

BRAND IMAGE MEDIATES THE EFFECT OF PRODUCT QUALITY ON CONSUMER LOYALTY

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ABSTRACT : The development of information technology in this era can no longer be avoided, one of which is in the field of education. Global demands require the world of education to always and constantly adapt technological developments to efforts in improving the quality of education, especially adjusting its use for the world of education, especially in the learning process. The aims of this study are (1) to explain the effect of product quality on customer loyalty of iPhone customers in Denpasar. (2) To explain the effect of product quality on the brand image of iPhone customers in Denpasar. (3) To explain the effect of brand image on customer loyalty on iPhone customers in Denpasar. (4) To explain the role of brand image in mediating the relationship between product quality and customer loyalty among iPhone customers in Denpasar. The data used are primary data, with a total of 130 observation points. The results showed that Product Quality has a positive and significant effect on customer loyalty; Product Quality has a positive and significant effect on Brand Image; Brand Image has a positive and significant effect on Customer Loyalty and Brand Image is a mediating variable for the effect of Product Quality on Loyalty of iPhone customers in Denpasar

KEYWORDS: *Brand Image, Product Quality, Consumer Loyalty*

I. INTRODUCTION

Humans as individual and social creatures will never be separated from communication activities during their lives. Life and phases of human development, from birth, childhood, adolescence, adulthood, to old age cannot be separated from communication activities. As time goes on, humans have many ways to communicate, this is due to the rapid development of information technology. The purpose of developing this technology is not only to make it easier for humans to fulfill their daily needs but also to help humans to carry out various activities(Lien, 2015).

The development of information technology also affects other fields, namely in the fields of business and trade. This field has undergone many changes with the development of information technology. Many companies have used information technology in processing their business activities(Zebuah, 2018). One of the peaks of the development of information technology has finally given birth to new, sophisticated innovations that can help humans in the fields of education, business, and other fields, namely smartphones or what we usually know as smartphones.

Apple is one of the most successful communications technology companies in the world and has made the English word 'apple' no longer synonymous with the name fruit. With the implementation of careful strategic planning and supported by qualified resources, Apple has managed to achieve a position as one of the most successful communications companies in the world. Apple Inc. is a company engaged in consumer electronics, one of which is a smartphone product, the iPhone. iPhone products are products with a strong image. This phenomenon illustrates that the iPhone can convince consumers so that customers believe and are loyal to the iPhone. This trust is inseparable from the superiority of the product. Apple always maintains product quality and continues to innovate. Although the smartphone market is dominated by Android Apple has always been a trendsetter in application development. The indicators used to measure product quality variables are ease of use, durability, and more benefits (Rodiques & Rahanatha, 2018)

Ranking and total smartphone market share for 2020-2021 wherein 2020 the holder of the best cellphone brand will be held by Samsung. However, its position changed in the fourth quarter of 2020. The launch of the iPhone 12 brothers made Apple able to shift the position of Samsung. But it didn't last long because in Q1 2021 Samsung re-entered the first position. Then in second to sixth place, there are Xiaomi, Oppo, Vivo, and Huawei. From the data above, it can be seen that the actual position of Apple and Huawei is quite worrying because compared to Q4 2020 production seems to be declining. In contrast to other Chinese cellphone brands such as

Xiaomi, Oppo, and Vivo, which continue to intensify the middle-class segment with lots of promos, advertisements, and low-priced cellphones with high specifications (Amron, 2018).

The growing phenomenon shows that the iPhone is still able to retain consumers or customers amid intense competition faced by various smartphone companies. Loyal consumers are due to the good experiences that have been felt by consumers on these products so that they are confident and believe in using iPhone products. In the end, trust in the Apple brand is getting higher so that loyalty to the smartphone product is formed (Rodiques & Rahanatha, 2018).

According to Chrisandi. (2014), Apple is a brand that is well known in terms of product quality and its brand image by many people so that they continue to buy these products, and users of Apple products have their prestige because they have products from that company. And there are also many users of Apple products, namely iPhones who are loyal to the brand, they are better at using Apple products last season than replacing them with other new brand products. This is interesting because, with a relatively expensive price, Apple still competes and beats other smartphone products, not least what happened in Bali, especially in Denpasar City.

Consumer loyalty is a form of consumer loyalty to use a product continuously because having high satisfaction with the product used will tend to arise a sense of recommending the product to others (Kasiri, 2017). According to Nurbani (2019) loyalty is "a deeply held commitment to buy or re-support a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause customers to switch". Several advantages will be obtained by the company regarding the importance of maintaining customer loyalty. Retaining existing customers is generally more profitable than finding new customers because the cost of attracting new customers is up to five times that of retaining an existing customer (Anwar, 2019).

Consumers today are very critical in choosing the product to buy, they are also very concerned about and compare the quality of which product is the best. If the company produces quality products, the company will get a good title in the eyes of customers and can improve the company's reputation. Good product quality can also be the key to getting customer loyalty. Companies must think about the quality of products like what consumers are interested in. Because in the end, it is the quality of the product that is judged by consumers. Quality products will create a good brand image. Smartphone companies present the best quality products so that consumers can use them comfortably (Amron, 2018).

Brand image is a series of associations that exist in the minds of consumers to a brand, usually organized into a meaning (Barreda et al., 2020). Apple is one company that is very successful in creating a strong brand image in the minds of consumers. This is evident from the high growth in sales of Apple's smartphone products, namely the iPhone. According to Adenan (2018), a positive brand image can increase the possibility of choosing the brand. Brand image associations become the basis for consumer decisions to be loyal to the brand. Loyal people cannot see other brands because basically, consumers will believe in product brands they have known before, even they can choose optimistically the brands they know without trying to compare with other brands. Therefore, it is fortunate that the company has a product with a good brand image in the eyes of consumers. A company must strive to build a brand image continuously so that the brand becomes more preferred and loyal to consumers (Fouratama & Arifin, 2018). This phenomenon illustrates that the iPhone can convince consumers so that customers believe and are loyal to the iPhone. This trust is inseparable from the superiority of the product. Apple always maintains product quality and continues to innovate. Although the smartphone market is dominated by Android Apple has always been a trend center in application development. The display of Apple phones has a unique design that is the hallmark of Apple's products.

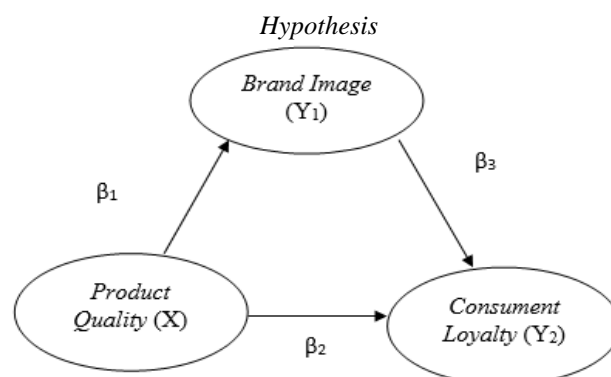


Figure 1. Conceptual Framework

Amron (2018) in marketing a product, quality must be measured from the consumer's point of view of the quality itself, so that consumer tastes here are very influential. Product quality can create a competitive advantage in a business entity. Ikaningsih (2017) found that the variables of Product Quality, Celebrity Endorser, and Advertising Attractiveness are in line with the development of Brand Image, then the development of the Brand Image variable is in the same direction.

H1: Product Quality has a positive and significant effect on Brand Image

Hoe (2018) states that if the product being sold offers good quality, consumers will buy it, after that if consumers are satisfied they will repurchase the product and will become loyal customers. According to Indrawati (2018), and Chadwick (2018) found a significant influence between product quality and consumer loyalty. This can be interpreted that the better the product quality, the higher consumer loyalty

H2: Product Quality has a positive and significant effect on Consumer Loyalty

Xhema (2018) state if consumers think that a certain brand is physically different from competing brands, the brand image will be attached continuously so that it can form loyalty to a particular brand which is called loyalty. According to Chinomona (2016) and Fadhlur (2019), customer satisfaction mediates the brand image and customer loyalty.

H3: Brand Image has a positive and significant effect on Consumer Loyalty

Consumers today are very critical in choosing the product to be purchased, they are also very concerned about and compare the quality of which product is the best. (Chinomona, 2017). Good product quality can also be the key to getting loyalty from consumers. Based on the results of research conducted by Saraswati (2017). Brand Image can mediate product quality with positive and significant purchasing decisions.

H4: Brand Image plays a significant role in mediating the relationship between Product Quality and Consumer Loyalty

METHODS

This study aims to find out the relationship and influence between product quality on consumer loyalty mediated by brand image. The sample is 130 respondents. The method of determining the sample used is purposive sampling. The criteria for determining the sample are that the respondent is domiciled in the city of Denpasar; Respondents have a high school education level with the consideration that they understand the statement and can answer the questionnaire properly and correctly, and Respondents are iPhone smartphone users. The method of data collection in this research is to use a survey method by distributing questionnaires. The analytical technique used in this research is the path analysis technique.

II. RESULTS AND DISCUSSION

In this study, the influence of variables was calculated through the SPSS 21.0 for windows program.

Table 1. Path Analysis Results on Structure 1

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.984	0.183		5.388	0.000
Product Quality	0.673	0.050	0.765	13.453	0.000

R^2 : 0,586

$Y1 = 0,765X + e1$

Primary Data, 2022

Based on Table 1, "Product Quality variable has a coefficient of 0.765 which means that Product Quality has a positive influence on Brand Image, this means that if Product Quality increases, Brand Image will increase by 0.765."

Table 2. Results of Path Analysis on Structure 2

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.742	0.263		2.817	0.006
Product Quality	0.425	0.101	0.432	4.196	0.000
Brand Image	0.306	0.115	0.274	2.663	0.009

R^2 : 0.443

$Y2 = 0,432X + 0,274Y1 + e2$

Primary Data, 2022

Based on Table 2, "Product Quality variable has a coefficient of 0.432 which means Product Quality has a positive influence on Consumer Loyalty, this means that if Product Quality increases, Consumer Loyalty will increase by 0.432. The Brand Image variable has a coefficient of 0.274 which means that Brand Image has a

positive influence on Consumer Loyalty, this means that if Brand Image increases, Consumer Loyalty will increase by 0.274.”

Coefficient of Determination Value (R²)

$$e_1 = \sqrt{1 - R_1^2}$$

$$e_1 = \sqrt{1 - R_1^2} = \sqrt{1 - 0,586} = 0,643$$

$$e_2 = \sqrt{1 - R_2^2} = \sqrt{1 - 0,443} = 0,746$$

Variable Error (e)

$$R_m^2 = 1 - (e_1)^2 - (e_2)^2$$

$$= 1 - (0,643)^2 - (0,746)^2$$

$$= 1 - (0,414) - (0,557)$$

$$= 1 - 0,231 = 0,769$$

In the calculation of the total coefficient of determination, it is 0.769, so the conclusion is that 76.9% of the variable Consumer Loyalty iPhone products are influenced by Product Quality, and Brand Image

Sobel Test

$$Z = \frac{0,765 \cdot 0,274}{\sqrt{(0,274^2 \cdot 0,050^2) + (0,765^2 \cdot 0,115^2) + (0,050^2 \cdot 0,115^2)}}$$

$$Z = \frac{0,210}{0,089}$$

$$Z = 2,349$$

Variance Accounted For (VAF) Test

The VAF value $(0.210)/(0.432+0.210)$ obtained is 0.327 or 32.7 percent, the VAF value is 20 percent to 80 percent, so it can be categorized as partial mediation, it can be concluded for the mediating effect produced to Brand Image mediating the influence of Product Quality on Consumer Loyalty is partial mediation.

The Effect of Product Quality on Brand Image

Product Quality has a Beta value of 0.765 and a Sig value. of $0.000 < 0.05$. The conclusion is that Product Quality has a positive and significant impact on Brand Image, in other words, the higher the Product Quality, the more the Brand Image will be. So the hypothesis is accepted. Product quality is very important for the company because if the company produces quality products, the company will get a good title in the eyes of customers and can improve the company's reputation (Ikaningsih, 2017)

The Effect of Product Quality on Consumer Loyalty

Product Quality has a Beta value of 0.432 and a Sig value. of $0.000 < 0.05$. The conclusion is that Product Quality has a positive and significant effect on Consumer Loyalty, in other words, as Product Quality increases, Consumer Loyalty will increase. So the hypothesis is accepted. Anything that can be offered to a market for attention, purchase, use, or consumption that might satisfy a want or need. This is in line with the results of research conducted by Indrawati (2018)

The Effect of Brand Image on Consumer Loyalty

Brand Image has a Beta value of 0.274 and a Sig value. of $0.009 < 0.05$. The conclusion is that Brand Image has a positive and significant influence on Consumer Loyalty, in other words, if Brand Image increases, Consumer Loyalty will increase. The results of this study are by research conducted by Taufandra & Rahanatha (2015)

Brand Image Mediates The Effect on Product Quality on Consumer Loyalty

Sobel test shows $Z = 2.349 > 1.96$, means Brand Image is a mediating variable for the influence of Product Quality on Product Consumer Loyalty, so the hypothesis is accepted. Consumers today are very critical in choosing the product to be purchased, they are also very concerned about and compare the quality of which product is the best. (Amron, 2018). Product quality is very important for the company because if the company produces quality products, the company will get a good title in the eyes of customers and can improve the company's reputation. Good product quality can also be the key to gaining loyalty from consumers. Companies must think about the quality of products like what consumers are interested in. Because in the end, it is the

quality of the product that is judged by consumers. The results of this study are in line with the results of research conducted by Saraswati (2017)

III. CONCLUSION

Based on the results obtained, Product Quality and Brand Image have a positive and significant positive influence on Consumer Loyalty so manufacturers must continue to improve Product Quality within the company so that consumers feel satisfied using iPhone products. Companies can also add unique features that make consumers interested in buying smartphone products. this and provide interesting content about positive reviews about iPhone smartphone products, so that consumers feel interested in buying the product

For further research, it is expected to be able to add variables that can affect Consumer Loyalty, and be able to expand the scope of research which is not only limited to iPhone products at the University in Denpasar, or can also change research locations that are not only focused on a research location, thus providing a more general view and able to be implemented.

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