THE INFLUENCE OF BRAND ASSOCIATION AND BRAND PERCEIVED QUALITY ON CONSUMER LOYALTY AT “CHATIME” TEA BEVERAGES IN PALEMBANG

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ABSTRACT

This research aims to determine the influence of Brand Association and Perceived Quality on Consumer Loyalty, as well as to determine which variable is the most dominant to influence Consumer Loyalty at Chatime in Palembang. The population of this research are all consumers of Chatime in Palembang. The samples are consumers who have consumed Chatime for at least 5 times in the last 6 months. This research is a causal research, that use primary data from questionnaire and being analyzed by using descriptive statistics. From the results of the F-test indicates that Brand Association and Brand Perceived Quality simultaneously have positive influence on Consumer Loyalty at 110.626 with a significance level of 0.000. While the results of t-test indicates that the Brand Association and Brand Perceived Quality have positive influence on Consumer Loyalty partially, where Brand Association is the most dominant to influence Consumer Loyalty at Chatime in Palembang with coefficient of 0.504. Then, the R²-test indicates that Brand Association and Brand Perceived Quality have contributions to influence Consumer Loyalty at Chatime in Palembang with percentage 69.5%, while 30.5% are influenced by other factors, such as Brand Awareness, Brand Loyalty, Brand Image, Promotion, Service Quality, Brand Attitude, Brand Profitability, Brand Trust, Customer Satisfaction, etc.

Keywords: Brand Association, Brand Perceived Quality, Consumer Loyalty, Chatime, Tea Beverages

INTRODUCTION

Background

Every company need to thrive and develop themselves, or at least know how to survive in this harsh world of business. In order to do that, the company needs to be “special”, so that the company won’t be defeated by the other companies. “Special” means that the company has to be superior at their field, whether it’s the product or service. Therefore, in order to make the products/services are being accepted by the consumers, which are they have a various kind of needs and wants, the marketer needs to be very active in noticing the development of consumer’s needs and wants.

Getting attention from the consumer is also the way to be “special”. To do that, the company must develop or relate the brand with something that will catch the consumer’s attention. What is a brand ? According to Philip Kotler, “Brand is a name, term, sign, symbol or design, or a combination of these things that was meant to identify the goods or services of a person, or group of sellers and to differentiate it from competitors products”.

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Brand gives a lot of advantages to producers and consumers (Bilson Simamora, 2008). Having a strong brand is one of the important aspects for the company. Prestigious brand can have a strong Brand Equity. Brand Equity by David A. Aaker is, “a set of assets and liabilities brand that associated with a brand, name, symbols, which are able to add or reduce the value given by a products or services either at the company or the customer”.

Brand equity consists of several elements, which are Brand Awareness, Brand Perceived Quality, Brand Association and Brand Loyalty (Philip Kotler, 2009). Brand Awareness is the consumer's ability to recognize or recall a brand of a product. There is some level of Brand Awareness from very low, unaware, Brand Recognition, Brand Recall, up to the highest level that is Top of Mind (Philip Kotler, 2009). Perception of Quality is the consumer’s perception of the overall quality results of their valuation from a product. This consumer perception will determine the level of customer satisfaction with a product that will ultimately determine the consumer's decision to repurchase. Brand Association is everything associated with the memory of the brand. There are several issues related to the memory of the brand and there are some things that are able to remind consumers to a product brand, especially with the benefits provided, the form of packaging and price of the product. Meanwhile, Brand Loyalty is a measurement of customer loyalty to a brand. There are five levels in Brand Loyalty (Philip Kotler, 2009), starting from the lowest level that consumers easily switch to another brand (switcher) to the highest level that consumers are loyal to a brand product (committed). The higher level of consumer loyalty the greater profits will be gained.

The product in this research is beverage product from Chatime. Chatime is a Taiwanese franchise founded in 2005 with over 800 retail outlets across countries like Taiwan, Malaysia, China, India, Macau, Vietnam, Singapore, Hong Kong, Thailand, Korea, Philippines, Indonesia, Australia, Dubai, Vietnam, Canada, United Kingdom and the United States. (http://www.chatime.com.my/main/)

Chatime aims to be the most loved beverage by revolutionizing the tea drinking culture in the country. The taste of freshly brewed beverages was first introduced back in October 2010. Chatime prepares only hand-made beverages with freshly brewed tea prepared on site. Each drink is individually prepared by over 800 trained tearistas across 116 outlets nationwide. In order to serve a beverage liked by all, Chatime uses sophisticated tea and coffee machines to produce only the highest quality drinks. (http://www.chatime.com.my/main/)

Same think goes in Palembang. Chatime has spread its “reign” in all of Palembang. Each supermarket, mall, or department store has Chatime’s outlet in it. Chatime are favored by all people, young and old, especially to the teenager, or more specifically, the college student. But among the other bubble drink brand, or Chatime’s competitors in Palembang such as TeaPresso, MooCha Bubble Tea, Cup Inc., ShareTea, and HopHop Bubble Drink, Chatime’s brand are more “well-known”. What’s so special about its brand ? In March 2014, Chatime Malaysia even reached a record breaking award of being The Largest Pearl Milk Tea Beverage Chain in Malaysia. Chatime is also known as the first and only public listed bubble tea company in the Taiwan (http://www.chatime.com.my). As its development in Palembang, Chatime is giving the best efforts to give the consumers the best products and services in order to increasing the sales value.

According to Chatime’s achievement so far, Chatime has a pretty strong Brand Equity. So that’s why, this research would like to know the influence two of Brand
Equity elements, which are Brand Association and Brand Perceived Quality on Consumer Loyalty on Chatime in Palembang. However, why does this research choose this title?

The reason is, according to David A. Aarker, consumer loyalty is becoming more important to most firms. It is an excellent defense against the growing competition, therefore understanding the brand associations and brand perceived quality that affect loyalty will help the firms considerably in preparing the proper strategies and new products development.

Talking about brand association and perceived quality, brand association is everything associated with the memory of the brand. It is every impression that comes to the minds of respondents that related to their memory about the product. It can be the price, packaging, trademark, etc. So it means that it’s about how the brand can associate itself to consumer’s memory and giving impression to consumer (Philip Kotler, 2009). Brand perceived quality is the consumer’s perception of the overall quality results of their valuation from a product. It means that it’s about how the brand gives consumer the perception and their valuation about the product’s quality (Philip Kotler, 2009)

Meanwhile, speaking about brand association, Chatime is associated with high quality drinks. Chatime has a pretty high price compared to the other brands. Chatime is also associated with purple. Its packaging, its outlets, even the employee’s uniform are all purple. And speaking about brand perceived quality, Chatime uses sophisticated tea and coffee machines to produce only the highest quality drinks. Each drink is individually prepared by over 700 trained tearistas (http://www.chatime.com.my/main/). This whole thing has been done in order to defend against the growing competition in the world of business.

So that’s why, this research wants to understand how much the brand association and brand perceived quality influence the consumer loyalty on Chatime in Palembang. Hopefully this research can be taken into consideration in preparing the proper strategies and new products development. Also can be a reference for further research.

Statement of Research Problem
1. Between Brand Association and Brand Perceived Quality, which one is more dominant to influence the Consumer Loyalty at Chatime Palembang?
2. How much the Brand Association and Brand Perceived Quality do influence Consumer Loyalty at Chatime in Palembang?

Research Objectives
1. To know how much the Brand Association and Brand Perceived Quality influence Consumer Loyalty on Chatime in Palembang.
2. To know between Brand Association and Brand Perceived Quality, which one is more dominant to influence the Consumer Loyalty on Chatime Palembang.

LITERATURE REVIEW

Brand Perceived Quality
Perception of Quality is the consumer’s perception of the overall quality results of their valuation from a product. This consumer perception will determine the level of customer satisfaction with a product that will ultimately determine the consumer's decision to re-purchase.
According to academics Scott Maynes and Valarie Zeithaml, as there is no general agreement on standards for the skewed term “quality”, a consumer’s judgement about a product’s excellence and superiority is an intangible aspect of a brand. As a result, objective quality is moot, and all quality evaluations are considered to be subjective. This argument supports the premise that quality is determined by customers’ perceptions, based on individual values. Consequently, perceived quality is defined as a measure of belief.

Perceived quality is an intangible and overall feeling about a brand and can’t essentially be objectively determined, partly because it is a perception and also because judgments about what is important to customers differ sharply in their personalities, needs, and preferences. However, perceived quality is based on essential factors which include characteristics of the products to which the brand is attached to such as performance and reliability.

**Brand Association**

Brand Association is everything associated with the memory of the brand. There are several issues related to the memory of the brand and there are some things that are able to remind consumers to a product brand, especially with the benefits provided, the form of packaging and price of the product. Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. For example- The Nike Swoosh, Nokia sound, Film Stars as with “Lux”, signature tune Ting-ting-ta-ding with Britannia, Blue colour with Pepsi, etc. Associations acquaintance and differentiation that’s not replicable. It is relating perceived qualities of a brand to a known entity. For instance, Hyatt Hotel is associated with luxury and comfort. BMW is associated with sophistication, fun driving, and superior engineering. Most popular brand associations are with the owners of brand, such as Bill Gates and Microsoft, Reliance and Dhirubhai Ambani.

Brand association is anything which is deep seated in customer’s mind about the brand. Brand should be associated with something positive so that the customers relate your brand to being positive. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand association can also be defined as the degree to which a specific product/service is recognized within its product/service class/category. While choosing a brand name, it is essential that the name chosen should reinforce an important attribute or benefit association that forms it’s product positioning.

**Consumer Loyalty**

Consumer Loyalty to a product and services offered by a company that is reflected from the habit of consumers in purchasing goods or services continuously should always be considered by the company or the manufacturer.

For companies, Consumer Loyalty can add a high value for the initiative concern of the customer, which is easier and cheaper to maintain key customers, rather than attract new consumers with unproven loyalty. Therefore, the company needs to observe the consumer loyalty in order to fulfill the wants and needs of consumers and achieving the goal of company.

Consumer loyalty is a commitment of customers to resubscribe or repurchase products or services in the future, consistently. Although the effect of the situation and
marketing efforts have the potential to cause changes in behavior, consumer with high loyalty will notify the excellency and quality of products or services to others and often give suggestion to use that products and services.

Fullerton & Taylor (quoted in Farid Yuniar Nugroho, 2011) split level Consumer Loyalty in three stages, such as :

a. Loyalty Advocacy, an attitude of customers to provide recommendations to others to re-purchase the product or service.
b. Repurchase Loyalty, consumer loyalty develops on consumer’s purchasing behavior to the new service issued by a company, which indicated by the desire to repurchase.
c. Paymore Loyalty, consumer loyalty to re-do the transaction on using products or services that has been used by the consumer with greater sacrifice.

The characteristics of Consumer Loyalty by Loly Mareta (2011), such as :

a. Have a commitment to the brand.
b. Dare to pay more for the brand compared to other brands.
c. Will recommend the brand to other people.
d. Does not need consideration at repurchasing the product or service

e. Always follow the brand development.
f. Can be a kind of spokesman of The brand and always develop relationship with the brand.

RESEARCH METHODOLOGY

Population, Sample and Sampling Techniques

The population of this research are all consumers of Chatime in Palembang. Sample of this research are all consumers who have consumed Chatime's product for at least 5 times in the last 6 months in Palembang.

The sampling technique used is a Non-Probability Sampling with Convenience Sampling Method. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

Operational Definition

Independent Variable (X)

There are 2 independent variables in this research, they are :

a. Brand Association (X₁)

Brand Association is every impression that comes to the minds of respondents that related to their memory about the product. Indicators of Brand Association are :

- Attitude / positive feelings
- Strong brand
- Famous brand
- Position in society
- Information through the media

b. Brand Perceived Quality (X₂)

Perceived Quality is a perception of consumer to the overall quality or product excellence. Indicators of Brand Perceived Quality are :
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- The reason for consume
- Suitability brand quality
- Position of quality
- The level of benefit
- The service

**Dependent Variable (Y)**

The Dependent Variable of this research is Consumer Loyalty (Y). Consumer Loyalty is the tendency of consumer to consume certain brand rather than the other brand (Giddens, quotes in Loly Mareta, 2011). The indicator of this variable are:

- Re-purchasing
- Habits to consume that certain brand
- Always recommend the brand to other people
- Keep using the brand
- Confidently say the brand is the best brand

**Data Analysis Techniques**

Data analysis techniques used in this research are:

a. Regression Analysis with form of equation:
   \[ Y = \alpha + \beta X_1 + \beta X_2 + e \]

b. F Statistic Test
c. T Statistic Test
d. Coefficient of Determination \( (R^2) \)

**DATA ANALYSIS AND DISCUSSION**

**Variable Description**

**Table 1. Variable Description Analysis**

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Association</td>
<td>100</td>
<td>3.58</td>
</tr>
<tr>
<td>Brand Perceived Quality</td>
<td>100</td>
<td>3.58</td>
</tr>
<tr>
<td>Consumer Loyalty</td>
<td>100</td>
<td>3.18</td>
</tr>
</tbody>
</table>

*Source: processed from primary data*

Table 1. indicates mean total score of Brand Association is 3.58, which means that measurement of variables on each indicator of Brand Association, based on questionnaire result, according to Djemari Mardapi, Brand Association of Chatime can be acknowledged as “good”. While indicator 3 (Chatime is a famous brand) has the highest score with 3.80, and indicator 5 (Ads and promotions of Chatime are oftenly seen) has the lowest score with 3.05.

Table 1. indicates mean total score of Brand Perceived Quality is 3.58, which means that measurement of variables on each indicator of Brand Perceived Quality, based on questionnaire result, according to Djemari Mardapi, Brand Perceived Quality of Chatime can be acknowledged as “good”. While indicator 6 (Good performance and service from the employees) has the highest score with 3.89, and indicator 4 (I feel the benefits of Chatime’s product) has the lowest score with 3.16.

Table 1. indicates mean total score of Consumer Loyalty is 3.18, which means that measurement of variables on each indicator of Consumer Loyalty, based on
questionnaire result, according to Djemari Mardapi, Consumer Loyalty of Chatime can be acknowledged as “good” as well, even though compared to Brand Association and Brand Perceived Quality, the score is lower. It indicates that consumers of Chatime are less loyal. While indicator 5 (Consuming Chatime is a habit to me) has the highest score with 3.88, and indicator 4 (Confidently saying that Chatime is the best bubble drink brand) has the lowest score with 3.16.

**Multiple Linear Regression Analysis**

**t-test**

`t-test` is used to determine how much the influence of independent variables (Brand Association and Brand Perceived Quality) partially on dependent variable (Consumer Loyalty). Here are the description:

<table>
<thead>
<tr>
<th>Variable</th>
<th>t-count</th>
<th>t-table</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Association</td>
<td>4.975</td>
<td>1.98397</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Perceived Quality</td>
<td>3.533</td>
<td>1.98397</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Source: Processed from primary data

Table above indicates that variable X1 (Brand Association) t-count value is 4.975 with significance level 0.000, which is lower than 0.05. As for the value of t-table is 1.98397, which means that t-count > t-table with the direction of positive regression coefficient, can be concluded that Brand Association has significant positive influence on Consumer Loyalty at Chatime in Palembang.

Meanwhile, as for variable X2 (Brand Perceived Quality) t-count value is 3.533 with significance level 0.001, which is lower than 0.05. As for the value of t-table is 1.98397, which means that t-count > t-table with the direction of positive regression coefficient, can be concluded that Brand Perceived Quality has significant positive influence on Consumer Loyalty at Chatime in Palembang.

**F-test**

`F-test` is used to determine the influence of independent variables (Brand Association and Brand Perceived Quality) simultaneously on dependent variable (Consumer Loyalty). Here are the description:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2</td>
<td>497.645</td>
<td>110.626</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>97</td>
<td>4.498</td>
<td>1431.640</td>
<td>99</td>
</tr>
</tbody>
</table>

Source: Processed from primary data

According to table above, f-count is 110.626 with significance level 0.000, which is lower than 0.05. As for the value of f-table is 2.70, which means that f-count > f-table, so it can be concluded that Brand Association and Brand Perceived Quality are simultaneously have significant positive influence on consumer loyalty.

**Multiple Linear Regression Analysis**

Multiple linear regression analysis is used to determine how much the influence
of Brand Association and Brand Perceived Quality partially and simultaneously on Consumer Loyalty at Chatime in Palembang.

Regression model that can be written from the results in a form of standardized regression is as follows:

\[ Y = -2.514 + 0.504X_1 + 0.355X_2 \]

The equation above can be described as follow:

From that equation, can be seen that the most dominant independent variables to influence Consumer Loyalty is Brand association with 0.504 as the coefficient. Meanwhile, Brand Perceived Quality has less significant influence on Consumer Loyalty with 0.355 as the coefficient.

\[ R^2 \]

Coefficient of Determination Test is used to determine the best accuracy level on regression analysis. This test is showed on how much the value of coefficient of determination \( R^2 \) from 0 to 1. Here are the explanations:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.834</td>
<td>.695</td>
<td>.689</td>
<td>2.121</td>
</tr>
</tbody>
</table>

Source: processed from primary data

From the tables above, can be seen that Coefficient of Determination \( R^2 \) is 0.695. It means that Brand Association and Brand Perceived Quality have contributions to influence Consumer Loyalty worth as 69.5%. Therefore, the others 30.5% are influenced by others variables of Brand Equity that weren’t examined in this research such as Brand Awareness and Brand Loyalty, and other variables.

CONCLUSION AND SUGGESTION

Conclusion
According to research results, can concluded that:
1. Brand Association (X₁) and Brand Perceived Quality (X₂) partially have significant positive influence on Consumer Loyalty at Chatime in Palembang, and Brand Association (X₁) is more dominant to influence Consumer Loyalty at Chatime in Palembang.
2. Brand Association (X₁) and Brand Perceived Quality (X₂) simultaneously have significant positive influence on Consumer Loyalty at Chatime in Palembang.
3. Hypotheses of this research are proved to be true.
4. Other variables that not included in this research that also have contributions to influence Consumer Loyalty are Brand Awareness, Brand Loyalty, Brand Image, Promotion, Service Quality, Brand Attitude, Brand Profitability, Brand Trust, Customer Satisfaction, etc.

Suggestion
According to this research conclusions, so suggestions for this research are:
1. For the company, it’s better for the company to improve consumer loyalty by improving the indicators like brand gives positive impression and feeling, attributes of brand have strong and good memory in consumer’s mind, brand is a famous
brand, brand is more superior that competitor’s brand, ads and promotions are oftenly seen, and uniqueness/particular characteristic of brand, which are proved in this research are the most dominant to influence consumer loyalty at Chatime in Palembang.

2. For the future researcher, to add other variables from Brand Equity or other factors that can possibly influence consumer loyalty. Also add the number of samples and expand the scope of research.

PREFERENCES


