

The Effect of Prices on Customer Loyalty through Customer Satisfaction of Xiaomi Smartphones in Indonesia

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Abstract: This research wants to know how the loyalty rate for users of Xiaomi smartphones in Indonesia. Customer loyalty rates are allegedly influenced by the price offered by Xiaomi and also customer satisfaction levels perceived by consumers. The objectives in this study include: (1) Descriptions of prices, customer loyalty, and customer satisfaction; (2) Explaining the price impact on customer loyalty; (3) Explaining the price impact on customer satisfaction; (4) Explaining the impact of customer satisfaction on customer loyalty; (5) Explaining the price impact on customer loyalty through customer satisfaction. The approach used is quantitative with a type of descriptive and exhortatory research. The population in this research is Xiaomi smartphone users in Indonesia, who buy or use more than once, with an infinite population. The samples obtained through the formula in this study were as much as 420 respondents. Sampling techniques using techniques (non probability sampling). Sampling using techniques (purposive sampling). While the data analysis technique uses Path analysis.

Keywords: Price, Customer Satisfaction, Customer Loyalty

1. INTRODUCTION

In the digital era developments are currently growing very rapidly from year to year, one of which is the advancement of mobile phones or what we usually call cellphones/ smartphones. Mobile phones are one of the wireless communication devices (without cables) that can be carried everywhere and make it easier for humans to socialize. Nowadays almost every individual uses his cellphone in his life for communication tools and to fulfill needs.

Producers are competing to innovate products with each type, model, and technology that are tailored to the needs, status, profession, lifestyle, and hobbies of its users. One of them is Xiaomi as a mobile internet company that is dedicated to creating user experiences from all aspects and has become a trend of smartphone usage in Indonesia.

Xiaomi is a wireless handheld device that has cellular, sms, internet, e-mail, and various other wireless capabilities. Xiaomi is much sought after by consumers because it has high specifications but the price is very cheap when compared to other mobile brands with similar specifications.

Based on a survey conducted by researchers, the people who take or use Xiaomi smartphones are as follows:

Table 1. Customer Data

No	Province	Number
1	East Java	17
2	West Java	10
3	Central Java	14
4	DKI Jakarta	6
5	Sumatra	3
Total		50

(Source: Processed by Researchers, 2019)

Table 2. Proportion of Xiaomi Customers

No	Information	Number	Estimated Proportions
1	Customers who bought Xiaomi smartphones more than 1 time	23	$\frac{23}{50} \times 100\% = 46\%$
2	Customers who bought a Xiaomi smartphone no more than 1 time	27	$\frac{27}{50} \times 100\% = 54\%$

(Source: Processed by Researchers, 2019)

Based on the table above it is found out that the percentage of customer loyalty to Xiaomi smartphones is still dominated by customers who are not loyal that is equal to 54% of all people who have bought or used Xiaomi smartphones no more than 1 time in Indonesia. With a variety of product choices accompanied by a very affordable price as well and makes the opportunity for customers to try products that suit the needs and desires of customers. This change makes producers to always develop their products so that customers do not turn to competitors who create the same product.

Loyalty according to Sheth & Mittal in (Tjiptono 2014: 393), Customer loyalty is a customer's commitment to a brand, store, or supplier, based on a positive attitude and reflected in consistent repurchases. From this opinion it can be concluded that the price will have an impact on customer satisfaction which will ultimately have an impact on customer loyalty.

Price is one of the company's strategies to build customer loyalty. According to Tjiptono (2008: 151) prices are monetary units or other measures (including other goods and services) exchanged in order to obtain ownership or use rights of an item or service.

High and low prices are determined by the quality of the product produced or the facilities offered. Whether or not a product is expensive is not a measure of how well a product is performing, but how comparable the customer spends an amount of money on that product is equivalent to the benefits derived from the product's performance.

Prices can also be measured from the perspective of consumers through the perceived benefits and are often used as an indicator of the value of an item or service. Value can be interpreted as a ratio between perceived benefits and prices. According to Tjiptono (2015: 215) if the perceived value of the customer is getting higher, it will create maximum customer satisfaction. So at a certain price level, if the perceived benefits increase, the value will also increase.

According to Kotler & Keller (2009: 138), satisfaction is a feeling of pleasure or disappointment someone who arises because of comparing the performance that has been perceived by the product (or results) against their expectations. If the performance of a product meets expectations, consumers will be satisfied. If the performance of a product does not meet expectations, then the consumer will not be satisfied. If the performance of a product exceeds expectations, then the consumer will be very satisfied or happy.

Purchasing behavior by consumers is unique because each person has a different product. This affects the price and benefits that can make consumers become loyal, so consumers have a level of satisfaction when they feel the benefits of the product. Customer loyalty is very important in a company. When a company already has many loyal customers, the company will get a good relationship with these customers. So when the price is in accordance with the benefits obtained, the customer will feel satisfied and have a loyal attitude towards the company. Yunarwanto (2003) states that the influence of price and product quality on customer loyalty with customer satisfaction as an intervention. Whereas Hassan, et al (2013) states that if prices are fair according to customer perceptions, then they will maintain the relationship as long as possible (loyalty).

Literature Review

Customer loyalty

Customer satisfaction is very important for business success, but it is not enough to build loyal customers. Tjiptono and Chandra (2012) state that customer loyalty has often been associated with repurchase behavior. Customer loyalty is needed by the company to remain on its products in line with the company's strategy to attract new customers. In addition according to Griffin (2003): "Customers must be considered as individuals and needed in such an effort to remain loyal and help companies continue to grow and continue to grow". To that end, companies must be able to cultivate their competitive advantage through creative, innovative and efficient efforts, so that later it can become the choice of many customers. With this, it can make the company grow and in turn, customers are expected to be loyal.

In this study loyalty indicators are measured based on: keep using, stick to choices, reuse, recommend to others and show immunity to the attraction of competitors (Griffin, 2005).

Price

Kotler & Armstrong (2012) price is the amount of money charged for a product or service, or the amount of value that customers exchange for benefits for owning or

using the product or service. Meanwhile, according to Tjiptono (2008) prices can be interpreted as a sum of money (monetary units) and / or other aspects (non-monetary) that contain certain utilities or uses needed to obtain a service, utility is an attribute or factor that has the potential to satisfy certain needs and desires.

In this study the price indicators are measured: can be reached, according to the quality, can compete and in accordance with the benefits (Kotler, P. & Armstrong, 2012).

Customer Satisfaction

According to Tjiptono (2014) customer satisfaction is an emotional response to experiences relating to certain products or services purchased, behavior patterns and the overall market. Meanwhile, according to Kotler & Keller (2014) satisfaction is someone's happy or disappointed feelings that arise due to comparing the perceived performance of the product (or results) against their expectations. If the performance of a product meets expectations, consumers will be satisfied. If the performance of a product does not meet expectations, then the consumer will not be satisfied. If the performance of a product exceeds expectations, then the consumer will be very satisfied or happy. Customers often form a better perception of a product or service with a brand that they already consider positive.

In this study satisfaction indicators are measured based on: conformity of expectations with reality, a sense of pleasure towards the product, and competitive prices (Tjiptono, 2015).

The Effect of Price on Customer Loyalty

Price is one of the company's strategies to build customer loyalty. According to Tjiptono (2008) prices are monetary units or other measures (including other goods and services) exchanged in order to obtain ownership rights or use of an item or service. High and low prices are determined by the quality of the product produced or the facilities offered. Whether or not a product is expensive is not a measure of how well a product is performing, but how comparable the customer spends an amount of money on that product is equivalent to the benefits derived from the product's performance.

This is also supported by research by Amiruddin (2013) that there is a significant relationship between price and customer loyalty. To get loyalty from customers the company needs to understand the behavior of the wants and needs of the customer. Based on these explanations, the hypotheses developed are as following:

H1: Price has a positive and significant effect on customer loyalty of Xiaomi smartphones in Indonesia.

Effect of Price and Customer Satisfaction

Prices can also be measured from the perspective of consumers through the perceived benefits and are often used as an indicator of the value of an item or service. Value can be interpreted as a ratio between perceived benefits and prices. According to Tjiptono (2015: 215) if the perceived value of the customer is getting higher, it will create maximum customer satisfaction. So at a certain price level, if the perceived benefits increase, the value will also increase.

This is also supported by research by Consuegra, et al (2007) that prices have a positive and significant effect on customer satisfaction. To get satisfaction from

customers the company can provide products or services whose value is proportional to the price offered.

Based on these explanations, the hypotheses developed:

H2: Price has a positive and significant effect on Customer Satisfaction of Xiaomi smartphone users in Indonesia.

The Effects of Customer Satisfaction and Customer Loyalty

According to Kotler & Keller (2009: 138) satisfaction is a feeling of pleasure or disappointment of someone who arises because of comparing the performance that has been perceived by the product (or results) against their expectations. If the performance of a product meets expectations, consumers will be satisfied. If the performance of a product does not meet expectations, then the consumer will not be satisfied. If the performance of a product exceeds expectations, then the consumer will be very satisfied or happy.

This is also supported by Santouridis research (2010) that customer satisfaction has a positive and significant effect on customer loyalty. So, if consumers are satisfied with the products or services that have been consumed, customer loyalty will also increase.

Based on these explanations, the hypotheses developed:

H3 : Customer satisfaction has a positive and significant effect on Customer Loyalty of smartphone users in Indonesia.

The Effect of Price on Customer Loyalty through Customer Satisfaction

According to Kotler and Armstrong (2007: 439), price is the amount of value that customers exchange for the benefits of owning or using a product / service. If customer expectations are met about the suitability between price and performance provided by the company will make customers feel satisfied with the product / service. Meanwhile, according to Kotler and Armstrong (2008: 177), also states that satisfaction is a feeling of pleasure or disappointment someone who comes from the comparison of his impression of the performance or results of a product / service and expectations. So it can be said if the greater the level of satisfaction felt by customers, the higher the loyalty that is in the minds of customers.

This result is also supported by Yunarwanto's (2003) research which states that there is an effect of price and product quality on customer loyalty with customer satisfaction as an intervention. Whereas Hassan, et al (2013) states that if prices are fair according to customer perceptions then they will maintain the relationship as long as possible. So, to create customer loyalty, the company must develop a comprehensive strategy that is not only based on product quality but also the price reasonableness must also be taken as an important element.

Based on these explanations, the developed hypotheses is as follows:

H4: Price has a positive and significant effect on loyalty through Customer Satisfaction of Xiaomi smartphones in Indonesia

2. RESEARCH METHODOLOGY

Research Design

This research uses a quantitative approach and the type of research is descriptive research and explanatory research.

In this study there are three variables: one exogenous variable (price), one endogenous variable (customer loyalty), and one intermediate variable (customer satisfaction). The following pictures are research models:

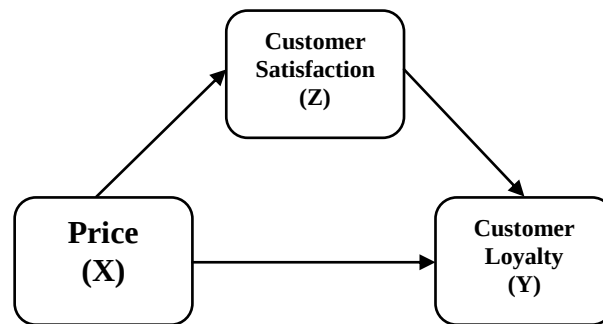


Figure 1: Research Model

Population and Sample

The population in this study is the Xiaomi smartphone user community in Indonesia. By using the formula Daniel & Terrel (1989) it was obtained a sample of 420 people, the sampling technique used purposive sampling.

Research Instruments

The data were collected by using a closed questionnaire, the scale of data used Likert scale where respondents get the opportunity to choose one answer in each statement with criteria strongly agree (score 5), agree (score 4), quite agree (score 3), disagree (score 2), and strongly disagree (score 1).

The research instrument grids are as follows:

Table 4. Research Instrument Drafts

Variable	Indicator	Item
Price (X) Kotler, P. & Armstrong, (2008)	1. Affordable	a. Xiaomi smartphone has an affordable price.
	2. In accordance with quality	b. Xiaomi smartphone prices are according to quality.
	3. Competitive	c. Overall, the Xiaomi smartphone provides a lower price option with superior quality compared to its competitors.
	4. In accordance with benefit	d. Xiaomi smartphones provide a variety of product price choices and can compete with competitors.

		e. The price incurred in accordance with the benefits obtained on Xiaomi Smartphones.
Customer Loyalty (Y)	1. Keep using	a. I will continue to use Xiaomi smartphone products.
	2. Stick to the choice	b. I will stick with Xiaomi smartphone products.
	3. Reuse	c. I plan to buy back Xiaomi smartphone products in the future.
Griffin, (2005)	4. Recommend to others	d. I will encourage people around me to use Xiaomi smartphone products.
	5. Demonstrate immunity against competitors' invitation	e. I am not interested in competing Xiaomi smartphone products.
Customer Satisfaction (Z)	1. Conformity of expectations with reality	a. Xiaomi smartphones provide specifications that are as expected by the customer.
	2. Feeling pleasure about the product	b. I feel happy with the product provided by the Xiaomi Smartphone company.
Tjiptono, (2015)	3. Competitive prices	c. I told the strengths of Xiaomi smartphones to others.
		d. The price given by the Xiaomi Smartphone company is very competitive.

Instrument Validity Test

According to Ghazali (2013) the validity test is used to measure the validity of a questionnaire. A questionnaire is said to be valid if the questions in the questionnaire can explain something that will be measured by the questionnaire.

In making decisions to determine an instrument it can be said to be valid or not is by comparing r_{count} and r_{table} , that is, if $r_{\text{count}} < r_{\text{table}}$, the tool used is invalid. If $r_{\text{count}} > r_{\text{table}}$, the tool used is valid. The validity test in this study was conducted on the research instrument using SPSS for Windows version 22.

The following are the details of the results of the validity test of research variable question items:

Table 5 The Result of Questionnaire Validity Test for Variable X (Price)

No Item	Corrected Item – Total Correlation	r_{table}	Description
1	0.741	0.361	Valid
2	0.593	0.361	Valid
3	0.698	0.361	Valid
4	0.504	0.361	Valid
5	0.731	0.361	Valid
Number of Valid Item			5

Number of Invalid Item	0
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Based on the table above the Corrected item-total Correlation value as r_{count} of each question item is more than 0.361 as r_{table} , then the question item of Price Variable (X) is declared all valid.

Table 6. The Result of Instrument Validity Test for Variable Z (Customer Satisfaction)

No Item	Corrected Item – Total Correlation	r_{table}	Description
1	0.707	0.361	Valid
2	0.725	0.361	Valid
3	0.607	0.361	Valid
4	0.739	0.361	Valid
Number of Valid Item			4
Number of Invalid Item			0

Based on the table above the Corrected item-total Correlation value as (r_{count}) of each question item is more than 0.361 as r_{table} then the question item variable Z namely Customer Satisfaction is declared valid.

Table 7. The Result of Questionnaire Validity Test for Variable Y (Customer Loyalty)

No Item	Corrected Item – Total Correlation	r_{table}	Description
1	0.813	0.361	Valid
2	0.819	0.361	Valid
3	0.802	0.361	Valid
4	0.627	0.361	Valid
5	0.531	0.361	Valid
Number of Valid Item			5
Number of Invalid Item			0

Based on the table above the Corrected item-total Correlation value as (r_{count}) of each question item is more than 0.361 as r_{table} , then the question item variable Y namely Customer Loyalty is declared valid.

Reliability Test

According to Arikunto (2014), reliability refers to an understanding that an instrument can be trusted enough to be used as a data collection tool because the instrument is already good. “The instrument is declared reliable if it has an cronbach alpha value > 0.6 ” (Trihendradi, 2012).

Table 8. The Result of Instrument Reliability Test

Variable	Cronbach's Alpha Value	N of Item	Conclusion
X (Price)	0,843	5	Reliable
Y (Customer Loyalty)	0,878	5	Reliable

Z (Customer Satisfaction)	0,852	4	Reliable
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Based on table 8 above, the Cronbach's Alpha value of 3 variables is greater than 0.6 so that the research instrument is declared reliable.

Result

Characteristics of Xiaomi smartphone respondents: 1) 46% male and 54% female; 2) Respondents came from East Java, Central Java, West Java, DKI Jakarta, South Sumatra, North Sumatra, Bali NTT, Kalimantan; 3) The majority of respondents aged 17-30 years; 4) The majority of Xiaomi smartphone users are students and college students; 5) The majority of respondents have bought the product more than once.

Price variables in this study use several indicators in the measurement of price variables, namely: affordable, in accordance with its quality, competitive, and in accordance with its benefits. Based on the results of descriptive analysis results obtained on the variable price with a grand mean value of 4.04 which is categorized according to the price with the total benefits of Xiaomi.

Customer Loyalty measured through several indicators used include : keep using, holding on to choices, reusing, recommending others, and showing immunity to the attraction of competitors. Based on the results of descriptive analysis results obtained customer loyalty variables with a grand mean value of 3.67 which is categorized high. Consumers are loyal to Xiaomi smartphones.

Customer Satisfaction Variable in this study uses several indicators in the measurement of Customer Satisfaction variables, namely: Conformity of expectations with reality, a sense of pleasure for the product, and competitive prices. Based on the results of descriptive analysis results obtained Customer Satisfaction variable with a grand mean value of 3.95 which is categorized high (Xiaomi customers are satisfied).

Path Analysis Results

Direct Effect of Variable X on Variable Z (Structure Equation 1)

The first structural equation model was formulated as the first structural equation:

$$Z = \rho_{zx} + e_1$$

$$Z = 0.567 + 0.823$$

The first structural equation can be explained as follows:

- Beta (ρ_{zx}) = 0.567 is a path coefficient X, which means customer satisfaction (Z) can be explained by Price (X) of 0.567.
- The path coefficient for an unidentified variable (error) can be calculated as follows:

$$Pe_1 = \sqrt{1 - R^2} = \sqrt{1 - 0,322} = \sqrt{0,678} = 0.823$$

The effect of error on the first structural equation of 82.3% can be interpreted that the information contained in the calculation results is able to explain the effect of independent variables on the dependent variable by 17.7% while the remaining 82.3% is influenced by other variables outside this study.

Table 14. Analysis Result The Effect of Price on Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6,594	0,659		9,999	0.000
Price (X)	0,456	0.032	0,567	14,083	0.000
Dependent variable	: Customer Satisfaction				
R Square	: 0.322				
Adjusted R Square	: 0.320				

Analysis of the Direct Effect of Variables X and Z on Variable Y (Structure Equation 2)

The structural equation model II is formulated as follows:

$$Y = \rho_{yx} + \rho_{yz} + e_2$$

$$Y = 0.123 + 0.333 + 0.909$$

The second structural equation can be explained as follows:

- Beta $\rho_{yx} = 0.123$ is a regression coefficient X, which means Customer Loyalty (Y) can be explained by Price (X) of 0.123.
- Beta $\rho_{yz} = 0.333$ is a regression coefficient Z, which means Customer Loyalty (Y) can be explained by Customer Satisfaction (Z) of 0.333.
- The path coefficient for unidentified variables can be calculated as follows:

$$Pe_2 = \sqrt{1 - R^2} = \sqrt{1 - 0,173} = \sqrt{0,827} = 0.909$$

The effect of error on the second structural equation of 90.9% can be interpreted that the information contained in the calculation results is able to explain the effect of independent variables on the dependent variable by 9.1% while the remaining 90.9% is influenced by other variables outside the model.

DISCUSSION

The majority of Xiaomi smart consumers are women. This is because most respondents are interested in the modern camera features available on Xiaomi smartphones, Xiaomi smartphone cameras can produce clear and natural photos and there is a dual AI camera behind which can produce photos with bokeh effects and sharp color exposures which is very suitable for respondents women who like to take pictures.

Based on a questionnaire distributed to 420 customers regarding Xiaomi smartphone prices measured by: affordable, in accordance with its quality, competitive and in accordance with its benefits, which are processed into frequency distribution, it is concluded that the price of Xiaomi smartphone is in accordance with what is perceived by the customer. This kind of condition can occur due to the use of Xiaomi smartphones, customers are satisfied with the quality and benefits offered by the manufacturer. Customers consider it affordable, in accordance with its quality, competitive and in accordance with its benefits on the Xiaomi smartphone which is a price benchmark.

Customer loyalty variables measured by: keep using, stick to choices, reuse, recommend to others, and show immunity to the attraction of competitors processed into the frequency distribution obtained the conclusion that customers have high loyalty to Xiaomi smartphone products. The loyalty is formed due to a positive relationship that occurs between the company and customers. Companies can understand and meet customer expectations, and vice versa customers who feel the benefits are able to provide commitment to the company.

Variable of customer satisfaction which includes conformity of expectations with reality, pleasure of the product, and competitive prices that are processed into the frequency distribution obtained the conclusion that Xiaomi smartphone customers are satisfied with the product. This kind of condition is caused by the company being able to meet the expectations of customers, by understanding customer desires.

Effect of Price on Satisfaction

Prices can be measured based on the benefits felt by consumers and are often used as an indicator of the value of an item. Consumers will also make price as one of the standard levels of perceived satisfaction. According to Kotler and Armstrong (2012), there are four indicators that characterize prices, namely: (1) price affordability, (2) price conformity with product quality, (3) price competitiveness, and (4) price conformity with benefits.

The effect of price on customer satisfaction is concluded that the price has a positive and significant effect on customer satisfaction with a t_{count} of 14.083 ($t_{count} > t_{table}$ is 1.966) and a significance value of 0.023 (sig. < 0.050). These results are supported by the results of research conducted by Consuegra, et al (2007), Voss et al (1998), Bei and Chiao (2001); Andreas Herrmann, Lan Xia, Kent B. Monroe, Frank Huber (2007); Ismail Razak, Nazief Nirwanto, Boge Triatmanto (2016); Djumarno, Santrianimatina Anjani, Said Djamaluddin (2018); WANYANGA LUCY WAIRIMU (2011).

Based on the results of research supported by the results of previous studies and the theory of Kotler (2012) concluded that the price has a significant positive effect on customer satisfaction. Hurriyati (2005) states that prices have an important role in the decision making process, namely the role of allocation of prices is to help buyers to decide how to obtain the highest expected benefits or utility based on the strength of their purchasing power. Thus the price can help consumers to decide how to allocate

buying power on various types of goods and services. Consumers compare prices of various available alternatives and then decide on the desired allocation of funds.

Effect of Prices on Consumer Loyalty

The results of the study prove that the price has a significant positive effect on customer loyalty, because the value of t_{count} is 2.282, ($t_{\text{count}} > t_{\text{table}}$ is 1.966) and the significance value is 0.023 (sig $t < 0.05$). The results of this research are also supported by research from Amirudin (2013) which examines Air Asia passengers, the results of the study prove that there is a significant relationship between price and customer loyalty.

The results of this study are supported by researches of Regina Virvilaite, Violeta Saladiene, Dalius Skindaras. (2009); Anning Lucy, Samuel Darko, Jewel Dela Novixoxo (2018); Mohamad Dimyati. N. Ari Subagio (2016); Djumarno, Santrianimatina Anjani, Said Djamaluddin (2018); Ivan Aliandra Rompas, Sifrid S. Pangemanan, Farlene S. Rumokoy (2018).

When consumers feel that the price of a product (goods or services) is reasonable, then they tend to make repeat purchases. On the other hand, Bei and Chiao (2001) stated that if consumers do not feel that their sacrifice is valuable, they may not make purchases again, even when they are satisfied with the product or service. Based on the results of this study which are supported by the results of previous studies and theories about prices and their influence on customer loyalty further reinforces that prices have a positive and significant effect on customer loyalty.

Effect of Consumer Satisfaction on Loyalty

The results of the study prove that customer satisfaction has a significant positive effect on customer loyalty, because the value of t_{count} is 6.156 ($t_{\text{count}} > t_{\text{table}}$ is 1.966) and the significance value is 0.000 (sig. < 0.050). The results of this study are supported by research from Santouridis (2010), Fornel (1992), Cronin and Taylor (1992), Boulding et al (1993), and Salnes (1993).

According to Kotler (2012) customer satisfaction will cause repurchases thereby creating high growth and profits. Based on this, loyalty is more directed at the behavior that is indicated by repeated purchases or consistency based on the decision-making unit. In addition, Jones and Sutisno (2003) state customer loyalty is an endogene variable caused by a combination of satisfaction so that loyalty is a function of satisfaction. If the relationship between satisfaction with customer loyalty is positive, then high satisfaction will increase customer loyalty (Ali Hawas Alharbi Ibrahim Hassan Alhider (2018); Douglas Chiguvi. Paul TARISAYI Guruwo (2017); Emel YILDIZ (2017); Kabu Khadka & Soniya Maharjan (2017); IBOJO, Bolanle Odunlami (2015); Taeshik Gong, Youjae Yi (2018)

Effect of Price on Loyalty through Consumer Satisfaction

The results of the study prove that the price has a positive and significant effect on customer loyalty through customer satisfaction. This explanation is reinforced by the Sobel Test which shows a value of t of 5.54798069 ($t_{\text{count}} > t_{\text{table}}$ is 1.966). With a significance level of 5%, it proves that prices have a significant and indirect positive effect on customer loyalty through customer satisfaction.

According to Ghazali (2016), a direct relationship occurs if one variable influences another variable without there being a third variable that mediates

(intervening) the relationship between the two variables. Customer satisfaction can act as a positive intervening variable that can measure the indirect effect between price on customer loyalty.

A similar opinion was expressed by Yunarwanto (2003), that there is an effect of price and product quality on customer loyalty with customer satisfaction as an intervention. Whereas Hassan, et al (2013) add that if the price is perceived as fair according to the customer, then they will maintain the relationship as long as possible (loyalty).

CONCLUSION AND SUGGESTION

Conclusion

Xiaomi smartphone prices are categorized suitable. Xiaomi smartphone price indicators include: affordable, in accordance with its quality, competitive, and in accordance with its benefits. Xiaomi smartphone customer satisfaction is categorized high. Indicators of customer satisfaction include: conformity of expectations to reality, a sense of pleasure for the product, and competitive prices. Xiaomi smartphone customer loyalty is categorized high. Indicators of Xiaomi smartphone customer loyalty include: keep using, stick to choices, reuse, recommend to others, and show immunity against the attraction of competitors.

Hypothesis test results concluded that: (1) Price has a positive and significant effect on Customer Satisfaction of Xiaomi smartphones in Indonesia; (2) Price has positive and significant effect on customer loyalty of Xiaomi smartphones in Indonesia; (3) Customer Satisfaction has a positive and significant effect on Customer Loyalty of Xiaomi smartphones in Indonesia; (4) Price has a positive and significant effect on Customer Loyalty through the satisfaction of Xiaomi smartphone customers in Indonesia.

Suggestion

Based on the results in the discussion, it can be put forward some suggestions that are expected to be useful for Xiaomi smartphone companies, namely: Before setting prices, they should look at competitors first so that the price offered is right and better than competitors; Maintaining the quality and benefits that have been felt by consumers to be equal to price must be sacrificed; Add value to the product or highlight product differentiation with competitors such as cameras, battery life and others.

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