

STUDY ON THE EFFECT OF BRAND EQUITY ON IPHONE PRODUCT CUSTOMERS IN SEMARANG CITY

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Abstract : In the growth of the world economy, business competition between companies is tight and increasing, especially in business competition in Indonesia. Many companies are competing to keep their customers in order to keep using the products offered. Every company tries to fulfill the wishes of consumers by delivering the desired goods or services (Halim & Iskandar, 2019). Technology companies are one of the companies that compete in developing their products. This study describes the influence of Perceived Quality, Brand Image, and Brand Experience on Customer Loyalty with Brand Equity as an intermediate variable to iPhone smartphone users in Semarang. The sample needed in this study is iPhone product users who have made purchases and used iPhone products at least 2 times from the type of iPhone product line.

Keyword : *Perceived Quality, Brand Image, Brand Experience, Brand Equity, Customer Loyalty*

INTRODUCTION

The information and communication technology industry attracts the attention of customers so that there are more opportunities for technology companies to introduce their products along with the times. One example of the intense competition in the industry is competition in the mobile phone industry. Initially, cellphones were only created to make and receive calls and have very limited functions, over time they were adapted to the increasingly sophisticated functions of the cellphone itself. The features that are continuously developed make mobile phones now dubbed as smartphones (Martins et al., 2019). Smartphone users have increased significantly and affect the way people communicate with each other so that smartphones are very helpful for individual and group activities in personal and professional functions (Martins et al., 2019). The creation of smartphones can help customers communicate remotely, send documents in certain forms such as images, videos, and documents that can be processed on a computer through communication-based applications.

Starting in 2007, Apple products continue to show their presence in the development of smartphone models. The iPhone 3G type was the first smartphone product to be released, after which an increasingly sophisticated generation emerged with the name 3GS. In the following year, 2008, this product released the iPhone 4 and 4s series. For the next iPhone, 3 kinds of series were issued, namely the iPhone 5, iPhone 5s and iPhone 5c. Along with the development of time, Apple is also following market demand with the trend of large screen smartphones. Therefore, Apple then released the iPhone 6, 6s and 6 plus series with screens that were larger than their product lines. In the following year, these products were continued with the iPhone 7 and iPhone 7 plus series, and then the iPhone 8 and iPhone 8 plus, followed

by the iPhone X and the most recent product lines, namely the iPhone 11, iPhone 11 pro and iPhone 11 Pro Max.

iPhone is a smartphone created by the Apple company. By using an operating system designed by themselves, iPhone has added value that can attract consumers to choose this product compared to other products so that the iPhone brand has a strong brand in the eyes of consumers and competing companies. According to Widjaja et.al (2007) a strong brand tends to add added value in a product so that customers will continue to use the product continuously. The surplus value contained in a product can be known through Brand Equity so it is important for companies to bring up Brand Equity in the products being marketed. The phenomenon of the gap found in this study is a decrease in total sales or market share experienced by iPhone products by 4%, starting from 15.7% in 2018 and then dropping to 11.7% in 2019 (IDC, 2019). In addition to the gap phenomenon, there is a research gap or differences in research results in several studies conducted related to the influence between variables. Salman Saleem et al., (2015) show that there is a positive and significant influence that occurs directly between Brand Equity, Perceived Quality, and Brand Image on Customer Loyalty. On the other hand, research conducted by Rosie (2014) suggests that perceived quality shows a negative relationship to customer loyalty. Rizky and Pantawis (2011) explain that there is an indication of a negative and significant influence between Brand Image and Brand Equity and Severi and Ling (2013) indicate an indirect positive significant relationship between Brand Image and Perceived Quality on Brand Equity.

Based on the gap phenomenon and research gap concluded above, the problem of this research is "How to contribute to iPhone product marketers to increase sales by linking the variables of Perceived quality, Brand Image, and Brand Experience so as to increase Brand Equity owned by iPhone products. so that Customer Loyalty to the product is maintained". Based on this, the following research problem questions can be formulated:

1. Does Perception of Quality affect Brand Equity?
2. Does Brand Image affect Brand Equity?
3. Does Brand Experience affect Brand Equity?
4. Does Brand Equity affect Customer Loyalty?

LITERATURE REVIEW AND HYPOTHESIS RELATIONSHIP

Marketing

Marketing is present in every human activity, especially in buying and selling activities. According to Kotler (2013) products or services that have value will be obtained by buyers through the process of offering to other parties. According to Canon et al (2008:8) marketing is an activity that has a target from a company that is carried out with an effort to anticipate consumer needs and deliver goods and services as a fulfillment of consumer needs sourced from producers.

Brand

The corporate image represented by the name and symbol that serves as a differentiator as a goal to give special characteristics to the products offered by a company so that the product or service can be known is called a brand (Aaker, 1991). While Duncan (2002) argues that the brand is a collection of information that guides the company to differentiate its company from competitors.

The brand set by the company can provide a characteristic to consumers related to the source of the product used. Brands are very important to use because brands can provide

protection to many parties, including companies, consumers, and competitors who offer products with almost similar characteristics (Keller, 2008).

Perceived Quality

Consideration by marketing personnel in carrying out marketing activities related to Perceived quality. Companies that compete in the global market must have a very good perception of quality in marketing their products if they want to become market leaders. If there are obstacles, then the improvement of product quality must be implemented immediately. Improvements in product quality lead to less operational and repair costs and generate competitive advantage and maintain competitive advantage among competitors (Kotler and Armstrong, 2003).

Brand Experience

According to Zarantonello (2010), Brand Experience is explained as a customer response that is generated after the customer uses a brand, so that the emergence of consumer feelings and responses related to brand identity in the brand environment is marketed. The response shown by consumers is very diverse, depending on the extent to which a company can maintain product quality, and maintain the value offered to consumers. The better the quality of the product, the better the response that will be obtained so that the experience experienced by consumers with the brand will be quite pleasant so that it can trigger repeat purchases of the product.

Brand Equity

The value embedded in products marketed by a company so that it can produce persuasion to consumers in purchasing decisions is Brand Equity. The added value possessed by a product can be represented through the process of thinking, feeling and acting in a brand and product (Kotler and Keller, 2007).

Customer loyalty

Tjiptono (2004) explains that customer loyalty is a purchase with a relative nature to how many purchases in situations and conditions that depend on the time of purchase. This can create a person's tendency to show an attitude towards the brand that has been purchased.

Influence of Perceived Quality with Brand Equity

Perceived Quality is considered as a consumer belief related to the superiority of a product. Perception of Quality is concerned with quality by product, quality by object and quality by manufacture (Širola & Gallopeni, 2020). Perceived quality provides encouragement to customers to choose and buy specific products through the views held by each customer related to the perception of superior quality of a product so that it can affect customer satisfaction in the profitability contribution of a company (Moslehpour et al., 2019) .

Based on the description above, the hypotheses that can be formed are:

H1: Perceived Quality has a positive effect on Brand Equity

Influence of Brand Image with Brand Equity

Brand Image is an aspect that plays an important role in the development of a product because Brand Image can have a function as a guide for consumers in trying a product (Sukiarti et al., 2016). Brand Image can provide value in a product so that with the added

value, Brand Image can be used as a difference between one product and similar competitor products (Djarmiko & Pradana, 2016).

H2: Brand Image has a positive effect on Brand Equity

Effect of Brand Experience on Brand Equity

A matter related to response, affection, cognition and sensory experienced by consumers through a product can be defined as Brand Experience. Brand experience can appear when consumers start looking for the products they need and want, after that it continues on purchasing decisions and consuming the selected product. When consumers see advertisements offered by a company through various marketing media, it can also trigger a Brand Experience (Brakus et al., 2009).

H3 : Brand experience has a positive effect on Brand Equity

Influence of Brand Equity with Brand Loyalty

The added value possessed by a product which is reflected in how customers feel, think and act towards a brand is Brand Equity (Bhadra & Rego, 2019). Brand Equity is considered as one of the aspects that influence the company's activities to promote the products offered by consumers. In addition, companies can also use Brand Equity as a communication tool in conveying the advantages possessed by a product (Yuanwei & Lertbuasin, 2018).

H4 : Brand Equity has a positive effect on Brand Loyalty

RESEARCH METHODOLOGY

All members who represent the object under study are a population where it is related to the problems discussed in a study (Sugiyono, 2016). iPhone product users who live in Semarang are positioned as the population in this study. According to Riadi (2016), some parts of all members or populations that can represent the characteristics of an object of research are samples. The process in determining the sample must be carried out correctly and accurately to support the creation of data validity. The sample needed in this study is iPhone product users who have made purchases and used iPhone products at least 2 times from the type of iPhone product line. Considering this sample selection, it is assumed that someone who has bought a product at the same brand more than once shows a higher level of loyalty because customers who are loyal to a particular brand will have a commitment that is reflected in the repurchase of a product (Rofiq et al. al., 2009). The use of non-probability sampling as a sampling technique in this study because not all populations in the territory of the researcher will be the sample of this study. Non-probability sampling is appropriate if the researcher does not know the number of a sample area (Ghozali, 2013).

RESULTS AND DISCUSSION

Data processing that has been carried out by researchers using AMOS/SEM 23 analysis produces acceptable results from the hypotheses that have been discussed. Based on these results, it is known that perceived quality has a positive effect on customer satisfaction with a cr value of 2.690 and a P value of 0.007 where the cr value and P value meet the requirements of the provisions of the acceptance of a hypothesis, which is above 1.96 for the cr value and the P value. which must be less than 0.05. These results provide a statement that hypothesis 1 can be accepted. This result also occurs in the research of Severi & Ling (2017) which says that the value created by consumers' minds can affect Brand Equity caused by brand image. Brand image has an effect that is directly proportional to Brand Equity. The influence of a

strong Brand Image can create a message and picture that will be conveyed by the company in the manufacture of a product where it can affect consumer behavior so that Brand Image can increase Brand Equity in a product

Hypothesis Test 2: The Effect of Brand Experience on Brand Equity

Data processing that has been carried out by researchers using the AMOS/SEM 23 program produces results that are rejected from the hypotheses that have been discussed. Based on these results, it is known that the critical ratio or c.r value is 0.042 and the P value is 0.771, where both values do not comply with the specified conditions, namely the c.r value must be more than equal to 1.96 and the P value must be less than 0.05. These results provide a statement that Hypothesis 2 cannot be accepted or rejected. Based on the research conducted, this does not agree with the research conducted by Sahin, Zehir, & Ki (2011) which says that Brand Experience functions as a consumer's perception at the time of contact with a brand, both in the Brand Image projected in advertisements, first personal contact, as well as the level of brand quality they receive. Product experience or brand experience is a concept where a product is measured subjectively based on users of the product based on product design, product packaging, perceived quality and the environment that has used the product. Brand experience felt by consumers begins when they make a purchase of the product, receive the product, and use it. Product experience can affect Brand Equity if consumers have received the benefits of the product they bought (Xixiang, 2016).

Hypothesis Test 3: The Effect of Brand Image on Brand Equity

Data processing that has been carried out by researchers using the AMOS/SEM 23 program produces results that are rejected from the hypotheses that have been discussed. Based on these results, it is known that the critical ratio or cr value is 1.907 and the P value is 0.294, where both values do not comply with the specified conditions, namely the value of cr must be more than equal to 1.96 and the value of P must be less than equal to 0, 05. These results provide a statement that Hypothesis 3 cannot be accepted or rejected. The results of the research conducted do not agree with the research conducted by Balmer et al., (2020) which says that Brand Image is closely related to product and service brand management and has an important role in the company's strategy in order to embed a brand in the minds of consumers. Researchers agree that Brand Image refers to the linkage of the thoughts of consumers and the trust that arises from consumers to a brand so that Brand Image can be a direct or indirect communication tool between consumers and companies (Foroudi et al., 2018).

Hypothesis Test 4: The Effect of Brand Equity on Customer Loyalty

Data processing that has been carried out by researchers using the AMOS/SEM 23 program produces acceptable results from the hypotheses that have been discussed. Based on these results, it is known that the critical ratio or c.r value is 6.477 and the P value is 0.001, where both values are in accordance with the specified conditions, namely the c.r value must be more than equal to 1.96 and the P value must be less than 0.05. These results provide a statement that Hypothesis 4 can be accepted. Bhadra & Rego (2019) said that Brand Equity is considered as one of the aspects that influence the company's activities to promote the products offered by consumers. In addition, companies can also use Brand Equity as a communication tool in conveying the advantages possessed by a product (Yuanwei & Lertbuasin, 2018). The values created in Brand Equity can stimulate consumer confidence in

a brand. Consumers will tend to compare one brand with another if they are going to make a purchase and will choose a brand that has high brand equity (Kataria & Saini, 2019).

CONCLUSION

Perception of quality is one of the research variables to determine whether it has an influence on brand equity. Previous research also has variations on the results of his research regarding perceived quality to have an effect on brand equity. Indicators of perceived quality in this study include product suitability, comparison of product quality with competing products, price conformity with product quality and price conformity with the value received by customers. This study shows the results that perceived quality has an influence on customer loyalty, but perceived quality has a direct influence on brand equity.

Customer loyalty in this study is one of the intervening variables on brand equity. Previous research also gave a positive response to the results of his research that customer loyalty has a positive effect on brand equity. This study shows the results that customer loyalty has a positive influence

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