Exploring Relationship Between Brand Equity And Customer Loyalty On Mobile Telecommunications Product

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Abstract— **Increased customer loyalty indicates to enhancement of brand equity for products and services. Customers are the benchmark of a company's success. This study aims to elaborate the brand equity dimensions on customer loyalty in the scope of the mobile telecommunications operator market whose products are cellular cards in Medan City. Purposive sampling technique was used in sampling with a total of 300 people. Data analysis processed using SPSS 24. The results of the study showed that brand equity dimensions have a significant effect on customer loyalty. This study are expected to provide additional insight for telecommunications companies in creating customer loyalty. In addition, this provides a basis for business actors to develop their strategies in planning and implementing actions in achieving company goals. Methods for this research is quantitative study. Further researchers can develop this research with qualitative methods so that it can provide more valuable knowledge and different perspectives in building customer loyalty.**

Keywords: Brand Association, Brand Awareness, Brand Equity, Customer Loyalty, and Perceived Quality

1. INTRODUCTION

The rapid advancement of technology is a sign that the current industry has entered the industrial revolution 5.0 stage where all industries are affected, including the telecommunications industry. Telecommunication operators have an important role in building connectivity-based digital economic development. Digital transformation leading to changes in customer experience and satisfaction [1]. The telecommunications industry is currently described as quite competitive, especially in terms of offering more value to customers through its products and services. Smartphones are a primary human need today and cellular cards are one of the telecommunications service products that provide various conveniences for users to communicate. In accordance with its development, smartphones are not only used as communication tools. During the Covid-19 period where people limit their distance in activities, all cellular card brands compete to provide various data facilities supported by applications such as internet access, banking services, video calls, video conferences, social media and others.

A brand must have value, this is important to manage its existence in the market and thrive in carefully managing the value it provides to customers. Customer loyalty

14

appears because the company fulfill customer satisfaction by creating and offer value to customers then become more valuable from competitors [2]. Brand equity has an impact on increasing the value that the company provides to customers. At the individual level, it can be assessed through the power of word of mouth promotion, loyal attitudes and customer commitment. While at the market level, it increases behavioral loyalty, sales volume, and reduces costs in various company resources. Therefore, equity of the brand is appertain to customer satisfaction and trigger increasing customer loyalty [3].

The research conducted by Aydin (2004) stated that customer loyalty is based on perceived service quality, corporate image, trust, and perceived switching costs in the Turkish mobile telecommunications market [4]. Although there are many other factors that can influence customer loyalty, it is unlikely to find a study that examines the influence of all factors simultaneously and partially. Therefore, the main objective of the research is to elaborate the potential of customer loyalty and find out the relationship between brand equity dimensions.

This study also provides further information on customer loyalty and brand equity in the telecommunications operator market. Empirical research using theoretical background and data analysis offers implications for managers in fellow telecommunications industry companies.

2. THEORICAL FRAMEWORK

2.1 Customer Loyalty

A consumer is categorized as loyal if the customer has a deep commitment to repurchase a product or service despite situational factors and marketing efforts that may cause a change in purchasing behavior [5]. It can be interpreted that customer loyalty is a continuous process and requires a proper strategy [6]. Today's telecommunications industry market faces challenges in satisfying and retaining customers as they are faced with more comprehensive choices. Businesses today are faced with the problem of acquiring new customers which can be very costly compared to retaining customers, the fact is that customer loyalty is a determining factor in business continuity [7]. There are four key performances of loyalty indicators; the first is customer decided to do repeat purchases regularly. Secondly, customer decided to buy between lines of products or services. Furthermore, recommend a products or services to others. Lastly, showing reluctance to competitor offers [8]. In measuring loyalty, important attributes are needed such as customers who are able to mention positive things about the brand to others, become people who recommend the brand to society, prioritize the company as the main choice and make repeat purchases to the brand in the long term. One of the key factors that influence customer loyalty in telecommunications companies is consistency in customer experience. This consistency covers all aspects of service, from a stable network to a quick response to technical problems or customer complaints. If customers get the best experience, brand equity will increase. One of the key factors that influence customer loyalty in telecommunications companies is consistency in customer experience. This consistency covers all aspects of service, from a stable network to a quick response to technical issues or customer complaints. If the customers get their best experience, brand equity will be increased [9].

2.2 Brand Equity

In society perspective, brand equity becomes a specific guideline even for marketing strategies and tactics [10]. Marketers must view marketing activities in a complex manner and know what things can affect brand knowledge. Other factors such as sales can change and affect the size of a brand's results. The long-term success of a brand must be recognized by the market. This is greatly influenced by brand knowledge in memory built through a short-term marketing efforts of the company [11].

This study only used three dimensions, which is brand awareness, brand association, and perceived quality. Brand loyalty was eliminated to avoid confusion, because brand loyalty has indicators that are similar to customer loyalty. Brand equity for telecommunications companies is very meaningful. If brand equity increases, this will encourage consumers to make decisions that will also increase in using telecommunications products. Furthermore, it will have an impact on increasing the intention to repurchase the product, thus leading to customer loyalty [12].

2.3 Brand Awareness

The ability of potential buyers to recognize or recall a brand from a particular product category is called brand awareness. This definition relates to the strength of a brand in customer memory which can be measured as the consumer's ability to identify a brand under various conditions [13]. Brand awareness is also concluded as the strength to associate a brand with a product category in several contexts and can encourage customers to choose other brands and even change customer loyalty [14].

2.4 Brand Association

Brand association is described as the relationship of customer perception with a particular brand. The scope of brand association is product attributes customer benefits, usability, lifestyle, product class, competitors, and country of origin. Brand association has a negative impact, thus reducing the equity of a brand. Building brand awareness is the first step to building brand equity, but brand value will be stronger when the association process between customers and brands is created [15].

2.5 Perceived Quality

Perceived quality can be interpreted as a comparison between the benefits obtained and the costs incurred. Achieving the highest level of perceived quality is something that is more difficult because it requires continuous product improvements over a long period of time and triggers high customer expectations [16]. In short, perceived quality is intended as the customer's thoughts on a product and service that has been used and felt, while comparing whether the quality is commensurate with the amount of costs incurred [17].

3. METHODOLOGY

This research is causal explanatory and aims to determine the effect of independent variables on dependent variables. 300 respondents were taken as samples using the Cochran formula. The research trial was conducted to ensure that the statements in the questionnaire were valid and reliable. A total of 4 statements were eliminated because they were invalid. Meanwhile, all statements were declared reliable. The data analysis technique used was multiple linear regression analysis which functions to find the influence between dimensions of brand equity on customer loyalty. Processing data with classical assumption tests and then t-tests to prove the previously formulated hypotheses.

4. RESULTS AND DISCUSSION
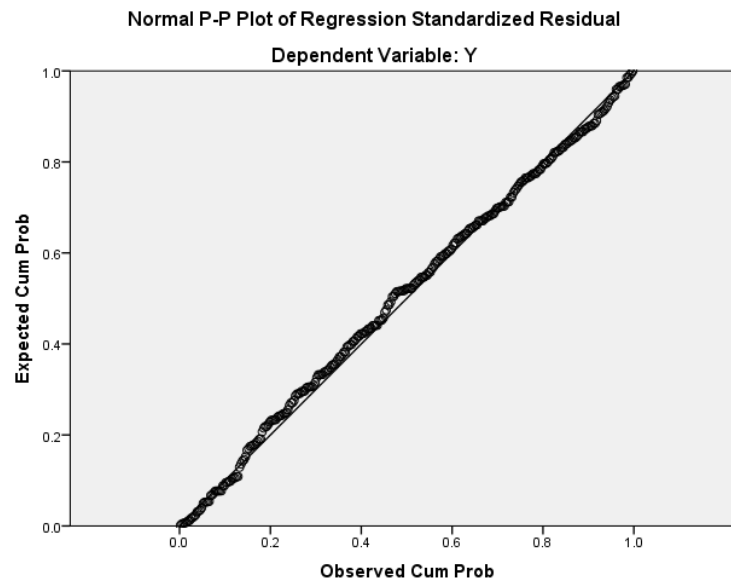### 4.1 RESULTS
4.1.1 Normality Test

Figure 2. P-P Plot Graphics

Based on figure 2, P-P Plots values are located around the diagonal line and do not deviate far from the diagonal line, so the data is assumed to be normally distributed.

4.1.2 Multicollinearity Test

Table 1. Multicollinearity Test

Variabel	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
X1	.277	3.609
X2	.285	3.506
X3	.404	2.473

Table 1 shows the independent variables have met the requirements to be included in a model.

4.1.3 Heteroscedasticity Test

Scatterplot
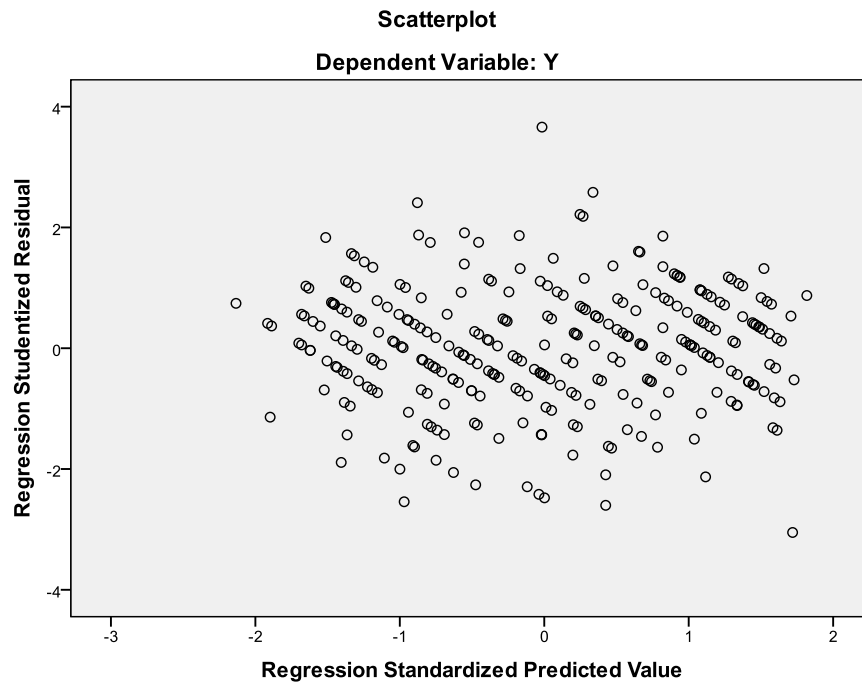
Dependent Variable: Y

Figure 3 Scatter Plot Graphic

Figure 3 shows the presence of irregular and scattered residual distribution. It can be concluded that this meets the appropriate assumptions.

4.1.4 Multiple Regression Test

Table 2. Result of Multiple Regressions

Model	Unstandardized Coefficients		Standardize Coefficient	t	Sig.
	B	Std. Error	Beta		.055
(Constant)	-.985	.511		-1.928	.000
X1	.177	.044	.246	4.022	.000
X2	.207	.045	.279	4.629	.000
X3	.234	.031	.383	7.573	.000

Table 2 shows that the first hypothesis has a significant effect between brand awareness and loyalty of cellular card users in Medan. The second hypothesis states that brand association has a significant effect on customer loyalty. The third hypothesis is perceived quality, which also has a significant effect on customer loyalty. Thus, all variables get Ho is rejected and Ha is accepted. The positive effect on the sample also applies to the population. This study supports the hypothesis and accordance with the theory.

4.2 DISCUSSION

Perceived quality is the variable that has the greatest influence on customer loyalty and directly affects customer purchasing decisions and their loyalty to the brand. This is indicated

by the coefficient value obtained of 0.234. This means that if the perception of quality increases, loyalty also increases. This will form the perception of the quality of a product in the eyes of customers and overall can determine the value of the product or service. If the customer's perception of product quality is good, then customer loyalty to a product will be high. The results of this study are in line with research conducted by Kalia et al., (2021) which found that perceived quality has a positive and significant effect on loyalty [19].

The next variable, brand association has a significant effect on customer loyalty. If brand association increases, loyalty will increase and vice versa. Brand association has a coefficient value of 0.207, where brand association has the second largest influence in building loyalty. Nguyen (2021) stated that positive brand association can create a good brand image, so that it can create consumer trust in brand loyalty. Consumers will have loyalty to a product if consumers feel that brand association provides benefits [20]. Research with similar results has also been conducted by Phong, et al (2020) [21].

The results displays it was obtained that brand awareness has a significant effect on customer loyalty. With a significance of $0.00 < \alpha = 0.05$. Brand awareness has a coefficient of 0.177. Brand recognition is a basic step before creating loyalty. If brand awareness performance is strengthened, its influence on customer value will be greater. Thus, the brand knowledge of the product must be in in the top of minds of consumers [22].

5. CONCLUSION

All dimensions of brand equity have a great and significant impact on customer loyalty of cellular cards in Medan. This illustrates that the higher the brand equity of a cellular card, the higher the loyalty. The results of this study indicate that brand equity plays an important role in creating customer loyalty to cellular card products in Medan. The results proved that companies engaged in the telecommunications industry need to consider important things in creating awareness and maintaining the quality of their products among the public. After customers are aware of a product, company managers must continue to ensure that customers remain loyal to the telecommunications product. Because, efforts to increase awareness cannot guarantee that consumers will not switch to other telecommunications products due to the many competitions in network quality and price competition. To maintain consumer loyalty, it is important for companies to have their own strategies to increase loyalty.

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