

The Role of Perceived Quality and Brand Loyalty Influencing Repurchase Intention

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Abstract: The purpose of this study is to find out the effect of perceived quality on repurchase intention that is also mediated by brand loyalty, wherein this study, examining Starbucks products. All Starbucks consumers in Semarang were the population for this study, with a purposive sampling technique and the criteria for the consumers that already purchased or consumed this product. 100 respondents have been chosen as the samples to filled the questionnaires. There are several tests in this study, first to test the validity using factor analysis, then for reliability testing using Alpha Cronbach and afterward all the collected data analyzed by multiple regression analysis also for the mediation measurements using the Sobel test. The study has found that perceived quality and brand loyalty have a positive influenced on repurchase intention, moreover, brand loyalty has been found perfectly mediated between perceived quality towards repurchase intention.

Keywords: *Perceived quality, Brand loyalty, Repurchase intention*

I. INTRODUCTION

Brands are very valuable for customers to determine choices on a product or service. Customers are offered a wide choice of brands. Brands are names or symbols such as logos, trademarks, and a collection of unique designs that identify products or services from sellers and differentiate them from competitors' products and services [1]. Customers are willing to pay higher for a product because of the product attached to a brand that represents a guarantee of certain quality and also value that relates to products. Recently, there have been a lot of coffee shops on the market. Over 2.900 coffee shops were opened for the last 4 years. It increased almost three times since 2016 which only exist a thousand of coffee shops in Indonesia [2].

Starbucks is one of the coffee shops that also survive to win the customer's heart in Indonesia. According to [3], Starbucks received first rank on top brand index in Indonesia. For the past three years, Starbucks has become a number 1 brand in coffee shops in Indonesia by received 51,9% in 2018, 43,7% in 2019, and 43,9% in 2020. It decreased in 2019 and 2020 because of the rising of the local coffee shops that also

make the competition between brands tight. The local brand coffee shops such as Janji Jiwa, Kopi Kenangan, Ngopi Doeloe and many more local brands are becomes the rival of an American brands like Starbucks. Therefore, such conditions require company management to be more careful in creating a marketing strategy that is more effective, efficient, and able to determine its competitive strategy, that able to retain customers to repurchase their product. Repurchase intention are customers willingness to repurchase a product from the same company, and also becoming one of major factors that makes a long-term profit for the company, it is simply because the customers want to buy more and more products [4]. One of the things that customers consider to repurchase intention is about the role of perceived quality and brand loyalty.

Some researchers say that a brand is very influential for consumers in making a purchase decision. Among them, [5] found that perceived quality has a positive effect on repurchase intentions, which indicates that if consumer perceptions of the quality of a product are high, it will lead strongly to repurchase intentions. On the other hand a research that conducted by [6], shows another different of sight, that perceived quality has no effect on repurchase intention. In addition, other researchers suggest that brand loyalty has a positive effect on repurchase intention in a study researched by [7] on a cosmetic product for men and this research was conducted in South Africa, where the country is a developing but advanced country for industrially.

[8] also argues that brand loyalty is what makes customers repeatedly buy one particular brand for one year, which is seen from this, brand loyalty certainly affects customer repurchase intentions consistently with the same repetitive, although there will be situational influences or efforts from marketing that can lead to switching behavior. [8] states that brand loyalty is the core value of a brand that can not only affect customer repurchase intentions but it can also inhibit changes in competitor products and maintain customer loyalty which can affect the wealth of a business where it will be more cost-effective to sell to customers who were already loyal before having to influence new customers. Realizing the

important role of the company to get feedback from old customers to new customers, Starbucks continues to strengthen the perceived quality and also brand loyalty in order to try to influence the customers to repurchase their product. Therefore, in this research is to discover which the perceived quality and brand loyalty of Starbucks can influence customers to repurchase their products.

II. METHODS

A. Research Hypotheses

There are 3 hypotheses that proposed on this research.

- H₁ : Perceived quality has a positive and significant effect on brand loyalty
- H₂ : Perceived quality has a positive and significant effect on repurchase intention
- H₃ : Brand loyalty has a positive and significant effect on repurchase intention

B. Data Resource

The data resource of this study was the primary data source. The data directly coming from original source, and in this case, the primary data were obtained from the questionnaires that distributed to predetermined samples (Starbucks consumer in Semarang).

C. Population & Sample

The target population in this study are consumers who consume Starbucks products in Semarang, with a purposive sampling technique method that has criteria in which these consumers are already consumed Starbucks products and an adults who are able to make purchase decisions. A total 100 respondents filled out the questionnaires for this research.

D. Research Model

This research was conducted to explore the effect of perceived quality towards repurchase intention that mediated by brand loyalty. The research model is presented in figure 1.

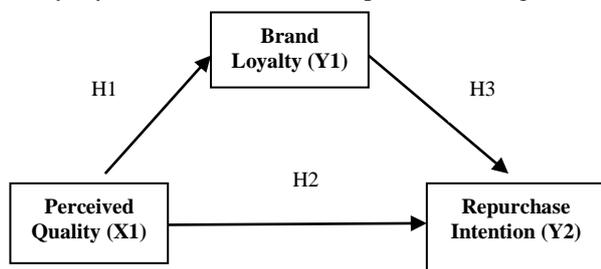


Figure. 1. Research Framework

III. RESULT AND DISCUSSION

Based on the result of characteristic respondents, which can be concluded that the majority respondent gender was female, and the age between 24 until 30 years old. Most of them are

employees and love to coming back to Starbucks at least one or two times a month and the respondent's income more than Rp. 6.000.000 every month.

A. Instrument Testing

The results of the validity test KMO values on all variables were above the value of 0.5 with a significance level of 0,000, which means the adequacy of the sample is declared fulfilled. The results of the validity test of all variable indicators are declared valid, because the loading factor is more than 0.4.

The reliability test results also showed that all variables such as perceived quality, brand loyalty and repurchase were declared reliable because the cronbach alpha value was above 0.7.

There are two equations in this study, as follows:

Equation 1: The effect of perceived quality towards brand loyalty.

Equation 1, has the value of adjusted R² is 0.374 which means that the brand loyalty variable is 37.4% that can be explained by perceived quality, so the remaining 62.6% are explained by other factors outside the research model.

Equation 2: The effect of perceived quality and brand loyalty towards repurchase intention.

Equation 2, has the value of adjusted R² that is 0.734 which means that the repurchase intention variable is 73.4% can be explained by perceived quality and brand loyalty. The remaining 26.6% are explained by other factors outside the research model.

The result of the F test serves to see the effect of independent variables on the dependent variable that work simultaneously.

Equation 1 has a F value of 60.142 and is significant at 0.000 lower than 0.05, that means the perceived quality simultaneously influence on brand loyalty.

Equation 2 has an F value of 137.303 and is significant at 0.000 lower than 0.05. That means the variable of perceived quality and brand loyalty simultaneously influence on repurchase intention.

- Hypotheses testing

TABLE I. RESULT OF THE TESTED HYPOTHESES

Hypotheses	Beta	Sig
H ₁ : Perceived quality Brand Loyalty	0,617	0,000
H ₂ : Perceived quality Repurchase Intention	0,152	0,024
H ₃ : Brand loyalty Repurchase Intention	0,758	0,000

1) Results of testing hypothesis 1 (H₁): Perceived quality has a positive and significant effect on brand loyalty.

Based on the results above, it can be seen that the results of hypothesis 1 received a significance value of 0,000 meaning

lower than 0.05 and standardized coefficients $\beta = 0.617$ it means that the variable of perceived quality has a positive and significant effect on brand loyalty. So, the first hypothesis were accepted.

2) Results of testing hypothesis 2 (H_2): Perceived quality has a positive and significant effect on repurchase intention

The result shows that hypothesis 2 received a significance value of 0,024 lower than 0.05 and standardized coefficients $\beta = 0,152$. This means that the perceived quality variable has a positive and significant effect on repurchase intention. The same result as first hypothesis that the second hypothesis were also accepted.

3) Results of testing hypothesis 3 (H_3): Brand loyalty has a positive and significant effect on repurchase intention.

Based on the results in the table above, it shows that the results of testing hypothesis 3 received a significance value of 0,000 means lower than 0.05 and standardized coefficients $\beta = 0,758$. This means that the variable of brand loyalty has a positive and significant effect on repurchase intention. The third hypothesis were also accepted.

B. Discussion

The results of testing hypothesis 1 (H_1): Perceived quality has a positive and significant effect on brand loyalty.

The result shows that in this research perceived quality has a positive and significant effect on brand loyalty, this shows that the better perceived quality, will be following by the increasing of brand loyalty. This means, the overall quality of product were matched with customers perceptions that can fulfilled their expectation[9]. So it brings customer to keep coming back and loyal to consume Starbucks product. Perceived quality defined as the superiority of a product that customers felt about [10]. The results of this study were also in line with previous research, which has been done by [5, 10,11].

The results of testing hypothesis 2 (H_2): Perceived quality has a positive and significant effect on repurchase intention. The results shows that the second hypothesis indicate that the perceived quality has a positive and significant effect on repurchase intention. The better perceived quality will be following by the increasing of repurchase intention. The ability of a company that could serve the customers very well, will be a plus point for a customers to coming back and repurchase the product [12]. Most of the Starbucks consumers are satisfied with the quality of service that Starbucks gave to customers, therefore, they do repeat purchase of the same product on the same company. The results of this study were in line with [5, 8].

The results of testing hypothesis 3 (H_3): Brand loyalty has a positive and significant effect on repurchase intention. The result shows that the third hypotheses states that brand loyalty has a positive and significant effect on repurchase intention. Brand loyalty become the most important thing for a company. According to [9], if customers loyalty to some brand

increase it will be easy to overcome threats and attacks from competitor brand product. In this case Starbucks has succeeded in getting customers to buy their products again by presenting various product variants and promos that have made these consumers loyal to Starbucks. The results are in line with [7,8].

Intervening Test

The mediation test with the Sobel test showed a significance result of 0,000 lower than 0,005. So, it shows that brand loyalty mediates the effect of perceived quality on repurchase intention.

IV. CONCLUSION

Perceived quality has a positive and significant effect on brand loyalty. The better of perceived quality will be following by the increasing of brand loyalty. Perceived quality has a positive and significant effect on repurchase intention, so the better of perceived quality will be following by the increasing of repurchase intention. Brand loyalty has a positive and significant effect on repurchase intention. The better of brand loyalty will be following by the increasing of repurchase intention. Brand loyalty perfectly mediated between perceived quality and repurchase intention.

Research Limitation

The limitations that exist in this research only include customers who live in the city of Semarang, therefore it is better for future research to take it to several other cities, so it can be more clearer. The variable that used on this research are only perceived quality and brand loyalty that influence repurchase. There are may be other variables such as brand image , brand awareness or others that could be influence to repurchase intention

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