The Effect of Brand Image and Perceived Value on Customer Loyalty of iPhone Users in Malang City

Afif Fadhlurrahman[1], Nuruni Ika Kusuma Wardhani[2]

[1,2] Faculty of Economics and Business, Universitas Pembangunan Nasional "Veteran" East Java, Indonesia

ABSTRACT	Published Online: September 06, 2023
This study intends to ascertain how brand image and perceived value affect iPhone users in Malang's customer loyalty. In this study, Malang residents who own iPhones made up the population, while 78 Malang residents made up the sample. The information from this study is primary information that was gathered via the interview method and the distribution of questionnaires for observation. SEM (Structural Equation Modeling) and the analysis tool PLS (Partial Least Square) were employed in this study's data analysis technique. According to the study's findings, consumer loyalty among iPhone users in Malang is positively and significantly influenced by brand image and perceived value.	**KEYWORDS:** Brand Image; Perceived Value; Customer Loyalty; iPhone

1. INTRODUCTION

Smartphones have unquestionably become necessary for doing daily tasks. This is due to the fact that a smartphone is a portable electronic device that can be used for communication that minimizes travel time and distance. In order to draw in customers, which will boost sales and profits for the company, smartphones are constantly updated with new models and features. These include improvements to camera resolution, screen sharpness, battery capacity, and battery charging speed.

According to data (Statista, 2022) the percentage of Indonesians using smartphones tends to rise each year between 2011 and 2022. As more companies enter Indonesia's smartphone market, consumers will become more picky about which smartphones they will use to meet their daily needs, so smartphone manufacturers will undoubtedly take advantage of this opportunity to innovate and offer the best products and services in their products.

One of the many businesses in the technology sector is Apple. This global corporation with headquarters in California is one of the top ones in the country. The "iphone" smartphone is made by the apple corporation itself. It can be argued that the apple firm invented the first smartphone because it produces phones with glass screens, touch screens,

and cursor-free screens, all of which later became the standard for smartphones all over the world.

Table 1. Mobile Vendor Market Share Indonesia 2022

Mobile Vendor Market Share Indonesia 2022	
Merek	**Persentase**
Oppo	21%
Samsung	20,9%
Xiaomi	18,04%
Vivo	14,04%
Apple (iPhone)	11,11%

Source : gs.statcounter.com

Based on (Statcounter, 2022) data, it can be seen that the iPhone's market share in Indonesia is still lower than that of its rivals, coming in at number five with a share of 11.11% in that year. Since Apple has been operating in Indonesia since 2008, this is bad news for the company's business..

Table 2. Apple 4th Quarter Earnings Report

Apple 4th Quarter Earnings Report	
Kuartal 4 2022	**Kuartal 4 2021**
USD 117,1 Miliar	USD 123,9 Miliar

Source : Apple Financial Report in okezone.com

According to Apple's Financial Report for the fourth quarter of 2022, published in (Okezone, 2023), the company's revenue fell when compared to the fourth quarter of 2021. And according to Chief Financial Officer Luca Maestri, revenue will continue to decline in the March quarter in a similar manner to the December quarter.
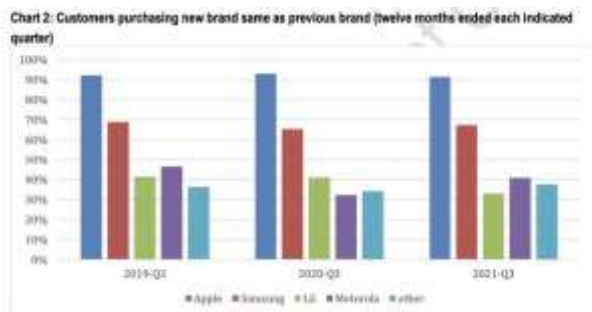

Fig 1. Customers Who Buy the Same Brand
Source : cripllc.com

Along with the iPhone's low market share in Indonesia and a drop in sales from the fourth quarter of 2021 to the fourth quarter of 2022. (CIRP, 2021) analysis reveals that the loyalty of iPhone users is still around 90%. 90% of iPhone owners, according to the analysis, are devoted to their iPhones. This indicates that the majority of iPhone customers opt to continue using the same model rather than switching to a different smartphone manufacturer. According to the analysis's findings, 90% of iPhone owners are devoted to their devices. This indicates that the majority of iPhone customers opt to continue using the same model and do not move to an other smartphone manufacturer..

In order to compete with other competitors and be able to control the market, brand image must be taken into account and prioritized. According to Keller in (Hasanah & Giyartiningrum, 2021), brand image is an opinion that consumers have about a brand based on their recollections as customers. Consumer attitudes and trust toward the goods can be positively influenced by the company's positive brand image that is communicated to them through perceptions or branding. Because brand attitudes are linked to beliefs and preferences for a brand, high levels of trust can boost product sales by preventing consumers from ever considering other brands.. According to study (Gao, 2018), brand image has a big impact on how loyal consumers are to particular brands. If the brand's reputation is poor, on the other hand, it may result in decreased client loyalty or even brand switching.

Perceived value, according to Boksberger in (Budiyono, 2021), is the entire evaluation of a product's benefits by the customer based on both what they receive and what they contribute. Perceived value, according to Boksberger in (Budiyono, 2021), is the entire evaluation of a product's benefits by the client based on what they receive and what they contribute. Customers' opinions of the value they receive from a product ultimately influence whether or not they will continue using it.

II. LITERATURE REVIEW
Brand Image

Brand image is the opinion that consumers have of a company, including the associations, concepts, and pictures that pop into their heads when they hear about the company (Kotler & Keller, 2018). A positive brand image will also attract new customers, according to (Garut & Purwanto, 2023) as well as increase consumer loyalty. Fianto et al. state that there are four (four) ways to gauge a brand's image in (Kelvianto, 2020): Saliency, reputation, familiarity, and excellence in service are listed in that order.

Perceived Value

Customers' perceived value, also known as value, is the difference between the benefits they receive and the expenses they expend to obtain those benefits (Kotler et al., 2016). Additionally, McDougall and Levesque in (Kelvianto, 2020) claim that perceived value can be seen as a comparison between the entire value that customers receive from a good or service and the price they pay. Sweeney and Soutar state that there are four (four) factors to quantify perceived value, namely: (1) Emotional Value; (2) Social Value; (3) Quality / Performance Value; and (4) Price / Value of Money.

Customer Loyalty

Even though circumstances and marketing initiatives may cause customers to alter, loyalty is a deep-seated desire to come back in the future and purchase the desired goods and services (Kotler & Keller, 2016). Additionally, it is said in (Wardani et al., 2020) that customer loyalty takes the form of consistency between producers and consumers in regards to the decision to choose a product, where product selection tends to be reflected in the continuous selection of one brand from the same brand. There are various characteristics used to gauge customer loyalty, according to Simammora's research (Octarinie, 2021): (1) Trust; (2) Commitment; (3) Willingness to Recommend; (4) Positive Attitude; and (5) Repurchase Behaviour....

Brand Image and Customer Loyalty

According to Cornin in (Adianto & Firdausy, 2020), the concept of loyalty is directly impacted by consumers' perceptions of the value they place on a product or service. Good Perceived Value, according to Javed and Cheema in (Ardani et al., 2021), is helpful for grabbing customers' attention, building and maintaining positive relationships with customers, and achieving loyalty. This is consistent with study findings (Nurhidayah et al., 2021) that show how the brand image variable influences customer loyalty for Gopay customers in South Jakarta in a favorable and significant way. Customer loyalty is favorably influenced by perceived value, brand image, and trust, according to studies (Kelvianto, 2020).

H1 : In Malang City, brand reputation has a favorable impact on the loyalty of iPhone users.

Perceived Value and Customer Loyalty

According to Cornin in (Adianto & Firdausy, 2020), the concept of loyalty is directly impacted by consumers' perceptions of the value they place on a product or service. Good Perceived Value, according to Javed and Cheema in (Ardani et al., 2021), is helpful for grabbing customers' attention, building and maintaining positive relationships with customers, and achieving loyalty. Additionally, Ishaq's research in (Kelvianto, 2019) demonstrates that perceived value encourages customers to be loyal to a product or service in such a way that it has a significantly favorable impact on loyalty. Accordingly, study (Sebastian & Pramono, 2021) found that customer loyalty is positively impacted by perceived value.

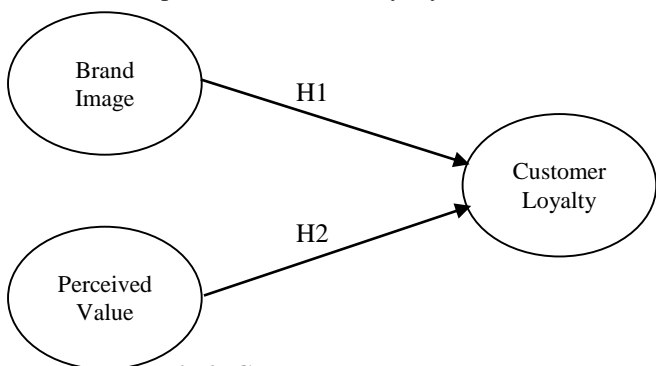H2 : The perceived value of iPhone users in Malang City has a favorable impact on their brand loyalty.

Fig 2. Conceptual Framework

III. RESEARCH METHODS

The population of the study, which uses quantitative approaches, is made up of Malang-based iPhone users who have made multiple purchases. 78 iPhone users in Malang City made up the sample for this study. Researcher-used procedures or methodologies are known as data gathering methods. An interview (interview), a questionnaire (questionnaire), an observation (observation), or a mix of the three can be used as data collection methods or techniques. SEM using partial least squares (PLS) analytic tools is the data analysis technique used in this investigation.

IV. RESULTS AND DISCUSSION

Out of a total of 78 respondents, 30 were female and 48 were male, according to the findings of the questionnaire distribution. There were 44 responses, the majority of them were between the ages of 17 and 25.

Validity and Reliability Test
Table 3. Average Extracted (AVE) and Composite Reliability

	AVE	Composite Reliability
Brand Image	0.821234	0.948388
Preceived Value	0.811918	0.945237
Customer Loyalty	0.810223	0.810223

Source : Data Processed 2023

The Avarage variation Extracted (AVE) value, which represents the amount of indicator variation that the latent variable contains, is the following measurement model. Good validity sufficiency for latent variables is shown by convergent AVE values larger than 0.5. The Average variance extracted (AVE) value for each construct (variable) in reflective indicator variables shows this. If the AVE of any construct is more than 0.5, a good model is necessary. The Brand Image variable's AVE test score of 0.821234, the Perceived Value variable's score of 0.811918, and the Customer Loyalty variable's score of 0.810223 suggest a value of more than 0.5, so the variables in this study can be said to have good validity. Construct reliability as measured by the composite reliability value, the construct is reliable if the composite reliability value is above 0.70, so the indicator is called consistent in measuring the latent variable. The results of Composite Reliability testing show that the Brand Image variable is 0.948388, the Perceived Value variable is 0.945237, the Customer Loyalty variable is 0.810223 these three show the Composite Reliability value above 0.70 so it can be said that all variables in this study are reliable.

Inner Model (Structural Model Testing)
Table 4. R-Square

	R-square
<u>Brand Image</u>	
Preceived Value	
Customer Loyalty	0.810223

Source : Data Processed 2023

R^2 has a value of 0.810223. According to this interpretation, the model may describe the phenomenon of customer loyalty, which is impacted by independent variables such as brand image and perceived value, among others, to a degree of 81.02%. While other factors outside of this study (other than Brand Image, Perceived Value) account for the remaining 18.98% of the explanation.

Hypothesis Testing

The significance of the results of the Bootsraping TStatistic value can be seen in the following figure 1::
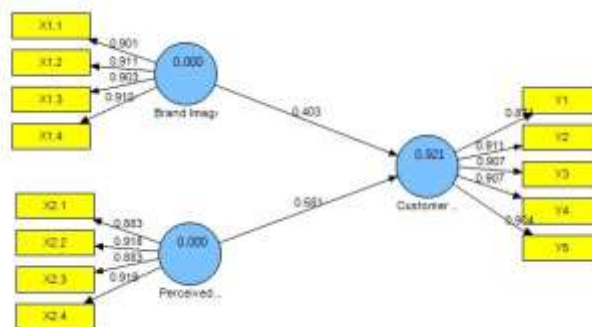

Fig 3. T-Statistic Bootstraping
Source : Data Processed 2023

The measuring approach for this study includes both endogenous variables, such as Customer Loyalty, and external variables with reflective indicators, such as Brand Image and Perceived Value factors. Since all indicators in this modeling employ reflective data, one method of evaluating the validity of indicators is based on the OutputOuter Loadings table, namely by examining the amount of the factor loading value.

Table 4. Path Coefficients (Mean, STDEV, T-Values, PValues).

	Path Coefficient (o)	Sample Mean (M)	Standard Deviation (STDEV	T Statistics (|O/STERR|)	P Values
Brand Image(X1)->Customer Loyalty (Y)	0.403191	0.448952	0.114547	0.114547	3.519888
Preceived Value(X2)->Customer Loyalty (Y)	0.581413	0.535061	0.119223	0.119223	4.876693

Source : Data Processed 2023

VI. DISCUSSION
The Effect of Brand Image (X1) on Customer Loyalty (Y)

Based on the findings of the research, it can be concluded that brand image has a favorable (substantial) impact on client loyalty. In order to create favorable consumer impressions of a product and the firm that manufactures it and maintain customers' loyalty to iPhone products, brand image must be employed as a motivating factor. In comparison to the other three brand reputation indicators, the one with the statement "iPhone is a smartphone with a reputation for quality cameras" has the highest value (factor loading). This demonstrates that customers are more devoted to brands when they believe their products are of high quality. This is corroborated by studies (Nurhidayah et al., 2021; Kelvianto, 2020; Sanjaya, 2020) that demonstrate the link between brand image and consumer loyalty.

The Effect of Preceived Value (X2) on Customer Loyalty (Y)

Based on the findings of the research, it can be concluded that customer loyalty is positively (significantly) influenced by perceived value. Customers' perceptions of value should

be influenced in order for them to feel satisfied and continue buying iPhone items. In comparison to the other 3 indicators, the brand value of money indicator with the claim "The price of the iPhone is in accordance with the quality offered" has the highest value (factor loading). This demonstrates that customers will be more devoted to brands whose pricing reflect the level of excellence attained. Research (Kelvianto, 2020; Octarine, 2020; and Andianto, 2020), which demonstrates the effects of perceived value having a favorable impact on customers, also supports this.

V. CONCLUSION

Based on the test results using PLS, it can be concluded that:

1. Customer loyalty (Y) of iPhone users in Malang City is significantly influenced by brand image (X1), particularly by the reputation indicator, which explains how well-known iPhone products are. Therefore, the more committed iPhone users are in Malang City, the stronger brand image the company owns.

2. Perceived value (X2) significantly influences customer loyalty (Y) among iPhone users in Malang City, particularly on the Value of Money indicator, which indicates the price of products for the iPhone that are on par with their quality. Therefore, the more committed iPhone customers in Malang City are, the better the perceived value supplied by iPhone is.

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