

The Effect of Brand Image and Product Differences on Customer Loyalty: A Case Iphone Users in Private University

John Pieter¹, AgusArijanto², Sri Murni Setyawati³, Refius Setyanto⁴

¹Postgraduate Student of Doctor of Management Science, UniversitasJenderalSoedirmanPurwokerto, Central Java, Indonesia

²Senior Lecturer to Economic and Business Faculty, UniversitasMercuBuana Jakarta, and Postgraduate Student of Doctor of Management Science, UniversitasJenderalSoedirmanPurwokerto, Central Java, Indonesia

³Sri MurniSetyawati, The ProfesorPostgraduate Program of UniversitasJenderalSoedirman, Doctor of Management Science, Purwokerto, Central Java, Indonesia

⁴RefiusSetyanto, The Senior Lecturer to Postgraduate Program of UniversitasJenderalSoedirman, Doctor of Management Science, Purwokerto, Central Java Indonesia

Abstract:

Background: This research aims to know the influence of brand image and product differentiation to customers loyalty of iPhone. The object for this research is student iPhone users in Mercu Buana University. This research was done to 100 respondents by using quantitative-descriptive approach. Thus, data analysis which is used is statistic analysis in the form of double linear regression test.

Materials and Methods: The result of this research shows that either simultaneously or partially, the variable of brand image and product differentiation influence of customer loyalty iPhone in the private university students. It has been proven from the result of (F) simultaneous test and the result of (T) partial shows significant. Point of two independent variables that supports the hypothesis. Therefore, the accepted assumption is, there is influence between brand image and product differentiation to customer loyalty iPhone in Private University.

Results: Effect of Brand Image on Customer Loyalty: The results of multiple linear regression analysis showed that brand image has a positive effect on iPhone customers loyalty, this can be done through brand strength, brand uniqueness and favorite brand. This is in line with previous research where brand image affects customer loyalty in the authorized Apple service provider in Jakarta. This shows that brand image as an important factor in determining iPhone customer loyalty to students. Second, Effect of Product Differentiation on Customer Loyalty The results of multiple linear regression analysis show that product differentiation has a positive effect on iPhone customer loyalty. This can be done through form, features, adjustments, performance quality, conformity quality, durability, reliability, easy to repair, style and design.

Conclusion: the following conclusions can be drawn by the researcher. The conclusion of this study is following the research objectives, namely to find out how the influence of brand image and product differentiation on iPhone customer loyalty. The conclusions obtained after conducting the analysis are as follows: Brand image influences iPhone customers loyalty at this students of private university, where the better the brand image can increase customer loyalty of a company. Product differentiation influences iPhone customers loyalty at student of private university, where the higher product differentiation can increase customer loyalty in a company. Brand image and product differentiation affect iPhone customer loyalty at student of private university, where the higher brand image and product differentiation can increase consumer loyalty in a company.

Key Word: Brand image, product differentiation, customer loyalty, iPhone, student of private university university.

Date of Submission: 01-08-2020

Date of Acceptance: 16-08-2020

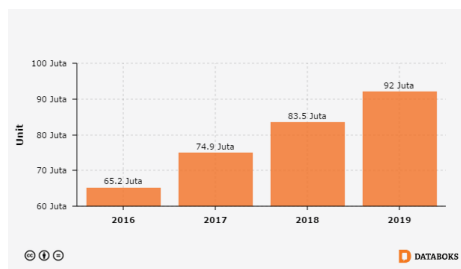
I. Introduction

Technology can not be separated from human life, as long as human civilization still exists, technology will always be an important thing in life and will always develop. Especially in this modern era, technological development is increasing, Various new technologies were created, including telecommunications technology especially mobile phones. With this increasing need, it is also driving the need for mobile phones that can do everything (smartphones) ranging from communication, push email, online shopping, browsing, even just status updates on social media, and much more. This tendency is what causes the smartphone needs to increase and even become a necessity of life.

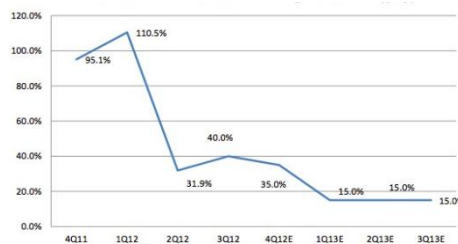
The competition is getting tougher, not to mention the entry of new players who offer cheaper prices with almost the same quality. But some products with relatively the same quality, model, and features can have

different values in the market due to different perceptions in the minds of customers. Customers perception is described because the brand grows in the minds of customers. Therefore, the company strives to create a strong image of its brand to win the hearts of customers. Although mobile phones have existed in Indonesia for a long time, only in a few years the competition between mobile phones is so fast. Until now, competition between Blackberry, Samsung Galaxy Series, and iPhone is getting tougher.

The iPhone is a line of smartphones designed and marketed by Apple Inc. Apple Inc. is a multinational company headquartered in Silicon Valley, Cupertino, California, and is engaged in the design, development, and sale of goods that include customer electronics, computer software, and personal computers. Apple Inc. was founded on April 1st, 1976, and was incorporated into Apple Computer, Inc. on January 3, 1977. On January 9, 2007, the word "Computer" was removed to reflect Apple's focus on the customers electronics field after the iPhone's launch. Apple is known for its range of software products including the OS X and iOS operating systems, iTunes music player, and Safaf web browser, and hardware including iMac desk computers, MacBook Pro laptop computers, iPod songs players, Apple Watch smartwatches and iPhone mobile phones. iPhone uses Apple's iOS mobile operating system known as "iPhone OS". This is one of the differences possessed by iPhone cellphones, namely the iOS operating system that is not owned by other brands of mobile phones. A variety of strategies carried out by the iPhone is expected to increase customer loyalty. However, this expectation has not been optimally achieved because from the observations it can be seen that there is a fluctuating level of customer purchases for iPhone cellphones. To get a picture of the level of customers loyalty, it can be seen in the iPhone mobile phone sales data for the years 2016-2019.



The iPhone International Sell Growth 2011 - 2013



Source: Company reports and Raymond James estimates

Based on the table above it can be explained that the number of sales of iPhone products tends to decrease every year. Especially in 2013 which was the lowest number of iPhone product sales in the period 2011 - 2013, reaching 15%. In addition to the above data the author also asked 10 iPhone users whether they will continue to use iPhone phones in the future, the result is that 40% of users will not use iPhone phones in the future. In the face of business competition in the field of smartphones iPhone mobile phones have made various efforts by building a good image and differentiating iPhone phones with similar products in the market one of them by using a high-speed processor, the iPhone also uses Apple's iOS operating system and has an Apple Store that makes it easy for iPhone users to download and install various applications, both paid and free. These advantages and differences are not shared by other brands of mobile phones so that their characteristics or product differentiation are only owned by the iPhone brand. Various strategies that have been carried out by the iPhone are expected to increase customer loyalty.

According to above the problem formulations as follows : (a) Does brand image matter iPhone customer loyalty? (b) What is Product Differentiation affect iPhone customer loyalty? (c) What is Brand Image and Product differentiation simultaneously affects iPhone customer loyalty?

II. Material And Methods

Brand Image

According to (Kotler, 2008) brand image is the perception and belief carried out by customers, as reflected in the associations that occur in customers memory. According to Keller (in Ferrindadewi, 2009), brand image is a perception of a brand that is a reflection of customer's memory of its association with that brand. Meanwhile, according to Hanifah, Ali and Prayoga, ArifBowo, 2016, the Effect of Promotion On Brand On Taking Decision To Be UniversitasMercuBuana Students, Scientific Journal of Management and Business, Vol. 2 number 2, UniversitasMercuBuanasaid that brand image is the result of research rather than a customers perception of a product or service brand, both positive and negative. Brand image is a result of research from perceptioncustomers toward brand. Rating mentioned can be positive but also negative, things it depends on how the company forms a image in the momentits customers. A good brand image is sure to give an impacthang out for the company. Meanwhile, a bad brand image willhas an "adverse" impact on the company. according to Susanto (Nugroho, 2011: 11) brand image is what customers perceive of a brand. From the above understanding it can be concluded that the brand image is the customer's perception of a brand through information or customers experience of the brand.The image formed must be clear and have an advantage when compared to its competitors. Because without a strong and positive image, it is very difficult for companies to attract new customers and retain existing ones, and at the same time ask them to pay high prices. (Susanto in Farid Yuniar Nugroho, 2011: 9).The dimensions of the brand image are carried out through an assessment of 3 main brand provisions (Keller 2008), namely: (1) Brand Strength, Brand strength leads to various physical advantages possessed by one brand and cannot be found in other brands. Brand strength includes physical appearance, functioning of all facilities owned, price and appearance of supporting facilities.(2) Brand Uniqueness; The uniqueness of a brand is the uniqueness that is owned by a brand, in order to differentiate themselves from brands that are on the market. Characteristic means the differentiation between a brand with other brands. Distinctive features or unique impressions emerge from product attributes circulating in the market covering the variety of services provided, as well as being compensated through physical appearance, such as slogans, logos and others. (3) Favorite Brand (Favorable Brand). Favorable brand refers to the ability of a brand to be easily remembered by customers. Favorite brands include the ease with which the brand is pronounced, the brand's ability to be remembered by customers.Based on the description above, it can be concluded that the brand image is very closely related to what people think and feel about a particular brand so that in the brand image psychological factors play a role more than the physical factors of the brand. An influential brand has high customer brand awareness and loyalty.

Product Differentiation

According to Kotler and Keller (2009), stating that product differentiation is the act of designing a series of meaningful differences to distinguish a company's offer from a competitor's offer. According to (John A Pearce and Richard B Robinson, 2009: 247) differentiation is a business strategy that seeks to build competitive advantage with products or services by differentiating other products available, based on performance features, or other factors that are not is directly related to cost pricing. According to (Kartajaya, 2010: 21) differentiation is all the efforts made by the company to create a difference between competitors to provide the best value for customers.

dimensions of product differentiation according to Kotler & Keller (2008: 8) are as follows :

1. Form: Many products can be differentiated based on the shape, shape, or physical structure of the product.
2. Features: Most products can be offered by varying features that complement their basic functions. The company can identify and choose new features that can by surveying the latest buyers and then calculating the proportion of customer value with the company's costs for each potential feature. Companies must also consider how many people are looking for each feature, how long it will take to introduce it, and whether competitors can easily emulate it. To avoid "feature fatigue", companies must also be careful in prioritizing features covered and finding clear ways to provide information about how customers can use and utilize these features. Companies also need to think based on a collection or packaging of features. Each company must decide whether it will offer customization of features at a higher cost or some standard packaging at a lower cost.
3. Adjustments: Marketers can differentiate products by adjusting the product to individual desires. As companies are increasingly good at gathering information about individual customers and business partners (suppliers, distributors, retailers), and when their factories are designed to be more flexible, they have increased their ability to individualize market offerings, messages, and media. Customizing each customer to prepare individually-based mass-designed products, services, programs, and communications.
4. Quality Performance : The rate at which the main characteristics of the product operate. Quality becomes an increasingly important dimension to differentiation when companies adopt a value model and provide higher quality with lower money. Despite this, companies do not always have to design the highest level of performance possible. Manufacturers must design the right level of performance for the target market and the

level of performance of competitors. The company must manage the quality of performance all the time. By continuing to improve the product, companies can produce high levels of take-up and market share, failure to do so will have negative consequences.

5. Conformance Quality : The quality of conformity refers to the degree to which all units produced are identical and meet the promised target specifications.

6. Endurance : A measure of the expected life of the product under ordinary or stressful conditions is a valuable attribute for certain products.

7. Reliability : A measure of the probability that a product will not malfunction or fail within a certain period

8. Easily Repaired : A measure of the ease of product repair when the product is not functioning or failing. The ideal ease of repair occurs if the user can repair the product himself with little cost and time. Some products include diagnostic factors that enable service people to fix problems over the telephone or advise users on how to fix them.

9. Style : Describe the appearance and feeling of the product for the buyer. Style is an advantage in creating differences that are difficult to imitate. On the downside, a strong style doesn't always mean high performance.

10. Design : When competition is getting stronger, design offers a potential way to differentiate the company's products and services. In this increasingly fast market, price and technology are not enough. Design is a factor that often gives a company a competitive advantage. The totality of features that affect the way the appearance and function of a product in terms of customer needs. Design is very important especially in retail marketing and marketing services, clothing, investment in form, feature development, performance, compatibility, durability, reliability, ease of repair, and style. For companies, well-designed products are products that are easily made and distributed. For customers, a well-designed product is a product that looks pleasing and is easy to open, open, use, repair and remove. Designer must take into account all these factors. A good opinion or design is very convincing especially for smaller customer product companies and startup companies that do not have a large advertising budget. From some of these notions it can be concluded that product differentiation is a differentiator of a product with other similar products that the company undertakes as a strategy to deal with competitors.

Customer Loyalty

According to Oliver (in Hurriyati, 2010) loyalty is the commitment of customers to stay in depth to re-subscribe or re-purchase selected products or services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavior change. Loyal customers are company assets. This loyalty arises without coercion, but arises from one's consciousness in the past. Customer loyalty according to Amin Widjaja Tunggal (2008: 6) is customer attachment to a brand, store, manufacturer, service provider, or other identity based on favorable attitudes and good responses, such as repurchase. According to Gremler and Brown (in Ali Hasan, 2008: 83) that customer loyalty is a customer who not only repurchases an item and service, but also has a commitment and a positive attitude towards the service company, for example by recommending others to buy. Meanwhile, according to (Arnould, Price, and Zinkan in OgiSulistian, 2011: 34) customer loyalty is the commitment of customers to stay in depth to re-subscribe or re-buy selected products or services consistently in the future, despite the influence of the situation and efforts marketing has the potential to cause behavior change. Loyal customers are an important asset for the company, this can be seen from the characteristics they have, as Griffin revealed, quoted by RatihHurriyati (2008: 130), loyal customers have the following dimensions:

1. Regularly redevelop : Is a customer who has purchased a product twice or more. They are those who make purchases of the same product twice or buy two kinds of products that are on two different occasions.

2. Buying outside the product / service line :

That is to buy all the goods / services that are offered and they need. They buy regularly, the relationship with this type of customer is strong and lasts a long time, which makes them unaffected by competitors' products.

3. Recommend the product to others : It means buying goods / services offered and what they need, and making regular purchases. Besides, they encourage their friends to buy goods or use the services of the company and recommend the company to others, thereby indirectly they have done marketing for the company and bring customers to the company.

4. Demonstrate immunity from the appeal of similar products from competitors : The point is not easily influenced by the pull of products or services from competing companies.

According to the description above, it can be concluded that customer loyalty is the loyalty of the customer to stay afloat and make a repurchase of an item or service and even recommend it to others because they are satisfied with the goods or services he uses. Without loyal customers, we can be sure that a company's business growth will not run smoothly. Without loyal customers large advertising funds are needed to attract new customers.

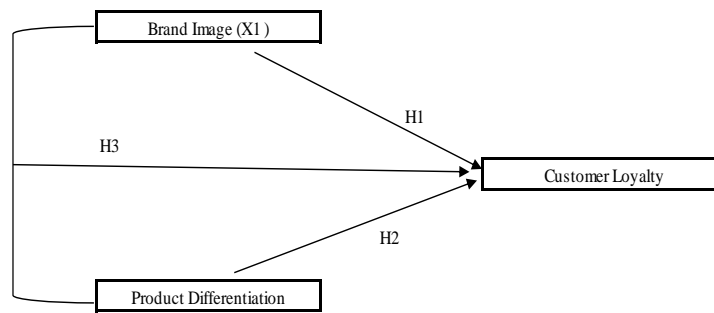


Figure : The conceptual framework

Hypothesis

H1: There is an influence of Brand Image onCustomers Loyalty on iPhone products.

H2: There is an effect of Product Differentiation onCustomer Loyalty on iPhone products

H3: There is an influence of Brand Image and DifferentiationSimultaneous products for LoyaltyCustomers on iPhone products

III. Result

Based on the results of the questionnaire, that iPhone product users at the private university (UMB) were dominated by women, amounting to 65 respondents. And respondents dominated by 19-21 years old that is equal to 69 respondents. Most respondents use iPhone <1 year which is equal to 57 respondents. And the results of the study also showed that most respondents had an allowance of between Rp. 500,000 - Rp. 1,000,000 which is 45 respondents.

| No | Variabel | Test of Validitas | | |
|----|------------------------|-------------------|---------|-------|
| | ProductDifferensiation | r hitung | r table | Note |
| 1 | DP1 | 0,404 | 0,196 | Valid |
| 2 | DP2 | 0,421 | 0,196 | Valid |
| 3 | DP3 | 0,552 | 0,196 | Valid |
| 4 | DP4 | 0,508 | 0,196 | Valid |
| 5 | DP5 | 0,561 | 0,196 | Valid |
| 6 | DP6 | 0,465 | 0,196 | Valid |
| 7 | DP7 | 0,436 | 0,196 | Valid |
| 8 | DP8 | 0,338 | 0,196 | Valid |
| 9 | DP9 | 0,262 | 0,196 | Valid |
| 10 | DP10 | 0,364 | 0,196 | Valid |
| 11 | DP11 | 0,563 | 0,196 | Valid |
| 12 | DP12 | 0,423 | 0,196 | Valid |
| 13 | DP13 | 0,577 | 0,196 | Valid |
| 14 | DP14 | 0,455 | 0,196 | Valid |

Validity test is done to measure the validity or validity of a questionnaire

| variable | Test of Validity | | |
|-------------|------------------|---------|-------|
| Brand Image | r-statistic | r table | Note |
| CM1 | 0,722 | 0,196 | Valid |
| CM2 | 0,455 | 0,196 | Valid |
| CM3 | 0,458 | 0,196 | Valid |
| CM4 | 0,546 | 0,196 | Valid |
| CM5 | 0,717 | 0,196 | Valid |
| CM6 | 0,701 | 0,196 | Valid |

Sources : (Ghozali, 2011: 52). A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. (Imam Ghozali in Made Novandri, 2010: 32). An instrument is said to be valid if it is able to measure what is desired and can reveal data from the variables studied appropriately.

a. Test the Validity of Brand Image

The results of the calculation of the validity test of brand image variables indicate that all items in the questionnaire are all valid. Each questionnaire item declared valid because $r_{count} > r_{table}$. Thus it can be stated that the validity test of all questions in the brand image questionnaire can be trusted and can be used to retrieve research data.

b. Product Differential Validity Test

The results of the calculation of the validity test of the product differentiation variable indicate that all of the questionnaire items are all valid. Each questionnaire item declared valid because $r_{statistic} > r_{table}$. Thus it can be stated that the validity test of all questions in the product differentiation questionnaire can be trusted and can be used to retrieve research data.

| No | variable | Tesk of Validity | | |
|----|------------------|------------------|---------|-------|
| | customer loyalty | r-statistic | r table | Note |
| 1 | LK1 | 0,566 | 0,196 | Valid |
| 2 | LK2 | 0,658 | 0,196 | Valid |
| 3 | LK3 | 0,545 | 0,196 | Valid |
| 4 | LK4 | 0,559 | 0,196 | Valid |
| 5 | LK5 | 0,507 | 0,196 | Valid |
| 6 | LK6 | 0,59 | 0,196 | Valid |
| 7 | LK7 | 0,733 | 0,196 | Valid |

Validity test calculation resultsof customer loyalty variables indicate that all items of the questionnaire are all valid. Each questionnaire item declared valid because $r_{count} > r_{table}$. Thus it can be stated that the validity test of all questions in the customer loyalty questionnaire can be trusted and can be used to retrieve research data.

Reliability Test

According to Ghozali (2009: 45) reliability is a tool to measure a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable if someone's answer to the question is consistent or stable from time to time. (Imam Ghozali in Made Novandri, 2010: 34). The following is a reliability test table:

| Variable | Alpha | Note |
|-------------------------|-------|----------|
| Brand Image | 0,65 | Reliabel |
| Product Differensiation | 0,705 | Reliabel |
| Customer loyalty | 0,693 | Reliabel |

From the above table it can be seen that the Cronbach's Alpha value for the brand image variable is 0.650, product differentiation is 0.705 and customers loyalty is 0.693, the Cronbach's Alpha value of the three variables > 0.60 , it can be concluded that the questions for the three variables are reliable so research can be continued.

Analysis of Research Results

1. Effect of Brand Image on Customer Loyalty : The results of multiple linear regression analysis showed that brand image has a positive effect on iPhone customer loyalty, this can be done through brand strength, brand uniqueness and favorite brand. This is in line with previous research conducted by Candra Prasetio (2012) where brand image has an effect on customer loyalty in the authorized Apple Service provider in Jakarta. This shows that brand image as an important factor in determining iPhone customers loyalty to this private university.

2. Effect of Product Differentiation on Customer Loyalty : The results of multiple linear regression analysis show that product differentiation has a positive effect on iPhone customer loyalty. This can be done through form, features, adjustments, performance quality, conformity quality, durability, reliability, easy to repair, style and design. This is in line with previous research conducted by Taufan Yunanda Ersa (2013) where product differentiation has an effect on customer loyalty at one of the company in Kudus Central Java This shows that

product differentiation as an important factor in determining iPhone customer loyalty to this private university students

IV. Discussion

The discussion material in this study is following the research objective, which is to find out how the influence of brand image and product differentiation on iPhone customer loyalty, that brand image has an effect on iPhone customer loyalty in a private university where the better brand image can increase customer loyalty in a company. And product differentiation influences iPhone customer loyalty at private university students, where the higher product differentiation can increase customer loyalty in a company, and brand image and product differentiation affect iPhone customer loyalty at a private university, where the higher the brand image and product differentiation can increase customer loyalty in a company. However, this study has not seen gender and student division with social status, so it is suggested that future research can include other variables that can enhance this research. Apart from the above, the researcher can advise as follows :

1. Apple Inc. Company is expected to further strengthen the iPhone brand image so that customers always remember, and determine a more affordable price for all groups. Because with the appropriate brand image and price, customer loyalty to iPhone products will increase. It is also expected that the company can continue to develop iPhone mobile phones so that they have advantages and can create stronger product differentiation.
2. For future research, it is expected to be able to add several research objects in the same field, not only brand image and product differentiation so that researchers will know the causes of various customer loyalty.

V. Conclusion

After analyzing the research in the previous chapter, the following conclusions can be drawn by the researcher. The conclusion of this study is by the research objectives, namely to find out how the influence of brand image and product differentiation on iPhone customer loyalty. The conclusions obtained after conducting the analysis are as follows : (1) Brand image influences iPhone customer loyalty at this private university, where the better the brand image can increase customer loyalty of a company.(2) Product differentiation influences iPhone customer loyalty at this private university, where the higher product differentiation can increase customer loyalty in a company. (3) Brand image and product differentiation affect iPhone customer loyalty at a private university, where the higher brand image and product differentiation can increase customer loyalty in a company.

References

- [1]. Anastuti, Karina Utami., Arifi, Zainul., Wilopo. 2014. Effect of Product Differentiation on Customer Satisfaction. Vol 7, No. January 1, 2014.
- [2]. Ali dan Prayoga, ArifBowo , 2016, the Effect of Promotion On Brand Image On Taking Decision To Be UniversitasMercuBuana Students, Journal Science Management and Business Manajemem, Vol. 2 nomor 2,.
- [3]. Chandra, Handi. 2008. Marketing for Lay People Chandra. Maxikom: Bandung.and Related Disorders
- [4]. Cross, Richard and Janet Smith, (1995). Customer Bonding: Pathway To Lasting CustomerLoyalty, Lincolnwood: NTC Publishing Group.
- [5]. Dunn, W.N., (2004). Public Policy Analysis. Gadjah Mada University Pres. Yogyakarta
- [6]. Kartajaya, Hermawan. 2007. Boosting Loyalty Marketing Performance: Using Sales Techniques, Customer Relationship Management, and Services to Boost Profit. Mark plus .: Bandung
- [7]. Lovelock, Christopher H. and Lauren K. Wright, (2007). Marketing Management Services, Jakarta: PT. INDEX. Translate.
- [8]. Kotler, Philip, (1997). Marketing Management: Analysis, Marketing, Imple, Emnation and Control (eighth edition, translation, ArcellaAriwatiHermawan. Jakarta: SalembaEmpat.
- [9]. Kotler, Philip & Gary Armstrong. 2008. Principles of Marketing 12th Edition Volume 1. Erlangga: Jakarta
- [10]. Kotler, Philip & Kevin Lane Keller. 2009. Marketing Management Volume 1 Issue 13. Erlangga: Jakarta.
- [11]. Kotler, Philip & Kevin Lane Keller. 2009. Marketing Management Volume 2 Issue 13. Erlangga: Jakarta
- [12]. Prasetio, Chandra. 2012. Influence Brand Image of Customer Loyalty.
- [13]. Rangkuti, Freddy, (2003). Measuring Customer Satisfaction, Jakarta: PT. Gramedia
- [14]. Saputri, MarheniEka., Pranata, TututRatna. 2014. The Effect of Brand Image on the Loyalty of iPhone Smartphone Users. Vol 13, No. December 3, 2014.
- [15]. Sugiyono 2009. Business research methods in quantitative and qualitative approaches to R&D. Alfabeta: Yogyakarta.
- [16]. Sunyoto, Danang. 2015. Behavior Consumer and Marketing. CAPS .: Jakarta.
- [17]. Tjiptono, Fandy, (1997). Principles of Total Quality Service, Fourth Edition, Publisher, Yogyakarta.
- [18]. Umar, Husein, (2000). Marketing Research and Consumer Behavior, Jakarta: PT. Gramedia

John Pieter, et. al. "The Effect of Brand Image and Product Differences OnCustomer Loyalty: A Case Iphone Users in Private University." *IOSR Journal of Business and Management (IOSR-JBM)*, 22(8), 2020, pp. 47-53.