CHAPTER I
RESEARCH BACKGROUND

1.1   Background of the Research

One of the purposes of company is to get maximum profit from selling product. However, there are some other purposes of company that company must have except maximum profit, there are to keep the company running from time to time, to keep company alive and always ready to face competition among other competitors (Schiffman & Kanuk, 2010). To achieve this, the product or service that offers by the company must unique enough to meet the requirement to satisfy the customer.

In order to prevent copycat action from the competitor, most of the company are using brand as tool to differentiate one product with another product. According to Kotler (2010), brand is a name, term, sign, symbol, or design or a combination of these, that identifies the maker or seller of a product or service. Consumer's views brand as an important part of a product and branding can add value to the product. Customers attach meanings to brands and develop brand relationships. Branding has become so strong that today hardly anything goes unbranded. There are also the advantages of branding for customer such as: helps customers identify products, and also brand say something about product quality and consistency.

Even branding has become main strategy to overcome competitor's strategies and product; it will be useless if the company does not understand about consumer behavior. Every company, are always try to understand the consumer behavior. This is being done in order to influence customer to buy product and gain profit from the selling. The customer behavior will affect purchase decision customer when picks product for the first time. Customer usually chooses one among multiple different products. When customer finally picks the products, it will be considered as the best product for the customer. Further more for the customer when the product has met customer criteria, the customer will repeated and buy the product for the second time even more become loyal to that product whatever the product function and the risk of the product the customer purchase. This consumer behavior will always be the

primary target to be seeking by the company. Even more, the company ensure customer that customer choices are the best one and will never regrets to choose that choices (Schiffman & Kanuk, 2010).

According to Schiffman (2010), customer satisfaction is the individual consumer's perception of the performance of the product or service in relation to the expectation (Schiffman & Kanuk, 2010). According to Kotler (2010), customer satisfaction is depends on the product perceived performance relatives to the buyers expectation. If the product performance falls short of expectation, the customer is dissatisfied, if performance matches expectation, the customer is satisfied, if the performance has exceeds expectation hence, the customer is highly satisfied or delighted. Delighted customer remains loyal and talks favorably to others about the company and its products. This is also goal that company must seek during selling its product to the customer. Loyal customer will always seek same product and will talk favorably to other people about the product. Even though there are some changing in price and other attribute. Loyal customer will always seek the same product again and again. With the help of brand, the products will more knowledgably by other people easily. Hence, the company must focus on brand loyalty to ensure customer will not change purchase decision into competitor product/brand.

Brand loyalty according to Darmadi, (2001) is a measurement of correlation of loyalty between customers with the brand that customer use. This measurement will gives picture about possibilities of changing behavior to purchase other product rather than usual product. Especially, if that brand has got several changes according in price or any other attribute (Durianto, 2001).

According to Arifin (2005), Nokia mobile phone in Indonesia has got good reputation. Nokia Product has more benefit compare to other mobile phone in Indonesia. Nokia tagline: friendly user phone has been created in order to gain the Indonesian market. The customer feels delighted with the innovation that Nokia has been made. Nokia in 2006 has market share between 70.5% with Siemens 7.0%, Sony Erikson 6.8%, and others brand. Even more the research has have conclusion that Nokia user has had low switcher buyer, and has good satisfaction toward Nokia and loyalty to the brand. This is meaning customers are

satisfied with the Nokia product and brand. Customers are never willing to switch intention to other product except Nokia.

However in 2011, Blackberry in Indonesia is number one smart phone in selling. Blackberry has even surpassed Nokia in one year. Nokia is diverting selling from high end into middle and low end section. Blackberry right now have 42% market share of Indonesia Mobile Phone. Blackberry even has launched they newest product in Indonesia first rather than other countries. It is because the Indonesia is the largest Blackberry users in the world. RIM (Research In Motion) is even optimistic that the selling of Blackberry Smartphone will reach into 9.7 million in 2015 (Christie, 2011). There is also other phenomenon towards Blackberry. It is when RIM launch of the Blackberry Bold 9790 in Indonesia's capital of Jakarta on Friday, 25 November 2011. Report from the event had up to 90 people face minor injuries like broken bones after a crush and queue jumping triggered by a rumor spread that the Pacific Place Mall store would not have enough of the new Smartphone to supply everyone. As many as 200 public and private security officers had to step in to restore order (Natalie, Pawas, & Saputra, 2011). This is shows how enthusiastic the Indonesian people to the Blackberry. This article said Indonesian people are willing to wait the newest product of Blackberry with 50 percent price reduction. This event will never be happen in Nokia before.

To support this research, researcher has conducted a pre-interview to 20 blackberry Smartphone users. According the result of pre-interview, most of respondent, there are 65% feels satisfy with blackberry. However, the result also shown that satisfied customer does not mean they have become loyal customer. It is because 40% of the respondents are willing to repurchase blackberry when there are product that has same features or even exceed with blackberry.

Further research about customer satisfaction has become interesting topic to be research. The concept that customer satisfaction will increase profit and gain of the company make this topic is highly praised. The concept of customers are willingly to pay more for the product that has satisfied experienced, and the customer are will be more tolerant to the increasing of price made this concept is interesting topic to be research. Even more, when customers are highly satisfied,

consumer will become willing advertisement toward the other, and also will keep buying the product. This aspect will make margin profit and company profile keeps increasing.

According to Dutka (1994) in (Tjiptono, 1997) there are some attribute that can measure customer satisfaction universally: (1) **Attributes related to the product***; (2)* **Attributes related to service***; (3)* **Attributes related to purchase.** *It means that to increase brand loyalty, company can only focus on these related factor that has influence toward Brand loyalty.*

Based on the background and pre-interview that has been stated, the researcher has taken a conclusion about its situation that has been occurred. The phenomenon shows that Blackberry already become number one brand of smartphone producer in Indonesia, however the power of customer loyalty that being shown apparently just caused by the short interesting. There must be an in depth research that support customer loyalty of the Blackberry. Based on that, the researcher decided to research the research entitled analyze of factor influence brand loyalty of blackberry in Surabaya.

1.2   Research Problem

According to background of the researches, these researches are conducted to search the answer of some research problem that want to be solved in these research. That problem is:

1. *Does customer satisfaction attribute affect simultaneously on blackberry brand loyalty in Surabaya?*
2. *Does customer satisfaction product attributes affect partially on blackberry brand loyalty in Surabaya?*
3. *Does customer satisfaction services attributes affect partially on blackberry brand loyalty in Surabaya?*
4. *Does customer satisfaction purchase attributes affect partially on blackberry brand loyalty in Surabaya?*

1.3   Research Objectives

According the research problem question that has been stated in the previous section, the objectives of this researches that have been researched are:

1. *To determine the effect of customers satisfaction attributes simultaneously on blackberry brand loyalty in Surabaya*

2. *To determine the effect of customers satisfactions product attribute on Blackberry brand loyalty in Surabaya.*

3. *To determine the effect of customers satisfactions service attribute on Blackberry brand loyalty in Surabaya.*

4. *To determine the effect of customers satisfactions purchase attribute on Blackberry brand loyalty in Surabaya.*

1.4 Research Contribution

1.4.1 Theoretical Contribution

To enrich the knowledge of management studies, especially related to customer satisfaction and brand loyalty variables. It is also make renewal version of previous study that has been conducted by Arifin. Whether the result of this research opposes or supports the previous research.

1.4.2 Empirical Contribution

To the Blackberry Company, to have better understanding of blackberry target market opportunities and can be applied into get more understanding of customer satisfaction and loyalty in Surabaya. For the writer, this research has advantages to implicate all the knowledge that has been taught during academic days.

1.5 Research Limitation

In these researches, the researcher limits the variable of the research to customer satisfaction and customer loyalty. This research is also conducted in Surabaya until March 2012.

1.6 Research Outline

The structure of the thesis is shown as follows:

Chapter 1 is the introductory section. It is containing the background, research problems, research objectives, research contributions, research limitation, and research outline.

Chapter 2 is the review of related literature section, containing previous research, customer loyalty, and customer satisfaction, hypothesis of the study, research model, and operational framework.

Chapter 3 is the research methodology section, containing research design, research variables; which are operational definition(s), variables to be tested, and levels of measurement and scaling techniques population, sample, sample selection, data collection method; which are source of data, sample and sampling plan, data analysis method

Chapter 4 is the result and discussion section, containing description of the object, description of the respondent, Data analysis, and Discussion.

Chapter5 is summary, conclusion and recommendation. It is containing the summary, conclusion and recommendation of the research and for further research.