

The Factors That Affect Customer Value and Its Impact on the Customer Loyalty

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Abstract: *This study aims to find out and analyze the factors that influence customer value and their impact on customer loyalty. This study uses quantitative methods with descriptive and verification approaches using explanatory surveys. The analysis technique uses SEM analysis. From the results of the study obtained data that the factor of consumer psychology moves from the point of not good to good while the customer value factors and customer loyalty moves from good enough to well. Verification results show both partially and simultaneously these factors have a positive and significant effect. Customer value has a positive and significant effect on customer loyalty with the magnitude of its influence stronger when compared to consumer psychology and the marketing mix towards customer value. This proves empirically that customer value factors are intervening between consumer psychology and marketing mix with customer loyalty.*

Keywords: *customer value; service quality; consumer psychology; customer loyalty*

I. Introduction

In the era of globalization and business competition that is so tight, competitive advantage over a product has its own value for consumers [1]. The competitive advantage that the company has gives a proposition value and supports customer value [2], [3]. Therefore, companies must effectively plan strategies in an effort to attract the attention of customers. Customer value includes product quality and service. Providing optimal service is the right strategy applied to the success of business activities [4], [5], because maintaining is more difficult than getting new customers [6], [7].

To maintain customers, of course business people must be able to know the tastes of consumers, especially from the social psychological aspects and consumer culture which can change at any time [8]. By understanding what is the obligation of the producer, the quality of service provided is considered as a differentiator in an effort to meet the needs of customers or consumers [9], [10]. The development of a service company to consumers or customers must also be improved [11]. customer value indicates that the product produced can be accepted by consumers. This must be addressed by the producers as well as an evaluation material on how to retain consumers (consumer loyalty) so as not to turn to other products or companies [12], [13].

From the description above, the researcher can formulate several problems, namely:

1. How big is the impact of service quality on customer value
2. How big is the impact of consumer psychology on customer value
3. How big is the impact of customer value on customer loyalty

The purpose of this study is to know and analyze the impact of service quality and consumer psychology on customer value and its effect on customer loyalty.

II. Review of Literature

2.1 Customer Value

Customers are long-term investments for companies that must be given the best service for the continuity of their business. Companies must be able to create customer value in the process of buying and providing good service [14], [15]. Therefore, companies must be able to utilize people's preferences, create services, and market surveys in order to be able to support customer value for the products they produce better and satisfactorily [16], [17], [18].

To be able to satisfy customers, companies must be able to combine several elements including customer information, human resources, and business capabilities they have [19]. With the steps taken by the company it is expected that customers can be satisfied so that it will increase customer value. Conversely, if the customer is not satisfied, it will have an impact on distrust of the products produced by the company [20]. The results of empirical research conducted by Eid [21], Ganguli & Roy [22], Sohibah, Mohammad, Salim, & Ismail [23], Tabassum, Zafar, Ali, Alam, & Ali [24], Al-Hawari & Mouakket [25], Wu & Liu [26] it can be concluded that customer value has a positive and significant effect on customer loyalty.

2.2 Service Quality

Service is an effort given by the company to consumers so that they are interested in buying the products they produce. Providing services to consumers is subjective so it is difficult to measure. Therefore, companies must know the characteristics and characteristics of each consumer [27]. Good service quality will be a special power for consumers to choose the products they want. Therefore, service quality will have a direct impact on customer satisfaction [28], [29].

By providing optimal service quality, it will have an impact on customer loyalty and indirectly related to buying products that producers produce [30], [31], [32]. The results of empirical research conducted by Heri [28], Alex and Thomas [30], Yu [31], and Qomariah [33] it can be concluded that giving good services to consumers will have a positive impact on the company's image, the products produced.

2.3 Customer Psychology

Consumer psychology is one of the supporting factors that can affect customer value. This was revealed by Rintamaki et al. [34] that in order for customer value to be formed, the company (producer) needs to understand aspects of consumer psychology. Rintamaki's opinion is reinforced by Jahanshahi et al. [35] and Chang & Dibb [36] that there are several factors that can influence customer value, including situational, psychological and socio-cultural.

However, basically the customer value must be expected by the producer psychologically in order to have a positive impact. The results of empirical research conducted by Scheers [37] & Chang [38] can be concluded that consumer psychology has a positive impact on customer value related to the products and services it receives.

2.4 Customer Loyalty

Quality services and products will add to the attractiveness of consumers for goods produced by producers. This factor can cause consumers to be loyal and will not turn to

similar products from other manufacturers. By maximizing service and satisfaction to consumers, it will maintain loyalty and loyalty for a long period of time [33], [39], [40].

Therefore customer satisfaction is the most relevant to customer loyalty and a driver of success in marketing [41], [42]. The results of empirical research conducted by Chen & Tsai [39], Fiol, Alcaniz, Tena, & Garcia [40], Lam, Shankar, Erramilli, Murthy [43], Gounaris, Spiros, Tzempelikos, & Kalliopi [44] it can be concluded that the quality of customer value and customer loyalty is important for the success of a company in increasing its relationship with customers and achieving competition competitive in organizational performance.

III. Research Methods

This research was conducted at the Triples S ball company located in Majalengka Regency, West Java, Indonesia. The research method uses quantitative methods with exploratory and explanatory descriptive approaches. Sources of data come from primary data and secondary data using structured interview techniques through questionnaires. Test the normality of the data with the help of SPSS version 20.00 software. The collected data is then analyzed and processed using Structural Equation Modeling (SEM) software Lisrel 8.72.

IV. Results and Discussion

Empirical data obtained from Triple S soccer ball company are:

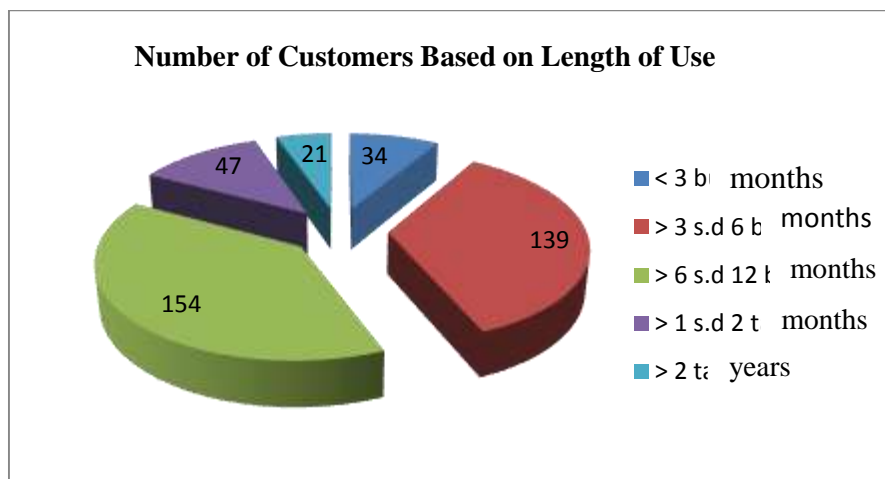


Figure 1. Number of Customers Based on Length of Use

Based on Figure 1 above, it can be explained, that of the total number of customers used as respondents as a whole population, the majority came from vulnerable time more than 6 months to 12 months as many as 154 respondents, while the least customers were those who used soccer balls Triple S more than 2 years, namely 21 respondents. From the results of the validity and reliability test on customer value factors, service quality, consumer psychology, and customer loyalty are all valid with values above 0.300, while reliability with values above 0.700.

From the results of statistical analysis using Structural Equation Modeling (SEM) software Lisrel 8.72 the following results are obtained:

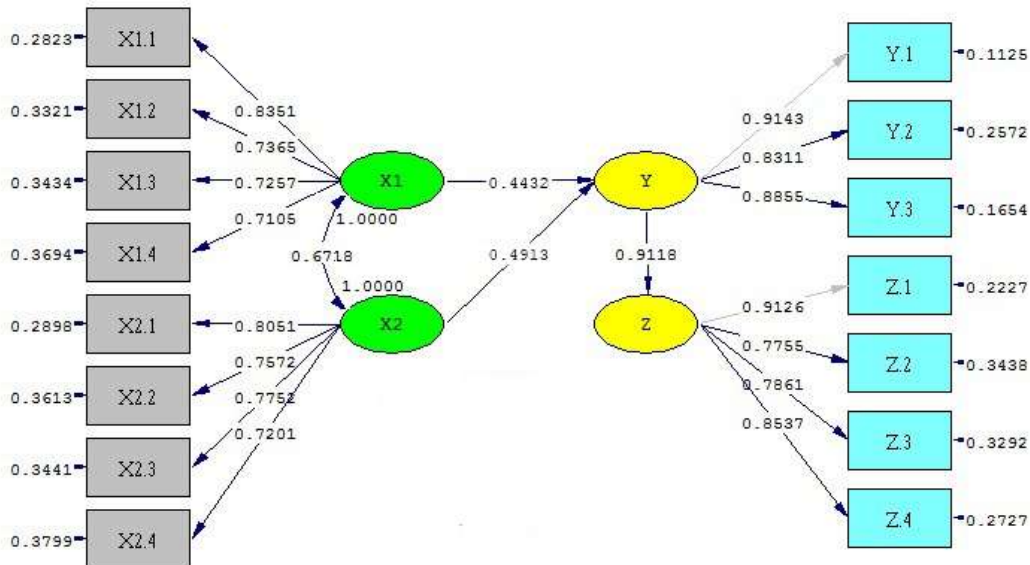


Figure 2. Structure of Relationship of All Research Variables

From Figure 2 above can be explained, that the service quality factors and consumer psychology have a positive and significant effect on customer value. While the customer value factor has a positive and significant effect on customer loyalty. By understanding the value of consumers and consumer psychology, the manufacturer of soccer brand Triple S will better understand the right way to win the hearts of consumers who will have a positive impact on the sale of Triple S brand football. With the increase in sales of Triple S brand soccer, the survival of manufacturers Triple S brand soccer balls are maintained and employees of Triple S soccer manufacturers can still work well. Therefore producers need to pay attention and understand the psychological conditions of consumers better so that customer value is maintained properly. This result is in accordance with the opinion expressed by Qomariah [33] and Chen & TSai [39] that customer value and customer loyalty are important and important for the success of a company. This opinion is supported by the results of a study conducted by Fiol, Alcaniz, Tena, & Garcia [40], Lam, Shankar, Erramilli, Murthy [43] that customer value and loyalty can improve relations between producers and consumers and achieve the expected goals of producers.

In addition, customer value is a very important one in order to increase sales of Triple S. brand soccer balls. This is because if customers feel that what is received is more than the sacrifice they make, surely this will delight the Triple S brand soccer customers. and finally the customer becomes a loyal customer. This result is in accordance with the opinion of Castaneda et al. [41] and Srinivasan, Anderson & Ponnaivalu [42] that by giving satisfaction to consumers it will have an impact on the success of product marketing. This opinion is consistent with the research conducted by Tzempelikos, & Kalliopi [44] that customer relations is a way to improve competitiveness and overall organizational performance.

IV. Conclusion

From the research results, it can be concluded that consumer psychology and service quality have a positive impact on customer value. By paying attention to the optimal service element, it will make consumers / customers feel comfortable so as to create high customer value. While customer value has a positive and significant impact on loyalty. The higher the customer value, the more positive customer loyalty will be to the products produced by the company. Therefore if the price is high but the benefits obtained by the customer are not many, it will have an impact on the loyalty given by the customer.

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