How The Customer Satisfaction And Brand Trust Act as Mediating Variables? Case of iPhone Users in the Banda Aceh City

Zulfan Effendy[*], Permana Honeyta Lubis and Sorayanti Utami
Department of Management, Universitas Syiah Kuala, **Indonesia**

Abstract

This research aims to analyze the effect of perceived value on brand loyalty both directly and indirectly through customer satisfaction and brand trust. The sampling technique used is the convenience sampling with the size of respondents as many as 170 iPhone users in the Banda Aceh city, while the data analysis technique used is Structural Equation Model (SEM). This research finds the several premises that strengthen the previous theories, that are: perceived value effects customer satisfaction and brand trust significantly; customer satisfaction and brand trust effects brand loyalty significantly; perceived value directly does not have a significant effect on brand loyalty, but indirectly perceived value effects brand loyalty through customer satisfaction and brand trust.

Keywords: Perceived Value, Customer Satisfaction, Brand Trust, Brand Loyalty.

1. Introduction

Brand loyalty is a symbol of a constructive mind towards a brand that leads to the purchase of a brand that stays over time (Severi & Ling, 2013). Brand loyalty can also be said as a response that reflects a customer to buy back a product and survive with the same brand and convey positive things about the brand (Utami, 2015).

Brand loyalty can be influenced by the customer trust level in a brand. Brand trust is the desire of the customer to depend on the ability of the brand to carry out its functions as expected (Jin, Line, & Merkebu, 2016). Brand trust can also be stated as the consumer willingness to depend on the ability of a brand to carry out all its uses or functions (H. Chung & Kim, 2014). Customer trust in a brand is important in creating loyalty, because when a customer has full trust in a brand, the customer will tend to be loyal to the brand (Lubis, 2015).

Brand loyalty can also be influenced by the level of customer satisfaction with a brand. Customer satisfaction is a collective result of perceptions, evaluations, and psychological reactions to the consumption experience of a certain product (Puriwat & Tripopsakul, 2017). Customer satisfaction can also be defined as an evaluation result from the purchasing stage up to the post-purchase stage regarding how well the product can meet customer expectations (Saleem & Rashid, 2011). Customer satisfaction can be said as an important factor in creating loyalty, because when a person feels satisfied with a brand, the customer will be loyal to the brand (Omar, Wel, Aziz, & Alam, 2013).

On the other hand, the perceived value by the customer can also affect brand loyalty. The perceived value is the customer's evaluation of an object by considering all the benefits and

costs of the object (Razavi, Safari, & Shafie, 2012). The perceived value is a consequence of the overall assessment of the benefits received and the costs incurred by the customer to obtain a particular product (Raza, Siddiquei, Awan, & Bukhari, 2012). The perceived value of the customer has an important role in creating loyalty, because the higher the perceived value by the customer towards a brand, the customer loyalty towards that brand will increase (Yeh, Wang, & Yieh, 2016).

From the previous descriptions, it is known that perceived value, customer satisfaction, and brand trust are factors that can determine brand loyalty. As for the background in this research, there are differences in the results of research that have been done by previous researchers (research gap). The previous studies found that perceived value (K. Chung, Oh, Kim, & Park, 2015), customer satisfaction (Igau et al., 2013), and brand trust (K. Chung et al., 2015) have significant effect on brand loyalty. Meanwhile, there are also results of researchs that found that perceived value (Pan & Kang, 2016) customer satisfaction (Otengei, Changha, Kasekende, & Ntayi, 2014), and brand trust (Detha Misgi Pratiwi, David P.E Saerang, 2015) have not significant effect on brand loyalty.

The research by (Shoki, Fen, Zakuan, Ishak, & Ismail, 2012), (Tung, 2013), and (Igau et al., 2013) concluded that the better the perceived value by customers for a brand, the more satisfaction will also increase customer of that brand. Then, the study by (Ahmed, Rizwan, Ahmad, & Haq, 2014), (Pan & Kang, 2016), and (Prameka, Do, & Rofiq, 2016) resulted that the better the perceived value by customers for a brand, the more the customer's trust in the brand has also increase.

(Kainth & Verma, 2013), (K. Chung et al., 2015), and (Yeh et al., 2016) described the higher the perceived value by customers for a brand, the customer loyalty to the brand will also increase . Then, the research by (Igau et al., 2013), (Ahmed et al., 2014), and (Dehghan, Alizadeh, & Mirzaei-Alamouti, 2015) revealed that the higher customer satisfaction with a brand, the customer loyalty will increase that brand. Furthermore, the result of the study by (Ahmed et al., 2014), (Oh, Chung, & Park, 2016), and (Pan & Kang, 2016) stated that the higher the customer's trust in a brand, the customer loyalty to that brand will increase.

(Igau et al., 2013) concluded that the better the perceived velue by the customer for a brand, the customer satisfaction for the brand would also be high which would indirectly also increase customer loyalty to the brand. Then, (Ahmed et al., 2014) concluded that the better the perceived value by customers to a brand, the customer's trust in the brand would also be high which would indirectly also increase customer loyalty to the brand.

Based on the theoretical framework, the research hypothesis is determined as follows:

Hypothesis 1: Perceived value effects customer satisfaction significantly
Hypothesis 2: Perceived value effects brand trust significantly
Hypothesis 3: Perceived value effects brand loyalty significantly
Hypothesis 4: Customer satisfaction effects brand loyalty significantly
Hypothesis 5: Brand trust effects brand loyalty significantly
Hypothesis 6: Perceived value effects brand loyalty through customer satisfaction
Hypothesis 7: Perceived value effects brand loyalty through brand trust

2. Method

The population in this research is iPhone users in the Banda Aceh city, while the sample is 170 iPhone users who are determined by convenience sampling technique. The research data are obtained through the dissemination of questionnaires and analyzed by structural equation model (SEM) techniques using SmartPLS software. SEM is a multivariate data analysis technique that combines the outer model which aims to provide the specification of the relationship between latent variables and the indicators and inner model which aims to provide the effect specifications between latent variables (F. Hair Jr, Sarstedt, Hopkins, & G. Kuppelwieser, 2014).

3. Result

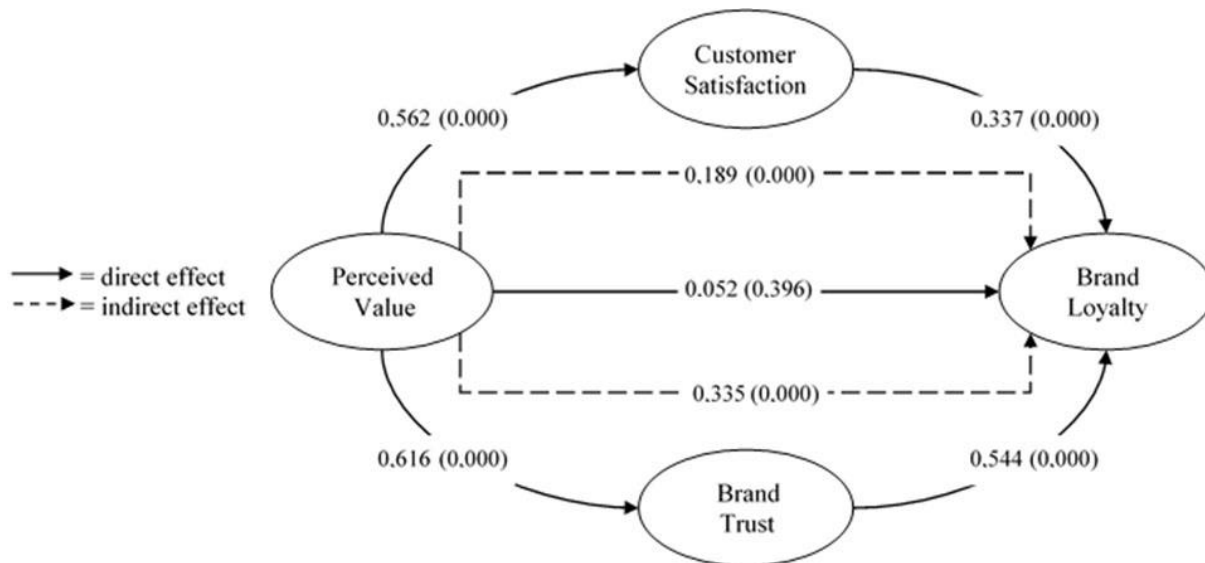The result of this research is explained in the following figure:

Figure 1. Result

The figure 1 shows path coefficient among variables, that is explained as follows:

Hypothesis 1 (accepted): Perceived Value effects Customer Satisfaction

Based on the result, perceived value positively and significantly effecte customer satisfaction with path coefficient 0.562 and significant value of 0.000 so that states the perceived value has an significant contribution in increasing customer satisfaction by 56.2%. This result indicates that the perceived value of iPhone users is what can determine iPhone user satisfaction with the product. The higher the perceived value of iPhone users, the iPhone user satisfaction level will increase. This result is also in accordance with the result of research by (Shoki et al., 2012), (Tung, 2013), and (Igau et al., 2013) which also explained that perceived value has an positive and significant effect on satisfaction customer.

Hypothesis 2 (accepted): Perceived Value effects Brand Trus

Based on the result, perceived value positively and significantly effects brand trust with path coefficient 0.616 and significant value 0.000 so it explains that the perceived value has an significant contribution in increasing brand trust by 61.6%. This result indicates that the perceived value of iPhone users is what can determine iPhone users' trust in the brand. The

higher the perceived value of iPhone users will also increase the iPhone user trust in the brand. These result is also in accordance with the research by (Ahmed et al., 2014), (Pan & Kang, 2016), and (Prameka et al., 2016) which also resulted that perceived value has an positive and significant effect on brand trust.

Hypothesis 3 (not accepted): Perceived Value effects Brand Loyalty

Based on the result, perceived value does not effect brand loyalty, with path coefficient 0.052 and significant value of 0.396 (p value > 0.05). It reveals that perceived value does not has an significant contribution in increasing brand loyalty. This result indicates that the perceived value of iPhone users cannot determine iPhone user loyalty to the brand. The higher the perceived value of iPhone users does not has an impact on the level of iPhone user loyalty to the brand. This result is also in accordance with the results of research by (Dehghan et al., 2015) and (Pan & Kang, 2016) which also stated that perceived value has an positive but not significant effect on brand loyalty.

Hypothesis 4 (accepted): Customer Satisfaction effects Brand Loyalty

Based on the result, customer satisfaction has an positive and significant effect on brand loyalty with path coefficient 0.337 and significant value 0.000 so that it reveals that customer satisfaction has an significant contribution in increasing brand loyalty by 33.7%. This result indicates that iPhone user satisfaction is what can determine iPhone user loyalty to the brand. The higher iPhone user satisfaction for the product will also increase the level of iPhone user loyalty to the brand. This result is also in accordance with the results of research by (Igau et al., 2013), (Ahmed et al., 2014), and (Dehghan et al., 2015) which also stated that customer satisfaction has an positive and significant effect on brand loyalty.

Hypothesis 5 (accepted): Brand Trust effects Brand Loyalty

Based on the result, brand trust positively and significantly effects brand loyalty with path coefficient 0.544 and significant value 0.000 so that it can be said that brand trust has an significant contribution in increasing brand loyalty by 54.4%. This result indicates that iPhone user trust is the thing that can determine iPhone user loyalty to the brand. The higher iPhone user trust in the brand will also increase the level of iPhone user loyalty to the brand. These result is also in accordance with the results of research by (Ahmed et al., 2014), (Oh et al., 2016), and (Pan & Kang, 2016) which also found that brand trust positively and significantly effects the brand loyalty.

Hypothesis 6 (accepted): Customer Satisfaction Mediates The Effect of Perceived Value on Brand Loyalty

Based on the result, perceived value has an positive and significant effect on brand loyalty indirectly through customer satisfaction with path coefficient 0.189 and significant value 0.000. The result concludes that the higher the perceived value of iPhone users, the iPhone user satisfaction level will increase as well which indirectly also has an significant contribution in increasing iPhone user loyalty to the brand by 18.9%.

These result is also in accordance with the research by (Igau et al., 2013) which also

resulted that the perceived value has an positive and significant effect on brand loyalty indirectly through customer satisfaction. Thus, customer satisfaction in this research acts as a perfect mediation between the effect of perceived value on brand loyalty, because in this research perceived value does not has an significant effect on brand loyalty directly but perceived value has an significant effect on brand loyalty indirectly through customer satisfaction.

Hypothesis 7 (accepted): Brand Trust Mediates The Effect of Perceived Value on Brand Loyalty

Based on the result, perceived value has an positive and significant effect on brand loyalty indirectly through brand trust with path coefficient 0.335 and significant value 0.000. These result conclude that the higher the perceived value of iPhone users will also increase the level of iPhone user trust in the brand which indirectly also has an significant contribution in increasing iPhone user loyalty to the brand by 33.5%.

These result is also in accordance with the result of research by (Ahmed et al., 2014) which also described that the perceived value has an positive and significant effect on brand loyalty indirectly through brand trust. Thus, brand trust in this research acts as a perfect mediation between the effect of perceived value on brand loyalty, because in this research perceived value does not has an significant effect on brand loyalty directly but perceived value has an significant effect on brand loyalty indirectly through brand trust.

4. Conclusion

This research finds the several premises that strengthen the previous theories, that are: perceived value effects customer satisfaction and brand trust significantly; customer satisfaction and brand trust effects brand loyalty significantly; perceived value directly does not have a significant effect on brand loyalty, but indirectly perceived value effects brand loyalty through customer satisfaction and brand trust.

This research is a development of models from previous studies that have contributed to the academic and practical fields. For academics, this model and method can be the basis for further development of research models, while for this practice it has implications for managers that they should pay more attention to the related variables. The limitation of this research is the scope of the object and the number of variables.

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