

BRAND NAME AND MILLENNIAL GENERATION ON CUSTOMER PREFERENCES THEIR IMPACT ON BRAND LOYALTY IN MSMEs

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Abstract: This study analyzes and finds out the influence of brand name and millennial generation on consumer preferences and their impact on brand loyalty in MSMEs. The data analysis technique uses descriptive analysis and questionnaire feasibility tests that have been tested beforehand with validity tests, reliability tests, multicollinearity tests, coefficients of determination and Path Analysis using Smart PLS with a total sample size of 93 respondents. The results of the direct influence study: show that the brand name has a negative and insignificant effect on Brand Loyalty. Brand Name has a negative and insignificant effect on Customer Preference, Customer Preference has a positive and significant effect on Brand Loyalty, that Millennial Generation has a negative and insignificant impact on Customer Preference. While the indirect effect: Brand Name has a negative and insignificant effect on Brand Loyalty, Millennial Generation has a positive and significant effect on Brand Loyalty.

Keywords: *Brand Name, Millennial Generation, Customer Preferences, Brand Loyalty*

1. Introduction

Every marketer understands that consumer loyalty or brand loyalty is not only caused by the product or brand being liked in the market but also due to many accompanying factors. (D. A. Aaker, 2004; Raza et al., 2018) defines brand loyalty as "a measure of customer proximity to a brand, and positive feelings towards a brand". Based on this definition, it can be concluded that brand loyalty is consumer loyalty to one brand compared to other brands. In many cases, the reason some brands are preferred by consumers is because the brand has an image that can be identified by the consumer's self-image (Jamal & Al-Marri, 2007). In addition, various studies have revealed that service is the main thing that consumers want. Consumers prefer products that have better service than a better level of product quality (Angelova & Zekiri, 2011).

Recognizing the importance of retaining loyal customers, companies use various ways to satisfy consumers. One of them is to make customers part of the activities/programs carried out by the company – on behalf of the brand. Providing benefits that are only obtained for loyal customers, providing the best service as well as providing new information regarding product innovations or new company products (Storey & Easingwood, 1998), are some of the ways to bring and satisfy consumers to the company and also the brand (Ranabhat, 2018).

Consumer brand preferences are influenced by a number of factors such as brand equity, marketing mix elements, product characteristics and brand names (Rogers et al., 2014).

–Brand preference represents the bias that consumers hold or display in favor of a particular brand relative to others in the same product/brand category (Jalilvand et al., 2016). Research (Naeini et al., 2015) regarding effects on consumer responses (purchase intention, brand extension, willingness to pay higher prices), brand preference shows that perceived quality has the effect of creating brand equity, and brand equity has the highest effect on purchase intention.

While for the digitalization era regarding brands and consumer preferences, several research results reveal the key role of brands in extrinsic quality cues in online consumer choices as well as the importance of brand awareness (Velčovská & Larsen, 2021), these findings are in line with research studies that confirm the importance of brands, brand loyalty higher and lower price sensitivity of online customers and lower importance of packaging in online purchases (Saunders; 2018). Brands serve as key drivers in digital purchase decision making and brand familiarity plays an important role in consumer preferences (Velčovská & Larsen, 2021(J. L. Aaker, 1997): The name is the basic core indicator of a brand, the basis for awareness and communication efforts. Often more important is the fact that it can generate associations that serve to describe a brand—what it is and what it does. In other words, the actual name can form the essence of the brand concept because the brand is important for MSMEs to increase competitiveness (Ceptureanu, 2015).

Millennials are also one of the factors that influence preferences (Mulyano et al., 2020) with the birth of Generation Y (Millennials) between 1982–2002 (Pendergast, 2010; Schiffman & Kanuk, 2015). Research results (Moreno et al., 2017) show that millennials are a very attractive market because they grew up in an environment where technology provides a platform for personalization and immediate gratification in all aspects of life. As a result, the buying process for them is an exciting time, where loyalty to the brand they buy is relative. In addition, millennials tend to spend their income quickly and more often through the web, and in particular through social networks such as Facebook, Twitter, Instagram. In addition, the results of the study also show that millennials are more interested in virtual advertising as coupons or discounts (Bento et al., 2018).

Based on the description above, a research was conducted on the implementation of culinary SMEs in the city of Cirebon. Research will be conducted on consumers who have used MSME products in Cirebon. The variables to be studied are: the brand name of the millennial generation, customer preferences and brand loyalty. The conceptual framework of this research can be seen in Figure 1:

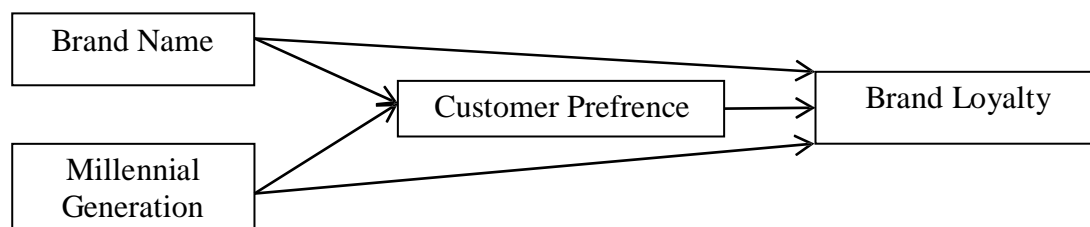


Figure 1 Research conceptual framework

Research hypothesis:

1. Brand name affects customer preference
2. Millennial Generation towards Customer Preference
3. Brand name indirectly affects brand loyalty
4. Millennial Generation indirectly affects brand loyalty

5. Brand name and Millennial Generation affect customer preference and have an impact on brand loyalty

2. Research Method

The research used quantitative methods. The research instrument used a questionnaire which provided 5 (five) alternative choices using a Likert's scale technique. The population of this research is SMEs in the culinary field in the city of Cirebon amounting to 1,311 SMEs. the sample taken must be truly representative in determining the sample, the author uses the Sovlin formula, as a tool to calculate sample size because the number of known population is more than 100 respondents. To make it clearer following Sovlin's formula, the sample size can be calculated as follows:

Where :

n = sample size

N = population size

e = margin of error which is the amount of error that is expected or set.

So :

n = _____

n = _____ = 92,9 rounded up to 93 samples.

Operational Variables Research has 4 variables, measuring brand loyalty variables using indicators (Gowri, 2012): Willingness to buy more expensive, Prefer the brand over other brands, Culinary Product is the first brand that comes to consumers' minds, I always want to use MSMEs products.

Brand name measurement uses dimensions (Del Rio et al., 2001) namely brand name with functional dimensions and symbolic dimensions: with indicators Functional benefits of brand names: Warranty, Symbolic benefits of brand names: Social identification, Symbolic benefits of brand names: Status, Symbolic benefits brand name : Personal identification.

Dimensions of the millennial generation (Ordun, 2015) are measured as follows: Price: fairness of payment demanded by sellers of goods or services, Trend: considered popular or considered "cool" by social media, Loyalty: A mental or psychological state of loyalty or devotion to a brand, Prestige: Good reputation and taste, Brand: A well-known and widely recognized name, Fit: The right size and shape of the product, Quality: Standard general excellence, Recommendation: A suggestion or proposal for a preferred product, Advertisement: Announcement notices promoting product or service, Ambiance: The character and atmosphere of the store, Availability: The number and scope of the store, Variety: Different product categories, Service: Adequacy, kindness, and quality of staff. Measurement of customer preference uses the dimensions of (Abdullah et al., 2013) customer preferences, namely Halal, Price, Quality of Service, Branding and Tangibles.

This study uses data analysis methods using Smart PLS software version 3.0 PLS (Partial Least Square) (Ringle et al., 2015) which is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test structural model. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (testing hypotheses with predictive models). Furthermore, (Ghozali,

2015; Suliyanto, 2016) explains that PLS is an analytical method that is soft modeling because it does not assume the data must be with a certain scale measurement, which means the number of samples can be small (under 100 samples).

3. Results and Discussion

3.1. Results

This section presents research results. Research results can be supplemented by tables, graphs (figures), and / or charts.

There are three criteria in the use of data analysis techniques with SmartPLS to assess the outer model, namely Convergent Validity, Discriminant Validity, and Composite Reliability. Convergent Validity of the measurement model with indicator reflection is assessed based on the correlation between item scores/component scores estimated with PLS Software. The size of the reflection is measured. However, according to Chin, 1998 (in Ghazali, 2014) for initial research, the development of a measurement scale for loading values of 0.50 to 0.60 is considered sufficient. In this study, a loading factor limit of 0.55 will be used.

Table 1 *Value of Outer Loading Factor*

	Brand Loyalty	Brand Name	Customer Preference	Millenial Gen
BL1	0.845			
BL2	0.862			
BL3	0.739			
BL4	0.607			
BN1		0.803		
BN2		0.858		
BN3		0.911		
BN4		0.860		
CP1			0.818	
CP2			0.893	
CP3			0.854	
CP4			0.557	
MG 10				0.660
MG 11				0.647
MG 12				0.699
MG 13				0.805
MG 3				0.759
MG 4				0.783
MG 5				0.757
MG 6				0.819
MG 7				0.828
MG 8				0.700
MG 9				0.836

Source: Data processed through Smart PLS (Ringle et al., 2015)

The table above mostly shows that the loading factor gives a value above the recommended value of 0.5. It means that the indicators used in this study are valid or have met convergent validity.

The validity and reliability criteria can also be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. The construct is said to have high reliability if the value is 0.70 and the AVE is above 0.50. In the table below, the Composite Reliability and AVE values for all variables will be presented.

Tabel 2. *Composite Reliability dan Average Variance Extracted*

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Brand Loyalty	0.772	0.838	0.851	0.593
Brand Name	0.881	0.884	0.918	0.738
Customer Preference	0.787	0.806	0.867	0.626
Millennial Gen	0.925	0.935	0.936	0.572

Based on table 2. above, it can be concluded that all constructs meet the reliable criteria. This is indicated by the value of Cronbach alpha above 0.70, composite reliability (CR) above 0.70 and AVE above 0.50 as recommended criteria.

The evaluation of the inner model by bootstrapping test produces a coefficient of determination R-square, Q-square, path coefficients and latent variable correlations. The results of the evaluation of the inner model are explained as follows:

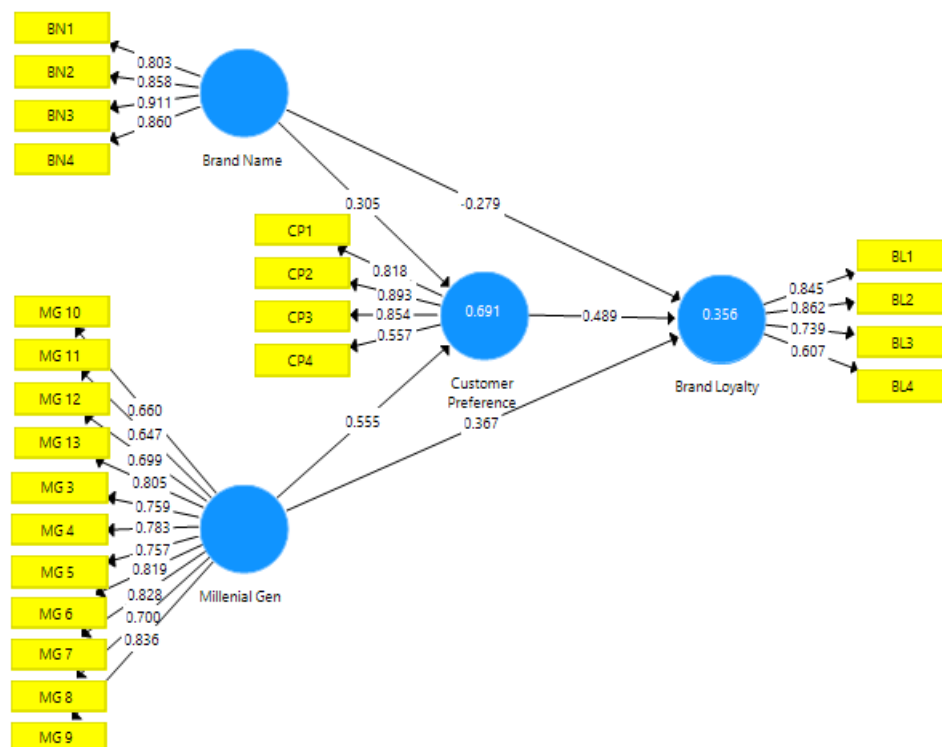


Figure 2. Research Path Diagram

The results of the direct influence test of each variable can be seen in the following table:

Table 1. Indirect effect test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Brand Name -> Brand Loyalty	-0.279	-0.287	0.189	1.474	0.141
Brand Name -> Customer Preference	0.305	0.309	0.163	1.866	0.063
Customer Preference -> Brand Loyalty	0.489	0.496	0.156	3.125	0.002
Millennial Gen -> Brand Loyalty	0.367	0.378	0.216	1.700	0.090
Millennial Gen -> Customer Preference	0.555	0.555	0.153	3.617	0.000

1. The influence of Brand Name on Brand Loyalty has a negative value of -0.279, with the resulting t_count value of 1.474 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the specified alpha level ($\alpha=0.05$)). This shows that Brand Name has a negative and insignificant effect on Brand Loyalty in Cirebon City SMEs.
2. The influence of Brand Name on Customer Preference has a positive value of 0.305, with the resulting t_count value of 1.866 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the specified alpha level ($\alpha=0.05$)). This shows that Brand Name has a negative and insignificant effect on Customer Preference in SMEs in Cirebon City.
3. The influence of Customer Preference on Brand Loyalty has a positive value of 0.489, with the resulting t_count value of 3.125 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the specified alpha level ($\alpha=0.05$)). This shows that Customer Preference has a positive and significant effect on Brand Loyalty in Cirebon City SMEs.
4. The influence of Millennial Generation on Brand Loyalty has a positive value of 0.367, with the resulting t_count value of 1.700 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the specified alpha level ($\alpha=0.05$)). This shows that Millennial Generation has a negative and insignificant effect on Brand Loyalty in Cirebon City SMEs.
5. The influence of Millennial Generation on Customer Preference has a positive value of 0.555, with the resulting t_count value of 3.617 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the specified alpha level ($\alpha=0.05$)). This shows that Millennial Generation has a positive and significant effect on Customer Preference in Cirebon City SMEs.

Table 2. Indirect effect test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Brand Name -> Brand Loyalty	0.149	0.152	0.097	1.538	0.125
Millennial Gen -> Brand Loyalty	0.271	0.278	0.124	2.193	0.029

1. Based on the results of the Path Coefficients Model table above, it can be seen that the path coefficient value between Brand Name and Brand Loyalty has a positive value of 0.149, with the resulting t_count value of 1.538 t_table value of 1.98580 with Values 0.25 (this significance level is smaller than the level of alpha set ($\alpha=0.05$). This shows that Brand Name has a negative and insignificant effect on Brand Loyalty in UMKM in Cirebon City.
2. Based on the results of the Path Coefficients Model table above, it can be seen that the path coefficient value between Millennial Generation and Brand Loyalty has a positive value of 0.271, with the resulting t_count value of 2.193 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the alpha set ($\alpha=0.05$) This shows that Millennial Generation has a positive and significant effect on Brand Loyalty in UMKM in Cirebon City.

There are two R-Square values obtained, namely the R-Square for the intervening variable Customer Preference (Y_1) and the R-Square value for the dependent variable/endogenous Brand Loyalty (Y_2). The results of the R-Square determination coefficient using the SmartPLS software from the model obtained results that can be seen in the following table:

Table 3. Value of R Square

	R Square	R Square Adjusted
Brand Loyalty	0.356	0.335
Customer Preference	0.691	0.684

Table 3 shows the R-Square value for the Customer Preference System variable (Y_1) obtained at 0.691 and for the Competitive Advantage variable (Y_2) at 0.356. This shows that 69.1 % of the Customer Preference variable (Y_1) can be influenced by the Brand Name (X_1) and Millennial Generation (X_2) variables, and 35.6% of the Brand Loyalty variable (Y_2) is influenced by the Customer Preference (Y_1) variable.

3.2. Discussion

Brand Name has a negative and insignificant effect on Customer Preference with the resulting t_count value of 1.866 t_table value of 1.98580 with Values of 0.25. This is in line with research results (Hendrasto & Utama, 2019; Khenfer & Cuny, 2020) which show that brand names are not significant to consumer preferences.

Millennial Generation has a positive and significant effect on Customer Preference with the resulting t_count value of 3.617 t_table value of 1.98580 with Values of 0.25. . This is in

line with research results (Terano et al., 2016) that the millennial generation has an effect on customer preference.

The influence of Customer Preference on Brand Loyalty has a positive value of 0.489, with the resulting t_count value of 3.125 t_table value of 1.98580 with Values of 0.25 (this significance level is smaller than the specified alpha level ($\alpha=0.05$). This shows that Customer Preference has a positive and significant effect on Brand Loyalty in line with research (Kusuma & Miartana, 2018).

4. Conclusion

Influence of brand name and millennial generation on consumer preferences and their impact on brand loyalty in MSMEs. Result this reseach on direct influence study: show that the brand name has a negative and insignificant effect on Brand Loyalty. Brand Name has a negative and insignificant effect on Customer Preference, Customer Preference has a positive and significant effect on Brand Loyalty, that Millennial Generation has a negative and insignificant impact on Customer Preference. While the indirect effect: Brand Name has a negative and insignificant effect on Brand Loyalty, Millennial Generation has a positive and significant effect on Brand Loyalty.

Future research will be developed regarding the variables that affect customer preference, such as brand suggestiveness, purchasing behavior, purchasing decisions and are presented to various MSME industrial sectors for the advancement of MSMEs in Indonesia.

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