INCREASING CUSTOMER LOYALTY BASED ON PERCEIVED EASE OF USE, BRAND EQUITY, AND PRODUCT DIFFERENTIATION

Muhamad Puji Aryono[1*], **Syahtri Wardana Priyambodo**[2]

[1,2] Faculty of Economics and Business UNTAG Semarang, Indonesia

[*]Email: pujiaryo8@gmail.com (corresponding author)

ABSTRACT

This research aims to determine the influence of perceived ease of use, brand equity, and product differentiation on Tokopedia customer loyalty. The sample for this research was students from the Faculty of Economics and Business, Universitas 17 Agustus 1945 Semarang, totaling 88 students. The data analysis used multiple linear regression analysis. The results show that perceived ease of use does not affect customer loyalty, brand equity has no effect on customer loyalty, and product differentiation has an effect on customer loyalty. The influence of perceived ease of use and brand equity is not significant on customer loyalty because this influence varies depending on the context, industry, and specific characteristics of a particular product or service.

Keywords: Customer Loyalty, Perceived Ease of Use, Brand Equity, Product Differentiation.

INTRODUCTION

Information technology cannot be separated from human life (Meidita et al., 2018). One real impact is communication that does not consider distance, space, and time (Thungasal, 2019). So many business and trade platforms utilize the Internet as an e-commerce and social media platform (Rafiah, 2019). With the increasingly widespread growth of e-commerce, managers are competing to provide the best service for consumers so that they do not lose customers and can dominate the market (Erawati, 2020).

Very tight competition to become Indonesia's e-commerce leader occurs between Tokopedia and Shoope (Naruliza & Laleno, 2020). According to iPrice data, Tokopedia's average monthly visitors reached 157.2 million in the first quarter of 2022, while Shopee's was 132.77 million. In September 2023, Tokopedia achieved 88.9 million visits, down 31% compared to the beginning of the year. In contrast, Shopee received 237 million visits, up 38% compared to the beginning of the year.

To become a winner, every company must give attention to factors that can build customer loyalty, including providing products that meet customer needs (Pancarini et al., 2023). Besides this, it also provides services and ways of making transactions (Naif, 2017). Next, differentiate products by creating new brands with superior value and benefits (Dewobroto, 2020). It is also important to maintain strong brand equity to compete, capture, and dominate the market (Setyowati, 2017).

Several previous research results still show a research gap regarding the factors that influence customer loyalty. Studies by Mandasari & Giantari (2017), and Izzah et al., (2022)

state that perceived ease of use has a significant effect on customer loyalty. On the other hand, Harahap et al. (2020), and Pramita (2021) found that perceived ease of use did not have a significant effect on customer loyalty. Research by Rachmawan (2019) explains that brand equity has a significant effect on customer loyalty, contrary to Ramdani (2022) that brand equity does not have a significant effect on customer loyalty. Research by Dejawata (2014), and Tehuayo (2021) concludes that product differentiation has a significant effect on customer loyalty, different from the findings of Amanah & Harahap, (2019), and Permatasari (2021) that product differentiation does not have a significant effect on customer loyalty.

This study aims to reexamine the influence of perceived ease of use, brand equity, and product differentiation on customer loyalty. Theoretically, it is hoped that this research can contribute ideas to the development of management science in general and online business in Indonesia. Practical benefits for the company are also discussed as consideration in determining marketing strategies.

LITERATURE REVIEW

The Effect of Perceived Ease of Use on Customer Loyalty

The development of information and communication technology has brought major changes to the business world, especially in terms of interactions between companies and customers. Perceive ease of use is a key factor that influences customers' decisions to remain loyal to a product or service. Factors such as user interface, transaction process, and clarity of instructions may influence this perception. Research conducted by Mandasari & Giantari, (2017) and Izzah et al., (2022) found that perceived ease of use has a positive effect on customer loyalty.Based on the description, hypothesis 1 can proposed:

H1: Perceived ease of use has a positive significant effect on customer loyalty.

The Influence of Brand Equity on Customer Loyalty

Brand equity includes the perception, image, and values associated with a brand. High brand equity can increase customer satisfaction because the brand is considered to meet expectations and provide added value. Customers who have a positive experience with a brand are more likely to choose that brand in their next purchasing decision. Research conducted by Rachmawan (2019) found that brand equity has a positive effect on customer loyalty. Based on the description, hypothesis 2 proposed:

H2: Brand equity has a positive and significant effect on customer loyalty.

The Effect of Product Differentiation on Customer Loyalty

Product differentiation strategy is key in a company's efforts to differentiate itself from competitors in a competitive business environment. Successful product differentiation can increase customer satisfaction because the product meets specific needs and provides added value. Products that consistently add value can extend the customer's life cycle, keeping them using the product over time. Research conducted by Dejawata (2014) and Tehuayo (2021) found that product differentiation has a positive effect on customer loyalty. Based on the description, hypothesis 3 proposed:

H3: Product differentiation has a positive and significant effect on customer loyalty.
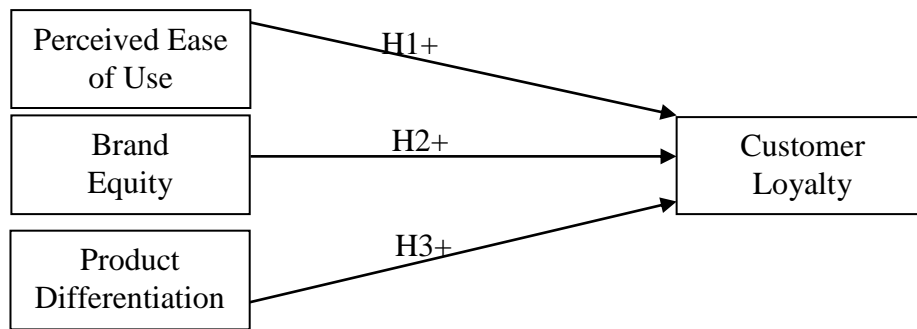
The conceptual framework can be shown in Figure 1.

Figure 1. Research Framework

RESEARCH METHODS

Sample

The population in this study were students from the Faculty of Economics and Business, University of 17 August 1945, Semarang. In 2023, totaling 760 students. The samples were calculated using the Slovin Formula with a margin of error of 10%, resulting 88 students. Questionnaires were distributed to students to measure their perceptions of Tokopedia as an e-commerce platform.

Measure

Perceived ease of use is defined as to what extent people believe that by using technology they can be free of business with indicators of ease of access, availability of information, and ease of learning, (Izzah et al., 2022). Brand equity is the added value given to a product or service, this value can be reflected in the way of thinking, feeling, and acting towards the brand, price, market share, and profitability of the company. In this study, it is measured by indicators of brand awareness, brand association, brand perception, adn brand loyalty. Product differentiation is an attempt by a company to differentiate its products from competitors' products in a characteristic that makes them more desirable. Product differentiation is measured by product shape, product features, product performance quality, buyer suitability, durability, reliability, ease of repair, and design style (Kotler & Keller, 2016). Customer loyalty is a nonrandom purchase that is revealed over time by several decision-making units. Operationalization of customer loyalty includes repeat purchases, the habit of consuming the brand, always liking the brand, still choosing the brand, believing that the brand is the best, and recommending the brand to others (Tjiptono, 2008). The questionnaire was created with a multiple choice category using a Likert scale, where each question item is divided into 5 measuring scales as follows: strongly agree (score 5), agree (score 4), neutral (score 3), disagree (score 2), strongly disagree (score 1).

Data Analysis

The data analysis consists of validity tests, reliability measurements, classic assumptions, and inferential statistics with multiple linear regression. The validity test is used to measure whether a questionnaire is valid. Reliability testing to determine the measurement results will produce the same data. Multiple linear regression analysis is used to find out how much influence the independent variable has on the dependent variable.

RESULT AND DISCUSSION

Result

Table 1 show the validity and reliability test results. The results show that the 38 question items is valid for measure the variables perceived ease of use, brand equity, product differentiation and customer loyalty with Pearson Correlation value greater than 0.209.

Furthermore, the Cronbach alpha value was > 0.60, so it was concluded that all question items are reliable.

Table 1. Validity and Reliability Test Results

Variable	Indicator	r-count	Indicator	r-count	Cronbach's Alpha
Perceive Ease of Use	X1.1	0.861	X1.6	0.835	0.926
	X1.2	0.763	X1.7	0.704	
	X1.3	0.756	X1.8	0.742	
	X1.4	0.770	X1.9	0.817	
	X1.5	0.877			
Brand Equity	X2.1	0.699	X2.5	0.892	0.912
	X2.2	0.823	X2.6	0.763	
	X2.3	0.761	X2.7	0.851	
	X2.4	0.875	X2.8	0.713	
Product Differentiation	X3.1	0.790	X3.6	0.832	
	X3.2	0.819	X3.7	0.795	
	X3.3	0.879	X3.8	0.680	0.932
	X3.4	0.858	X3.9	0.744	
	X3.5	0.869			
Customer Loyalty	Y1	0.691	Y7	0.879	0.946
	Y2	0.826	Y8	0.823	
	Y3	0.756	Y9	0.898	
	Y4	0.793	Y10	0.820	
	Y5	0.758	Y11	0.717	
	Y6	0.826	Y12	0.712	

The results of multiple linear regression is show in Table 2. The One-Sample Kolmogorov-Smirnov test show the probability value of 0.076>0.05 that the residual data is normally distributed. Tolerance>0.10 and VIF<10 indicate that there are no multicollinearity. The p-value of heteroscedasticity>0.05 meaning that heteroscedasticity. The t-statistical test results on perceived ease of use have coefficient of 0.035, p-value 0.723>0.05, and that perceived ease of use has no influence on customer loyalty then H1 is rejected. Brand equity has B=0.020 with p-value = 0.888>0.05, so brand equity has no influence on customer loyalty and H2 is rejected. Finally, product differentiation has B=0.686 with p-value = 0.00<0.05, so product differentiation has an influence on customer loyalty and H3 is accepted.

Table 2. Multiple Linier Regression Result

Hypothesis	B	t-value	p-value
H1: Perceived Ease of Use → Customer Loyalty	0.035	0.356	0.723
H2: Brand Equity → Customer Loyalty	0.020	0.142	0.888
H3: Product Differentiation → Customer Loyalty	0.686	6.487	0.000

Note :
- Sig. Normality Statistic = 0.076; Tolerance =0.345, 0.241, 0.314; VIF = 2.899, 4.145, 3.181; Sig. Heteroscedastisity Asumption (0.271, 0.985, 0.228)>0.05.
- R Square = 0.641; F =50.081, Sig. = 000.

Discussion

Perceived ease of use is one of the factors that is generally associated with user acceptance and satisfaction with a product or service. However, it is important to remember

that the influence of perceived ease of use on customer loyalty may vary depending on the context, industry, and specific characteristics of a particular product or service. Although perceived ease of use can influence a customer's decision to continue using a product or service, there are some situations where the influence may be less significant or even invisible and other factors have a more dominant role in shaping customer loyalty. Perceived ease of use does not affect customer loyalty, among other things, because the product or service does not have a significant difference from competitors. Additionally, customer preferences can change over time. If the quality of the product or service does not meet customer expectations, perceived ease of use may become less relevant. The price factor is more dominant in influencing customer decisions than ease of use. Competition is very tight, customers can focus more on other factors such as price, promotions, or greater product differentiation.

Previous research proves that perceived ease of use does not affect customer loyalty (Harahap et al., 2020). Furthermore, Pramita (2021) state that there is no influence of the perceived ease of use variable on the customer loyalty variable, while the customer engagement and promotional usefulness variables have an influence on the customer loyalty.

Brand equity is the value contained in a brand based on the perceptions and associations formed by customers towards the brand. Brand equity includes elements such as brand awareness, brand image, customer trust, brand loyalty, and other brand associations. Although brand equity is generally considered an important factor in building and maintaining customer loyalty, there are some situations where brand equity is not dominant in influencing customer loyalty. Several reasons why brand equity is not always the main factor in customer loyalty include functional considerations, market conditions and competition, unsatisfactory direct experience with certain products or services, changes in consumer preferences, and product innovation and development.

The results of this research are in line with previous research (Ramdani, 2022), that there is an influence of the product quality variable on the customer loyalty variable, while the brand equity variable does not affect the customer loyalty. In a marketing context, no one rule applies to all situations. Factors influencing customer loyalty can vary depending on various factors, including industry, product characteristics, and customer preferences.

Product differentiation means creating uniqueness and added value to a product so that it can be differentiated from similar products on the market. These differences can be in the form of differences in features, quality, design, packaging, or services offered. In many cases, product differentiation can have a significant role in customer loyalty. Through product differentiation, companies can attract consumer attention, build customer loyalty, and increase their market share. Product differentiation is important in building and maintaining customer loyalty due to product uniqueness, identification with the brand, quality and reliability, better user experience, product innovation, and competitive prices.

Previous research proves that product differentiation affects customer loyalty (Amanah & Harahap, 2019; Jumaida, 2023). Product differentiation is closely related to customer loyalty. Through product differentiation, companies can build competitive advantages that can create stronger relationships between brands and customers. Successful differentiation depends on a good understanding of customer needs and preferences, as well as the company's ability to maintain the quality and uniqueness of the product or service provided over time.

CONCLUSION AND RECOMMENDATION
Conclusion
Perceive ease of use does not have an important role in customer loyalty, where currently many similar platforms provide ease of use and various services that make it easier

for customers to shop online. Brand Equity does not affect customer loyalty because in a very competitive market, many brands offer similar products or services. Product differentiation influences customer loyalty, customer expectations regarding unique and different products or services will have an impact on increasing customer loyalty.

Managerial Implications

The e-commerce can make the purchase transaction process through the application faster. So customers don't need a long time in the online purchasing process. It must improve product quality, seller honesty, maximum service, maintain consistency, and provide more value to customers. This is useful so that customer trust remains while increasing purchasing decisions and customer loyalty. Lastly, it can be up to date with the latest goods at any time, there is an official store for official brands, you can get a refund if there is a problem with the product you purchased, and it is easy to contact the seller if there is a delay or if the product is not suitable. This is useful to maintain ease of use and increase customer loyalty..

Futher Research

Future researchers can develop this research by researching other factors that can influence customer loyalty. The variables are such as customer satisfaction, and customer trust.

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