

Strengthening Consumer Loyalty by Provider Communication Products In Industry 4.0.

Merry Fithriani

Manajemen, Universitas Kebangsaan Republik Indonesia, Indonesia

Penulis Korespondensi

Merry Fithriani

merry_nze@fe.ukri.ac.id

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Abstract

In this study, the influence of perceived value on consumer loyalty and the impact of marketing mix communication on both will be investigated. This study also considers how perceived value mediates the influence of marketing mix communication on consumer loyalty. 125 By.U mobile card consumers in Bandung, West Java, received surveys from researchers using quantitative methods. The data were analyzed using SmartPLS 3.0 structural equation modeling. The positive impact of Marketing Mix Communication on consumer loyalty and perceived value is demonstrated in this study. Perceived value also impacts consumer loyalty. This study also provides evidence supporting the idea that the relationship between marketing mix communication and consumer loyalty is mediated by perceived value

Keyword : *Marketing Mix Communication, Perceived Value, Consumer Loyalty*

1. INTRODUCTION

In economic growth, the paradigm that initially focused on resource-based economics has shifted to a knowledge and creativity-based paradigm. The Industry 4.0 era, which is currently trending in Indonesia, has led several companies to change the way they market their products. Measured by the number of users, the mobile telecommunications sector in Indonesia has grown at a rate that has reached saturation. This is evident from the mobile consumer teledensity, which exceeded 140% in 2017. PT Hutchison 3 Indonesia (Tri), PT XL Axiata, PT Indosat, PT Sampoerna Telekomunikasi Indonesia (Ceria), PT Telekomunikasi Seluler Operator (Telkomsel), PT Smartfren, and BWA Internux are just a few of the cellular providers competing for the Indonesian

voice and data market (Bolt). The number of telecommunications providers is considered inefficient based on the market share percentage of each operator, where the top three cellular providers control 90% of the market.

One of the largest providers in Indonesia is Telkomsel, a company engaged in providing GSM (Worldwide Framework for Portable Communication) cellular telephone systems, founded on May 27, 1995. Subsequently, Telkomsel became the first cellular telephone operator in Indonesia on May 1, 1995. In August 2019, Telkomsel officially launched By.U, the first modern prepaid cellular service in Indonesia that provides an end-to-end cutting-edge experience for all communication needs. By.U was specifically developed for the Indonesian Gen Z market, which was estimated to grow to more than 44 million users in 2021 and increase by 29.7% by 2023. By 2023, Gen Z (Telkomsel) is often referred to as the

"iGeneration," "online generation," or "clean generation" capable of multitasking.

In the context of intense competition in the business world, consumer loyalty becomes one of the benchmarks of a company's success. Loyal consumers tend to trust the company's reputation and its products or services (Cachero-Martinez & Vazquez-Casielles, 2021; Budur & Poturak, 2021). Consumer loyalty to a brand indicates their satisfaction with the products or services they receive from it. The benefits of nurturing consumer loyalty include improved financial performance for the company due to repeat business, the potential for higher profits as consumers no longer require bonuses and discounts due to their commitment to the company's goods and services, and loyal consumers helping the company maintain its smooth operations. The multitude of these variables forces businesses to focus on their operations, including marketing, to increase consumer loyalty. Over the past four years, from 2019 to 2023, By.U mobile cardholders have become more loyal users. This benefits the company, particularly Telkomsel, as it aligns with By.U's goal of targeting the iGeneration among young people. It can be said that consumers who use the By.U wireless card have a high level of brand loyalty.

One of the factors believed to enhance consumer loyalty is perceived value. According to various studies, perceived value is one of the factors influencing consumers' propensity to buy (Chen et al., 2017; Li & Shang, 2020). Based on their impressions of the costs and benefits they anticipate, consumers evaluate the advantages of the products they use. This is referred to as perceived value. Several studies have shown that elements such as information quality and accessibility can affect how valuable something is perceived to be (Shaw & Sergueeva, 2019; Wang et al., 2019). By.U mobile cards are considered quite affordable, but currently, many competitors offer packages at the same low prices as By.U, and By.U signals are sometimes difficult to obtain in some areas, especially remote and inland areas. As a result, users sometimes do not

receive benefits commensurate with the overall costs they pay.

To promote their current products or services, businesses usually use marketing mix communication, a set of components that work simultaneously to achieve the company's promotional goals (Kotler et al., 2018; Amin & Priansah, 2019). Businesses use social media sites like Instagram and TikTok to communicate using marketing mix communication alongside rapid technological advancements. Continuous corporate marketing communications will allow for the establishment of solid relationships with consumers. By influencing how they perceive the value of a product, consumers can show their commitment to the brand or company. By.U's Marketing Mix Communication strategy still has several shortcomings, such as the fact that the card can only be purchased online, making it difficult for those unfamiliar with the By.U application to do so. Moreover, phone credit booths do not sell internet package sales. Users must use credit cards, digital wallets, and bank transfers to buy credit or packages when purchasing a By.U card, which can only be done via smartphone. Due to the lack of two-way communication between users and By.U service support, misunderstandings between users and By.U customer support are common.

This investigation targets By.U mobile cardholders who have used the business services for some time and frequently purchase credit and packages. Many previous researchers have examined the relationship between these three variables. However, there are several issues that require further investigation. There is a need to explore the motivational factors of perceived value in the context of social commerce and e-commerce (2021; Han et al., 2018). The lack of research on the relationship between marketing mix communication and consumer loyalty has also been noted, according to Kim & Lee (2019), which calls for further studies. By addressing the suggestions made by previous research to deepen our understanding of consumer loyalty and its predictors, particularly perceived value and Marketing Mix Communication, this study contributes to the body of knowledge.

2. LITERATURE REVIEW

2.1. Marketing Mix Communication and Perceived Value

Based on their experiences with products or services in the marketing industry, consumers form evaluations about them. Consumers also compare prices with the benefits of using the products or services (Lovelock, 2001). However, perceived value, according to Tynan et al. (2010), is a psychological assessment made by consumers and is not solely related to the goods or ownership of certain commodities or services. Value can come from various sources and in different forms, including product utility, quality, image, availability, and other services, according to Chen & Lin (2019). Existing corporate marketing communications can help create one of these aspects, namely image.

The interaction of content, online services, and the content received by consumers when using a product will impact them (Abdullah et al., 2016). Through various marketing communication channels, businesses can create conditions that allow consumers to develop their views on value. Consumers can assess the value of a product or service based on the information they learn through the company's marketing materials, according to research by Molinillo et al. (2021). When consumers feel that the information they obtain about a product is accurate, their evaluation of its value can increase (Kovanoviene et al., 2021). This reasoning leads to the following prediction:

H1: Marketing Mix Communication can positively influence perceived value.

2.2. Marketing Mix Communication and Consumer Loyalty

Businesses use marketing communication as a tactic to inform, persuade, and remind consumers about the brands and products they sell (Amin & Priansah, 2019). Marketing mix communication, which consists of several different elements, allows businesses to educate, influence, and persuade consumers to utilize their products or services (Othman et al., 2020). Consumer loyalty is associated with how effectively people can identify with the company or brand through the marketing

communications created by the company, claim Chen & Lin (2012; Abdullah et al., 2016). Consumer loyalty refers to consumers' tendency to trust a company's products, services, or brands and conduct business with it repeatedly (Xue et al., 2020).

A study by Benjamin et al. (2019) on the influence of advertising, one of the elements of marketing mix communication, on consumer loyalty yielded encouraging results. Additionally, it has been shown that effectively implemented marketing communication can remind consumers about a product, which can increase consumer loyalty. Zefanya et al. (2020) found that among 313 consumers in the banking industry in Nigeria, marketing communications carried out by banks through advertising, sales promotion, public relations, and personal selling were significant predictors of consumer loyalty. Several further studies, including Othman et al., produced comparable results (2020; Sawmong, 2018; Ofosu-Boateng & Agyei, 2020). This reasoning leads to the following prediction:

H2: Marketing Mix Communication can positively influence consumer loyalty.

2.3. Perceived Value and Consumer Loyalty

A key factor in consumer behavior that affects individual choices and behavior is perceived value. Furthermore, previous studies have shown that perceived value can predict a number of positive consumer behaviors (Wu & Li, 2018). Additionally, Chen & Lin (2019) assert that higher perceived value based on consumer reviews promotes consumer loyalty to service providers or organizations. Consumer loyalty is influenced by organizational behaviors that benefit consumers, such as perceived value (Wang et al., 2019; El-Adly, 2019).

Referring others to the products and services they use or making repeat purchases are just two examples of how consumer loyalty can motivate consumers to engage in various beneficial actions (Cachero-Martinez & Vazquez-Casielles, 2021; Budur & Poturak, 2021). When consumers feel they receive value from the products they purchase, including loyalty, they also develop a positive emotional bond with the company

or brand (Shaikh et al., 2018). This reasoning leads to the following prediction:

H3: Perceived value can positively influence consumer loyalty.

2.4. The Mediating Role of Perceived Value

Perceived value is now recognized as a key element of business marketing. This is due to the possibility that perceived value can impact consumer choices and subsequent behaviors, such as loyalty or purchase intentions (Yu et al., 2013). Perceived value, on the other hand, is considered one of the factors that influence consumers' intentions to make purchases (Chen et al., 2017). Consumers will assess the value they perceive based on the cost of the goods or services they receive. In this case, consumers evaluate the costs incurred with the benefits of utilizing the product. Components of perceived value include conditional value, social value, epistemic value, and functional value (Wu & Li, 2018).

A business's marketing communication plan will help in brand development and impact how consumers perceive the value of the products and services they use (Kim & Lee, 2019). The results of a study by Berezan et al. (2016) also show that marketing mix communication promotes consumer loyalty and improves business performance. Consumers' perception of the company's value will increase the better the company's marketing communication is conducted through various channels, which will also increase consumer loyalty. This reasoning leads to the following prediction:

H4: Perceived value positively mediates the relationship between Marketing Mix Communication and consumer loyalty.

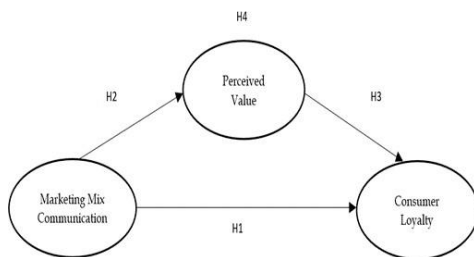


Figure 1. Conceptual Framework

3. RESEARCH METHODS

This study was conducted using a quantitative method. The target population for this research is By.U mobile phone owners in Bandung, West Java, who also possess a mobile card. The researchers proposed criteria that consumers must have used or regularly purchased the products they use, as this indicates their commitment to the By.U mobile card. There were 125 respondents who met these parameters.

Data for this study were obtained using an online survey distributed through the Google Forms platform. Respondents were asked to choose the condition that best matched their perception for each statement item. Each item was scored using a 5-point Likert scale, ranging from strongly disagree (1) to strongly agree (5). The Structural Equation Modeling function of the SmartPLS application was then used to process the obtained data.

The research questionnaire included items from various sources. The first step was utilizing a six-item loyalty test modified from Xie et al. (2015; Kim & Lee, 2019). Then, a total of four items were added to measure marketing mix communication, modified by Buil et al. (2013; Kim & Lee, 2019). Finally, the measurement of perceived value, consisting of a total of four items, was collected from Kim et al.'s work (2012; Molinillo et al., 2021).

4. RESEARCH RESULTS

4.1. Respondent Characteristics

The majority of participants in this study (77% of whom were male) had a monthly income between Rp 3,000,000 and 4,500,000 (29%), held a bachelor's degree (45%), and were male.

Table 1: Respondent Characteristics

Characteristics	Total	Percentage
Gender		
Male	96	77%
Female	29	23%
Education		
High School	21	17%
Bachelor's Degree	56	45%
Master's Degree	48	38%
Wages		
Below Rp 1,500,000	19	15%
Rp 1,500,001 - Rp 3,000,000	20	16%

Characteristics	Total	Percentage
Rp 3,000,001 – Rp 4,500,000	36	29%
Rp 4,500,001 – Rp 6,000,000	29	23%
Above Rp 6,000,000	21	17%

Source: Data Processing (2024) 4.2.

4.2 Validity and Reliability

Measurement of Outer Loadings, Average Variance Extracted (AVE), Cronbach's Alpha, and Composite Reliability was conducted to determine whether the indicators on the latent variables in the study meet the validity and reliability standards. The reliability of the indicators to measure latent variables can be assessed using outer loadings and Average Variance Extracted values, while reliability can be assessed using Cronbach's Alpha and Composite Dependability parameters. If the outer loadings and AVE values are greater than 0.50, they can be considered valid. If Cronbach's Alpha and Composite Reliability are greater than 0.700, the indicators are considered reliable. Table 1 displays the measurement specifications of each parameter. The table shows that each parameter complies with the prerequisites for approval:

Table 2: Validity and Reliability Measurements

Variable	Indicator	Outer Loading	Average Variance Extracted (AVE)	Cronbach's Alpha	Composite Reliability
Marketing Mix Communication	Comm 1	0,760	0,590	0,771	0,790
	Comm 2	0,728			
	Comm 3	0,794			
	Comm 4	0,784			
Consumer Loyalty	Loyal1	0,717	0,524	0,818	0,868
	Loyal2	0,757			
	Loyal3	0,745			
	Loyal4	0,791			
	Loyal5	0,716			
	Loyal6	0,750			
Perceived Value	Value 1	0,734	0,860	0,783	0,860
	Value 2	0,898			
	Value 3	0,872			
	Value 4	0,715			

Source: Data Processing (2024)

4.3. Coefficient of Determination

The coefficient of determination value indicates the extent to which exogenous variables influence endogenous variables. The coefficient of determination for the loyalty test is 0.495. Thus, Loyalty can be influenced by Marketing Mix Communication by 49.5%. Marketing Mix Communication can have a 52.4% influence on perceived value, according to the coefficient of determination of 0.524 for perceived value. The coefficient of determination values for the causal relationship between exogenous factors and endogenous variables are shown in the following table.

Table 3: Coefficient of Determination

Variable	R-squared	R Square Adj
Loyalty	0.495	0.484
Perceived Value	0.524	0.519

Source: Data Processing (2024)

4.4. Causality Test of the Model

1. A causal hypothesis can be accepted if the p-value is less than the alpha value of 0.05. The test results are used to gather information indicating that all alternative hypotheses can be significantly accepted. The following sentences explain how the test results are interpreted:
2. With a p-value of 0.000, which is less than 0.05, Marketing Mix Communication positively influences Consumer Perceived Value by 0.724, indicating that Marketing Mix Communication has a significant influence. (H1 accepted.)
3. Loyalty is significantly influenced by Marketing Mix Communication, with a positive effect of 0.481 and a p-value of 0.000, which is less than 0.05. (H2 accepted.)
4. With a p-value of 0.008, which is less than 0.05, Perceived Value can significantly positively influence Consumer Loyalty. (H3 accepted.)

Table 4 Model Causality Test Results

Causality Model	Path Coefficient	t Value	P value
Marketing Mix Communication → Perceived Value (H1)	0.724	15,015	0,000

Causality Model	Path Coefficient	t Value	P value
Marketing Mix Communication → Loyalty (H2)	0.481	5,130	0,000
Perceived Value → Loyalty (H3)	0.272	2,679	0.008

Source: Data Processing (2024)

4.5. Mediation Variable Test

This test is designed to determine the role of the mediator variable in resolving the causal relationship between exogenous and endogenous components. The following details about the test results are provided in the Indirect Effects table. The Perceived Value variable can be a significant mediator in the relationship between Marketing Mix Communication and Loyalty, according to the Sobel test result of 2.626, which is greater than the z-table value of 1.96 with a probability value of 0.004, which is less than 0.05.

Table 5. Indirect Effects

Variable	Indirect Influence	Sobel Test Statistics	P value
Marketing Mix Communication → Perceived Value → Loyalty	0.197	2,626	0.004

Source: Data Processing (2024)

Based on the test results, all alternative hypotheses in this study can be accepted at a 5% significance level. The measurement model used in this experiment is shown in the figure below.

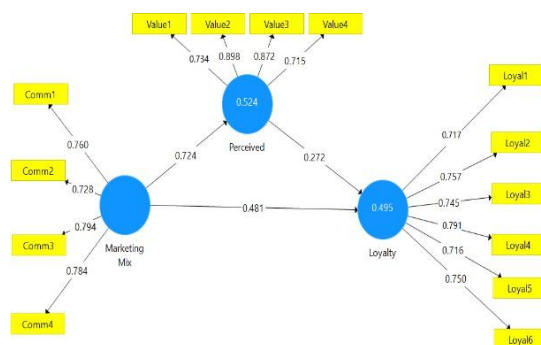


Figure 2. Output Structural Model

4.6. Discussion

The results of the hypothesis testing are consistent with all research hypotheses. In the first and second hypotheses, the researchers tested the direct effects of

marketing mix communication on perceived value and consumer loyalty. The results show that marketing mix communication has a favorable and significant influence on both variables. These findings support the conclusions of Abdullah et al. (2016; Molinillo et al., 2021; Kovanoviene et al., 2021). Businesses use marketing mix communication as a tool to achieve marketing goals, such as creating a strong brand. Because marketing mix communication is available, businesses can foster an environment where consumers can appreciate the value of the goods they purchase. Consumer perception of value depends on the company's marketing mix communication, including the knowledge and image provided to them. The more effectively a company uses marketing mix communication to communicate, the better consumers evaluate the value of the products they use.

Marketing mix communication can also inform, influence, persuade, and encourage people to continue using a product. How effectively marketing mix communication is implemented will determine whether consumers trust a product and are willing to make repeat purchases. Marketing communication through advertising, sales promotions, public relations, and personal selling substantially predicts consumer loyalty, demonstrated by repeat business and online word-of-mouth marketing (e-WOM). Consumers are more loyal to the products or brands they purchase when a company effectively delivers marketing mix communication. These findings support previous research by Benjamin et al. (2019; Zephaniah et al., 2020; Othman et al., 2020; Sawmong, 2018).

In the third hypothesis, the researchers examined how perceived value affects patronage. Hypothesis testing revealed that perceived value has a positive impact on consumer loyalty. In other words, perceived value has the ability to enhance consumer loyalty. These findings are consistent with previous research (Wu & Li, 2018; Chen & Lin, 2019; Budur & Poturak, 2021; Shaikh et al., 2018). This indicates that businesses can benefit from consumer loyalty, which arises from actions that provide consumer benefits such as perceived value. Consumers will remain loyal if they feel they are getting good value for a product.

The researchers also examined the role of perceived value in mediating the relationship between marketing mix communication and consumer loyalty. Hypothesis testing results indicate a significant influence. This shows that perceived value can act as a mediator in the relationship between marketing mix communication and consumer loyalty. The mediating effect of perceived value falls under partial mediation rather than complete mediation because the researchers also found evidence of a direct influence of marketing mix communication on consumer loyalty. Therefore, the more successful a company's marketing communication is across multiple channels, the more consumers will consider its value, which will further enhance consumer loyalty.

5. CONCLUSION

The researchers emphasize the relevance of companies understanding how to retain consumers given the intense competition in Indonesia's mobile telecommunications sector. This study investigates the relationship between consumer loyalty, perceived value, and marketing mix communication. Essentially, the findings indicate that all research assumptions are correct and that these two variables can influence consumer loyalty.

There are various implications of this research. First, it contributes to knowledge about consumer relationships by expanding our theoretical understanding of consumer loyalty and its determinants. The researchers also consider suggestions from previous research to understand motivational factors for perceived value in the context of social commerce and e-commerce. Businesses and marketers can use this information to enhance consumer loyalty in real-world scenarios. To improve perceived value and consumer loyalty, companies should implement a good Marketing Mix Communication plan.

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