MEDIATION MODEL OF CUSTOMER LOYALTY SAMSUNG SMARTPHONE DURING PANDEMI COVID 19 USING WARP PLS

Didik Gunawan[1]
DedyDwi Arseto[2]

[1]STIE BinaKaryaTebingTinggi , Indonesia, (E-mail: Didikgunawan63@gmail.com)
[2]STIE BinaKaryaTebingTinggi , Indonesia, (E-mail: dedydwiarseto@gmail.com)

Abstract:This study aims to analyze the effect of innovation and features on customer loyalty mediated by customer satisfaction of Samsung smartphones. Respondents of this study were students of STIE BinaKarya who used Samsung smartphones. The results of hypothesis testing using SEM analysis with WarpPls show that innovation has no effect on customer satisfaction of Samsung smartphones, features affect customer satisfaction of Samsung smartphones, innovation has no effect on customer loyalty of Samsung smartphones, features have no effect on customer loyalty of Samsung smartphones, customer satisfaction affects customer loyalty smartphone Samsung, innovation affects customer loyalty Samsung smartphones mediated by customer satisfaction and features affect customer loyalty Samsung smartphones mediated by customer satisfaction. Based on these results, it is recommended that Samsung increase its smartphone product innovation, especially in the lower middle segment because many consumers consider Samsung to be stingy in innovation, especially during the Covid 19 pandemic, such as today where people's purchasing power has decreased sharply..

Keywords:Innovation, Features, Satisfaction, Loyalty, Smartphone

Introduction

The people's purchasing power in 2020 experienced a tremendous decline due to the Covid 19 pandemic, in the first quarter of 2020 the Indonesian economy was still able to grow 2.97%, but when Indonesia began to detect the entry of the Covid 19 virus in March 2020, in the second quarter there were restrictions Large scale activities in almost all regions of Indonesia resulted in a decline in economic growth to -5.32%, although in the third quarter it was able to improve to -3.4%(*Daya Beli Masyarakat*, 2020).

One of the products most affected by the decline in people's purchasing power is a smartphone. In the smartphone market, especially in Indonesia, there is an extraordinary shift in interest. Globally, Samsung still dominates smartphone sales with a market share of 22% or a 2% growth compared to 2019, but the opposite occurs in Indonesia which can be seen in the following table (Adi Fida Rahman, 2020)

Table1 :Market Share of Smartphones in Indonesia in 2020

Vendor	Q2 2020	Q3 2020	ANNUAL GROWTH

OPPO	20,6%	24%	-4%
VIVO	21,2%	24%	30%
XIAOMI	17,9%	17%	-27%
SAMSUNG	19,6%	15%	-34%
REALME	13,6%	14%	15%

Source : www.inet.detik.com,2021

Table 1 shows that in the second quarter of 2020, Samsung still controlled the smartphone market share in Indonesia by 19.6%, but in the third quarter it decreased to only 15%, so that when viewed annually, there was a 34% decline in Samsung. This condition shows a shift in the taste of smartphone consumers in Indonesia during the Covid 19 pandemic, consumers seem to prefer smartphones made in China over Samsung, or in other words, the decline in customer loyalty of Samsung smartphones in Indonesia.

The decline in Samsung customer loyalty does not appear without reason. Customer loyalty can be formed from customer satisfaction which is the basis for the success of a company in increasing profits and market share of its products, because one of the main factors that determine customer loyalty is satisfaction(Pramudyo, 2012). When there is a problem with customer loyalty, what must be considered is customer satisfaction, because a customer who is not loyal is a customer who is not satisfied with a product. Consumer satisfaction is an assessment that involves emotions from consumers and occurs after consumers use a product where the perception of expectations and needs of consumers is met(Daryanto & Setyobudi, 2014).Several studies that explain the relationship between customer satisfaction and customer loyalty, among others(El-Adly, 2019), (Nyadzayo & Khajehzadeh, 2016), (Hapsari et al., 2017).

One of the factors that are considered to reduce customer satisfaction for Samsung smartphones is innovation, Samsung smartphones are considered to provide less innovation in their new products compared to competitors. There are several studies that explain the relationship between innovation and customer satisfaction, including research(Wikhamn, 2019), (Chen et al., 2015).

Apart from innovation, other factors are thought to be the cause of the decline in customer satisfaction of Samsung smartphones, namely features, features are a differentiated strategy to differentiate the advantages of a product from competing products, Samsung smartphones are known to be minimal with the latest features and only provide many new features in the flagship class. Research that explains the relationship between features and customer satisfaction, including research(Khairul Fata, Mukhlis Yunus, 2015).

This research was conducted on STIE BinaKaryaTebingTinggi students because students are people who are always up to date with the latest technology and issues. The results of this study are expected to provide input for companies in the smartphone sector, especially for Samsung to anticipate shifting customer loyalty during the Covid 19 pandemic.

Literature Review

Customer loyalty
Loyalty can be defined as loyalty without coercion in buying a product, this awareness arises from past experiences(Khairul Fata, Mukhlis Yunus, 2015). In measuring customer loyalty, 3 indicators are used, namely repeat purchases, retention and referalls(Kotler, 2012).

Customer satisfaction
Customer satisfaction can be defined as a comparison between the expectations and the reality of the services received by the customer, the services or results received must at least match expectations or if possible exceed them.(Normasari, 2013).In measuring customer satisfaction

there are 3 indicators that can be used, namely creating word of mouth, creating a brand image, and making purchasing decisions at the same company.(Kotler, 2012).

Product Innovation

Product innovation can be interpreted as an advancement that is given to a product so as to increase its functionality and make the product's position one step ahead of competitors.(Sukarmen et al., 2015).In measuring product innovation there are 3 indicators that can be used, namely creating new products, developing existing products, and following additional markets on existing products.(Kotler, 2012).

Features

Features can be defined as additional characteristics that a product provides to increase the attractiveness of the product or to complement existing deficiencies(Khairul Fata, Mukhlis Yunus, 2015). In measuring features there are 4 indicators that can be used, namely feature diversity, feature quality, feature completeness, and feature importance.
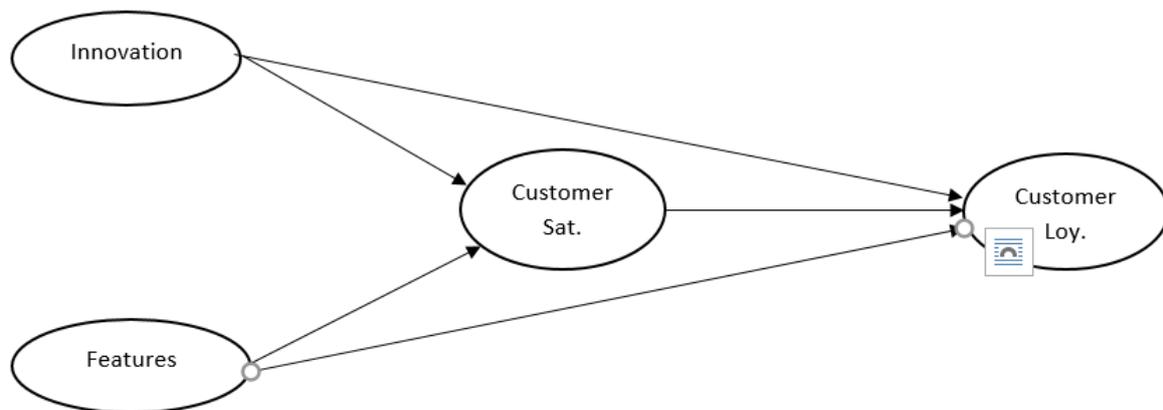
Research Model Conceptual Framework

Figure 1.Conceptual Framework

Source: processed data, 2021

Several studies that explain the relationship between customer satisfaction and customer loyalty include(Khairul Fata, Mukhlis Yunus, 2015), (Pramudyo, 2012), (Normasari, 2013), (Flint et al., 2011), (Konečnik Ruzzier et al., 2014), (El-Adly, 2019).

Other studies have explained the relationship between innovation and customer satisfaction, among others(Wikhamn, 2019), (Sukarmen et al., 2015), (Chen et al., 2015), (Ela Zakiya Muslichati, 2015). Research that explains the relationship between features and customer satisfaction, among others(Prayoga, Arief Fajar, Yudi Priyadi, Soeparwoto Dharmoputro, 2016). Research that explains the relationship between innovation and customer loyalty, among others (Foroudi et al., 2016), (Xu et al., 2014), (Yeh, 2015), (Ergün & Kuşcu, 2013).

Research that explains the relationship between features and customer loyalty, among others(Kim et al., 2016), (Koutsothanassi et al., 2017).
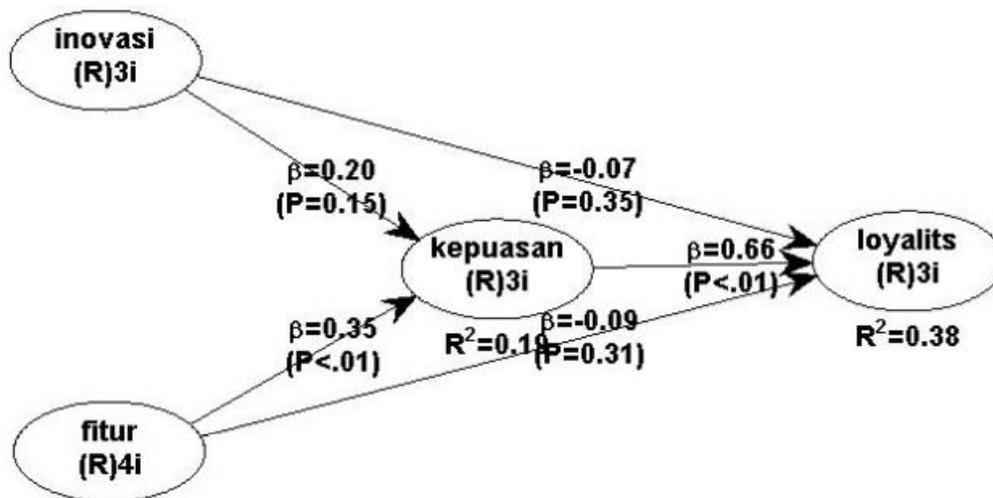
Hypothesis

H1 :Innovation has an effect on customer satisfaction for Samsung smartphones

H2 :Features has an effect on customer satisfaction for Samsung smartphones

H3 :Innovation has an effect on customer loyalty for Samsung smartphones

H4 :Features has an effect on customer loyalty for Samsung smartphones

H5 :Customer satisfaction affects customer loyalty of Samsung smartphones

H6 :Innovation affects customer loyalty of Samsung smartphones mediated by customer satisfaction

H7 :Features affect customer loyalty of Samsung smartphones mediated by customer satisfaction

Method –

This research is an explanatory research using a quantitative approach. The population of this study were students of STIE BinaKaryaTebingTinggi who used Samsung smartphones, the sampling technique used was purposive sampling with criteria 1). active students, 2). buying a Samsung smartphone more than once, based on these criteria a sample size of 40 people was obtained. The data analysis of this research used SEM modeling with the Warp PLS version 6.0 as a tool.

Result and Discussion

The results of data processing using Warp PLS show the following results :

Figure 2 : Full Struktural Equation Model

Source: processed data, 2021

Direct Effect

The results of testing the direct relationship hypothesis can be seen in the following table :

Table 2. Direct Effect

Hipotesis	p - value	Effect Size	Kesimpulan
H1	0,15	0,20	Hipotesisditolak
H2	< 0,01	0,35	Hipotesisditerima
H3	0,35	-0,07	Hipotesisditolak

H4	0,31	0,09	Hipotesisditolak
H5	<0,01	0,66	Hipotesisditerima

Source: processed data, 2021

Table 2 shows that the first hypothesis is rejected because the p value is 0.15> 0.05, so it can be concluded that innovation has no effect on customer satisfaction of Samsung smartphones. These results explain that the innovation that Samsung provides in its smartphone products is not able to satisfy customers, because new innovations are only given to the flagship series, while the majority of respondents use the middle to lower series.

Furthermore, the second hypothesis is accepted because the p value is smaller than 0.01, so it can be concluded that features affect customer satisfaction on Samsung smartphones. These results explain that Samsung smartphone features such as fast charging, wireless charging are able to satisfy customers.

The third hypothesis is rejected because the p value is 0.35> 0.05, so it can be concluded that innovation has no effect on customer loyalty of Samsung smartphones. Apart from not being able to satisfy customers, it turns out that Samsung smartphone product innovation is also unable to increase customer loyalty, because the middle and lower series Samsung smartphones are known to be poor in innovation..

The fourth hypothesis is rejected and rejected because the p value is 0.31> 0.05, so it can be concluded that features do not affect Samsung smartphone customer loyalty. Although the features provided by Samsung smartphones are able to satisfy customers, they are unable to increase customer loyalty, this can happen because the features given to new products do not change so that customers are bored with existing features.

The fifth hypothesis is accepted because the p value is smaller than 0.01, so it can be concluded that customer satisfaction affects customer loyalty of Samsung smartphones. Satisfied Samsung smartphone customers will tend to refer and try to buy back Samsung smartphones.

Indirect Effect

The results of testing the indirect relationship hypothesis using Warp Pls 6.0 can be seen in the following table.

Table 3: Indirect Effect

Hipotesis	Direct Effect	Indirect Effect	Kesimpulan
H6	-0,07	0,132	Hipotesisditerima
H7	0,09	0,231	Hipotesisditerima

Source: processed data, 2021

Table 3 shows that the sixth hypothesis is accepted because the direct effect of -0.07 is smaller than the indirect effect of 0.132, meaning that innovation has an effect on customer loyalty of Samsung smartphones mediated by customer satisfaction. These results explain that although innovation does not affect customer loyalty, a strategy of increasing customer satisfaction will be able to increase customer loyalty for Samsung smartphones.

Furthermore, the seventh hypothesis is accepted because the direct effect of 0.09 is smaller than the indirect effect of 0.231 meaning that features have an effect on customer loyalty of Samsung smartphones mediated by customer satisfaction..

Conclusion

Based on the previous hypothesis testing, it can be concluded that innovation has no effect on customer satisfaction of Samsung smartphones, features have an effect on customer satisfaction of Samsung smartphones, innovation has no effect on customer loyalty of Samsung smartphones, features have no effect on customer loyalty of Samsung smartphones, customer satisfaction affects customer loyalty. Samsung, innovation has an effect on customer loyalty of Samsung smartphones mediated by customer satisfaction and features affect customer loyalty of Samsung smartphones mediated by customer satisfaction. Based on these results, it is recommended that Samsung increase its smartphone product innovation, especially in the lower middle segment because many consumers think that Samsung is stingy with innovation, especially during the Covid 19 pandemic, such as today where people's purchasing power has decreased sharply..

References

Adi Fida Rahman. (2020). *Oppo Jadi Penguasa Pasar HP Indonesia di Q3 2020*. https://inet.detik.com/business/d-5248191/oppo-jadi-penguasa-pasar-hp-indonesia-di-q3-2020

Chen, J. K. C., Batchuluun, A., & Batnasan, J. (2015). Services innovation impact to customer satisfaction and customer value enhancement in airport. *Technology in Society*. https://doi.org/10.1016/j.techsoc.2015.05.010

Daryanto & Setyobudi. (2014). *Pelanggan dan Pelayanan Prima*. Gava Media.

Daya beli masyarakat. (2020). https://www.kontan.co.id/tag/daya-beli-masyarakat

El-Adly, M. I. (2019). Modelling the relationship between hotel perceived value, customer satisfaction, and customer loyalty. *Journal of Retailing and Consumer Services*. https://doi.org/10.1016/j.jretconser.2018.07.007

Ela Zakiya Muslichati, S. W. (2015). Pengaruh Kualitas Layanan Dan Inovasi Layanan Terhadap Kepuasan Konsumen Pada Rumah Sakit Buah Hati Kudus. *Management Analysis Journal*, *4*(4), 341–347. https://doi.org/10.15294/maj.v4i4.8887

Ergün, H. S., & Kuşcu, Z. K. (2013). Innovation Orientation, Market Orientation and e-Loyalty: Evidence from Turkish e-Commerce Customers. *Procedia - Social and Behavioral Sciences*. https://doi.org/10.1016/j.sbspro.2013.10.520

Flint, D. J., Blocker, C. P., & Boutin, P. J. (2011). Customer value anticipation, customer satisfaction and loyalty: An empirical examination. *Industrial Marketing Management*. https://doi.org/10.1016/j.indmarman.2010.06.034

Foroudi, P., Jin, Z., Gupta, S., Melewar, T. C., & Foroudi, M. M. (2016). Influence of innovation capability and customer experience on reputation and loyalty. *Journal of Business Research*. https://doi.org/10.1016/j.jbusres.2016.04.047

Hapsari, R., Clemes, M. D., & Dean, D. (2017). The impact of service quality, customer engagement and selected marketing constructs on airline passenger loyalty. *International Journal of Quality and Service Sciences*. https://doi.org/10.1108/IJQSS-07-2016-0048

Khairul Fata, Mukhlis Yunus, M. S. A. M. (2015). Loyalitas Merek Handphone Samsung Di Banda Aceh. *Jurnal Manajemen*, *4*(3), 131–140.

Kim, M. K., Wong, S. F., Chang, Y., & Park, J. H. (2016). Determinants of customer loyalty in the Korean smartphone market: Moderating effects of usage characteristics. *Telematics and Informatics*. https://doi.org/10.1016/j.tele.2016.02.006

Konečnik Ruzzier, M., Ruzzier, M., & Hisrich, R. (2014). Value, satisfaction and customer loyalty. In *Marketing for Entrepreneurs and SMEs*. https://doi.org/10.4337/9781781955970.00008

Kotler, P. (2012). Marketing management/Philip Kotler, Kevin Lane Keller. *Pearson Education International*.

Koutsothanassi, E., Bouranta, N., & Psomas, E. (2017). Examining the relationships among service features, customer loyalty and switching barriers in the Greek banking sector. *International Journal of Quality and Service Sciences*. https://doi.org/10.1108/IJQSS-02-2017-0013

Normasari, S. (2013). Pengaruh Kualitas Pelayanan Terhadap Kepuasan Pelanggan, Citra Perusahaan Dan Loyalitas Pelanggan Survei padaTamu Pelanggan yang Menginap di Hotel Pelangi Malang. *Jurnal Administrasi Bisnis S1 Universitas Brawijaya*, *6*(2), 77767.

Nyadzayo, M. W., & Khajehzadeh, S. (2016). The antecedents of customer loyalty: A moderated mediation model of customer relationship management quality and brand image. *Journal of Retailing and Consumer Services*. https://doi.org/10.1016/j.jretconser.2016.02.002

Pramudyo, A. (2012). Pengaruh Citra Merek Terhadap Loyalitas Melalui Kepuasan Sebagai Intervening (Studi pada Mahasiswa Perguruan Tinggi Swasta di Yogyakarta). *JBMA*, *I*(1), 1–16.

Prayoga, Arief Fajar, Yudi Priyadi., ST., M.T, Soeparwoto Dharmoputro., Ir., M. (2016). Pengaruh Fitur Chatting Dan Tawar Pada Aplikasi Shopee Terhadap Kepuasan Pelanggan. *E-Proceeding of Management*.

Sukarmen, P., Sularso, A., & Wulandari, D. (2015). Analisis Pengaruh Inovasi Produk Terhadap Kepuasan Konsumen Dengan Keunggulan Bersaing Sebagai Variabel Intervening Pada Produk Gula Pasir Sebelas (Gupalas) Pabrik Gula Semboro Ptp Nusantara XI (Persero). *Jurnal Ekonomi Akuntansi Dan Manajemen*, *12*(2), 64–79.

Wikhamn, W. (2019). Innovation, sustainable HRM and customer satisfaction. *International Journal of Hospitality Management*. https://doi.org/10.1016/j.ijhm.2018.04.009

Xu, X., Thong, J. Y. L., & Venkatesh, V. (2014). Effects of ICT service innovation and complementary strategies on brand equity and customer loyalty in a consumer technology market. *Information Systems Research*. https://doi.org/10.1287/isre.2014.0540

Yeh, Y.-P. (2015). Corporate social responsibility and service innovation on customer loyalty. *International Journal of Bank Marketing*. https://doi.org/10.1108/ijbm-09-2014-0130