

Factors Affecting Consumer Loyalty of Music Products in Indonesia

Reni Diah Kusumawati, Detty Purnamasari, and Sardiyo

Abstract—The music industry in Indonesia has decreased each year. One major cause of the decline is due to the development of technology and internet which can influence consumer behavior. The development of technology and internet resulted in consumers prefer to download music for free through the internet. This study aimed to examine internal and external factors to music products that can affect loyalty to consume music legally. Respondents in this study were consumers of music lovers. Data were obtained through questionnaires, and analyzed using multiple regression analysis techniques and path analysis. The results showed that only brand variable has significant affect either directly and indirectly on consumer loyalty of music products.

Index Terms—Consumer loyalty, consumer satisfaction, marketing mix.

I. INTRODUCTION

Technology and internet are growing very fast, and can help music industry in introducing their products, but on the other side can also be a cause of declining sales of music products, because consumers become easier to obtain products with downloading music for free through the internet. Piracy also give contribute to decline of sales music legally. The digital era has changed consumer behavior to stay away from the loyal attitude [1].

The music industry needs to think in order to increase sales volume by providing satisfaction to consumer to keep the loyalty of consumers to consume their music product legally. Satisfaction and loyalty can not replace each other [2], [3], it is possible for consumers to feel satisfied, but not loyal because of many other options available.

This research aims to provide information for the music industry about the factors that can be used to revive music industry through satisfying the needs of consumers in order to increase the volume of music sales.

II. LITERATURE REVIEW

The music industry in the world has decreased each year due to piracy and downloading music through the internet. Downloading illegally recorded in Indonesia reached 70

million downloads per month, with a loss rate of IDR 12 trillion, and since 2003 there were approximately 90% of Compact Disks (CD) and cassettes in circulation are counterfeit [4]. These data indicate the need for treatment is seriously, so that consumers have a loyalty to consume music product legally.

Loyalty is a strongly held commitment to buy or use the product again [3]. In the current era of modern marketing, loyalty can be determine directly by customer expectations of products offered, nor the application of marketing mix applied [5]-[7]. Consumer loyalty can be formed due to the satisfaction of consumer.

Consumer satisfaction is an evaluation of after-sale where selected alternatives provide the same or exceed customer expectations [8]. Marketing mix elements can be used to provide satisfaction to consumer, thus increasing consumer loyalty to a product [9], [10].

Marketing mix is a set of controllable marketing variables that the company uses to produce the desired response in the target market [11]. One of the elements of the marketing mix is product characteristic which may affect to customer satisfaction and customer loyalty, besides that, the economy, consumer demographic and market characteristics may also influence customer satisfaction and customer loyalty [12]-[14]. Consumer loyalty and consumer satisfaction may also be influenced by other marketing mix variables, such as price [15], [16], promotion [17], and distribution channels [18]. Consumer loyalty can be influenced by consumer attitudes toward the brand [19]-[21], quality products [22], [23], and environment [24], [25].

III. METHODOLOGY

The populations in this study are music lovers in Indonesia, with the number of samples used are 150 respondents. Research instrument used was a questionnaire. Likert scale 1-5 is used as a measurement in this study. Hypothesis used in this research are multiple regression analysis techniques and path analysis. The grand theory of this research is the Theory of Planned Behavior [26]. The research model used is a modification of a previous study that discussed the marketing mix, consumer satisfaction, and consumer loyalty [7]-[10], and the modified research models used by researchers as presented in Fig. 1.

Fig. 1 is a model of consumer behavior to examine the effect of marketing mix variables, brand, and environment on consumer satisfaction directly, and to examine the effect of marketing mix variables, brand, and environment on consumer loyalty directly and indirectly through the variable of consumer satisfaction.

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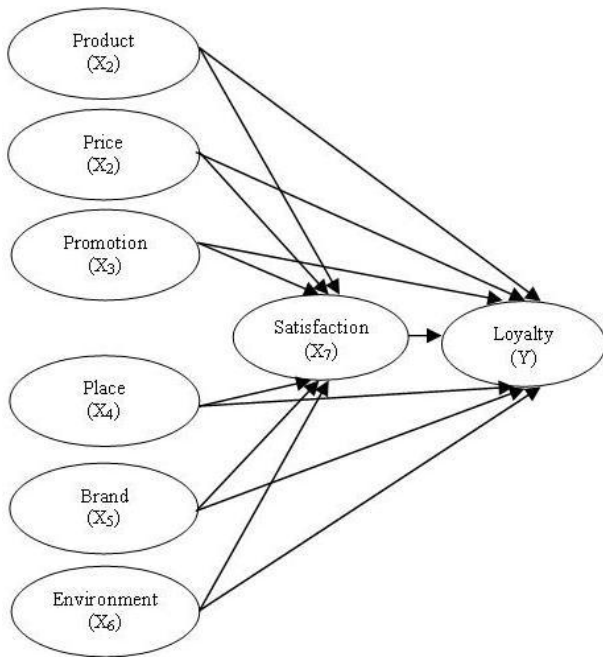


Fig. 1. Research model.

IV. RESULT

Validity test results for the variables of product, price, promotion, distribution, brand, environment, consumer satisfaction, and consumer loyalty showed values above r table 0.14 and have a value of 100% for all variables, which means that all item questions contained in questionnaire were valid for the research.

Reliability test results have an alpha values 0.946 greater than 0.80, which means that every item questions used in the questionnaire for variables of product, price, promotion, distribution, brand, environment, consumer satisfaction, and consumer loyalty have a good level of reliability, which means that the data from the questionnaire can be trusted.

Test of normality for the variables of product, price, promotion, distribution, brand, environment, consumer satisfaction, and consumer loyalty shows the value above 0.05, which means that all variables used in this research were normally distributed.

Variables of product, price, promotion, distribution, brand, environment, will be tested to determine the effect of these variables on consumer satisfaction, and to determine variables of product, price, promotion, distribution, brand, environment on consumer loyalty directly and indirectly through consumer satisfaction. The test results of each variable as presented in Table I.

Results for sub-structural 1 showed that only distribution and brand variables have significant affect on consumer satisfaction partially, because it has a value greater than the tables 1.976, significance value smaller than an alpha to 0.05. Partially results for sub-structural 2 showed that variables of price, brand, environment, and consumer satisfaction have significant affect on consumer loyalty.

Result for all variables showed a value of 15.302 and 39.819 simultaneously, greater than the value of F table 2.433, which means that these variables affect on consumer satisfaction and consumer loyalty.

TABLE I: SUMMARY OF PARAMETER ESTIMATION MODEL

Model	Path Coefficient	t	p	F	R ²
Sub Structural 1 (X ₁ X ₂ X ₃ X ₄ X ₅ X ₆ to X ₇)					
X ₁ (p X ₇ X ₁)	-0.028	-0.423	0.673	15.302	0.391
X ₂ (p X ₇ X ₂)	-0.011	-0.135	0.893		
X ₃ (p X ₇ X ₃)	0.129	1.616	0.108		
X ₄ (p X ₇ X ₄)	0.190	2.401	0.018		
X ₅ (p X ₇ X ₅)	0.281	2.326	0.021		
X ₆ (p X ₇ X ₆)	0.183	1.861	0.065		
Sub Structural 2 (X ₁ X ₂ X ₃ X ₄ X ₅ X ₆ X ₇ to Y)					
X ₁ (pY X ₁)	0.051	1.035	0.302	39.819	0.662
X ₂ (p Y X ₂)	0.324	5.184	0.000		
X ₃ (p Y X ₃)	0.118	1.954	0.053		
X ₄ (p Y X ₄)	-0.067	-1.116	0.226		
X ₅ (p Y X ₅)	0.295	3.209	0.002		
X ₆ (p Y X ₆)	0.183	2.464	0.015		
X ₇ (p Y X ₇)	0.151	2.414	0.017		

R-square value of the sub-structural 1 showed the value of 0.391, which means that the contribution of the variables of product, price, promotion, distribution, brand, and environment on consumer satisfaction is 39.1%. R-square value of the sub-structural 2 for variables of product, price, promotion, distribution, branding, environmental, and consumer satisfaction is 0.662, which means that the variables of product, price, promotion, distribution, brand, environment, and consumer satisfaction had contributed 66.2% on consumer loyalty. The rest is influenced by other variables that are not included in the model.

V. DISCUSSION

The digital era has changed consumer behavior. Consumers can obtain a variety of information and can easily purchase products through the internet. The development of technology and internet for the music industry can be very harmful, because it can be one cause of the decline in sales of music products. Creativities of musicians are not appreciated by consumers by consuming the products of illegal music, making the music industry worse off.

The decline of the music industry in Indonesia was characterized by high rates of illegal music downloading by consumers via internet every month, and the data from ASIRI [4] showed the numbers of piracy are constantly increasing every year on music products as presented in Fig. 2.

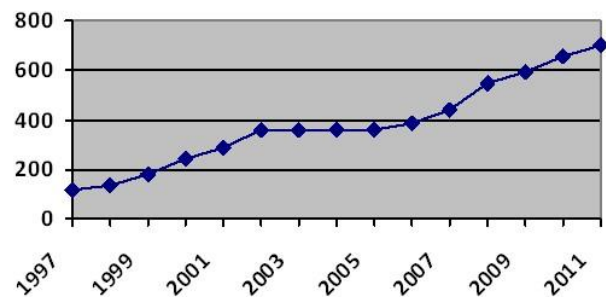


Fig. 2. Illegal product (in IDR million).

The results tests conducted on the product variable indicate that the product variable has no significant affect on the music consumer satisfaction and consumer loyalty in the music products. These results state that consumers are no longer loyal to consume music product legally, this is

because consumers have found the easy way to obtain music products, although consumers get music products by illegally, seen from the number of illegal music sales continue to rise. Consumers no longer care about the quality of the products that the music they listen to, as long as they can get the songs they want albeit illegally, and this means that consumers can not appreciate the creativity of the musicians.

The results of this study are not consistent with previous researches which state that the product is one element of the marketing mix that influence consumer loyalty [6], [7]. These results are also not consistent with research conducted by previous researchers who claim that the product can provide satisfaction to consumer [9], [10].

The test results for price variables showed that the price has no significant affect on consumer satisfaction, but the price has significant affect on consumer loyalty. This means that consumers will continue to feel satisfied even though they consume music products with not good quality because it obtained for free through illegal downloading. Otherwise, consumer loyalty to the musical product can be determined by the price, as the product of legal music will definitely give you a price for consumers to consume, while consumers of illegal products can be obtained free of charge via the internet.

The results are consistent with research which states that the price of a product can influence consumer loyalty [6], [7], [13]. However, these results are not consistent with the results of research which states that the price of a product can influence consumer satisfaction to a product [9], [10].

Promotion variable results states that the promotion of music products have no affect on consumer satisfaction and consumer loyalty. As much as any attempt by the music industry and musicians to promote their products, the consumers are still more likely to choose getting the music product for free. This makes the music industry, especially in Indonesia worse off.

These results are not in line with the previous research which state that promotional activities for the product can provide satisfaction for consumers to increase consumer loyalty to a product [6], [7], [9], [10], [17]

The test results indicate that the variable distribution of music products distribution activities have significant affect on consumer satisfaction, but the music product distribution activities have no significant affect on consumer loyalty. The results meant that the good activities of distribution music products to be able to reach consumers to provide satisfaction to the consumer. Distribution activities can be do via the internet legally, channeled through the music store or with bundling as is currently done on the emerging fast-food restaurants that do product bundling music with food, distribution activities made to give satisfaction to consumer. However, efforts are still not able to maintain the loyalty of consumers to consume music product legally, because the availability of the ease of obtaining music illegally.

The results are consistent with research conducted by several previous researchers which state that distribution activities have significant affect on consumer satisfaction [9], [10]. However, these results are not in line with research which states that distribution activity has significant affect on consumer loyalty [6], [7], [18].

Brand variable in a music product is the singer or band offered on a music product. In this study, the brand has a variable effect on satisfaction and consumer loyalty. This means that consumers will only repurchase the music of the artists or bands they like, while for another artist or band that consumer not really like, they will obtain illegally. This activity has resulted in the value of legal music sales is very different compared with music illegally.

The results obtained in this study is consistent with the results of research conducted by several researchers which state that brand influence on consumer satisfaction and consumer loyalty [19]-[21].

The test results conducted on the environment variables showed that the environment has no significant affect on consumer satisfaction, but environment have significant affect on consumer loyalty. These results imply that environment factors such as social and cultural, as well as lifestyle products in consuming music can not affect consumers. However, environment factors can affect on consumer loyalty of music product, it happened because of consumer lifestyle factors who always want to look good to others.

These results are not consistent with the results of research which states that the environment can affect consumer satisfaction [8]. However, the results are consistent with research which state that environment factors will influence consumer loyalty to a product [24], [25].

The results for the consumer satisfaction variables showed that consumer satisfaction in the music products have significant affects on consumer loyalty. This result means that if customers are satisfied with the quality possessed by music products with the value contained in the product, and the ease of obtaining music product, it can lead to loyalty within consumer products to keep taking music legally, so can increase sales volume of music products legally.

The results are consistent with research conducted by some researchers who claim that consumer satisfaction can give significant affect on consumer loyalty of a product [5]-[8].

This study only uses the marketing mix variables, brand, and the environment to determine the level of consumer satisfaction and consumer loyalty in Indonesia for music products. Partial test results showed that only variables of price, brand, environment, and consumer satisfaction have significant affect on consumer loyalty of music product, but simultaneously test results showed that all the variables have significant affect on consumer loyalty and contributed 66.2%, the rest is influenced by variables that are not included in the research model.

The results of this study are expected to provide information for the music industry, especially music industry in Indonesia to revive consumer interest in music products to consume music products legally. Various ways can be done by the music industry and musicians, including the innovation of products that provide legal music advantages over illegal music products, as well as easy for consumers to obtain legal music products, so that consumers are interested in repurchasing the music products legally. These activities are expected to enhance the creativity of musicians, to revive the music industry.

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