

Customer Loyalty Behaviour Brand Air Conditioner XYZ: Combination of Expectation-Confirmation Theory, Satisfaction – Loyalty, and Brand Reputation

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Abstract—This research studies about AC (Air Conditioner) consumer loyalty in the city of Surabaya. The combination of Expectation Confirmation Theory theory on AC consumer satisfaction, the relationship between satisfaction and loyalty with the presence of brand reputation variables. The use of structure equation modeling methods can provide a clear picture of the relationship between variables. From the data processing can be seen if the relationship between satisfaction with loyalty variables significantly influence the value of 0.901 and the relationship of satisfaction variables with the brand reputation that has a significant effect with the value of 0.989. The expectation in this research is to be able to find out the factors that can influence the consumer loyalty of the XYZ brand AC so that it can be used as a reference in taking strategic steps of the company.

Keywords—the combination of expectation confirmation theory, loyalty behavior, Air Conditioner Electronic.

I. INTRODUCTION

ELECTRONICS competition in the Indonesia market is very tight, especially for a specific product for Air Conditioner. Market domination for Air Conditioner (AC) mostly from Japan, Korea, and China brands. Around 50% of Indonesia dominates from Japan’s brand even though for a higher price. Indonesian market still believes in Japan’s brand but now Japan’s brand starts to sell the cheaper product to compete with China’s brand. It makes competition for cheaper price growth, that why customer starts to believe if the cheap price means not so bad product because Japan’s product has a cheap price too. XYZ brand is Japan’s brand but has a differentiation strategy to maintain price and margin of quality, the price war between Japan’s product becomes a distraction to customer choose other Japan’s product which has a cheap price. Then now online business starts to be a customer shopping solution, information about price easily to access. The market becomes wider and larger than before, that makes customer begin disloyal to brand. The customer easily to choose other brands just because it has a cheaper price. AC businesses have uniqueness for selling the products, may the online effect to make customer disloyal to brand. The uniqueness of AC products is half-finished goods and the other half depends on the installation, that is the

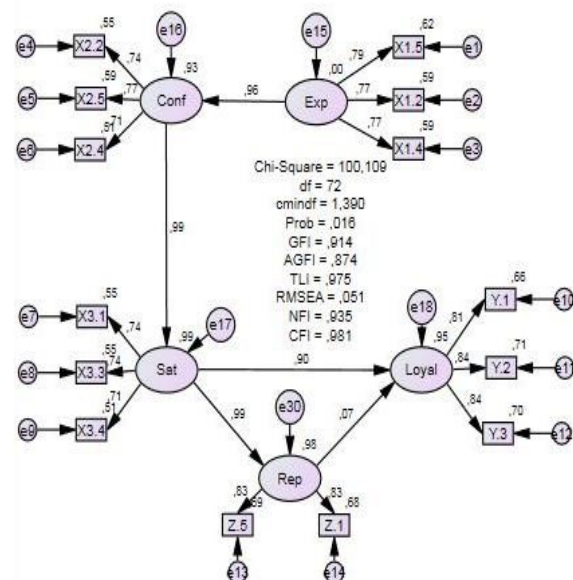


Figure 4. Combined Model with SEM Analysis.

No.	Goodness of Fit Measures	Cutt Off Value	Nilai Model Fit
<i>Incremental fit indices</i>			
1	AGFI	≥ 0,8	0,874
2	NFI	≥ 0,8	0,935
3	TLI	≥ 0,8	0,975
4	CFI	≥ 0,8	0,981
<i>Absolute fit indices</i>			
5	GFI	≥ 0,8	0,914
6	RMR	≤ 0,8	0,026
7	RMSEA	< 0,8	0,051
<i>Parsimony fit indices</i>			
8	PNFI	0,60 - 0,90	0,740
9	PGFI	0,50 - 1,00	0,626

Figure 5. Goodness of fit modeling.

opportunity to create loyalty from the customer against online business and price competition. For example when we brought the most expensive AC but if we do not concern about installation and no information to do the right maintenance, AC will be damaged shortly. AC business should be handle with the right strategy, to maintain loyal

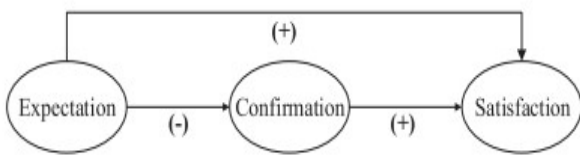


Figure 1. Expectation Confirmation Theory Model



Figure 2. Customer loyalty dimensions

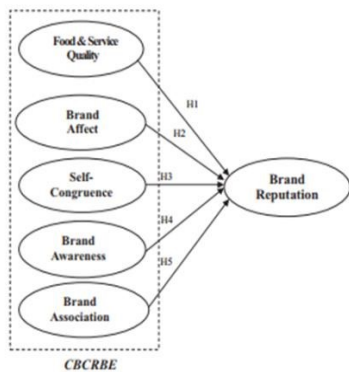


Figure 3. Brand reputation indicators

customers. Usually, direct selling is better because salespeople will share information with prospective buyers. It is an opportunity for the XYZ brand to create loyal customer, but need the right strategy. This research may help the company to consider its strategy of loyalty creation.

II. METHOD

The research use combination of 3 basic theory. The first is the expectation-confirmation theory connected with satisfaction theory about products. The indicator used in ECT will be associated with AC brand products XYZ. The indicator will be related to the acceptance of expectations from consumers of AC XYZ, expectations of product and service quality become satisfaction (Fu, Zhang, and Chan 2018). The model of ECT shown in figure 1.

The second is loyalty, in the results of a person's assessment of satisfaction will form a certain pattern of consumer loyalty that is very loyal to not loyal (Kotler 1994). Consumers can be said to be very loyal if. Two approaches can be used to measure a loyalty that is the behavioral approach and the attitudinal approach. The behavioral approach is a measurement of loyalty based on the number of

purchases, the frequency of purchases, the period of ownership. While the measurement of loyalty based on the attitude approach is a loyalty based on commitment, the desire to repurchase, the desire to recommend to other parties (word of mouth), self-loyalty, positive praise, and product recognition. That approach is used to measure AC XYZ brand loyalty because it is easier and more concise to ask respondents (Dick and Basu 1994). There are six dimensions to measure customer loyalty (Nazari et al. 2014) shown in figure 2.

The third is brand reputation, the brand is a symbol, sign, design or a combination of the three things that are intended as the identity of several sellers to then be used as a differentiator with competitors on the market (Kotler 2009). And reputation is an award that is obtained by the company or businessman or certain products because there is an advantage or recognition of the quality of the company or product to be able to develop themselves and create new things for meeting the needs of consumers. Reputation begins with an organizational identity as the first starting point reflected (Herbig, Milewicz, and Golden 1994). The dimension to measure brand reputation has five indicators (Han, Nguyen, and Lee 2015), shown in figure 3.

All of the theories combined into one connection towards loyalty to know the cause. Using structural equation modeling (SEM) technique to calculate the correlation between variables then indicators. The number will show a quantitative correlation to be the next analysis of strategy.

III. RESULT AND DISCUSSION

The combination model result can be seen in figure 4, there is a positive correlation between variables. Expectation, confirmation, and satisfaction showed the positive correlation with the number of correlations are 0,96 for the expectation to confirmation, the 0,99 from confirmation to satisfaction and that is called with the ECT. The correlation ECT and loyalty is 0,90 positively has a correlation. Then ECT to brand reputation is 0,99 and positively has a correlation. But in the correlation between reputation and loyalty is only 0,07 or have correlation but it is too small to give impact or influence of variable loyalty.

Structural equation modeling has to goodness fit measures to check the model suitability. Measure parameters are AGFI, NFI, TLI, CFI or usually called incremental fit indices which shows the index in accordance with the recommended provisions. Then absolute fit indices are shows the suitability of the index against the recommended cut-off value with measure parameter GFI, RMSEA, RMR. The last is parameter PNFI and PGFI or parsimony fit indices. If all of the criteria have fulfilled so the analysis of SEM can be processed. (Gattinger 2018). There is figure 5 to compare with cut-off value each goodness of fit criteria.

The hypothesis testing is using from the significance of p-value ($\leq 0,1$). P-value of H1 is 0,002 with C.R. or probability 8,711 which means H1 is accepted and significance. H2 has p-value 0,002 with C.R. 8,374 which means H2 is accepted and significance. H3 has p-value 0,001 with C.R. 9,750 which

Table 1.
Literature Review

Researchers	Research Object	Analysis Method	Result and Discussion
Williams, Rana, & Dwivedi (2011)	"expectation, confirmation, continuance, satisfaction" used for basic of remake of ECM model for information system	Literature Review	Modification ECT to be ECM (Expectation Confirmation Model) is very helpful for system information research, which is used for study customer behavior especially to continuance usage intention.
Expectation-Confirmation Theory in Information System Research: A Review and Analysis, 442	Variable: post consumption expectation, perceived usefulness, continuance usage intention. Hypothesis: Do the ECM can use for measure customer behavior?		
Fu, X., Zhang, J., & Chan, F. T. S. (2018)	The researchs public transport user loyalty with conceptual of expectation confirmation theory dan satisficationloyalty theory.	Structural Equation Modeling (SEM)	A deep knowledge from this research through the evaluation process using ECT, comprehensive services, perceived value based on profit and expense.
Determinants of loyalty to public transit : A model integrating SatisfactionLoyalty Theory and Expectation-Con fi rmation Theory. Transportation Research Part A, 113(October 2017), 476-490.	Variable: loyalty, perceived service quality, expectation-confirmation, customer satisfaction. Hypothesis: made of each corelation of variables.		
Dick, A. S., & Basu, K. (1994)	Research about conceptual of total customer experience (TCE) with objective to maintain long term customer loyalty.	Literature Review	Combination from functional profit and emotional of products or services which could make strong emotional bond between customer and company. Thats can't be copied by other company.
Customer loyalty: Toward an integrated conceptual framework. Journal of the Academy of Marketing Science, 22(2), 99-113	Variable: total customer experience, customer satisfaction, lasting customer loyalty Hypothesis: Do conceptual of TCE can maintain long term customer loyalty?		
Han, S. H., Nguyen, B., & Lee, T. J. (2015)	Trial to consumer-based chain restaurant brand equity (CBCRBE) model and studied to brand reputation as mediation variable between CBCRBE and brand trust	Structural Equation Modeling (SEM)	Positive correlation between CBCRBE and brand trust. Brand reputation have positive value correlation, so can be said that brand reputation is mediation variable.
Consumer-based chain restaurant brand equity, brand reputation, and brand trust. International Journal of Hospitality Management, 50, 84-93	Variable: brand reputation, brand trust, CBCRBE (food & service quality, brand affect, self congruence, brand awareness, brand association). Hypothesis: hypothesis made from correlation of each indicators		
Nazari, M., Hosseini, M. A. Shah, Kalejahi, S. V. Tabatabaie (2014)	Impact of the price fairness to know the correlation with price satisfaction, customer satisfaction, and customer loyalty. In Case of MTN Irancell Company	Structural Equation	The results lend support to the claim that price satisfaction is linked to customer satisfaction and customer satisfaction is linked to customer loyalty because the estimated parameter between both constructs for both two hypotheses are positive and significant. The hypothesis H5 states that price fairness is positively associated with customer loyalty rejected based on SEM analysis because T-value was between -1.96 and 1.96 but price fairness is associated with customer loyalty through price
Impact of Price fairness on Price Satisfaction, Customer satisfaction and Customer Loyalty in Iran Telecommunication Market (Case: MTN Irancell Company). Asian Journal of Research in Marketing, Vol. 3, No. 1, February, 2014, pp. 131144.	Variable: price fairness, customer satisfaction, customer loyalty hypothesis: The correlation of each variable		

means H3 is accepted and significance. H4 has p-value 0,065 little bit higher but still $\leq 0,1$ which means H4 is accepted and significance. But in H5 has p-value 0,797 or not suitable for the criteria $\leq 0,1$ so it is not accepted and not significance.

IV. CONCLUSION

After conducting research, it can be explained the results of the analysis in the previous chapter, namely, there are 3 relationships that have a significant effect, namely the relationship between experience and confirmation; confirmation and satisfaction; satisfaction, and brand reputation. In addition, there are also 2 relationships that have no significant effect, namely the relationship between satisfaction and loyalty; brand reputation, and loyalty. This is possible if satisfaction and brand reputation have a significant positive effect because if consumers are satisfied it will increase the reputation of the XYZ brand AC brand and can also make the value of the brand or brand value also go up. However, between satisfaction and loyalty does not have a significant effect because not everyone will buy back because if faced with another brand's AC, most respondents still have the intention to choose another brand's AC. The highest relationship is on confirmation and satisfaction with a standardized estimate reaching 0.994 where every change in confirmation will affect 0.994 times on the satisfaction variable.

ACKNOWLEDGMENT

A. Literature Review

Literature review can be seen in the Table 1.

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