

**THE EFFECT OF CONSUMER VALUE AND BRAND  
IDENTIFICATION TOWARD BRAND LOYALTY: A CASE  
STUDY OF IPHONE USERS IN SURAKARTA**



**Submitted as a Partial Fulfillment of the Requirement for Obtaining a  
Bachelor Degree of Management at the Faculty of Economics and Business**

**by:**

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**APPROVAL**

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Surakarta, 19<sup>th</sup> february 2020

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APPROVAL PAGE

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

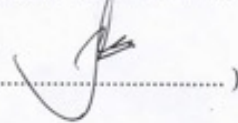
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Stating correctly that the publication letter that I made and submitted is my own work, except the quotations and summaries that all of which I have already explained the sources. If in the future it is proven and or can be proven that this thesis is a copy, then I am willing to accept any sanctions from the Faculty of Economics and Business or the degree and certificate given by Universitas Muhammadiyah Surakarta is cancelled.

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# **THE EFFECT OF CONSUMER VALUE AND BRAND IDENTIFICATION TOWARD BRAND LOYALTY: A CASE STUDY OF IPHONE USERS IN SURAKARTA**

## **Abstrak**

Tujuan dari penelitian ini adalah untuk menguji dampak dari nilai konsumen dalam perspektif nilai fungsional, nilai emosional, nilai sosial, dan pendekatan identifikasi merek pada loyalitas merek. Dalam penelitian ini, teknik pengambilan sampel yang digunakan adalah teknik purposive dengan total sampel sebanyak 123 masyarakat yang berlokasi di Indonesia, yang saat ini sedang memiliki iPhone sebagai Smartphone mereka saat ini. Regresi berganda adalah analisis model yang digunakan dalam penelitian ini untuk mengidentifikasi dampak dari nilai fungsional, nilai emosional, nilai sosial, dan identifikasi merek terhadap loyalitas merek. Hasil penelitian mengungkapkan bahwa masing-masing variabel independen memiliki pengaruh signifikan terhadap loyalitas merek. Hasil penelitian ini dibuktikan dengan uji F dengan nilai signifikansi sebesar 0.000.

**Kata Kunci:** Nilai Konsumen, Identifikasi Merek, Loyalitas Merek, iPhone.

## **Abstract**

The purpose of this study is to examine the impact of consumer value in the perspectives of functional value, emotional value, and social value, and brand identification approach on brand loyalty, focusing on the users of Smartphone iPhone by Apple. Additionally, in this research, the used sampling technique was purposive technique with a total of 123 sample of people living in Indonesia who have an iPhone as their current smartphone. Multiple regression and multiple tests were used in this study as the model analysis to identify the impact of functional value, emotional value, social value, and brand identification towards brand loyalty. The results revealed that each of the independent variable has a significant influence on brand loyalty. This outcome is proven by the F test with a value of significance of 0.000.

**Keywords:** Consumer Value, Brand Identification, Brand Loyalty, iPhone.

## **1. INTRODUCTION**

With the proliferation of the competing brands in the marketplace, keeping consumers loyal is an imperative for marketing managers (Jones & Sasser, 1995). Similarly, Morris et., (1999) stated that in order to succeed in the adoption of relationship marketing, companies should focus on building client loyalty in dynamic business environments. Based on Oliver (1999), researchers have

suggested that the brand loyalty theory should be enlarged from patronage behaviour to psychological commitment, and both attitudinal loyalty and behavioural loyalty may support pro-brand consequences. In addition, attitudinal loyalty may have a relation with patronage intention, word-of-mouth, acceptance of premium price, and resistance to counter-persuasion, whilst greater market share and increased profitability can be caused by behavioral loyalty (Chaudhuri & Holbrook, 2001; Shankar, Smith, & Rangaswamy, 2003).

Standing on various theoretical grounds, researchers have investigated the reasons for brand loyalty, but two viewpoints have received greater amount of attention. The first is consumer value theory. Apart of marketing effort increasing customer loyal is to deliver greater value. Value is essential in fulfilling consumers' needs and wants. Consumer value theory claims that value perception is the pivotal predictor of brand loyalty (Kim, Gupta, & Koh, 2011; Sweeney & Soutar, 2001). Consumers remain loyal if they perceive superior value from a given brand (Hansen, Beitelspacher, & Deitz, 2013). Additionally, Sweeney and Soutar (2001) revealed that consumer value can be classified into functional value, emotional value, and social value in the retailing context.

The second viewpoint is the brand identification approach, which puts consumer-brand identification (hereafter referred to as brand identification) as the antecedent of brand loyalty (Bhattacharya & Sen, 2003; Tuskej, Golob, & Podnar, 2013). Consumer stick with a given brand once they identify themselves with the attributes of the brand (Stokburger-Sauer, Ratneshwar, & Sen, 2012).

## **2. METHOD**

The quantitative design method is used by the author of this study. Sekaran & Bougie (2011) suggested that quantitative design method can be defined as a method to testify a theory that uses connection from each variable. Additionally, studies that contain hypothesis test merely explain the characteristics of certain relation, or define distinctions of each community or individual, two or more

factors in one particular situation. This study will examine the impact of consumer value that consists of functional value, emotional values, social value, and brand identification on brand loyalty of iPhone by Apple users in Surakarta. Furthermore, The purpose of exploratory research is only to explore specific aspects of the research era.

A set of questionnaires were shared online through a link ([bit.ly/iPhoneLoyalty](http://bit.ly/iPhoneLoyalty)). Using a technique of purposive sampling, only those who own an iPhone as their current smartphone and they live in Surakarta were allowed to fill in the questionnaires. This research came up with 123 respondents, with 71.5% of female respondents and 28.5% of male respondents. Furthermore, 65% respondents revealed that they had an iPhone as their previous smartphone before, while 35% answered that they did not an iPhone before.

### 3. RESULTS AND DISCUSSIONS

#### 3.1 Coefficient Determination Test

Table 1. Coefficient Determination Test ( $R^2$ )

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732(a)	.535	.520	2.236

Source: Processed data with SPSS, 2020

As we can see from the information shown on the Table 1, the calculation result for R value obtained in multiple regression analysis is 53.5%. It means, 53.5% of variations in Brand Loyalty variables can be explained by functional value, emotional value, social value, and brand identification. The rest of 46.5% is explained by other factors outside of the model under this research.

#### 3.2 F Test

Table 2. Anova

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	679.908	4	169.977	33.999	.000(a)
	Residual	589.946	118	5.000		
	Total	1269.854	122			

Source: Processed data with SPSS, 2020

From Table 2 above, this research 2.45 of F-table value with 33.999 of F-arithmetic value, and has the significance level of 0.000. From these results, the regression model has F-arithmetic value (33.999) higher than F-table value (2.45). Additionally, the significance value (0.000) is less than 0.05 meaning that the research variables are accepted. In other words, functional value, emotional value, social value, and brand identification are appropriate variables toward brand loyalty.

### 3.3 Multiple Linear Regression

Table 3 Multiple Linear Regression

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>T</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	1.256	2.071		0.606	0.545
Functional Value	0.303	0.151	0.140	2.006	0.047
Emotional Value	0.211	0.102	0.151	2.082	0.039
Social Value	0.158	0.077	0.149	2.060	0.042
Brand Identification	0.541	0.083	0.500	6.481	0.00

Source: Processed data with SPSS, 2020

The multiple linear regression analysis technique is used in this research to evaluate the influence of functional value, emotional value, social value, and brand



identification on brand loyalty. The results of the multiple regression analysis are shown on the Table 3. As what is shown on Table 4.20, the equation of multiple regression linear can be structured as:

$$\text{Brand loyalty} = 1.256 + 0.303 \text{ functional value} + 0.211 \text{ emotional value} + 0.158 \text{ social value} + 0.541 \text{ brand identification} + e$$

Relying on the equation, it can be interpreted as:

- An increase in iPhone's functional value, it will also increase the level of iPhone's brand loyalty as much as 0.303. Furthermore, functional value of an iPhone has a significant impact towards its brand loyalty because its sig. value is 0.047, which is less than 0.05.
- Next, an increase in iPhone's emotional value, it will also increase the level of iPhone's brand loyalty as much as 0.211, with a significant impact on its brand loyalty because its sig. value is 0.039, which is less than 0.05.
- Thirdly, an increase in iPhone's social value, it will also increase the level of iPhone's brand loyalty as much as 0.158, with a significant impact because its sig. value is 0.047, which is less than 0.042.
- Lastly, an increase in iPhone's brand identification approach, it will also increase the level of iPhone's brand loyalty as much as 0.541, with a significant impact on its brand loyalty because its sig. value is 0.00, which is less than 0.05.

### **3.4 Discussions**

The aim of this study is to examine the impact of consumer value (functional value, emotional value, and social value) and brand identification on iPhone's brand loyalty.

#### **H1: Functional Value has a positive significant effect on Brand Loyalty.**

From the result of the test, we can conclude that this hypothesis is supported because based on the Table 4.20 (regression model), it indicates that the t value of functional value is 2.006, the B value is positive 0.303 with significance of 0.047 and test outcome from the Table 4.19 (F test) with sig value 0.000. Thus, functional value has a positive significant impact on brand

loyalty. This statement is supported by the factual data from the questionnaire of this research where respondents mostly almost highly agree that iPhone offers an acceptable standard of quality, possesses a degree of quality that is satisfactory, and is reliable in their performance. The implication is that if Apple's iPhone wants to improve their value of brand loyalty, they should consider on improving iPhone's functional value. This implication is supported by a study conducted by Ching-Hsuan Yeh, Yi-Shun Wang, & Kaili Yieh (2016) where it was discovered that functional value has a positive influence on brand loyalty.

**H2 : Emotional Value has a positive significant impact on Brand Loyalty.**

From the result of the test, we can conclude that this hypothesis is accepted because according to the Table 4.20 (regression model), it indicates that the t value of emotional value is 2.082, the B value is 0.211 with significance of 0.039 and the test outcomes from Table 4.19 (F test) with the sig. value 0.000. It can be concluded that emotional value has a positive significant effect on brand loyalty. This result supports a study by Philstrom and Brush in 2013 where it was suggested that the implication is that when consumers perceive greater emotional value in a product or brand, they are more likely to show more brand loyalty. This is proven by the respondents of this study where most of them show that they are almost highly agree that they like the way iPhone looks, and using the product is interesting and gives fun to them. In addition to this, In Collier & Barnes' study (2015), the role of emotions in customer loyalty was conformed. Emotions are very close to brand loyalty because emotional loyalty is one of elements of view loyalty (Rychalski and Hudson, 2017).

**H3 : Social Value has a positive significant impact on Brand Loyalty.**

From the result of the test, we can conclude that this hypothesis is supported because according to Table 4.20 (regression model), it indicates that t value for social value is 2.060, the B value 0.158, with significance of 0.042, and the test outcomes from the Table 4.19 with the sig. value 0.000. It can be

concluded that social values has a positive significant impact on brand loyalty. The results of the questionnaire of this study showed that most of the respondents agree that they receive a social value from iPhone where using the product enhances their self-image and the way they are perceived as well as improving their social relationship with others. Liao & Hsieh (2013) demonstrated that consumers may consider having a smart phone as a symbol high social situation. When consumers receive high social value from a product or brand, they show loyalty behaviours toward brand like publishing positive information and accepting more prices (Pihlström and Brush, 2008). A study conducted by Liao & Hsieh (2013) revealed that some people may view the possession of iPhone as a symbol of luxury and higher social status. In addition to that, the second important factor that derives social value is social interactions (Bodker, n.d). Some research also shows that customer purchase Smartphone in order to widen the social networking, and always wanted to connect with their friends, family and working groups (Tuominen, 2011). Thus, from the brief discussion above, it can be indicated that iPhone may improve the level of their brand loyalty by enhancing the aspect of social value from the smartphone product.

#### **H4 : Brand Identification has a positive significant impact on Brand Loyalty.**

From the result of this research, it can be concluded that this hypothesis is supported because, referring to the Table 4.10 (regression model), it shows that the t value for brand identification is 6.481, the B value is positive 0.541, with its significance value of 0.00, and the test outcomes from the Table 4.19 with the value of sg. 0.000. It can be concluded that brand identification has a positive and significant effect on brand loyalty. The respondents of this study showed that they agree that they feel a strong sense of belonging to iPhone that they feel like it is like a part of them as well as claiming that iPhone has a great personal meaning to them. The implication is that if Apple's iPhone is willing to gain more of their brand loyalty, the company should consider to improve

their brand identification. This result supports a study conducted by Stokburger-Sauer et. Al in 2012 which confirmed that high brand identification prevents consumers from switching to other brands.

#### **4. CONCLUSION**

Based on the consumer value theory and brand identification approach, this author of this research identified functional value, emotional value, social value, and brand identification as the determinants of brand loyalty. From the previous data analysis and the discussion above, the conclusions that have been constructed include functional value that has a positive significant impact on brand loyalty, as well as emotional value, social value, and brand identification. In other words, functional value, emotional value, social value, and brand identification, they all partially have positive and significant impact towards brand loyalty.

##### **4.1 Research Limitation**

Throughout this study, the author has identified some limitations of this research including The author was only able to collect respondents to limited areas in Indonesia, which is in Surakarta. Thus, this study may fail to represent Indonesia as a whole because the people from other areas that are not in Surakarta may have different preferences and opinions. This study also oversampled teenagers with age range 18 – 25 years old who are mostly students which may lead to biased results. Thus, if this study is to be applied, one should be aware of the sampling bias. In addition, the variables of this study are only limited to four variables whereas there are still many factors that could lead to brand loyalty.

##### **4.2 Implication of the Study**

Based on the results of the data analysis and the discussion above, the implications of the study have been identified such as, the consumer value (functional, emotional, and social value) and brand identification approach show a significant effect toward brand loyalty. The Apple company should take these determinants as a consideration to reach the intangible purpose

of the company that can lead to gaining more and maintaining profit. In other words, winning brand loyalty can create longevity in the industry that at some point it can lead to cost reduction since Apple does not have to put the effort to attract new customers, but rather to maintain customers not switch to other brands instead.

### **4.3 Suggestions**

Relying on the limitations that have been identified above, the writer has some suggestions. Firstly for further research, it is suggested for further researcher to collect respondents from more places in Indonesia so that more inclusive respondents can be derived. Then, get respondents that are more inclusive to avoid big gap in differences so that there is no biased results. In addition, use more variations in variables that are not included in this research.

Secondly for the Apple company, they can improve their promotion strategy based on the findings of this study to promote their product. The Apple company should also always have the urge to win and maintain their brand loyalty because of the extremely high competitions in the smartphone industry. Furthermore, the Apple company should pay attention to their creativity and innovation in how they can deliver and improve their consumer value and brand identification approach since both instruments play such an important role in creating and maintaining brand loyalty as what has been discussed throughout this study.

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