Strategic Branding Maintenance of Microsoft Corporation in Indonesia Case

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Abstract

People were forced to work or study from home due to the Covid-19 pandemic crisis and the digital revolution that coincided. Microsoft Corporation is an American multinational technology corporation that produces computer software, consumer electronics, personal computers to mediate these community activities. This paper is intended to analyze Microsoft's brand loyalty in the context of competition among software providers. The authors wanted to analyze the variables of customer brand identification, affective brand commitment, and customer brand engagement on brand loyalty. This study uses primary data through questionnaires answered by 145 Microsoft consumers. The data obtained were tested for validity and reliability, then data processing was carried out by regression with robustness. The results show that the variables of customer brand identification, affective brand commitment, and customer brand engagement significantly affect brand loyalty.

Keywords  
Brand Loyalty, Customer Brand Identification, Affective Brand Commitment, Customer Brand Engagement, Microsoft Corporation

1. Introduction

Consumer demand for products from developing countries is more varied for foreign products than for local products (Rumengan et al., 2018); (Dwitama, 2021); (Nguyen et al., 2021). Companies worldwide compete to become global companies, some of them because of strategic branding (Eisingerich and Rubera, 2010); (Budiono, Evanson, et al., n.d.). As competition changes through digital networks, companies will be able to manage brands across a wide variety of countries successfully over the world (Francesca et al., 2016); (Furunes and Mkono, 2019); (Taylor et al., 2020). Global brands can be used as a tool that can introduce a company image that reaches a diverse target consumer (Budiono, Purba, et al., n.d.). The increasing trend of online shopping and online product reviews appearing on the internet and social media will provide various places to share experiences and views (Surjana et al., n.d.); (Adirinekso, Purba, Budiono, et al., n.d.). Digital transformation is a big challenge for companies to change their marketing strategy to digital form (J T Purba and Panday, 2015); (Panday and Purba, 2015). This strategy also impacts interrelated customer brand engagement and customer brand identification (Adirinekso, Purba, and Budiono, n.d.); (Budiono, Purba, et al., n.d.); A relationship between customer brand and customer brand identification can create an understanding of the brand relationship with customers. Customer loyalty is considered influential to make the company grow and survive. Today's business competition is increasingly competitive because every company strives to be the best (J T Purba et al., 2020). With this competition, a company must maintain the quality of its products. The company maintains the quality of a product with existing customers, attracts new potential customers, and increases the company's sales as well. Because maintaining quality is not easier than getting a new one. There are user operating office of market share in 2020 as follow in figure 1.
Based on Figure 1, in 2020 Microsoft Windows was ranked first with a market share of 80.5%. This was followed by an increase in sales of personal computers because they were used for student education activities. Because many students must attend classes virtually from home and their adults have to work from home (Panday and Purba, 2015); (Steven et al., 2021); (J T Purba et al., 2020). Therefore, sales of personal computers in 2020 are increasing rapidly including software applications inside with global brands (Garousi et al., 2016); (Chedid and Teixeira, 2021). The number of active office 365 users always increases from 2015 to 2020. So that in September 2020 Office 365 has 230 million active users (Microsoft, 2021); (Hubbard et al., 2021); (NS, 2021). In addition, the growth of monthly active users increases by at least 15% every year.

Based on Figure 2, in 2019, only 13 million daily active users of Microsoft Teams then active users increased significantly. In the first quarter of 2021, daily active users jumped to 53 percent from 75 million to 115 million daily active users; this is supported as some people need to work from home and use features such as video and audio conferencing more broadly with security compliance (Diogenes et al., 2021); (Toelle, 2021b). Today, Microsoft Teams' active users are now 102 million daily active users within 15 months and continue to increase every year (Toelle, 2021a); (Agrawal and Mishra, 2021). Microsoft meets customer demands by improving service delivery from time to time (Purba, 2020.); (Purba and Panday 2015). The applications also ease of use, user-friendliness, and new features to maintain relationships and accommodate more people in every business activity or school activity (Brem et al. 2021); (Ramaswamy and Pieters 2021).

Based on the background in this research and pandemic Covid-19 situation, authors want to analyze the impact of customer brand identification, affective brand commitment, and customer brand engagement toward brand loyalty at
Microsoft Corporation in Indonesia. Authors use primary data through questionnaires to Microsoft users (respondents) around the Jakarta Area.

2. Literature Review
In this section, the researcher will discuss the basic theory needed to explain the variables used. Researchers will discuss the theoretical basis for each variable and the relationship between variables.

2.1 Concept and Description Variables
2.1.1. Customer Brand Engagement (CBE)
Consumer brand engagement is essential in creating a company's competitive advantage in the global market (Ong et al., 2018); (Dwitama, 2021). Consumer brand engagement refers to the cognitive, emotional, and behavioral activities associated with consumer brands that relate to interactions with brands (Hollebeek and Macky, 2019); (M. S. Kim et al., 2018). Including own brand connection, attitude towards the brand, brand purchase intention, and brand loyalty (Thakur and Singh, 2012). This concept explains that companies can increase brand engagement by strengthening brand interactions on social media with consumers. The importance of brand interaction on social media with consumers is done by creating brand experiences using various forms of brand interactivity.

2.1.2. Customer Brand Identification (CBI)
Customer brand identification refers to the consumer's similarity with a particular brand. The literature presents two factors in brand identification: an interpretive/sociological approach and a psychological approach (Maming et al. 2019); (Maon et al. 2021). The sociological approach is more towards the process by which identification is revealed, and the psychological approach is more towards the process appropriate to each consumer's level (Robson, 2021). Researchers will improve consumer ratings, and consumers should look for affiliations with social references that are distinctive, attractive, and prestigious (Parks and Rohracher, 2019). In this case, identification with an entity can occur when the entity can meet one or more needs of each consumer, such as self-categorization, self-differentiation, and self-improvement. Applied research has shown that psychological attachment characterized by identification with an entity leads to several positive outcomes in favor of that entity, including greater cooperation, loyalty, negative and positive out-group evaluations in-group, word of mouth, and organizational. Therefore, marketing researchers have explored the (psychological) brand identification associated with an individual's attachment to a brand.

2.1.3 Affective Brand Commitment (ABC)
Affective brand commitment is the consumer's emotional interest in a particular brand based on the consumer's identification with that brand. Affective brand commitment is a commitment that describes a representation of affection for the organization, which is the hallmark of being part of an institution (Ye and Björner, 2018). Affective brand commitment has the most crucial factor because it captures the basic meaning of commitment, namely the emotional attachment between employees and the organization, and instills the most consistent relationship (Gupta 2016); (Parks and Rohracher 2019). Employees reciprocate equality and balance with increased trust and a sense of responsibility manifested as an affective brand commitment to the organization (Hassan et al. 2015). Therefore, effective brand commitment can be described as one's emotional attachment to, identification with, and involvement in the organization.

2.2. Relationship among Variables
2.2.1. Customer Brand Engagement and Brand Loyalty
The influence of customer brand involvement is a critical factor in consumer loyalty and encourages consumers to repurchase. Therefore, there is a positive relationship between customer brand engagement and brand loyalty (Majerova and Kliestik, 2015). The study results conclude that customer brand involvement will create consumer loyalty attitudes towards a brand; for example, consumers do not want to switch to other brands, provide feedback and suggestions to brand management to be better in the future and create a competitive advantage (Surjana et al.).

2.2.2. Customer Brand Identification and Brand Loyalty
Customer Brand Identification can create loyalty to a brand. There is a positive influence of customer brand identification with brand loyalty from various studies (Budiono, Evanson, et al., n.d.). Therefore, the higher the customer's brand identification, the higher the consumer's brand loyalty (Florek et al.)
2021). According to the study, the study results stated that there was a positive and significant influence made on the hospitality and tourism industry in India. The research results conclude that consumers who feel that a brand is under their identification and personality will also produce high loyalty. It concludes that it is increasingly challenging for marketers to promote brand loyalty because a brand must convey its identity clearly to reach consumers' minds properly without destroying its value (Li and Feng, 2021). In the banking industry in Kenya, it is also emphasized that customer brand identification is the most critical factor to encourage the development of brand relationships with consumers because it can generate brand loyalty and increase the effectiveness of word of mouth (He et al., 2012); (Geovani, 2020).

2.2.3 Affective Brand Commitment and Brand Loyalty
There is an explanation that affective brand commitment is an emotional factor that is formed from the consumer's personality (Shahshahani, 2019); (Lee and Oh, 2019). With high affective brand commitment, consumers will be more loyal to a brand and be willing to pay more and reduce switching intentions (Absharina, 2016). In fact, it provides a managerial explanation of the research, namely that the brand must attach its brand to consumers by improving services to increase customer satisfaction and promote brand values, especially values related to consumer values (J. Y. Kim and Lee, 2013). Other studies support this that the affective brand commitment captured by consumers for a brand is higher than its competitors, then these consumers will also give a higher assessment of the brand, especially in developing countries. Therefore, brands should focus on their competitive advantage to competitors to make loyalty higher than competitors.

3. Methods
From the explanation in the literature review, the proposed research model is modified as be figure 3 Research Model.

3.1. Regression Analysis
Econometric equation as follows. Investigate the relation between one or more independent variables and another dependent variable (Greene, 2018); (Sidik Budiono et al., 2021). A multiple regression model with more than one explanatory variable may be written as the applied regression model.

\[ BL = \beta_0 + \beta_1 \text{CBE} + \beta_2 \text{CBI} + \beta_3 \text{ABC} + \epsilon \]  (5)

Subsequently a calculation is made by estimating the suitability of the model is the magnitude of the R-squared and F-test with a significance level of 5%.

Based on the theoretical estimates for each parameter to achieve the desired model conditions in mathematical equations are as follows.
\[ \beta_1 = \frac{\partial \beta L}{\partial \phi_{CBE}} > 0, \beta_2 = \frac{\partial \beta L}{\partial \phi_{CBA}} > 0 \text{ and } \beta_3 = \frac{\partial \beta L}{\partial \phi_{ABC}} > 0 \]

Therefore, the expected value of the coefficient parameters each variables are positive.

### 3.2. Validity Test.
Validity means the extent to which a concept can be measured accurately in quantitative research. The validity test assesses the quality of the measurement in terms of test criteria and structural validity. First, content validity ensures that a suitable and representative variation of items is incorporated into the measurement design. The scale represents the scope or idea of the universe. This concerns the clarity of the dimensions and features of the concept. The term validity refers to the degree to which the results given by the measurement conform to the test hypothesis. Structural validity is often defined as determining whether the instrument concept is identical to the theoretical concept

### 3.3. Reliability Test
Reliability refers to the capacity of the measurement method to provide measurement results or test scores that accurately represent the attributes being tested. The term reliability refers to the capacity of a set of measurement values to be repeated under the same measurement conditions. The concept of reliability refers to an instrument or method that consistently offers the same measurement score to people or objects with the same value. Cronbach's alpha and composite reliability were almost similar with limits > 0.7. Although the value of Cronbach's alpha is between 0.6 and 0.7, this value is still acceptable. Many factors contribute to the reliability of the scales used in empirical research. The most frequently used approaches include reliability testing, alternative forms, and internal consistency testing. Internal consistency testing can be done in three separate methods, namely split half, total item correlation, and alpha reliability coefficient. Cronbach's alpha can be thought of as a very complete feature set of unchanging consistency between things in almost every situation.

### 3.4. Measurement of Variables
In this study, the measurement technique uses a scaling technique to distinguish, and classify the characteristics and attitudes towards the question items in the distributed questionnaire. The scaling technique used is a Likert Scale from numbers one to 5, with the intent of each number being as follows: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree, 5 – Strongly Agree.

### 4. Data Collection
Therefore, the number of Microsoft consumers is huge, so a sample is needed to measure the variables in the study. The sample has meaning as a small part of the population and can represent the population so that through testing from this sample, the researcher can generalize the study results to the population (Sekaran and Bougie, 2016a): (J T Purba, 2016). The study was conducted using non-probability sampling because the population size was too large or could not be known (Sekaran and Bougie, 2016b). Researchers have distributed questionnaires to Microsoft users (respondents) throughout Indonesia. Based on the answers to the questionnaire obtained, 145 respondents deserve to be analyzed.

### 5. Results and Discussion
Before the researchers conduct the Analysis, the researchers must ensure that the data is valid and reliable. Therefore, validity and reliability tests were carried out, and the results are in the following table 1.
Decision making in the reliability test is the Cronbach's Alpha value of 0.93 > 0.60, so the questionnaire is declared reliable. The validity testing based on Stata software shown in table 1. The values of item-test correlation is more than item-rest correlation on the table 1 is also showing valid. Based on the proposed econometrics model, we do the data processing in 145 observations. By using linear regression and robustness feasibility, the output of data processing is as follows in table 2.

Table 1 Result of Validity and Reliability Test

<table>
<thead>
<tr>
<th>Item</th>
<th>Obs</th>
<th>Sign</th>
<th>item-test</th>
<th>item-rest</th>
<th>average</th>
<th>interitem</th>
<th>alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>b11</td>
<td>145</td>
<td>+</td>
<td>0.5970</td>
<td>0.5381</td>
<td>0.4569</td>
<td>0.9308</td>
<td></td>
</tr>
<tr>
<td>b12</td>
<td>145</td>
<td>+</td>
<td>0.7148</td>
<td>0.6693</td>
<td>0.4453</td>
<td>0.9278</td>
<td></td>
</tr>
<tr>
<td>b13</td>
<td>145</td>
<td>+</td>
<td>0.6843</td>
<td>0.6350</td>
<td>0.4483</td>
<td>0.9286</td>
<td></td>
</tr>
<tr>
<td>b14</td>
<td>145</td>
<td>+</td>
<td>0.7009</td>
<td>0.6536</td>
<td>0.4467</td>
<td>0.9281</td>
<td></td>
</tr>
<tr>
<td>b15</td>
<td>145</td>
<td>+</td>
<td>0.7044</td>
<td>0.6575</td>
<td>0.4463</td>
<td>0.9281</td>
<td></td>
</tr>
<tr>
<td>cb1</td>
<td>145</td>
<td>+</td>
<td>0.6512</td>
<td>0.5981</td>
<td>0.4516</td>
<td>0.9294</td>
<td></td>
</tr>
<tr>
<td>cb2</td>
<td>145</td>
<td>+</td>
<td>0.6596</td>
<td>0.6074</td>
<td>0.4507</td>
<td>0.9292</td>
<td></td>
</tr>
<tr>
<td>cb3</td>
<td>145</td>
<td>+</td>
<td>0.6404</td>
<td>0.5861</td>
<td>0.4526</td>
<td>0.9297</td>
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<tr>
<td>cb4</td>
<td>145</td>
<td>+</td>
<td>0.6955</td>
<td>0.6475</td>
<td>0.4472</td>
<td>0.9283</td>
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</tr>
<tr>
<td>cbe1</td>
<td>145</td>
<td>+</td>
<td>0.6715</td>
<td>0.6207</td>
<td>0.4496</td>
<td>0.9289</td>
<td></td>
</tr>
<tr>
<td>cbe2</td>
<td>145</td>
<td>+</td>
<td>0.6975</td>
<td>0.6498</td>
<td>0.4470</td>
<td>0.9282</td>
<td></td>
</tr>
<tr>
<td>cbe3</td>
<td>145</td>
<td>+</td>
<td>0.7194</td>
<td>0.6744</td>
<td>0.4449</td>
<td>0.9277</td>
<td></td>
</tr>
<tr>
<td>cbe4</td>
<td>145</td>
<td>+</td>
<td>0.7322</td>
<td>0.6888</td>
<td>0.4436</td>
<td>0.9273</td>
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</tr>
<tr>
<td>abc1</td>
<td>145</td>
<td>+</td>
<td>0.7428</td>
<td>0.7008</td>
<td>0.4426</td>
<td>0.9270</td>
<td></td>
</tr>
<tr>
<td>abc2</td>
<td>145</td>
<td>+</td>
<td>0.7122</td>
<td>0.6664</td>
<td>0.4456</td>
<td>0.9278</td>
<td></td>
</tr>
<tr>
<td>abc3</td>
<td>145</td>
<td>+</td>
<td>0.7159</td>
<td>0.6705</td>
<td>0.4452</td>
<td>0.9277</td>
<td></td>
</tr>
<tr>
<td>abc4</td>
<td>145</td>
<td>+</td>
<td>0.7381</td>
<td>0.6955</td>
<td>0.4430</td>
<td>0.9272</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>0.4475</td>
<td>0.9323</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processing, 2022

Table 2 Result of Linear Regression for Brand Loyalty

| BL   | Coef.     | Std. Err. | t     | P>|t| | [95% Conf. Interval] |
|------|-----------|-----------|-------|------|---------------------|
| CBE  | 0.2566504 | 0.0917277 | 2.80  | 0.006| [0.175311, 0.3379898]|
| CBI  | 0.1632497 | 0.0739573 | 2.21  | 0.029| [0.0170412, 0.3094582]|
| ABC  | 0.2652358 | 0.1152898 | 2.30  | 0.023| [0.0373157, 0.4931559]|
| _cons| 1.473467  | 0.3714035 | 3.97  | 0.000| [0.7392272, 2.207706]|

Root MSE          =     .36559
R-squared         =     0.5381
Prob > F          =     0.0000
F(3, 141)         =      23.19
Linear regression Number of obs     =        145
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Based on table 2, running data in brand loyalty (BL) are influenced by customer brand identification (CBI), affective brand commitment (ABC), customer brand engagement (CBE) in the model. The test results for the proposed model that the results of the value of F-test = 23.19 and probability F = 0.00 more minuscule than the significance level of 5%, we reject the null hypothesis. The independent variable customer brand engagement (CBE), customer brand identification (CBI), and affective brand commitment (ABC) simultaneously influence brand loyalty (BL). Therefore, authors can arrange the econometric equation.

\[ BL = 1.47 + 0.25 \text{CBE} + 0.16 \text{CBI} + 0.26 \text{ABC} \]  

(7)

This Partial Analysis shows that the results of the t-test on the variable customer brand engagement (CBE), customer brand identification (CBI), and affective brand commitment (ABC) reject the null hypothesis, and the direction of the coefficients are positive. The value of these positive coefficient parameters supports the theory. Every 1 unit increase in customer brand engagement (CBE) will increase the brand loyalty (BL) by 0.25 level on a level Likert scale of 5. Every 1 level increase in customer brand identification (CBI) will increase the brand loyalty (BL) by 0.16 level in 5 levels Likert scale. Lastly, every 1 level increase in affective brand commitment (ABC) will increase brand loyalty (BL) by 0.26 levels in a 5 level Likert scale.

6. Conclusion

This study concludes that customer brand engagement will create consumer loyalty to a brand. To make consumers not want to switch to other brands, consumers provide feedback and suggestions to companies about brands to be better in the future and create competitive advantages. The results of this study follow the results of previous studies. The result of research proved that the higher the customer brand identification, the higher the consumer's brand loyalty. For marketers to promote brand loyalty is a challenge because a brand must convey its identity clearly so that it can reach consumers' minds well. Customer brand identification is the most critical factor to encourage the development of relationships between brands and consumers. Such a situation generates brand loyalty and increases the effectiveness of word of mouth.

Companies should make consumers' emotions the determinants of success that shape brand loyalty. Brands must attach to consumers by improving services to increase customer satisfaction and promote brand value and consumer value. Affective brand commitment is attached to all consumers to a higher brand than its competitors, then these consumers will also give a higher assessment of the brand, especially in developing countries. Therefore, brands must focus on competitive advantage compared to competitors to create high loyalty.

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**Biographies**

Sidik Budiono currently serves as an Associate Professor in Economics at the Department of Management Faculty of Economics and Business Pelita Harapan University, Lippo Karawaci Tangerang Banten Indonesia. He is interested in national, regional development, and international economics research. Dr. Budiono was graduated Bachelor of Economics from the Department of Economics, Universitas Kristen Satya Wacana, Salatiga Central Java, Master and Doctor of Economics from Faculty of Business and Economics Universitas Indonesia, Jakarta.

John Tampil Purba obtained a degree of Doctor (S3) majoring in Management from De La Salle University Systems Manila, the Philippines, in 2002. He has several managerial experiences in big companies and Service Industries for more than 25 years. Dr. Purba also has several certifications with internationally recognized in management and information systems and also technology, among others: MCP, MCSA, MCSE, MCSES, MCSAS, MCDL and MCT from Microsoft Technologies, USA and CSE from Cisco System USA. He is also Professional Membership of the IEOM Society. He is currently serving as Associate Professor at the Faculty of Economics and Business Pelita Harapan University, Lippo Karawaci Banten, Tangerang Indonesia.

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