

## ANALYSIS OF THE INFLUENCE OF PERCEIVED VALUE, PERCEIVED QUALITY, AND BRAND EXPERIENCE ON BRAND LOYALTY IN THE ELECTRIC CIGARETTE INDUSTRY

**Afif Audric Putera Jaya<sup>1</sup>, Melva Hermayanty Saragih<sup>2</sup>**

<sup>1,2</sup> Universitas Bina Nusantara, Jakarta, Indonesia

Article info	ABSTRACT
<p><b>Corresponding Author:</b> Melva Hermayanty Saragih <a href="mailto:melvaherma@gmail.com">melvaherma@gmail.com</a> Universitas Bina Nusantara</p>	<p>According to the Indonesian Youth Council for Tobacco Control (IYCTC, 2022), Indonesia is predicted to have the largest market share for e-cigarettes, specifically vapes, in Southeast Asia. Over the past decade, the e-cigarette industry has emerged as one of the fastest growing segments in the tobacco industry. This study aims to analyze the influence of perceived value, perceived quality, and brand experience on brand loyalty among e-cigarette consumers in Semarang. The study employed a quantitative approach; with data collection conducted through a questionnaire measured using a 5-point Likert scale. The sampling technique used probability sampling, resulting in a total of 102 items. The data was analyzed using multiple regression analysis with SPSS. The results indicate that perceived value, perceived quality, and brand experience have a significant influence on brand loyalty. The results also indicate that perceived quality has the greatest influence on brand loyalty.</p>
	<p><b>Keywords:</b> perceived value, perceived quality, brand experience, brand loyalty.</p>

This article distributed under the terms of the Creative Commons Attribution-Share Alike 4.0 International License  
(<https://creativecommons.org/licenses/by-sa/4.0/>)

## INTRODUCTION

Smoking is a lifestyle that continues to change with the times. In recent years, rapid technological advancements have driven innovation in the cigarette industry, leading to a transition from traditional cigarettes to e-cigarettes. This innovation was created as an alternative to smoking, adapting to technological advancements. E-cigarettes have become popular due to their promotion as a harm reduction product. Several reports indicate that e-cigarettes can help smokers quit or reduce harm by switching to e-cigarettes (Osibogun, 2020).

Over the past decade, the e-cigarette industry has emerged as one of the fastest-growing market segments in the tobacco industry. A survey (Statista Global Consumer Survey, 2022) found that 27% of Millennials use e-cigarettes, compared to the overall average of 19%. Furthermore, the e-cigarette market share has consistently experienced significant growth year after year. Statista research states that revenue from the global e-cigarette market was only US\$5.1 billion in 2012 and then increased to US\$19.3 billion in

2020. In 2023, e-cigarette market revenue is estimated to increase by 37% to Rp24.17 billion. In addition, the global e-cigarette market is also projected to grow by 3.05% in 2024-2028 with a market revenue volume of US\$29.3 billion in 2028. In this context, Indonesia is the country with the highest position with the most e-cigarette users in the world (Statista Consumer Insights, 2023). According to the Indonesian Youth Council for Tobacco Control (IYCTC, 2022), Indonesia is predicted to have the largest share of e-cigarettes in the form of vapes, superior to Malaysia in the Southeast Asian region. This is supported by data from the National Socio-Economic Survey in 2019 which shows that 95% of e-cigarette users in Indonesia are dual users.

In the currently growing e-cigarette industry in Indonesia, the use of e-cigarettes among the public has become a social phenomenon that has encouraged the emergence of many new e-cigarette businesses. This is driven not only by Indonesia's promising market with a high number of e-cigarette smokers, but also by technological advances, which have made competition in the e-cigarette industry increasingly competitive. With technology, consumers have increasingly easy access to information via the internet to fulfill their desires in choosing e-cigarette products. Related to this context, there are also a very large number of e-cigarette consumers in Indonesia, each with different preferences. Therefore, it is important for e-cigarette businesses to be able to understand customer preferences to increase customer loyalty. In the business environment, customer loyalty is a crucial key to success in achieving business goals (Baraya et al., 2020) and is also crucial for business sustainability (Bing et al., 2024). Brand loyalty is a crucial key in marketing strategies because it can increase the lifetime value of a brand (Munawar, 2021). Furthermore, brand loyalty is beneficial for marketers or entrepreneurs to secure their market position (Shaban, 2017).

In the cigarette industry, characterized by rapid innovation and intense competition, retaining existing customers is more cost-effective than acquiring new ones. According to research studies, the key to effective customer retention lies in understanding and anticipating customer needs. Creating superior perceived value is widely recognized in marketing literature as a critical requirement for organizations to differentiate themselves from competitors (Slack et al., 2020). Quality is a key parameter for building a competitive advantage in the market (Guru and Paulsen, 2020). Furthermore, quality is also crucial for a product's recognition and trust, as evidenced by Cahaya et al. (2023). In the world of e-cigarettes, various types of vapes come with distinct features and designs that provide unique experiences for users. In this regard, brand experience plays a crucial role in creating and maintaining brand loyalty. The context of brand experience and brand loyalty is interconnected. E-cigarettes are a form of technological advancement that continues to innovate, so customer input is still needed to develop existing e-cigarette products. Based on the social phenomenon of the development of e-cigarettes in Indonesia, supported by the background problems that have been explained, this study will focus on examining the factors that influence brand loyalty to one e-cigarette brand. Therefore, the researcher determined the research title, namely "THE EFFECT OF PERCEIVED VALUE,

# PERCEIVED QUALITY, AND BRAND EXPERIENCE ON BRAND LOYALTY IN THE ELECTRIC CIGARETTE INDUSTRY.".

## METHOD

This study adopted quantitative research and used associative research, which aims to determine the relationship between two or more variables (Sugiyono, 2019). The purpose of this study was to determine the influence of perceived value, perceived quality, and brand experience on brand loyalty. The research method used was a questionnaire distributed via Google Forms and measured using a 1-5 Likert scale (strongly disagree, disagree, neutral, agree, and strongly agree). The unit of analysis for this study was customers of e-cigarette "X." The sampling method used was probability sampling with a simple random sampling technique, which randomly selects members of the population without regard to strata within the population (Sugiyono, 2019).

This study has two types of variables: independent variables and dependent variables. The independent variable is the variable that influences changes in the dependent variable. In this study, the independent variables include perceived value, perceived quality, and brand experience. The dependent variable is the variable explained or influenced by the independent variable. In this study, the dependent variable studied was brand loyalty. In this study, the perceived value variable was measured through 6 indicators adapted from (Nguyen et al, 2020), the perceived quality variable was measured through 6 indicators adapted from (Suttikun & Meprom, 2021), the brand experience variable was measured through 8 indicators adapted from (Mostafa & Kasmani, 2020), and brand loyalty was measured through 4 indicators adapted from (Mostafa & Kasmani, 2020).

## RESULT AND DISCUSSION

### Finding

Based on the questionnaire results, a total of 102 respondents met the research criteria, namely, they were vaping users and resided in Semarang. The majority of respondents in this study were male, aged 18-21, students, and had been using vape for an average of 6-12 months. Validity and reliability tests revealed that each indicator within each variable had a calculated R value greater than the R table value of 0.16. Therefore, it can be concluded that the calculated R value is greater than the R table value, thus confirming the validity of all variable data in this study. Reliability test results were also obtained, indicated by Cronbach's Alpha values for each variable: perceived value of 0.924, perceived quality of 0.955, brand experience of 0.965, and brand loyalty of 0.934, all of which are greater than 0.7, thus confirming the reliability of the data in this study.

Furthermore, the data in this study were also tested through the Classical Assumption Test which includes the Normality Test, Multicollinearity Test, and Heteroscedasticity Test. In the Normality Test, a sig value of 0.200 was obtained which is greater than the alpha value of 0.05 so that it can be stated that the data in this study has a normally distributed residual value. For the Multicollinearity Test, the Tolerance value for the perceived value variable was 0.210, perceived quality was 0.118, and brand experience

was 0.125 which is greater than the value of 0.10. In addition, the VIF value for the perceived value variable was 4.759, perceived quality was 9.288, and brand experience was 8.011 which is smaller than the value of 10. Based on the results of the Multicollinearity Test, the tolerance value was  $> 0.10$  and  $VIF < 10$  for each variable so that it can be stated that in this study there is no multicollinearity. In addition, the results of the Heteroscedasticity Test conducted using the Glejser Test show a sig value for the perceived value variable of 0.795, perceived quality of 0.569, and brand experience of 0.302 which is greater than the alpha value of 0.05 so that it can be stated that the data in this study does not contain heteroscedasticity.

**Table 1. T-Test Result**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.329	0.190		0.731	0.087
	Perceived_Value	0.223	0.105	0.208	2.131	0.000
	Perceived_Quality	0.498	0.137	0.494	3.626	0.000
	Brand_Experience	0.218	0.124	0.223	2.766	0.000

In this study, hypothesis testing 1 to hypothesis testing 3 was carried out through the T Significance Test shown in Table 1 above. The calculated t value for the perceived value variable is 2.131, perceived quality is 3.626, and brand experience is 2.766 which is greater than the t table value of 1.66. In addition, the sig value for each variable of perceived value, perceived quality, and brand experience is 0.000 which is smaller than the alpha value of 0.05. It can be concluded that the calculated t value is  $> t$  table and the sig value  $< \alpha$  0.05 so that it can be stated that all hypotheses 1 - hypothesis 3 in this study are accepted, where perceived value, perceived quality, and brand experience have a significant partial influence on brand loyalty.

**Table 2. F-Test Result**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.334	3	27.445	134.071	0.000 <sup>b</sup>
	Residual	20.061	98	0.205		
	Total	102.395	101			

Table 2 shows the results of the F test for hypothesis 4, where the calculated f value is 134.071 which is greater than the f table value of 2.70 and obtained a sig value of 0.000 which is smaller than the alpha value of 0.05. It can be concluded that the calculated  $f > f$  table and the sig value  $< \alpha$  0.05 so that it can be stated that hypothesis 4 is accepted and perceived value, perceived quality, and brand experience have a simultaneous influence on brand loyalty.

**Table 3. Results of the Determination Coefficient Test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.897 <sup>a</sup>	.804	.798	.45244

Table 3 shows the results of the Determination Coefficient Test, where the Adjusted Square R value is 0.798, where this figure shows the magnitude of the ability of the independent variables which include perceived value, perceived quality, and brand experience towards brand loyalty is 79.8% and the remaining 20.2% can be explained by other variables outside this study.

## Discussion

### H1: The Effect of Perceived Value on Brand Loyalty

The results of this study indicate that perceived value has a significant influence on brand loyalty. In this study, perceived value is considered a form of customer assessment of the benefits received. Therefore, when customers perceive they are receiving high value from a brand, they tend to be more loyal to that brand. These results align with previous research conducted by Devi & Yasa (2021) and Nguyen et al. (2020), which showed that perceived value has a significant influence on brand loyalty. This explains that the better the value consumers perceive after using a brand's product or service, the stronger the loyalty they will form.

### H2: The Effect of Perceived Quality on Brand Loyalty

The results of this study indicate that perceived quality has a significant influence on brand loyalty. In this study, it can be explained that perceived quality refers to customers' perceptions of the overall quality of a product or service based on their experiences and expectations. When customers perceive a brand's product or service to be of high quality, they tend to be more loyal to that brand. This also demonstrates the importance for companies to maintain and improve the quality of their products and services to maintain customer loyalty. The results of this study also support research conducted by Atulkar (2020) and Sulivyo & Ekasari (2021), which showed that perceived quality has a significant positive influence on brand loyalty. This explains that customers consistently choose high-

quality brands that enhance their sense of status and self-esteem, while customers with low quality awareness tend to be less loyal to a particular brand.

### **H3: The Influence of Brand Experience on Brand Loyalty**

The results of this study indicate that brand experience has a significant influence on brand loyalty. Brand experience can arise when customers interact with a brand, where this interaction can elicit different sensations, feelings, cognitions, and responses. When customers have a positive experience with a brand, such as a pleasant and satisfying interaction, this will have an impact on increased brand loyalty.

### **H4: The Influence of Perceived Value, Perceived Quality, and Brand Experience on Brand Loyalty**

The results of this study also found that perceived value, perceived quality, and brand experience have a significant simultaneous influence on brand loyalty. These results can explain the important roles of perceived value, perceived quality, and brand experience in building and maintaining brand loyalty. The integration of these three factors can significantly influence brand loyalty (Boozary et al., 2024; Sulivyo & Ekasari, 2021; Atulkar, 2020; and Nguyen et al., 2020). It can be explained that brand loyalty is formed because consumers prefer a brand from a shopping experience that is measured by repeat purchasing behavior and this is caused by the influence of satisfaction or dissatisfaction with the brand that accumulates continuously through product quality, perceived quality, and the experience they have.

## **CONCLUSION**

This study aimed to analyze the influence of perceived value, perceived quality, and brand experience on brand loyalty among vape users in Semarang. The results indicate that perceived value, perceived quality, and brand experience have a significant influence on brand loyalty, with perceived quality having the greatest influence on brand loyalty. This can be explained as follows: when a product is offered at a competitive price and of higher quality compared to competitors' products, it encourages customers to perceive greater value from their purchase, which fosters loyalty and leads to repeat purchases in the future. Furthermore, product quality that meets or exceeds customer expectations creates a long-term comparative advantage. Customer experience is also a crucial factor influencing customer loyalty. When customers have a positive experience with a brand, it leaves a positive impression that can motivate them to choose that brand over others. Based on the results, to increase brand loyalty, vape industry players are advised to develop innovative products with more durable features and ergonomic designs to reduce the risk of product damage and extend product life. Personalized promotions can also be implemented to create customer loyalty programs. Additionally, to increase brand loyalty, companies can also form communities to foster positive relationships with their customers. Further research is recommended to use a broader geographic scope to analyze broader population and demographic segments.

## BIBLIOGRAPHY

Atulkar, S. (2020). Brand trust and brand loyalty in mall shoppers. *Marketing Intelligence and Planning*, 38(5), 559–572. <https://doi.org/10.1108/MIP-02-2019-0095>

Bing, G., Al Mughairi, B., Karim, A. M., & Karim, A. M. (2024). Study on Importance of Brand Loyalty for Customer Retention for Consumer Durable Products: New Era Viewpoint. *International Journal of Academic Research in Business and Social Sciences*, 14(1). <https://doi.org/10.6007/ijarbss/v14-i1/20464>

Boozary, P., Sheykhan, S., Hosseini, I., Namin, P. E., & Pourmirza, M. (2024). The Effect of Brand Experience, Perceived Value in the Light of Consumer Loyalty and Purchase Intention: Case Study of LG Technology. In *Tuijin Jishu/Journal of Propulsion Technology* (Vol. 45, Issue 2). <https://www.researchgate.net/publication/380576135>

Das Guru, Ramesh Roshan & Paulssen, Marcel. (2020). Customers' experienced product quality: scale development and validation. *European Journal of Marketing*. ahead-of-print. 10.1108/EJM-03-2018-0156.

Ghozali, I. (2021). Aplikasi Analisis Multivariate dengan program IBM SPSS 26 . Semarang: BPU Diponegoro.

Khan, I., & Fatma, M. (2017). Antecedents and outcomes of brand experience: An empirical study. *Journal of Brand Management*, 24(5), 439–452. <https://doi.org/10.1057/s41262-017-0040-x>

Mostafa, R. B., & Kasamani, T. (2021). Brand experience and brand loyalty: is it a matter of emotions? *Asia Pacific Journal of Marketing and Logistics*, 33(4), 1033–1051. <https://doi.org/10.1108/APJML-11-2019-0669>

Nguyen, Ngoc & Duong, Hong & Nguyen, Thi. (2020). Mediating Effect of Social Commerce Continuance Use Intention on the Relationship Between Perceived Values and Brand Loyalty. 12. 8. 10.7176/EJBM/12-11-07.

Osakwe, Chris. (2019). Understanding customer-perceived quality in informal stores. *Journal of Services Marketing*. 10.1108/JSM-05-2018-0162.

Osibogun, Olatokunbo & Bursac, Zoran & Maziak, Wasim. (2020). E-Cigarette Use and Regular Cigarette Smoking Among Youth: Population Assessment of Tobacco and Health Study (2013–2016). *American Journal of Preventive Medicine*. 58. 10.1016/j.amepre.2020.01.003.

Safeer, Asif & Yuanqiong, He & Abrar, Muhammad & Shabbir, Rizwan & Rasheed, Hafiz Muhammad. (2021). Role of brand experience in predicting consumer loyalty. *Marketing Intelligence & Planning*. 39. 10.1108/MIP-11-2020-0471.

Santos, M., & Schlesinger, W. (2021). When love matters. Experience and brand love as antecedents of loyalty and willingness to pay a premium price in streaming services. *Spanish Journal of Marketing - ESIC*, 25(3), 374–391. <https://doi.org/10.1108/SJME-11-2020-0201>

Slack, Neale & Singh, Gurmeet. (2020). The effect of service quality on customer satisfaction and loyalty and the mediating role of customer satisfaction: Supermarkets in Fiji. *The TQM Journal*. ahead-of-print. 10.1108/TQM-07-20190187.

Sugiyono. (2019). *Metodelogi Penelitian Kuantitatif dan Kualitatif Dan R&D*. Bandung: ALFABETA

Sulivyo, L., & Ekasari, A. (2021). Impact of Eperiential Marketing and Perceived Quality on Brand Loyalty with Brand Trust as Mediation. *International Journal of Multicultural and Multireligious Understanding*, 8(8), 397. <https://doi.org/10.18415/ijmmu.v8i8.2745>

Suttikun, C., & Meeprom, S. (2021). Examining the effect of perceived quality of authentic souvenir product, perceived value, and satisfaction on customer loyalty. *Cogent Business and Management*, 8(1). <https://doi.org/10.1080/23311975.2021.1976468>