THE INFLUENCE OF ONLINE BRAND COMMUNITY, PRODUCT QUALITY, AND PRICE ON BRAND LOYALTY

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Abstract

The purpose of this study is to examine the influence of online brand community, product quality, and price on brand loyalty study. To this end, questionnaires were distributed to 96 respondents selected purposively based on three criteria: aged at least 17 years old, having used Xiaomi smartphones for at least one year, and registered as members of Mi Community for at least one year. Data analysis was performed using multiple regression analysis. The results show that the online brand community, product quality, and the price had a positive influence on brand loyalty both partially and simultaneously.

Keywords: Online Brand Community, Product Quality, Price, Brand Loyalty

INTRODUCTION

Nowadays, the smartphone has been everyone's primary need in Indonesia. Smartphone users in Indonesia are increasing every year. Data from eMarketer suggests that in the last five years smartphone users in Indonesia grew from 38.3 million in 2014 to 52.2 million, 69.4 million, 86.6 million and 103 million in 2018. With such a large number, according to eMarketer, Indonesia will become the country with the fourth largest active smartphone user in the world after China, India and the United States. This makes Indonesia an attractive market for smartphone manufacturers. Various new smartphone brands have emerged so that the smartphone market competition is getting tougher, and increasing competition requires smartphone manufacturers to maintain their brand loyalty. Customer retention will generally be more profitable than attracting new customers because the cost of attracting new customers can be five times the cost of retaining existing customers (Kotler,2007:207). Brand loyalty is a measure of the customer relationship to a brand. This measure can provide information on whether or not a customer may switch from a product brand to another brand, especially if there are changes in price, product quality or other attributes. Today’s development of Internet technology enables us to build a brand community in the real world, but also in cyberspace or better known as an online brand community. According to Fuller et al. (2007), an online brand community is a brand community that occurs in a virtual environment where members interact through internet media such as chat rooms, newsgroups and discussion forums to exchange and share information about the brand. Another contributing factor to brand loyalty is product quality. According to Kotler and Armstrong (2001: 99), product quality is everything that the market offers to attract consumers’ attention and purchases by satisfying their desires or needs. As suggested by Peter Drucker, customers are always looking for products that suit their needs and desires, especially if the product is for long-term use purposes such as a smartphone. When the quality of a brand's products is maintained or even improved, customers will likely continue to buy from the brand, but if the quality of a product decreases, the customer will switch to rival brands.
offering better quality. Jagad’s (2011) study shows that product quality has a positive influence on brand loyalty. Another factor that can determine brand loyalty is the product price. According to Kotler (2002), price is the value of goods or services measured by an amount of money based on that value a person or company is willing to release goods or services to another party. Loyal customers will also pay attention to the price of the product they use. If the price set is in accordance with their purchasing power, they will likely remain loyal to the brand, but when the price goes up, they will look for rival brands that have the same quality but lower prices.

PROBLEM STATEMENTS

1. Does the online brand community have a positive influence on Xiaomi brand loyalty?
2. Does the product quality have a positive influence on Xiaomi brand loyalty?
3. Does the price have a positive influence on Xiaomi brand loyalty?

RESEARCH HYPOTHESES

H1: The online brand community has a positive influence on Xiaomi brand loyalty

H2: The product quality has a positive influence on Xiaomi brand loyalty

H3: The price has a positive influence on Xiaomi brand loyalty

RESEARCH METHOD AND TECHNIQUE OF DATA ANALYSIS

Research Design

This research is a survey study using questionnaires to collect data.

Research Population and Sample

The research population was respondents aged at least 17, registered as members of the Mi Community for at least 1 year, having used Xiaomi smartphones for at least 1 year.

Data Type and Source

1. Primary Data

Primary data is data that is collected by a researcher from first-hand sources (Suliyanto, 2006: 131). In this study, data were directly collected from respondents through questionnaires about the online brand community, product quality, price and brand loyalty of Xiaomi smartphone users.

2. Secondary Data

Secondary data in this study were data obtained from literature, websites, journal articles, and previous research reports.

Data Collection Technique

The field study was carried out by distributing questionnaires to respondents containing a list of statements to figure out the effect of the online brand community, product quality, and price on brand loyalty. The questionnaire distribution was shared online using Google Forms.

Data were also obtained from previous research publications, books, journal articles, and articles from the internet related to the online brand community, product quality, price and brand loyalty.
### Conceptual and Operational Definition

<table>
<thead>
<tr>
<th>Variable</th>
<th>Operational Definition</th>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online Brand Community (X1)</strong></td>
<td>An online community consisting of Xiaomi brand fans</td>
<td>Consciousness of kind</td>
<td>1.  Level of knowledge about the community</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.  Level of knowledge about the brand</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>3.  Level of trust towards the community</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ritual and tradition</td>
<td>4.  Level of active involvement in sharing stories with fellow community members</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5.  Level of desire to participate in community activities or events</td>
</tr>
<tr>
<td><strong>Product quality (X2)</strong></td>
<td>Consumer assessment of the advantages or features of Xiaomi smartphones</td>
<td>Features</td>
<td>6.  Level of active involvement in finding information about the brand</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.  Level of active involvement in responding to issues of brand use expressed by fellow community members</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8.  Level of trust in information provided by community members</td>
</tr>
<tr>
<td><strong>Harga (X3)</strong></td>
<td>The amount of value that consumers exchange for owning or using a Xiaomi smartphone, which allows the company to make a profit.</td>
<td></td>
<td>1.  Price affordability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.  Price to quality ratio</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.  Price competitiveness</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.  Price to performance ratio</td>
</tr>
</tbody>
</table>

(Muniz and O’Guin, 2001)
the amount of value that consumers exchange for the benefit of owning and using a product or service that allows a company to get a reasonable profit by being paid for the customer value they create (Kotler and Amstrong, 2012:345)

Brand Loyalty (Y1) is a measure of the customer relationship to a brand, providing information on the probability for a customer to switch from a product brand to another brand, especially if there are changes in price, product quality or other attributes (Durianto, et al. 2004:126)

<table>
<thead>
<tr>
<th>Measure of the customer relationship to the Xiaomi brand, providing information on the probability for a customer to switch to rival brands.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement</td>
</tr>
<tr>
<td>Perceived Value</td>
</tr>
<tr>
<td>Brand Trust</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>Commitment</td>
</tr>
<tr>
<td>Repeated Purchase Behavior</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Method of Analysis

1. Scale of Measurement

The measurement scale is used as a reference standard to determine the length of the interval so as to produce quantitative data. This study used the Likert scale measurement. According to Suliyanto (2006: 82), the Likert scale is used to measure individual responses to social objects. The measurement used the following five scales:

- a. Strongly Agree (SA) score 5
- b. Agree (A) score 4
- c. Neutral (N) score 3
- d. Disagree (D) score 2
- e. Strongly Disagree (SD) score 1

2. Instrument Test

a. Validity Test

A validity test is used to measure the validity of the questionnaire. The questionnaire is said to be valid if the questionnaire items are able to reveal something that will be measured.

b. Reliability Test

The reliability test aims to determine the consistency of measurements when repeated measurements are made. This is done using the Cronbach's alpha coefficient (Sugiyono, 2009: 132).
3. Classical Assumption Test

The purpose of the classical assumption test is to figure out if the obtained regression model deviates from the classical assumptions. If it is found to have deviated, the obtained regression equation is said not efficient to generalize the sample to the population because there will be bias, meaning that the results of the study are influenced not only by the studied variables but also by other factors.

a. Normality Test

The normality test is carried out to find out whether the standardized residual values in the regression model are normally distributed. They are said to be normally distributed if most of them are close to the average value. This study used the non-parametric Kolmogorov-Smirnov statistical approach to carry out the normality test. The standardized residual values are normally distributed provided that the observed Z < critical Z or the Sig. value > alpha value (Suliyanto, 2011:78).

b. Multicollinearity Test

The purpose of the multicollinearity test is to determine if there is a high or perfect correlation between independent variables. If that is the case, the regression model is said multicollinear. The multicollinearity can be seen from the variance inflation factor (VIF) value of each independent variable. If the VIF value is above 10, the regression model is stated not multicollinear (Suliyanto, 2011:80).

c. Heteroskedasticity Test

The heteroskedasticity test is aimed to figure out if there is a deviation from classical assumptions. The heteroskedasticity test in this study was conducted using the Glejser test by regressing the independent variables to the absolute residual value. If the significance value between the independent variable and its absolute residual (e), if the probability value > alpha value (0.05), it can be ascertained that the model is not heteroscedastic (Suliyanto, 2011:98).

4. Multiple Regression Analysis

Generally, the multiple linear regression analysis is performed to the influence of two or more independent variables (X) on one dependent variable (Y) (Ghozali, 2011), in the case of this study was the influence of online brand community, product quality, and price on brand loyalty.

5. Hypothesis Testing

The hypothesis testing was performed using the adjusted coefficient of determination test, F test and t test.

RESULT OF DATA ANALYSIS

Validity and Reliability Test

The result of the validity test using the Pearson's product moment test shows that the observed r values of all questionnaire items were above the critical r of 0.361, meaning that all questionnaire items of all variables were valid and hence the questionnaire was feasible to be used as a data collection instrument.

The reliability test was performed using Cronbach’s alpha test. The results are presented in Table 1.

Table 1. Result of Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Observed r</th>
<th>Critical r</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Brand Community</td>
<td>0.815</td>
<td>0.361</td>
<td>Reliable</td>
</tr>
<tr>
<td>(X1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Quality (X2)</td>
<td>0.687</td>
<td>0.361</td>
<td>Reliable</td>
</tr>
<tr>
<td>Price (X3)</td>
<td>0.789</td>
<td>0.361</td>
<td>Reliable</td>
</tr>
<tr>
<td>Brand Loyalty (Y)</td>
<td>0.893</td>
<td>0.361</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Table 1 shows that the observed r values of variables online brand community (X1), product quality (X2), price (X3), and brand loyalty (Y) are
above the critical value (0.361), meaning that all questionnaire items of all variables were reliable.

Multiple Regression Analysis

Table 2. Multiple Regression Analysis

<table>
<thead>
<tr>
<th>No.</th>
<th>Independent Variable</th>
<th>Regression Coefficient</th>
<th>Observed Critical t (one-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Online Brand Community (X1)</td>
<td>0.42 4.92 &gt; 1.989</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Product Quality (X2)</td>
<td>0.43 3.82 &gt; 1.989</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Price (X3)</td>
<td>0.32 2.17 &gt; 1.989</td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of the SPSS statistical calculation presented in Table 2, the following multiple regression equation was generated:

\[ Y = 0.273 + 0.421X_1 + 0.436X_2 + 0.329X_3 + e \]

The constant value of 0.273 shows that every increase in the variables online brand community, product quality, and price contributes to brand loyalty as much as 0.273.

The coefficient value of 0.421 means that every increase in the variable online brand community contributes to brand loyalty as much as 0.421.

The coefficient value of 0.436 means that every increase in the variable product quality contributes to brand loyalty as much as 0.436.

The coefficient value of 0.329 means that every increase in price contributes to brand loyalty as much as 0.329.

Classical Assumption Test

Normality Test

Table 3. Normality Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Kolmogorov-Smirnov score</th>
<th>Asymp. Sig.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardized Residual</td>
<td>0.734</td>
<td>1</td>
<td>Normally distributed</td>
</tr>
</tbody>
</table>

Table 3 shows that the Asymp. Sig. (2-tailed) value of the Kolmogorov-Smirnov Z test was 0.734 (>0.05), meaning that data were normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test

<table>
<thead>
<tr>
<th>No</th>
<th>Independent Variable</th>
<th>VIF Value</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Online Brand Community (X1)</td>
<td>1.2</td>
<td>Not multicollinear</td>
</tr>
<tr>
<td>2</td>
<td>Product Quality (X2)</td>
<td>1.3</td>
<td>Not multicollinear</td>
</tr>
<tr>
<td>3</td>
<td>Price (X3)</td>
<td>1.2</td>
<td>Not multicollinear</td>
</tr>
</tbody>
</table>

Table 4 shows that the variance inflation factor (VIF) values of all of the variables online brand community (X1), product quality (X2), and price (X3) were lower than 10, meaning that there was no multicollinearity.

Heteroskedasticity Test

Table 5. Summary of Heteroskedasticity Test Result

<table>
<thead>
<tr>
<th>No</th>
<th>Independent Variable</th>
<th>Sig.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Online Brand Community (X1)</td>
<td>0.802</td>
<td>Not heteroscedastic</td>
</tr>
<tr>
<td>2</td>
<td>Product Quality (X2)</td>
<td>0.4</td>
<td>Not heteroscedastic</td>
</tr>
</tbody>
</table>
Table 5 shows that the significance values of the variables online brand community ($X_1$), product quality ($X_2$), and price ($X_3$) were higher than 0.05, meaning that there was no heteroscedasticity in the regression model.

Hypothesis Testing

**Table 6. Hypothesis Testing**

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>Regression Coefficient</th>
<th>Observed t</th>
<th>Critical t (one-tailed)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Influence of Online Brand Community on Brand Loyalty</td>
<td>0.093</td>
<td>4.924 &gt;</td>
<td>1.989</td>
<td>Hypothesis accepted</td>
</tr>
<tr>
<td>2</td>
<td>Influence of Product Quality on Brand Loyalty</td>
<td>0.086</td>
<td>3.826 &gt;</td>
<td>1.989</td>
<td>Hypothesis accepted</td>
</tr>
<tr>
<td>3</td>
<td>Influence of Price on Brand Loyalty</td>
<td>0.049</td>
<td>2.170 &gt;</td>
<td>1.989</td>
<td>Hypothesis accepted</td>
</tr>
</tbody>
</table>

Alpha = 0.05  
Constant value = 0.273  
Adjusted $R^2$ = 0.499  
Observed F = 32.524

Table 6 shows that the adjusted coefficient of determination ($R^2$) value was 0.499, meaning that brand loyalty is influenced by online brand community, product quality, and price as much as 49.90%, and the other 50.10% is influenced by factors other than the three studied variables in the regression model.

The observed F of 32.524 is higher than the critical F of 2.70, using the degree of freedom formula $k - 1$ and $n - k$. This result shows that the online brand community, product quality, and price simultaneously have a significant influence on brand loyalty.

Due to the error margin ($\alpha$) of 0.05 and degree of freedom ($n - k$, where $n = 96$ and $k = 3$), the critical t value (one-tailed) was 1.989. The observed t value of the online brand community was 4.924, the observed t value of product quality was 3.826, and the observed t value of price was 2.170.

**DISCUSSION**

**Influence of Online Brand Community on Brand Loyalty**

The results of the study show that the online brand community (Mi Community) had a positive influence on the brand loyalty of customers in Xiaomi smartphones in the City of Purwokerto. In this study, online brand community was viewed in terms of eight indicators including level of knowledge about the community, level of knowledge about the brand, level of trust towards the community, level of active involvement in sharing stories with fellow community members, level of desire to participate in community activities or events, level of active involvement in finding information about the brand, level of active involvement in responding to issues of brand use expressed by fellow community members, and level of trust in information provided by community members.
The existence of an online brand community makes users' needs related to information about the products they use and the latest products from Xiaomi smartphones can be accommodated. Also, in the Mi Community, users will get information about the latest software updates, tips and tricks to maximize the features of their smartphones. Because of all of this information, the online brand community becomes very important, and through this platform, Xiaomi users can get to know each other better and get closer to the brand, creating an attachment between fellow users, as well as between users and brands so that they become loyal users of the Xiaomi brands. This is something users of other smartphone users do not have.

Empirically, Mi Community shows evidence that the online brand community has an influence on Xiaomi smartphone brand loyalty. This finding is in line with that of Makayasa’s (2015) study stating that the online Android community on Indonesian Internet forum Kaskus had a significant influence on brand loyalty. Similar findings were also suggested by other studies (e.g., Siregar, et al., 2017; Riyansa, 2017).

Influence of Product Quality on Brand Loyalty

This study also found that product quality had a positive influence on brand loyalty. In this study, product quality was measured using seven indicators as follows: product features, the ease of repairing the product, product durability, product attractiveness, attractive design, perception of the product quality, and product reliability.

In this study, the majority of respondents rated the Xiaomi smartphones to have good quality in terms of design and durability thanks to their metal build quality and Snapdragon chipsets and Xiaomi offered an 18-month warranty. In terms of operation, Xiaomi smartphones are also user-friendly, equipped with a good antenna that enables them to receive good mobile coverage, and have complete support features that cannot be found in other smartphones such as, Mi Cloud, Mi Remote, Mi Drop, and so on.

The finding of this study is consistent with that of a previous study conducted by Oktaviani (2016) suggesting that product quality had a positive influence on brand loyalty. Likewise, Jagad’s (2011) study also found that product quality had a positive influence on brand loyalty of Canon EOS 5D mark II users. Other previous studies (e.g. Benny, 2014; Dewi & Suasana, 2014) revealed similar findings.

Influence of Price on Brand Loyalty

This study also found that price had a positive influence on brand loyalty. In this study, the price was measured using four indicators: price affordability, price to quality ratio, price competitiveness, and price to performance ratio. The majority of respondents deemed that Xiaomi smartphones had a good price to quality ratio and price to performance ratio. In addition, they believed that the prices of Xiaomi smartphones were affordable and competitive. Compared with their rivals, Xiaomi smartphones offered more value for money because customers could get luxury features usually found on flagship smartphones with lower prices.

This finding is in agreement with those of some previous studies (e.g., Saputra, 2014; Kotib, 2013; Pranata, 2017) that price had a positive influence on brand loyalty.

CONCLUSION AND IMPLICATION

Conclusion

Based on the results of the study, it could be concluded that: (1) Online brand community has a significant positive influence on brand loyalty in Xiaomi smartphone users registered as members of Mi Community, meaning that the online brand community makes Xiaomi smartphones users loyal customers of Xiaomi brands. The better the information and the features provided in the Mi Community platform, the better the brand loyalty. (2) Product quality has a significant positive influence on brand loyalty in Xiaomi smartphone users, meaning that the better the quality of Xiaomi smartphones, the more loyal their customers and that the better the quality of Xiaomi smartphones, the better the brand
loyalty. (3) Product quality has a significant positive influence on brand loyalty in Xiaomi smartphone users, meaning that the better price to quality ratio, the more loyal the customers. (4) Simultaneously, the online brand community, product quality, and price have a positive influence on brand loyalty. If Xiaomi smartphone users benefit from the existence of the online brand community, good product quality, good price to quality ratio, and price affordability, they are likely to continue to be loyal to Xiaomi.

**Implication**

The above findings may imply that (1) Xiaomi needs to improve the quality of the Mi Community platform so as to meet the needs of their customers. With a good Mi Community platform, Xiaomi will be able to maintain good relations with its customers. Several strategies can be carried out by Xiaomi to improve their online brand community; for example, giving rewards to members who actively contribute to the Mi Community and holding routine offline activities to increase engagement between fellow members of the Mi Community and between members and the brand. Such online activities can be a means of education and marketing Xiaomi’s latest products and services. (2) Xiaomi needs to continuously improve the quality of their products to maintain customer loyalty to their brand. This can be done; for example, by improving the quality of the camera on their smartphones and expanding their service center networks. In addition, Xiaomi needs to extend its smartphone warranty period to 24 months as its rivals have done. (3) Xiaomi needs to improve its smartphone affordability and monitor the prices of its rivals so as to prevent their customers from switching to other brands. Furthermore, Xiaomi needs to reaffirm its stance as an affordable but luxury smartphone producer.

**Limitation**

The fact that the data collection was carried out by distributing online questionnaires through Google Forms could potentially be biased because some respondents might inaccurately fill out the questionnaires as they had no direct contact with the researchers. In addition, open-ended items should have been included in the questionnaires to better document the respondents’ personal opinions. Based on the research gap from the results of some previous studies, the researchers investigated the influence of online brand community, product quality, and price on brand loyalty. Further studies may follow up this study by including other variables such as customer satisfaction, brand image, and promotion.
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