

Brand Ambassador and Product Innovation on Buying Decisions and Consumer Loyalty for Samsung Cellphones in Binjai City

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ABSTRACT

The purpose of this study was to determine and analyze the influence of brand ambassadors and product innovation on consumer loyalty through purchasing decisions as intervening variables. The research was conducted on Samsung cellphone consumers in Binjai City. The research population is 159 respondents who use Samsung cellphones. Samples were taken using the Slovin formula of 114 respondents. Data analysis was carried out by means of path analysis using the SPSS program. The results of sub-1 analysis prove that brand ambassadors and product innovation have a significant effect on purchasing decisions. The results of sub-2 analysis prove that brand ambassadors and product innovation have a significant effect on customer loyalty through purchasing decisions.

Keywords: Brand ambassadors, product innovation, purchasing decisions, consumer loyalty.

INTRODUCTION

Today's business competition is increasingly dynamic, complex and uncertain, thus triggering company managers to be able to think creatively and innovatively in order to always provide differentiation and superiority for their companies compared to their competitors. The current development of globalization has led to the emergence of new and modern technological innovations in society such as information technology as a communication tool in Indonesia which is progressing very rapidly (Aryaty, 2017). The emergence of new companies in the world of communication, especially smartphones, demands a competitive advantage that every company must have in order to be able to compete with other smartphone brands (Prawira, 2019). One telecommunications company that is quite popular with the public is a smartphone with the Android type. The following is the Top Smartphone Vendors data as follows:



Figure 1 Top Smartphone Vendors, Q4 2020
Source: Canals estimates (sell-in shipments), smartphone analysis, february (2021)

Smartphone manufacturers from China, Vivo and Oppo are the leaders in the mobile phone market in Indonesia. This acquisition makes the South Korean manufacturer, Samsung, in fifth place in Indonesia. Based on Canalys data in the fourth quarter of 2020, Vivo has succeeded in dominating smart phones in Indonesia from the shipping side. Vivo's market share reaches 25%, in second place is Oppo with 24% market share. This makes Indonesia a tough battlefield for Vivo and Oppo. Meanwhile, Samsung from South Korea is finding it increasingly difficult to catch up with the two Chinese cellphones. The next ranking sequentially is Xiaomi with 15% market share, Realme 15% and Samsung 14%. Another interesting thing is that Realme is back in fourth place, shifting Samsung. In the fourth quarter of 2020 Samsung smartphone shipments in Indonesia fell 45% and were in fifth place. Even though in the third quarter of 2020 the market share reached 15% and was in fourth place with a decline in growth in smartphone shipments which fell 34%.

The decline in Samsung users was also felt by Android product resellers in Binjai City. Various methods have been used by the Samsung company, including brand ambassadors and pricing strategies in order to influence purchasing decisions and consumer loyalty. In launching the Samsung S20 product in June 2020, Samsung collaborated with the Kpop Idol Group BTS, and made the idol group BTS as brand ambassadors for Samsung at the launch event. Previously, Samsung had also carried out a form of promotion in the form of a celebrity endorsement for the Kpop Idol Group Blackpink in 2019. As well as innovation by launching new products. But in this case, according to data from counterpointresearch.com in 2020, not only Samsung is making massive sales, some of them are Oppo, Xiaomi, LG, and Apple, of course, making competition in the market even tighter. Of course, Samsung needs to further improve its marketing strategy so that it is not inferior to other brands.

The research gap from several previous studies including research conducted by Putra et al. (2014) that brand ambassadors significantly influence purchasing decisions. However, in the study by Hafilah et al. (2019) the brand ambassador variable has the lowest influence on purchasing decisions. Furthermore, Samosir et.al. (2016) in his research gave the result that brand ambassadors do not fully influence purchasing decisions. Based on the existing phenomena and research gaps, the researcher is interested in knowing more about the loyalty of Samsung product users in Binjai City. This study aims to determine and analyze the influence of brand ambassadors and prices on purchasing decisions and their impact on consumer loyalty for Samsung cellphones in Binjai City.

MATERIALS & METHODS

Literature review

Brand ambassadors

According to Lea-Greenwood, (2012: 88) A brand ambassador is a tool used by companies to communicate and connect with the public, regarding how they actually enhance sales. The use of brand ambassadors is carried out by companies to influence or invite consumers. It is intended that consumers. interested in using the product, especially because the selection of brand ambassadors is usually based on imagery through a well-known celebrity (Royan, 2004:7). Brand ambassadors are cultural or identity icons, where they act as a marketing tool that represents the achievement of human glory individualism and the commodification and commercialization of a product. Turner, Bonner & Marshall (2012: 13) mention celebrities are being asked to take on a certain amount of cultural activism as among the obligations which come with their visibility.

Product Innovation

Innovation is a mechanism for companies to adapt in a dynamic environment. Product

innovation usually refers to properties such as updating, changing, or creating processes or products, as well as ways of doing things so they are more effective. In a business or business context, this means implementing new ideas, improving existing services, and creating other, more dynamic products. According to Elitan and Anatan (2009), product innovation is a process of adapting products, services, ideas, or processes that already exist within the organization or those developed from outside the organization. In general, innovation has the meaning of the process of adopting something new by whoever adopts it, and as the process of creating new products.

Buying decision

Setiadi (2003:16), purchasing decisions are specific purchasing processes consisting of the following sequence of events: recognition of problem needs, information search, evaluation of alternatives, purchase decisions, and post-purchase behavior. Purchasing decision structure According to Private and Irawan (2008:118), these components are: decisions about product types, decisions about product forms, decisions about brands, decisions about sellers, decisions about product quantities, decisions about purchasing time and decisions about payment procedures . The parties that play a role in making purchasing decisions are initiators, influencers, decision makers, buyers and users.

Consumer loyalty

Loyalty is a psychological condition related to attitudes toward products, consumers will form beliefs, set likes and dislikes, and decide whether they want to buy products

(Hasan, 2014: 134). Consumer loyalty is behavior related to the brand of a product, including the possibility of renewing brand contracts in the future, how likely customers are to change their support for the brand, how likely is the customer's desire to enhance the positive image of a product (Hasan, 2014: 121). Based on this definition, it can be seen that loyalty is more directed to a behavior that is shown by routine purchases based on decision-making units. So it can be concluded that loyalty is a customer's deep commitment to re-subscribe or re-purchase selected products/services consistently in the future. although situational influences and marketing efforts have the potential to cause behavior change. This research is an associative quantitative research designed to determine the effect of the independent variables, namely brand ambassadors and prices on the dependent variable, namely purchasing decisions and consumer loyalty. The method used in this study is a survey method, in which respondents are given several statements in the form of a questionnaire. The population in this study are consumers of Samsung products in Binjai City. The research population is 159 respondents who use Samsung cellphones. Samples were taken using the slovin formula of 114 respondents. Data analysis was carried out by means of path analysis using the SPSS program.

RESULT

Path Analysis (Equation 1)

The simultaneous influence of brand ambassador variables (X1) and product innovation (X2) has an effect on purchasing decisions (Z) can be seen in Table 1:

Table. 1 F Test (Simultaneously)

| ANOVA ^b | | | | | | |
|---|------------|----------------|-----|-------------|---------|-------------------|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 357.941 | 2 | 178.970 | 355.929 | .000 ^a |
| | Residual | 55.814 | 111 | .503 | | |
| | Total | 413.754 | 113 | | | |
| a. Predictors: (Constant), product innovation, brand ambassador | | | | | | |
| b. Dependent Variable: buying decision | | | | | | |

Based on Table 1, it is found that the Fcount value is 355,929 with a significant level of 0.000, which is less than an alpha of 0.05

(5%). The resulting calculated F is 355,929, which is greater than the Ftable, which is 2.69.

Table 2 Uji t (Parsial)

| Coefficients ^a | | | | | | |
|---------------------------|--------------------|-----------------------------|------------|---------------------------|-------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.442 | .374 | | 3.858 | .000 |
| | brand ambassador | .330 | .076 | .577 | 4.316 | .000 |
| | Product innovation | .214 | .079 | .361 | 2.702 | .008 |

a. Dependent Variable: buying decision

Based on Table 3, the regression equation is obtained as follows.

$$Z = 0,330 X1 + 0, 214 X2$$

Path Analysis (Equation 2)

Based on Table 3, it is known that the Adjusted R Square value is 0.893. This value can be interpreted as the ability of the

independent variable to influence the dependent variable 0.893. The simultaneous influence of brand ambassador variables (X1), product innovation (X2) and purchase decisions (Z) affect loyalty (Y) can be seen in Table 3:

Table. 3 F Test (Simultaneously)

| ANOVA ^b | | | | | | |
|--------------------|------------|----------------|-----|-------------|---------|-------------------|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 1348.414 | 3 | 449.471 | 316.192 | .000 ^a |
| | Residual | 156.366 | 110 | 1.422 | | |
| | Total | 1504.781 | 113 | | | |

a. Predictors: (Constant), buying decision, product innovation , brand ambassador
b. Dependent Variable: loyalty

Based on Table 3, it is found that the Fcount value is 316,192 with a significant level of 0.000, less than an alpha of 0.05 (5%). The resulting calculated F is 316,192, which is

greater than the Ftable, which is 2.69. Table 4 presents the regression coefficient values, as well as statistical values for partial effect testing

Tabel 4 Uji t (Parsial)

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|--------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.498 | .669 | | 3.733 | .000 |
| | brand ambassador | .520 | .139 | .477 | 3.746 | .000 |
| | Product innovation | .297 | .137 | .263 | 2.164 | .033 |
| | buying decision | .428 | .160 | .224 | 2.681 | .008 |

a. Dependent Variable: loyalty

Based on Table 4, the regression equation is obtained as follows.

$$Y = 0,250 X1 + 0,297 X2+ 0, 428 Z$$

DISCUSSION

The influence of brand ambassadors on buying decisions

A brand ambassador is a brand advocate whose job is to help create a strong emotional connection between a company and consumers and indirectly the use of a brand ambassador or celebrity endorser will

increase consumer decisions in making purchases. A brand ambassador is someone with the main task of promoting and representing a product or brand. The existence of a brand ambassador is important because it can enhance the image of the product in front of the public, especially potential consumers. this is in line with research conducted by (Korompis & Tumewu, 2022; Sabella et al., 2021) that brand ambassadors significantly influence buying decisions.

The effect of product innovation on buying decisions

Product innovation is considered to be able to eliminate consumer boredom or boredom towards product choices that tend to be less diverse and not unique. Meanwhile, the price policy or the determination of the right price for each product greatly influences the consumer's consideration process in making a decision to make a purchase. Successful innovation will have a large influence on consumer buying decisions. A product is said to be successful when the product appears and is accepted, this is inseparable from the power of product innovation. Product innovation is needed by companies to overcome competitive pressures, changing tastes and preferences, product life cycles, technological advances (or vice versa, obsolete technology), various demand patterns, and special consumer requirements. This is in line with research from (Santoso & Samboro, 2017; Yusuf, 2021) that product innovation significantly influences buying decisions.

The influence of brand ambassadors on loyalty

A brand ambassador is someone with the main task of promoting and representing a product or brand. The existence of brand ambassadors is important because it can increase consumer loyalty. Ambassadors are often synonymous with or related to celebrities or public figures who have influence in a country or in the world. Celebrities are believed to be one of the supporting factors on the psychological side that can influence consumer attitudes and beliefs about products (Kotler & Keller, 2008:55). Selection of the right celebrity will increase the product brand according to the celebrity which will influence consumers to believe in the product it represents and be able to increase loyalty. This is in line with research from (Nurhasanah et al., 2021; Sabella et al., 2021) that brand ambassadors significantly affect loyalty.

Effect of product innovation on loyalty

Product innovation is one of the factors most relied upon by a marketer in marketing a product. Innovation will increase the added value of a product, innovation will create a new product that can provide better solutions for solving problems faced by consumers. High innovation, both process innovation and product innovation, will increase the company's ability to create quality products. High product quality will increase the company's competitive advantage which in turn will have an impact on loyalty. This is in line with research conducted by (Dachi, 2020; Lahindah et al., 2018) that product innovation significantly affects loyalty

The effect of buying decisions on loyalty

Kotler (2005) says that the process of making a buying decision goes through five stages, namely problem recognition, information search, alternative evaluation, buying decision, and post-purchase behavior. The buying decision process is a decision taken by a prospective buyer regarding the certainty of buying or not, and the process begins with understanding a problem, information search, alternative evaluation, buying decision, and post-purchase behavior. In making a purchase there are two factors that may influence the buying behavior. What is clear is that, because of differences in personality such as self-concept, consumers' subjective perceptions of information, goods and buying situations. This is in line with research conducted by (Dachi, 2020; Santoso & Samboro, 2017) that buying decisions significantly affect loyalty.

The influence of brand ambassadors and product innovation on loyalty through buying decisions

Brand ambassadors and product innovation play a very important role in helping the smooth running of marketing activities both locally and globally. Conveying information by creating advertisements or integrating celebrities into products using brand

ambassadors as a means of promotion. This strategy is carried out to influence and invite consumers to use the product. For a company, the use of brand ambassadors aims to influence consumers in buying products, so that they are easily embedded in the minds of consumers, so that consumers have an interest in buying advertised products. This is in line with research from (Korompis & Tumewu, 2022; Sabella et al., 2021) that brand ambassadors and product innovation have a positive influence on buying decisions and consumer loyalty in providing information encouragement so that messages in advertisements displayed are more easily accepted by consumers. consumers as well as creating product innovation by creating new products that can meet the needs and desires of consumers so that there is an interest in buying these products, which is expected to be realized through buying decisions.

CONCLUSION

Brand ambassadors have a positive and significant effect on purchasing decisions. 2) Product innovation has a positive and significant effect on buying decisions. 3) Brand ambassadors have a positive and significant effect on consumer loyalty. 4) Product innovation has a positive and significant effect on consumer loyalty. 5) Buying decision has a positive and significant effect on consumer loyalty 6) Brand ambassadors and product innovation have a positive and significant effect on consumer loyalty through buying decisions.

Declaration by Authors

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