reliability test is used to measure consistency and stability in the study. The reliability test can be seen from the value of Cronbach's Alpha and Composite Reliability. To be said to be a reliable construct, the Cronbach's Alpha value must be 0.50, and the Composite Reliability value must be 0.70 (Abdillah & Jogiyanto, 2015: 207). The following is Cronchbach's Alpha and Composite Reliability data:

Table 3 Test Results Reliability

Konstruct	Cronbach's Alpha	Composite Reliability	Specification
Brand Image	0.842	0.888	Valid
Price	0.888	0.917	Valid
Satisfaction	0.862	0.896	Valid
Product Quality	0.914	0.928	Valid
Loyalty	0.902	0.924	Valid

Source: Data processed Researcher Using SmartPLS 3.2.8

From the data above, it can be concluded that all variables are proven to be reliable because they have a Cronbach's Alpha value of 0.50 and a Composite Reliability value of 0.70. The lowest Cronchbach's Alpha value is 0.842 on the Brand Image variable, and the highest value is 0.914 on product quality. While the lowest Composite Reliability value is 0.888 on the Brand Image variable, and the highest value is 0.928 on the product quality variable.

- Determinant coefficient ($R2$)
The $R2$ measures the degree of various changes in the independent variable on the dependent variable. The following are the results of the $R2$ value used to measure the level of variance of change:

Table 4 Determinant Coefficient Results

	R Square	R Square Adjusted
Satisfaction	0.684	0.675
Loyalty	0.248	0.240

Based on the table above, it can be seen that the R2 value of the consumer satisfaction variable is 0.684, which means that the variable consumer satisfaction can be explained by the variables of product quality, price and brand image of 68.4%. At the same time, the rest of is other variables outside the research model explain 31.6%. The value of R2 on the consumer loyalty variable is 0.248, meaning that the variables of product quality can explain the consumer loyalty variable, price, brand image and customer satisfaction of 24.8%, while other variables outside this research model explain the remaining 75.2%.

- Hypothesis Testing

The relationship between latent variables in this research model can be seen from the estimation results of path coefficients and their level of significance (p values). Hypothesis testing in the study can be seen from the magnitude of the p values. If t statistic > s table and p values < 0.05, Ho is rejected, or there is a significant effect. The t-statistic value between the independent variable to the dependent variable in the Path Coefficient table at the SmartPLS output below.

Table 5 Path Coefficient Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Brand Image -> Satisfaction	0.458	0.447	0.115	3.993	**0.000**
Price -> Satisfaction	0.066	0.074	0.075	0.882	**0.378**
Satisfaction -> Loyalty	0.498	0.508	0.083	5,972	**0,000**
Product Quality -> Satisfaction	0.380	0.389	0.109	3,484	**0.001**
Price -> Satisfaction -> Loyalty	0.033	0.041	0.043	0.772	**0.441**
Brand Image -> Satisfaction -> Loyalty	0.228	0.227	0.070	3,260	**0.001**
Product Quality -> Satisfaction -> Loyalty	0.189	0.196	0.058	3.239	**0.001**

Source: Data processed by Researchers Using SmartPLS 3.2.8

From table 5 above, it can be seen that the value of the original sample estimate of Brand Image is 0.458 with a significance below 5%, as indicated by the t-statistical value of 3.993, which is greater than the t-table value of 1,99. The positive original sample estimate value indicates that the Brand Image positively affects consumer satisfaction. Based on the regression results, it can be concluded that the third hypothesis is accepted.

The second test is carried out to see whether product quality positively affects consumer satisfaction. The test results can be seen in Table 5 above. The quality of the product obtained the original sample estimate value of 0.380 with a t-statistic value of 3.484 > 1.99 which means that product quality has a positive effect on consumer satisfaction with a significance level below 5% (significant). Based on the test results, it can be concluded that the first hypothesis is accepted.

Testing the second hypothesis is intended to see the effect of price on consumer satisfaction. Based on the test results, the price obtained the original sample estimate value of 0.066 with a t-statistic value of 0.882 < 1.99 t-table, which means that the price variable has no positive effect of 37.8% on consumer satisfaction.

From table 4 above, it can be seen that the value of the original sample estimate of Brand Image is 0.228 with a significance below 5%, which is indicated by the t-statistical value of 3.260, which is greater than the t-table value of 1.99. The positive original sample estimate value indicates that Brand Image positively affects consumer loyalty through customer satisfaction. Based on the results of the regression, it can be concluded that the sixth hypothesis is accepted. Further testing is carried out to see whether product quality positively affects consumer loyalty through customer satisfaction. The test results can be seen from Table 5 above, the quality of the product obtained the original sample estimate value of 0.189 with a t-statistic value of 3.239 > 1.99 which means that product quality has a positive effect on Consumer Loyalty through Consumer Satisfaction with a significance level below 5% (significant). Based on the test results, it can be concluded that the fourth hypothesis is accepted.

Testing the fifth hypothesis is intended to see the effect of price on consumer loyalty through customer satisfaction. Based on the test results, the price obtained the original sample estimate value of 0.033 with a t-statistic value of 0.772 < 1.99 t-table, which means that the price variable has no positive effect of 44.1% on consumer loyalty through consumer satisfaction.

IV. DISCUSSION

Direct and Indirect Effects of Product Quality, Consumer Satisfaction and Consumer Loyalty

Based on the results of testing the first hypothesis, it can be concluded that the product quality variable positively affects consumer satisfaction and vice versa. In the indirect test results between product quality and loyalty through consumer satisfaction, there is a positive and significant effect. The better the quality of goods or services received by consumers, the more satisfied consumers are with these goods and make them loyal to continue buying them.

The results of this study are consistent with the research of Diputra & Yasa (2021), which suggests that product quality can increase consumer satisfaction, which can increase consumer loyalty. The better the quality of the product, the higher the consumer loyalty to buy and use the Oppo, Vivo, Realme, One Plus and Iqoo brand smartphones. Similar research was also carried out by Khoironi & Dongoran (2018), Wilis & Nurwulandari (2020).

Direct and Indirect Effects between Price, Consumer Satisfaction and Consumer Loyalty

The second hypothesis is that price has no significant effect on consumer satisfaction, and the indirect test found that price has no significant effect on loyalty through customer satisfaction. The price does not affect someone to buy a product in this study because the millennial generation does not care about the smartphone price. They will still buy it even though the price is high. The price is also not one of the things that causes someone to be satisfied and loyal to a brand or item, especially in terms of This is a Smartphone brand Oppo, Vivo, Realme, One Plus and Iqoo.

The results of this study are consistent with the research of Yusuf, Aditya, & Nurhilalia. (2019) stated that the price of consumer satisfaction and the price of loyalty through consumer satisfaction as an intervening variable about Samsung smartphone products stated that although the price of Samsung smartphones in Indonesia was very high, it did not affect Indonesians buying Samsung smartphones. The concept of customer satisfaction is not seen from the price but rather from the quality of the product.

Direct and Indirect Effects of Brand Image, Consumer Satisfaction and Consumer Loyalty

The third hypothesis states that Brand Image has a significant effect on consumer satisfaction, tested directly but indirectly. Brand Image also has a positive and significant effect on consumer loyalty through customer satisfaction. The results show that the brand image greatly affects consumer satisfaction. Brand image Smartphone brands Oppo, Vivo, Realme, One Plus and Iqoo among the millennial generation are very good and can provide satisfaction.

The results of this study are consistent with research by Arif & Syahputri (2021), who researched the effect of brand image on consumer satisfaction and the influence of brand image on loyalty through consumer satisfaction as an interfering variable. The results show that to increase customer satisfaction within the company. It is necessary to pay attention to the brand image in the business and the product's brand image to

get loyal customers from the previous researchers who researched this.

V. CONCLUSION

This study provides empirical evidence regarding the direct influence of product quality, price and brand image on consumer satisfaction and the indirect effect of product quality, price and brand image on loyalty through consumer satisfaction. This study used a sample of 100 respondents, who are millennials in the Sumbawa district.

The results showed that:

1. Product quality has a positive and significant effect on consumer satisfaction. Good product quality can increase the satisfaction of the millennial generation in using smartphones branded Oppo, Vivo, Realme, One Plus and Iqoo.
2. Price has no positive and significant effect on consumer satisfaction. Showing the high price does not affect consumers to buy the Oppo, Vivo, Realme, One Plus and Iqoo brands.
3. Brand Image has a positive and significant effect on consumer satisfaction. Where the brand images of Oppo, Vivo, Realme, One Plus and Iqoo well-known increase millennial generation satisfaction in using the.
4. Product quality has a positive and significant effect on consumer loyalty through customer satisfaction. Where good product quality can satisfy the millennial generation so that they become loyal to the Oppo, Vivo, Realme, One Plus and Iqoo brands.
5. Price has no significant effect on consumer loyalty through customer satisfaction. Where a high price with good quality does not guarantee the millennial generation to be loyal and satisfied with the Oppo, Vivo, Realme, One Plus and Iqoo brands.
6. Brand Image has a positive and significant effect on consumer loyalty through customer satisfaction. Where a good brand image can increase the satisfaction of the millennial generation so that they will continue to use the Oppo, Vivo, Realme, One Plus and Iqoo brands.

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