Investigating the Improvement of Brand Loyalty in the Coffee Shop Sector: A Quantitative Analysis

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Abstract. This study investigates the intricate relationship between brand loyalty, brand image, and brand credibility in the context of the coffee shop industry. This research uses descriptive and verification methods with a quantitative approach. Two hundred respondents participated in this research and were selected through purposive sampling. The data were processed statistically using the Structural Equation Modeling (SEM) method. We reveal compelling evidence through empirical analysis that brand image and credibility significantly influence brand loyalty. Specifically, our research highlights the pivotal role of uniqueness in shaping brand image while emphasizing attractiveness as the primary driver of brand credibility. These findings underscore the importance of cultivating distinctive brand identities and enhancing visual appeal to foster enduring customer loyalty and bolster brand credibility within the competitive coffee shop market.

Keywords: Brand Image, Coffee, Credibility.

1 Introduction

Brand loyalty is crucial in the coffee shop industry, significantly influencing business sustainability and market competitiveness [1]. Brand loyalty reflects the extent to which customers consistently choose a particular brand over competitors, driven by factors such as service quality, customer experience, and emotional attachment to the brand [2]. In the coffee shop sector context, improving brand loyalty presents a challenge that requires a quantitative analysis to understand the key determinants influencing customer decisions in selecting and maintaining brand preferences [3]. This study highlights the role of branding in fostering customer loyalty, where branding serves as a business identity and enhances customer satisfaction and engagement [4]. Neglecting brand loyalty may result in decreased customer satisfaction, reduced service quality, and weakened brand appreciation [5][6].

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Brand loyalty has been widely studied in marketing, with theories like the Theory of Planned Behavior and Brand Equity Theory emphasizing attitudes, perceived quality, and brand awareness [6]. In a competitive market, brand loyalty is vital for long-term success. Companies must nurture consumer loyalty, as repeat purchases and brand preference indicate strong loyalty [7]. Companies must actively foster and sustain consumer loyalty, as repeat purchases and ongoing brand preference are essential indicators of robust brand loyalty [8].

While research covers various sectors, studies on branding strategies, emotional connections, and consumer engagement in coffee shops remain limited [4].

Also, despite the industry's expansion, the factors contributing to brand loyalty within the coffee shop sector have not been thoroughly examined [9]. This study uses a quantitative approach to analyze primary drivers influencing consumer loyalty and long-term brand engagement in Indonesia's growing coffee shop market [10][11][12]. Offering insights for effective strategies and contributing to both theory and practice.

Indonesia's coffee shop industry has grown rapidly, with outlets increasing from 1,083 in 2016 to around 5,000 by 2021. The Minister for Economic Affairs reported a 250% growth over the past decade, highlighting rising consumer demand and market potential [13]. The data is supported by BPS statistics, which show that Indonesian coffee exports have increased, as shown in Figure 1.

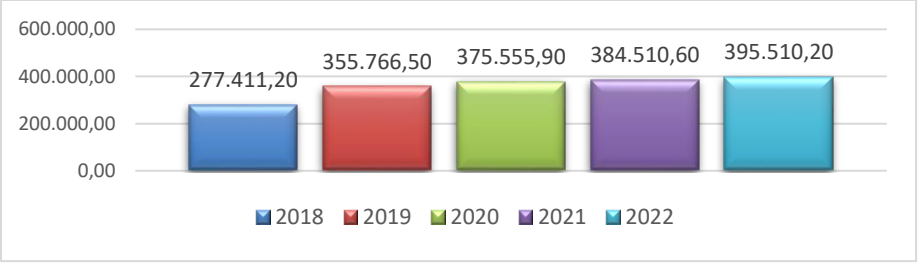

Fig. 1. Indonesian coffee export data 2018-2022.

Companies need to be aware of, cultivate, and preserve consumer loyalty and their desire to utilize a brand or make repeat purchases, as they are indicators of brand loyalty [2]. The Top Brand Index for coffee shop categories for 2020–2022 is shown in Table 1.

Table 1. Top brand index (TBI) coffee shop category.

Brand	**2020**	**2021**	**2022**
Brand A	39,9%	36,7%	42,6%
Brand B	29,8%	39,5%	38,3%
Brand C	13,6%	12,4%	10,2%
Brand D	7,1%	6,4%	6,3%

Several coffee shops have seen a decline in their brand index over the past three years, with Brand D ranking the lowest, indicating issues with brand loyalty as reflected in

declining last usage and future intention ratings [14]. Rising competition forces businesses to prioritize customer loyalty strategies [15]. Social media hashtags help companies gauge customer engagement, as user-generated content often influences consumers more than brand-driven messaging [16][17]. Table 2 shows the volume of Instagram hashtags; this table shows that brand D ranks last compared to other brands. This condition indicates that brand loyalty is not optimal, while loyal customers will be willing to recommend, buy frequently, and try different products and services [18][19].

Table 2. Coffee shop hashtag in Indonesia.

Brand	*New user*		*New user until July*	*Hashtag User*
	2020	**2021**	**2022**	***2022***
Brand A	9,5 thousand	15 thousand	25 thousand	92,6 thousand
Brand B	10 thousand	17,3 thousand	12,5 thousand	84,2 thousand
Brand C	3,2 thousand	9,4 thousand	5 thousand	17,7 thousand
Brand D	2,1 thousand	5,3 thousand	4,2 thousand	10,9 thousand

In contrast to other food and beverage companies, like restaurants, coffee shops provide their patrons with a memorable, intimate experience [20]. Coffee shops compete by offering mobile apps on Android and iOS [17]. Table 3 shows Brand D ranks lowest, with a 2.5 rating and 3,000 downloads. As technology advances, businesses increasingly rely on information systems to process data efficiently, supporting decision-making and growth [17].

Table 3. Coffee shop application rating.

Brand	*Rank*	*Rating*	*Download rate*
Brand A	1	4,5	12 thousand
Brand B	2	4,3	9 thousand
Brand C	3	3	5 thousand
Brand D	4	2,5	3 thousand

Recent studies on coffee shop brand loyalty highlight key drivers. In chain coffee shops, brand satisfaction—shaped by cognitive and affective factors—is crucial [18, 21, 22]. A company's high opinion of the product will decline if it disregards brand loyalty [2]. The company's capacity to draw consumers to the brand is crucial to its success [23]. The emotional connection between a brand and its consumer during the purchase and usage is another foundational element of brand loyalty [24-25].

Based on the formula problem, this research aims to obtain findings on the relationship between Brand Credibility, Brand Reputation, and Brand Loyalty among coffee shop customers in Indonesia.

2 Methods

This verification study examines the causal relationship between endogenous and exogenous variables using an explanatory survey with 200 randomly selected coffee shop

customers in Indonesia. Brand Loyalty is the endogenous variable, measured through Cognitive, Affective, Conative, and Behavioral dimensions. In contrast, the exogenous variables are Brand Reputation with Reliability, Identity, and Image, and Brand Credibility with Trustworthiness, Expertise, and Attractiveness. Data were collected via questionnaires, with respondents required to have visited a coffee shop at least 1 time [26]. Structural equation modeling (SEM) and confirmatory factor analysis (CFA) were used to validate hypotheses, analyzing the impact of Brand Reputation and Brand Credibility on Brand Loyalty.

3 Results and Discussion

The model specification defines the initial structural equation based on prior research on brand reputation, credibility, and loyalty [27]. Figure 2 illustrates the initial model.

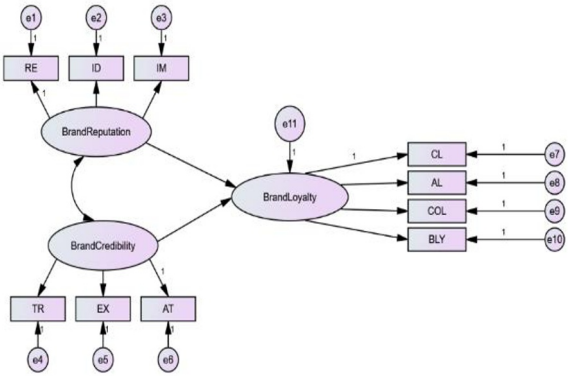

Fig. 2. Model specification.

Where:

FOU= Reliability	TR=Trustworthiness	CL=Cognitive Loyalty
ID= Identity	EX=Expertise	AL=Affective Loyalty
IM=Image	A=Attractiveness	COL=Conative Loyalty
		BLY=Behavioral Loyalty

After creating the initial model, data passing the assumption test proceeds to SEM testing. Using 200 samples and 23 statement items (8 for Brand Reputation, 9 for Brand Credibility, and 8 for Brand Loyalty), the model's identification was assessed in IBM SPSS AMOS 26, showing a degree of freedom (df) of 14, confirming it as over-identified ($df > 0$) and suitable for analysis. Estimation was conducted using Maximum Likelihood Estimation (MLE), with standardized regression weights to assess validity. Indicators are valid if the loading factor > 5 [27]. Table 4 presents the Estimation Measurement Model Test Results.

Table 4 confirms all indicators are valid (loading factors > 0.5), with the highest at 0.960 for Brand Credibility's reliability and the lowest at 0.516 for its role in Brand

Loyalty. With all constructs valid, testing proceeds to Model Fit Evaluation, assessing Goodness of Fit (GOF).

Table 4. Estimation measurement model.

			Estimate
BrandLoyalty	<---	BrandReputation	.698
BrandLoyalty	<---	BrandCredibility	.516
RE	<---	BrandReputation	.960
ID	<---	BrandReputation	.821
IM	<---	BrandReputation	.873
AT	<---	BrandCredibility	.778
EX	<---	BrandCredibility	.530
TR	<---	BrandCredibility	.568
CL	<---	BrandLoyalty	.886
AL	<---	BrandLoyalty	.904
COL	<---	BrandLoyalty	.823
BLY	<---	BrandLoyalty	.701

Structural model analysis evaluates causal relationships between latent variables. Figure 3 illustrates the estimated standardized loading factors and the Goodness of Fit Test for the influence of brand reputation and brand credibility on brand loyalty.

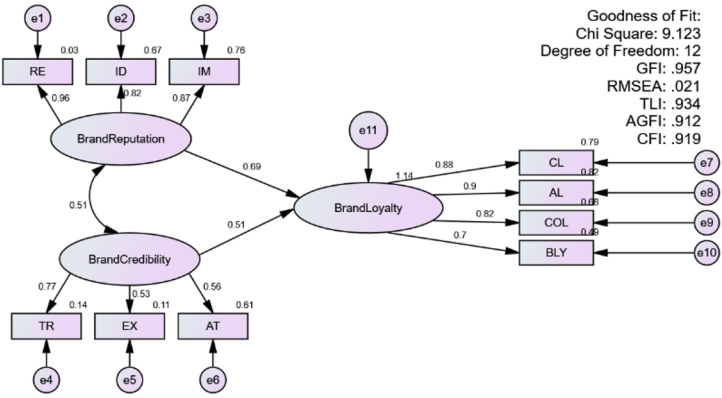

Fig. 3. Structural model of the influence of brand reputation and brand credibility on brand loyalty.

The influence of Brand Reputation and Brand Credibility on Brand Loyalty is presented in Table 5. The Full Model 1 estimation results show that the standardized regression weights for both variables exceed 0.50, with the corresponding P-value detailed in Table 5.

Table 5. Full model estimation results of the influence of brand reputation and brand credibility on brand loyalty.

			ESTIMATE		S.E	C.R	P
			RW	SRW			
Brand Loyalty	<---	*Brand Reputation*	1,838	,698	,199	5,959	***
Brand Loyalty	<---	*Brand Credibility*	1,353	,516	,220	4,141	***
Brand Reputation	<--->	*Brand Credibility*	,190	,519	,190	4,817	***

The overall model fit test evaluates the Goodness of Fit based on expert criteria. Table 6 presents the results for the entire model analyzing Brand Reputation and Brand Credibility's influence on Brand Loyalty.

Table 6. The goodness of fit full model brand reputation and brand credibility towards brand loyalty.

No	***Goodness of Fit Measure***	***Cut off Value***	**Hasil**	**Evaluasi Model**
		Absolute fit measure		
1.	*Statistic Chi-square* (df=96)	X^2 hit<X^2 Tabel (X^2 Tabel= 144,566)	90,123	*Good Fit*
2	*Goodness of Fit Index* (GFI*)*	GFI≥ 0,90 *good fit*, 0,80 ≤ GFI < 0,90 *marginal fit*	0,957	*Good Fit*
3	*Root Mean Square Error of Approximation* (RMSEA)	≤0,08	0,021	*Good Fit*
		Incremental Fit Measures		
4	*Trucker Lewis Index* (TLI*)*	TLI ≥ 0,90 *good fit,* 0,80 ≤ TLI < 0,90 *marginal fit*	0,934	*Good Fit*
5	*Adjusted Goodness of Fit* (AGFI)	≥ 0,90	0,912	*Good Fit*
6	*Comparative Fit Index* (CFI)	CFI ≥ 0.90 *good fit*, 0.80 ≤ CFI < 0,90 *marginal fit*	0,919	*Good Fit*

Based on Table 6, the whole model meets all goodness-of-fit criteria, requiring no re-specification. The C.R value (4.817) exceeds the t-table value (1.96), rejecting H0 and confirming the influence of Brand Reputation and Brand Credibility on Brand Loyalty. The standardized total effect is 0.519, aligning with previous research findings [28-29].

The determinant coefficient (R^2) is 0.816, indicating that Brand Reputation and Brand Credibility explain 81.6% of Brand Loyalty, with 18.4% influenced by other factors like Brand Love, Brand Trust, and Brand Experience [30-37]

The strongest dimension of brand reputation that influences brand loyalty is identity (1.241), with conative loyalty, while the weakest is reliability (0.508). For Brand Credibility, Attractiveness has the most significant impact (2.513) on Conative Loyalty, while Expertise has the smallest (0.871) on Cognitive Loyalty. These findings align with previous research, highlighting the role of quality, novelty, and reputation in coffee shop brand loyalty.

4 Conclusions

The findings show that brand reputation and credibility positively and significantly influence brand loyalty among coffee shop customers in Indonesia. Thus, this means that simultaneously or together, there is a positive influence, and there is a positive and significant influence between the variables of brand reputation and brand credibility on brand loyalty. This statement can be assumed that the better the company is at demonstrating brand reputation and brand credibility, the more brand loyalty the company will increase. Thus, this means that simultaneously or together, there is a positive influence, and there is a positive and significant influence between the variables of brand reputation and brand credibility on brand loyalty. This statement can be assumed that the better the company is at demonstrating brand reputation and brand credibility, the more brand loyalty the company will increase.

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