

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background**

Effective communication is essential for all societal segments in contemporary development and globalisation. This arises from the growing demand for technology in society, particularly telecommunications. Smartphones provide advantages as communication instruments, facilitating verbal and written exchanges over short and long distances. In addition to serving as a communication device, the public's demand for multifunctional smartphones has escalated, rendering mobile phones an essential aspect of daily life.

The appearance of the first Apple iPhone, the iPhone 2G or iPhone 1, released in the United States on June 29, 2007, caught the world's attention because the Apple iPhone had a minimalist and simple design, only having a touchscreen and one "home" button. However, that's what makes this Apple iPhone elegant. The Apple iPhone was the first mobile device to introduce a multi-touch feature, setting it apart in terms of capabilities. Multi-touch is a method of input that allows users to interact with a touch screen using two or more fingers simultaneously.

Due to the consistency of the Apple Company from 2007 up to 2024, they have successfully caught the heart of consumers even when the prominent criticisms directed at Apple, especially amid the well-publicized conflict with EpicGames, resulted in consumer backlash as individuals scrutinised Apple's intentions (David Myhrer, 2021).

Customer loyalty to a product brand is crucial because if consumers are loyal to it and perceive its products as high-quality, durable, and trustworthy, they are more likely to continue purchasing from it. Consumers who repurchase a brand after they have had experience with that product indicate satisfaction and trust.

Users of the iPhone are often loyal to the Apple brand and like the elegant look and dependable software of the device. The age group of 18 to 24 years old accounts for 50.5% of iPhone users in Indonesia. The number of iPhone users in Indonesia has shown a consistent increase throughout 2024, reaching approximately 9.7 million by November. This upward trend reflects a growing consumer base particularly among young adults making Indonesia a relevant and timely market to study in terms of brand loyalty and customer satisfaction. The following charts will provide you with further information on iPhone users.

#### Number of Active iPhone users in Indonesia 2020-2029 (in millions)

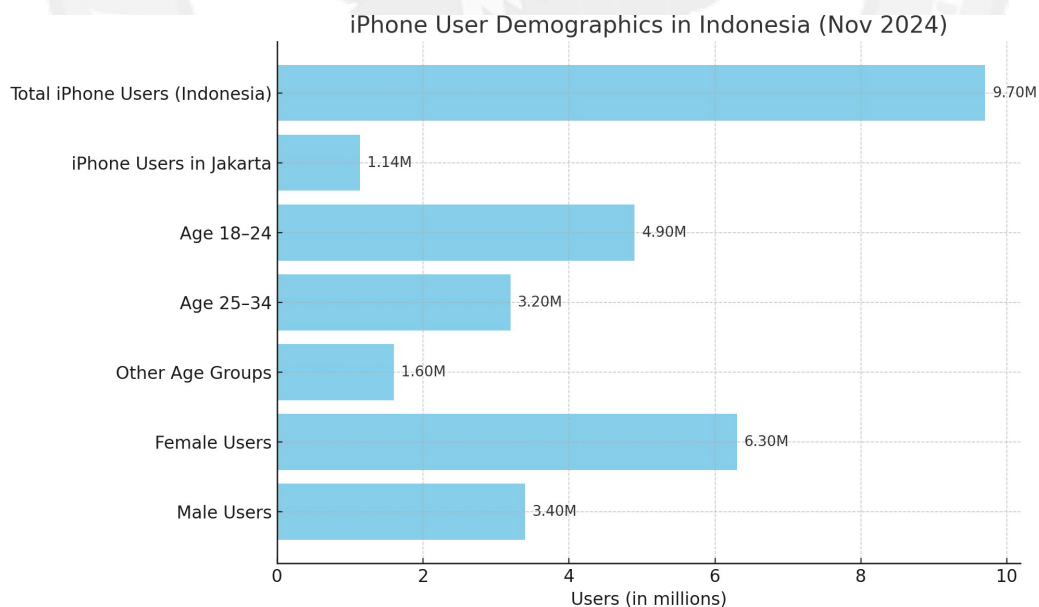


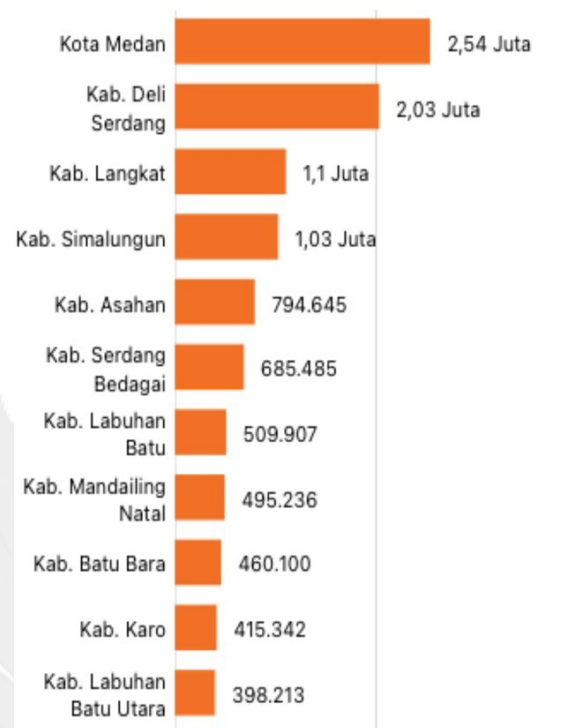
Figure 1.1 Number of Active iPhone Active users in Indonesia 2020-2029 (in millions)

According to Tambunan et al. (2021) there is a phenomenon three years ago,

they researched the choices that students at Universitas Medan Area make regarding the acquisition of iPhone software and hardware. This study included 90 participants from a total population of 965 iPhone-using students. The findings indicate that reference group factors and lifestyle substantially affect the decision to acquire an iPhone among these students.

A study published approximately two years ago investigated the impact of reference groups and lifestyle on iPhone purchasing decisions in several major Indonesian cities, including Medan. This study suggests that reference groups and lifestyles significantly influence the purchasing decisions of urban consumers for iPhones despite the absence of specific data for Medan (Ahmad Darajat Basallama, 2023).

According to Irfan Fadhlurrahman (2024) based on the information provided from the Directorate General of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs, the population of North Sumatra Province reached 15.47 million people in June 2024. Medan City is the region with the largest population in North Sumatra Province, with 2.54 million people (16.39%) of the total population. As shown in Figure 1.



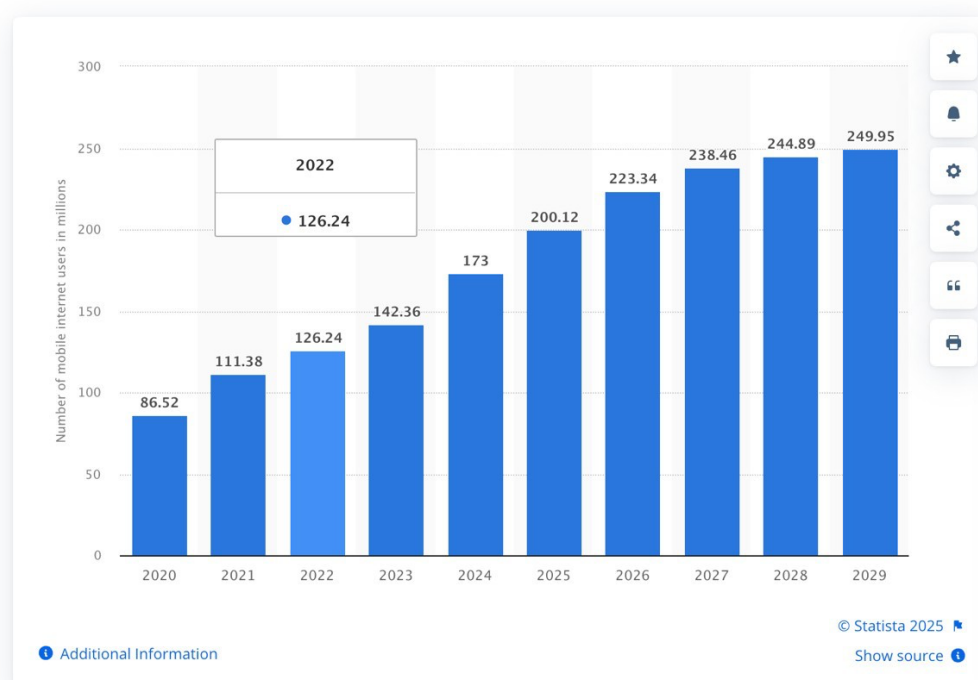
**Figure 1.2 Jumlah Penduduk Sumatera Utara Berdasarkan Kabupaten/Kota**

Source: Databox (2024)

As of October 2024, Apple possessed approximately 12 percent of the mobile phone market in Indonesia, indicating a modest increase relative to the prior year. Despite lagging behind Android rivals like Oppo, Samsung, Xiaomi, and Vivo, Apple's market share in the nation has consistently increased since 2015. (Mona Siahaan, 2024).

According to Hanadian Nurhayati-Wolff (2024), the entire population in Indonesia who use smartphones is projected to rise by a total of 77 million users (+44.51 percent) from 2024 to 2029. Following nine consecutive years of growth, it is anticipated that there will be 249.95 million people using smartphones establishing a new peak in 2029. Over the course of the past few years, there has been a steady rise in the number of people using smartphones. This growth indicates a possible increase in iPhone users, provided that Apple's market share remains

stable or enhanced. As shown in Figure 1.2.



**Number of mobile internet users in Indonesia 2020-2029 (in millions)**

**Figure 1.3 Number of Mobile Internet users in Indonesia 2020-2029**

Source: Statista (2024)

Based on the data above, the writer is interested in examining the topic with the study titled **“The Effect of Brand Trust, Perceived Quality, and Brand Durability Towards Customer Loyalty with Consumer Satisfaction as an Intervening Variable: a Study on iPhone Users Students in Medan”**. Not all factors influencing customer loyalty will be studied; only satisfaction, brand trust, perceived product quality, and brand durability will be examined. Based on the symptoms found in the field, those factors greatly influence the level of loyalty of Apple iPhone users.

## 1.2 Problem Limitation

Due to the constraints of time and financial resources, the researcher has made the decision that this study will only focus on a few variables such as Brand Trust ( $X_1$ ), Perceived Quality ( $X_2$ ), and Brand Durability ( $X_3$ ) as independent variables, Consumer Satisfaction ( $Z$ ) as the intervening variable and Customer Loyalty ( $Y$ ) as the dependent variable. In addition to this, the researcher would restrict the scope of the research to iPhone users students in Medan.

This study has several limitations that should be acknowledged. First, the sample is limited only to iPhone user students in Medan, which may not fully represent the perceptions of all iPhone users in other regions or demographics. Second, the study only considers a limited set of variables (Brand Trust, Perceived Quality, Brand Durability, Consumer Satisfaction, and Customer Loyalty), while there may be other factors that influence customer loyalty such as price, brand image, marketing strategy, or technological innovation that are not included in this research. Lastly, the time and financial constraints have limited the sample size and depth of analysis that could be conducted.

Based on the background of the problem above, it is known that then problems in loyalty are:

1. Apple iPhone features and applications are not as numerous or as easy as Android, which causes low customer satisfaction.
2. The brand's trust in the Apple iPhone is beginning to decline. This can be seen from the circulation of the Apple iPhone being marketed in a reconditioned condition.
3. Many competitors appear with almost the same specifications, which affects

customer loyalty towards the Apple iPhone.

### **1.3 Problem Formulation**

The following is a list of the problem areas in this research:

- a. Does Brand Trust has influence towards Customer Loyalty of iPhone users students in Medan?
- b. Does Perceived Quality has influence towards Customer Loyalty of iPhone users students in Medan?
- c. Does Brand Durability has influence towards Customer Loyalty of iPhone users students in Medan?
- d. Does Customer Satisfaction has influence towards Customer Loyalty of iPhone users students in Medan?
- e. Does Brand Trust has partial influence towards Consumer Satisfaction of iPhone users students in Medan?
- f. Does Perceived Quality has influence towards Consumer Satisfaction of iPhone users students in Medan?
- g. Does Brand Durability has influence towards Consumer Satisfaction of iPhone users students in Medan?
- h. Do Brand Trust, Perceived Quality, Brand Durability and Consumer Satisfaction have influence towards Customer Loyalty of iPhone users students in Medan?
- i. Do Brand Trust, Perceived Quality and Brand Durability have influence towards and Consumer Satisfaction of iPhone users students in Medan?



- j. How does Brand Trust affect Customer Loyalty through Consumer Satisfaction as an intervening variable?
- k. How does Perceived Quality affect Customer Loyalty through Consumer Satisfaction as an intervening variable?
- l. How does Brand Durability affect Customer Loyalty through Consumer Satisfaction as an intervening variable?

#### **1.4 Objective of the Research**

##### **1. Research Objectives**

The objectives of the research carried out include:

- a. To determine whether Brand Trust has influence towards Customer Loyalty of iPhone users students in Medan.
- b. To determine whether Perceived Quality has influence towards Customer Loyalty of iPhone users students in Medan.
- c. To determine whether Brand Durability has influence towards Customer Loyalty of iPhone users students in Medan.
- d. To determine whether Customer Satisfaction has influence towards Customer Loyalty of iPhone users students in Medan.
- e. To analyze whether Brand Trust has influence towards Consumer Satisfaction of iPhone users students in Medan.
- f. To explain whether Perceived Quality has influence towards Consumer Satisfaction of iPhone users students in Medan.
- g. To describe whether Brand Durability has influence towards Consumer Satisfaction of iPhone users students in Medan.



- h. To analyze whether Brand Trust, Perceived Quality, Brand Durability and Customer Satisfaction have influence towards Consumer Loyalty of iPhone users students in Medan.
- i. To analyze whether Brand Trust, Perceived Quality and Brand Durability have influence towards Consumer Satisfaction of iPhone users students in Medan.
- j. To determine whether there is an influence of Brand Trust on Customer Loyalty with consumer satisfaction as an intervening variable among iPhone user students in Medan.
- k. To determine whether there is an influence of Perceived Quality on Customer Loyalty with consumer satisfaction as an intervening variable among iPhone user students in Medan.
- l. To determine whether there is an influence of Brand Durability on Customer Loyalty with consumer satisfaction as an intervening variable among iPhone user students in Medan.

## **1.5 Benefit of the Research**

Researchers and readers are the target audience for this study which aims to provide valuable information and insights that can be applied in practice. This research offers both theoretical and practical benefits, which can be summarized as follows:

### **1.5.1 Theoretical Benefit**

One advantage of this research is that it will provide a better understanding

of the ways in which consumer satisfaction and customer loyalty are influenced by factors such as brand trust, perceived quality, and brand durability.

### **1.5.2 Practical Benefit**

a. For the researcher:

This study aims to enhance the researcher's understanding and experience regarding impact of brand trust, perceived quality, brand durability influence towards consumer satisfaction to customer loyalty.

b. For the Company

This research aims to support iPhone company in enhancing consumer satisfaction and loyalty, while also delivering benefits to distributors that will increase the consumer satisfaction to customer loyalty of iPhone users in Medan.