

# The effect of e-mass customization in the dimension of consumer's perceived value on satisfaction and loyalty of luxury brand consumers in Indonesia

G. K. Soesilo, D. Anandya & Indarini  
*University of Surabaya, Surabaya, Indonesia*

**ABSTRACT:** This study aims to analyze the effect of dimensions of Consumer's Perceived Value on Satisfaction and Loyalty of luxury brand consumers in Indonesia. This research data processing used Structural Equation Modeling (SEM) with Statistical Package for Social Sciences program (SPSS) version 18 and LISREL 8.70. The sampling technique used non-probability sampling. Data were obtained online from respondents who meet the specified population characteristics. The number of samples used in this study was 160 female respondents in Indonesia. The results of this study indicate the influence of utilitarian value and self-expressive value which has a negative and insignificant impact on the satisfaction of luxury brand consumers in Indonesia. Hedonic value, social value, and creative achievement value had a positive and significant influence on the satisfaction of luxury brand consumers in Indonesia and satisfaction had a positive impact on consumer loyalty in luxury handbag brands in Indonesia.

*Keywords:* Consumer's Perceived Value, Satisfaction, Loyalty, Customization, Luxury Brands

## 1 INTRODUCTION

The fashion industry is a very dynamic industry. In this industry, especially the high fashion brand group, the investment spent aims to build an exclusive brand and has high prestige. According to Juggessur (2011), fashion is part of one's social life that allows consumers to adjust to their social environment. The development of this fashion world has experienced a period of rapid revolution in Indonesia. These developments have made many people set up department stores. Fashion styles become a lifestyle for society. The demand for new goods from prestigious brands (blue chip brands) has increased rapidly from year to year, especially at the level of e-commerce. Last year, total transactions of branded goods rose 37% compared to the previous period, while total spending rose to 50%. The consumption trend of branded goods at fantastic prices was revealed in a report from the Asia luxury index 2016 reported by Reebonz, the largest online shopping site in Asia, particularly for the prestigious fashion product segment. Luxury fashion brands are associated with creativity, exclusivity, prime quality, in-

novation, and premium pricing, such as the Chanel brand, Louis Vuitton, Burberry, and Prada which succeeded in having the top or nobility brand image. As quoted in (<http://www.tentik.com>), the following are the 10 most influential luxury fashion brands in the world, including in Indonesia, namely: Louis Vuitton, Gucci, Hermes, Prada, Rolex, Chanel, Cartier, Burberry, Fendi, and Coach.

The object discussed in this study is the luxury handbag brands. The luxury handbag brands were chosen as the object because luxury bags are the most favorite fashion products for women because the bag has a higher value than other fashion products. Bags from a signature collection can be a good investment because the price will still be good. While other fashion products such as shoes cannot have a high selling price because of past usage, size, and model factors, as quoted in (<http://www.harpersbazaar.co.id>).

Current research views satisfaction as a response to the evaluation process, especially satisfaction is seen as a result of consumer evaluation of the value that comes from the shopping experience. The research findings that still exist in shopping value and

satisfaction provide support for linking utilitarian spending values and hedonic shopping values to satisfaction (Babin & Darden 1994; Jones et al. 2006). Indeed, a positive relationship from utilitarian, hedonic, creative achievement, and social value on Satisfaction is found. H1a: Utilitarian value has a positive effect on Satisfaction

Some researchers observed the effect of hedonic spending on satisfaction value at a level greater than the value of utilitarian spending (Babin & Darden 1994). This statement is also supported by statements from Merle et al. (2010) which found that Satisfaction is influenced by hedonic value. H1b: Hedonic value has a positive effect on Satisfaction

Individuals experience self-expressiveness when they are involved in activities that are meaningful and self-determining which lead to the actualization of one's potential (Waterman, 1993). Consumers with high levels of self-expression in shopping tend to experience positive influences and enjoyment when shopping. H1c: Self-expressive value has a positive effect on satisfaction.

The results of Alshibly (2015) conclude that social values have a significant influence on customer satisfaction. This empirical finding supports the opinion of Yen (2013) which states that social values have a significant influence on customer satisfaction. H1d: Social value has a positive effect on satisfaction.

The value of creative achievement refers to actual real-life creative achievements (Carson et al. 2005) and is generally assessed based on biographical actions. The research by Merle et al. (2010) scrutinizes that satisfaction is influenced by the creative achievement value. H1e: Creative achievement value has a positive effect on satisfaction

In the context of online retailing, Yoo & Park (2016) point out that satisfaction has a significant effect on loyalty intention. According to Tjiptono (2008:24), the creation of satisfaction can provide several benefits including the harmonious relationship between the company and the consumers, which becomes the basis for repurchasing and creating customer loyalty and word of mouth recommendations that benefit the company. H2: Satisfaction with the customized product has a positive effect on loyalty.

## 2 RESEARCH METHODS

The data processing method used in this study was Structural Equation Modeling (SEM) using software Lisrel version 8.7. The sampling technique used was purposive sampling. The Measurement level and Scale used in this study were interval lev-

els on a scale of 1 to 7. The results of the study can be seen in table 1.

Table 1. Research Results

Hypo.	Path	T-value	Std. Est.	Remarks
H1a	UV → S	-1.62	-0.13	Not supported
H1b	HV → S	4.06	0.49	Supported
H1c	SEV → S	-0.99	-0.14	Not supported
H1d	SV → S	2.48	0.25	Supported
H1e	CAV → S	5.61	0.50	Supported
H2	S → L	11.68	0.90	Supported

## 3 RESULTS AND DISCUSSIONS

The utilitarian value had no effect on the satisfaction of luxury brand consumers in Indonesia (H1a). The hedonic value had a positive effect on the satisfaction of luxury brand consumers in Indonesia (H1b). The self-expressive value had no effect on the satisfaction of c luxury brand consumers in Indonesia (H1c). The social value had a positive impact on the satisfaction of luxury brand consumers in Indonesia (H1d). Creative achievement value had a positive impact on the satisfaction of luxury brand consumers in Indonesia (H1e). Satisfaction had a positive impact on the loyalty of luxury brand consumers in Indonesia (H2).

## 4 CONCLUSION

This study only explores the relationship between consumer value and satisfaction for mass customization. But special factors that affect mass customization such as complexity, cost, and delivery time have not been integrated into this study. Subsequent research needs to look at consumer perception factors towards mass customization. Previous research conducted by Piller (2003) emphasized the use of mass customization as a strategy that enhances customer relations. When consumers and companies engage in co-design activities simultaneously, this can lead to long-term relationships. Therefore, further research needs to examine the effects of mass customization in the context of marketing relations.

## REFERENCES

- Alshibly, H. H. 2015. Customer Perceived Value in Social Commerce: Exploration of its Antecedents and Consequences. *Journal of Management Research* 7(1): 18-37..
- Babin, B.J & Darden, W.R. 1994. Good and bad shopping vibes: Spending and patronage satisfaction. *Journal of Business Research* 35(3): 201-206.
- Carson, S. H., Peterson, J. B. & Higgins, D. M. 2005. Reliability, Validity, And Factor Structure Of The Creative

- Achievement Questionnaire. *Creativity Research Journal* (17): 37– 50.
- E. Paramitha. 2015. 10 Brand Fashion Mewah Paling Berpengaruh di Dunia. Retrieved from: <http://www.tentik.com/10-brand-fashion-mewah-paling-berpengaruh-di-dunia> on May 23rd, 2015
- Jones, M.A., Reynolds, K.E. & Arnold, M.J. 2006. Hedonic and utilitarian shopping value: Investigating differential effects on retail outcomes. *Journal of Business Research* 59: 974 – 981.
- Juggessur, J. 2011. Luxury designer handbag or counterfeit? An investigation into the antecedents influencing women’s purchasing behaviour of luxury designer and counterfeit brands. *Brunel University Brunel Business School PhD Theses*.
- Merle, A., Chandon, J., Roux, E. & Alizon, F. 2010. Perceived value of the mass-customized product and mass customization experience for individual consumers. *Production and Operations Management* 19(5): 503–514.
- Piller, I. (2003) Advertising as a Site of Language Contact. *Annual Review of Applied Linguistics*. 23: 170-183.
- Riesca Chekka. 2017. Berburu Tas dan Sepatu Mewah Second Hand Secara Online. Retrived from: <http://www.harpersbazaar.co.id/articles/read/2017/3557/Berburu>
- Tjiptono, F. 2008. *Strategi Pemasaran 3<sup>rd</sup> edition*. Andi Offset, Yogyakarta.
- Waterman, A.S. 1990. Personal expressiveness: philosophical and psychological foundations. *Journal of Mind and Behavior* (11): 47-74.
- Yen, Yung-Shen. 2013. Exploring Perceived Value in Social Networking Sites: The Mediation of Customer Satisfaction. *International Journal of Computer and Information Technology* 3(2): 386-393.
- Yoo a, J & Park, M. 2016. The effects of e-mass customization on consumer perceived value, satisfaction, and loyalty toward luxury brand. *Journal of Business Research* 69 (2016): 5775–5784