



The Effect of Product Innovation on Customer Loyalty (Survey of Samsung Phone Users in Indonesia)

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Abstract: In the digital era, Samsung is a brand that dominates smartphones. This South Korean brand is the number one Android phone manufacturer recognized for its capabilities globally. Even though Samsung has the highest market share, Samsung's market share has decreased. The low customer loyalty is allegedly the main cause of the decline in Samsung's market share. This paper aims to determine product innovation's effect on customer loyalty for Samsung cellphone customers in Indonesia. The research method in this scientific work is carried out quantitatively. The sampling technique used was nonprobability, with purposive sampling as the sampling technique. Meanwhile, the number of respondents was 100 people who live in Indonesia and are Samsung cell phone customers. While the data analysis technique used is simple linear regression analysis. The results of this study reveal a positive influence of product innovation on customer loyalty for Samsung cellphone customers in Indonesia.

Keywords: Product Innovation, Customer Loyalty, Samsung

INTRODUCTION

Customer loyalty is an important thing that must be maintained by companies for the sake of sustainability and to improve good relations between companies and customers (Ardimansyah, 2021). The concept of customer loyalty makes customers always loyal to using products with the same brand and reluctant to use competitor products and recommend products to others (Sari, 2022; Soemali & Diah Dharmayanti, S.E., M.Si., 2015).

The application of the concept of customer loyalty in the long term is the goal for strategic market planning and is used as the basis for developing sustainable excellence (Ekawati, 2020). This concept is realized because customer loyalty provides indirect benefits for companies to be able to contribute to introducing products or services that have been felt by these customers (Sari, 2022).

In the digital era, Samsung is a brand that dominates smartphones (Clinten, 2022; Nugraha, 2022). This brand from South Korea is the number one Android cellphone

manufacturer that has been recognized for its capabilities globally (Nugraha, 2022). Reflected in the market share scores that have always been the lead in the last five years (Gs.statcounter.com, 2022). Even though Samsung has the highest market share, it continues to decline. In 2017 Samsung's market share was 32.99%, while in 2021, it was only 27.79% or decreased by 5.2%.

Based on the phenomenon and explanation above, this article aims to prove the effect of product innovation on customer loyalty from Samsung cellphone customers in Indonesia so that it is expected to overcome the problem of decreasing Samsung's market share so far.

LITERATURE REVIEW

Product Innovation

According to (Kotler & Keller, 2016), product innovation is any goods, services, or ideas considered new by someone, no matter how long their history is. In simple terms, product innovation can be interpreted as a breakthrough related to new products. Meanwhile, according to (Haris, 2021), product innovation is an action taken by a company to implement and create new ideas.

There are 5 product innovation indicators explained by (Septiani & Dismarita, 2022) as a basis for overall experiential marketing analysis. The following are product innovation indicators in this article which include:

1. Relative advantage
2. Compability
3. Complexity
4. Trialability

Product Innovation

Customer loyalty is a customer's commitment to stay in-depth to re-purchase or re-patronize selected products or services consistently in the future, even though situational influences and marketing efforts have the potential to cause behaviour changes (Afrida et al., 2020).

According to (Choiriah & Liana, 2019), the dimensions of customer loyalty include:

1. Repurchase
2. Retention
3. Referrals

RESEARCH METHODS

This research is a verification descriptive quantitative research. This method describes the object of study based on existing and ongoing facts by collecting, compiling and explaining the necessary data for later analysis according to current theory. The method of determining the sample uses non-probability sampling, namely purposive sampling. Samples were taken based on certain predetermined criteria, specifically for Samsung mobile phone customers in Indonesia. The Tabbanic formula determines the number of pieces in an infinite population. Based on the calculation results, the minimum number of samples required is 100 respondents.

The procedure for testing the hypothesis was done using simple regression analysis with SPSS 26. The collected data was evaluated using a 5-point Likert rating scale ranging from strongly disagree to agree and given a score to obtain interval data strongly. This study uses a primary data source in the form of a questionnaire as an instrument or technique in data collection. Questionnaires were distributed online via Google Forms with consideration of ease of access, cost and time efficiency, and subject confidentiality.

FINDINGS AND DISCUSSION

Description of Respondent Characteristics

This study tested a total of 100 respondents. Based on the questionnaire, it is known that the number of male respondents is 66.3% while the number of females is 33.8%. Meanwhile, the age of the respondents, aged 10-20 years, was 7.5%; aged 21-30 years, was 57.5%; aged 31-40 years was 25%; old 41-50 years was 10% and over 50 years by 0%.

Validity test

Table 1. Validity Test Results

Variables	Indicator	Sig. Value	Level Sig.	Desc.
Product Innovation	X1	0.000	0.05	Valid
	X2	0.000	0.05	Valid
	X3	0.000	0.05	Valid
	X4	0.000	0.05	Valid
	X5	0.000	0.05	Valid
	X6	0.000	0.05	Valid
	X7	0.000	0.05	Valid
	X8	0.000	0.05	Valid
	X9	0.000	0.05	Valid
	X10	0.004	0.05	Valid
Customer Loyalty	Y1	0.000	0.05	Valid
	Y2	0.000	0.05	Valid
	Y3	0.000	0.05	Valid

The validity test results showed that the questionnaire was tested with a significance level of 5%. The results of testing the validity of the research instrument show that in all questions (13 items), both X and Y variables can be valid because each item's significance value is less than 0.05 or 5%.

Reliability Test

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Criterion
Product Innovation	0.720	Reliable
Customer Loyalty	0.810	Reliable

The reliability test results show that the reliability level in this study for product innovation is 0.720, and for customer loyalty, it is 0.810. Then the results of this test can be concluded that the questionnaire question items are reliable because of Cronbach's alpha (α) $\geq$ 0,700.

Normality test

Table 3. Results of Normality Assumption Test Using Kolmogorov-Smirnov

Unstandardize d Residual		
N	100	
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	0,96592
Most Extreme	Absolute	.100

Differences	Positive	.045
	Negative	-.100
Test Statistic		.100
Asymp. Sig. (2-tailed)		.065 ^{c,d}

Table 3 shows that the significance value obtained is 0.065 because of the asymp.Sig value. > 0.05 (Alpha) or $0.065 > 0.05$, then the standardized residual values are said to be normally distributed.

Reliability Test

Table 4. Correlation Test Results and Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.592 ^a	.350	.344	1.076

The results of the correlation test and the coefficient of determination can be seen that the correlation value (R) of product innovation to customer loyalty for Samsung cellphone customers in Indonesia is 0.592, which means that the strength of the correlation between product innovation and customer loyalty simultaneously is included in the quite strong category because it is between 0.400 -0.599 as stated by Sugiono (2015: 184). Furthermore, the test results show that the coefficient of determination (R Square) is 0.350, indicating that each dimension of product innovation (X) contributes 35% to the customer loyalty variable. Meanwhile, the remaining 65% is donated by other factors not examined in this study.

Simultaneous Test (Test F)

Table 5. Test Results Model Fit (Test F)

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	61.150	1	61.150	52.865	.000 ^b
Residual	113.360	98	1.157		
Total	174.510	99			

Based on Table 5, the F_{count} value is 52.865, which means it is greater than F_{table} , which has a value of 3.94 ($52.865 > 3.94$), and model 1 has a significance value of 0.000, less than 0.05. it can be concluded that if $F_{\text{count}} > F_{\text{table}}$, then H_0 is rejected and H_a is accepted, which means that there is an influence between product innovation and customer loyalty on Samsung cellphone customers in Indonesia.

Partial Test (T Test)

Table 6. Partial Test Results (T Test)

Coefficients ^a					
Model	Unstd Coef		Std. Coef	T	Sig.
	B	Std. Error	Beta		
(Constant)	4,156	1,368		3,039	0,013
<i>Product Innovation</i>	0,227	0,031	0,592	7,271	0,000

Table 6 shows that in model 1 there is a partial effect between product innovation and customer loyalty. To find out the t_{table} is done by looking at the t table at the degree of freedom (df) 98 (the total data is 100 minus the number of 2 variables) and $\alpha = 5\%$. Then the results obtained t_{table} 1.66055, by comparing the value of t_{count} with t_{table} and significance. From the results of a simple linear regression analysis, the t_{count} value is $7.271 > t_{\text{table}}$ 1.66055

and a significance value of 0.000. From these results it can be said that there is a significant influence between product innovation and customer loyalty on Samsung cellphone customers in Indonesia.

Discussion

Based on the data processing results regarding model 1 in Table 4.4 Correlation Test Results and Determination Coefficient, the correlation value (R) of the relationship between product innovation and customer loyalty is 0.592, which means that the two variables have a fairly strong relationship. Meanwhile, the coefficient of determination shows that the product innovation variable contributes 35% to customer loyalty and 65% contribution from other factors.

Discussion on testing the hypothesis of the effect of product innovation on customer loyalty simultaneously by referring to model 1 in Table 4.5. Model Fit Test Results (F Test), showing a F_{count} value of 52.865 from the correlation between product innovation variables on customer loyalty with a significance value of 0.000 where if F_{count} compared to F_{table} which is 3.94, F_{count} has a greater value than F_{table} ($F_{count} > F_{table}$) which means that product innovation simultaneously influences customer loyalty. Therefore H_0 is rejected, and H_a is accepted, which means that there is an influence between product innovation and customer loyalty for Samsung cellphone customers in Indonesia.

Based on model 1 in Table 6 Partial Test Results (T-Test), the product innovation variable partially affects customer loyalty. Table 6 is obtained by comparing the t_{count} value with t_{table} (1.66055). The results of the partial t-test show that the t_{count} for the product innovation variable is $7.271 > 1.66055$ and a significance of $0.000 < 0.05$, this means that there is an influence between the product innovation variable and customer loyalty, so H_0 is rejected, and H_a is accepted.

CONCLUSION

Based on the results of research that has been carried out using an online questionnaire for Samsung cellphone customers in Indonesia to determine the effect of product innovation on customer loyalty, it can be concluded that there is an influence between product innovation and customer loyalty, which means that the higher the company's ability to create product innovation, the customer loyalty will increase.

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