THE INFLUENCE OF BRAND AWARENESS ON REPURCHASE INTENTION: 
THE MEDIATING ROLE OF BRAND LOYALTY AND PERCEIVED QUALITY 
(A STUDY ON READY TO DRINK COFFEE’S CUSTOMERS IN MALANG)

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Abstract

The main purpose of the study is to investigate the influence of brand awareness, brand loyalty, and perceived quality towards repurchase intention of Ready to Drink (RTD) coffee customers in Malang. Brand loyalty and perceived quality were used as the intervening variables of the relationship between brand awareness and repurchase intention. The study was conducted by distributing 133 questionnaires to customers of RTD coffee in Malang. Regression analysis and mediating test were conducted to examine the hypotheses. Based on the research’s result it was found that brand awareness has positive influence on perceived quality and repurchase intention, but has negative influence on brand loyalty. Perceived quality has positive influence on repurchase intention, but has negative influence on brand loyalty. It was also found that brand loyalty has negative influence on repurchase intention of RTD coffee customers. The mediating tests shows that both brand loyalty and perceived quality do not intervene the relationship between brand awareness and repurchase intention.

Keywords: Brand Awareness, Brand Loyalty, Perceived Quality, Repurchase Intention

Abstrak


Kata kunci: Kesadaran Merek, Loyalitas Merek, Persepsi Kualitas, Niat Pembelian Kembali, Kopi Kemasan Siap Minum
INTRODUCTION

Indonesia is the third biggest coffee producer in the world after Brazil and Vietnam (House of Infographics, 2013). In 2012, Indonesia produced 12,730,000 kg of coffee, with 60 kg for each bag (Gbgindonesia.com, 2014). However, most of the products are being exported due to domestic low consumption level. The condition, however, started to change since the last decade when domestic consumption level has increased significantly. According to International Coffee Organization (ICO), as cited in Rusmana (2015), the growing domestic demand placed Indonesia as the world’s eighth-largest coffee customer. Urbanization and economic development causing the increase of middle class society (Gbgindonesia.com, 2014) was indicated as the cause of the increasing demand.

Nowadays, a new trend of coffee drinking, which is the trend of Ready-to-Drink (RTD) coffee, starts to get popularity. RTD coffee packaged in can, glass, or polyethylene terephthalate (PET) bottle offers convenient consumption at anywhere and anytime. This is suitable with the lifestyle of the middle class that demands convenient yet healthy food and beverage (Bernando et al., 2015). The Ready-To Drink (RTD) Coffee is expected to receive the highest growth among food and beverage industry during 2013-2017 (Euromonitor, 2015).

The market share of RTD coffee is still dominated by brands owned by major food and beverage companies. This is based on the fact that customers’ preferences still depend on brand names when it comes to RTD coffee. Awareness towards brand plays a key role when customer wants RTD coffee (Mahribi and Christian, 2014). The higher the brand awareness is, the higher the market share and quality evaluation are. Therefore, the more likely the product will be purchased. Mahribi and Christian (2014) stated that, for now, the level of brand loyalty towards RTD coffee is still weak. Customers often change their choices when buying RTD coffee. Company needs to understand factors affecting customers’ brand loyalty in the purchase intention for RTD coffee. The purchase of RTD coffee is also influenced by the quality perceived by customers (Siregar, 2014). Understanding customers’ perceived quality helps company know how product quality suits the customers and how consistent product specification is judged by customers.

LITERATURE REVIEW

Brand

The competition of businesses today is dominated by the emphasize of brand building (Thammawimutti and Chaipoopirutana, 2005). Brand is a complex phenomenon (Maurya and Mishra, 2012) that serve as an important means to distinguish goods from one producer to another. According to the American Marketing Association (AMA), cited in Keller (2013), a brand is “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.”

Brand is important for both consumers and firms. For consumers, brand functions as product identifier, in which they can assign responsibility for its performance to a particular manufacturer or distributor. Brand can also serve as a
way for consumers to communicate who they are and what they likely to be (Keller, 2013). For firms brand serves as a powerful means to secure a competitive advantage. Investment in brand can provide a product with unique associations and meanings that can differentiate it with other products.

**Brand Equity**

Researchers identified brand equity as the most important asset of a company (Thammawimutti and Chaipoopirutana, 2005). Bagozzi (1998), as cited in Santoso and Cahyadi (2014), argued that brand equity generates value for both consumers and company.

Aaker (1991) proposed four components of brand equity namely:
- Brand association – Associations triggered by a brand
- Perceived quality – The extent to which a brand is considered to provide good quality products
- Brand awareness – The extent to which brand is known among the public
- Brand loyalty – The extent to which people are loyal to a brand

**Brand Awareness**

Chi et al. (2009) stated that brand awareness plays an important influence in making purchase decision. It is defined by Aaker (1996) as the ability of a consumer to recognize and recall a brand in different situation. Brand awareness is related to the strength of the brand in the memory of consumers (Keller, 2013).

Consumers tend to purchase products that are familiar and favorable for them (Chi et al., 2009). They also tend to purchase products that are well-known (Mac Donald and Sharp, 2000 in Chi et al., 2009) especially if they have favorable past experience with the product (Keller, 2013).

Ukpebor, Ipogah, Aronsson, and Svensson (2008) in Santoso and Cahyadi (2014) believed that brand awareness can be measured through three dimensions of:
- Brand recognition – consumers’ ability to remember a certain brand with the help of something or someone to remember.
- Brand recall – the ability of consumers to easily retrieve brand of a category from their mind
- Top of mind – the first brand that appears in consumers’ minds when they think about product or service category

**Brand Loyalty**

Brand loyalty is the final destination of brand management (Chi et al., 2009). Malik et al. (2013) argued that brand loyalty is the degree of consumers’ closeness with specific brand that is expressed by replicated purchase regardless the marketing activities created by the rival brands. Brand loyalty is important for company to secure demand towards their product and create barrier that makes it difficult for other company to enter the market (Keller, 2013). Brand loyalty is also important for organization to enhance their sales volume, to get premium price by having customers to purchase at premium.

Brand loyalty can also reduce the cost of charming new customers by retaining existing customers. Retaining existing customers is important for company since it is six times cost-less than trying to seek for new customers. Besides, the existing customers can also become
agents that can attract new customers through recommendations (Malik et al., 2013).

**Perceived Quality**

Perceived quality is defined in Keller (2013) as customers’ perception of the overall quality or superiority of a product or service compared to alternatives and with respect to its intended purpose. Perceived quality is the result of consumers’ subjective judgment on a product that is accumulated from product benefits and subjective feeling on product quality (Zeithaml, 1988; Dodds et al., 1991; Aaker, 1991 in Chi et al., 2009).

Perceived quality is influenced by internal and external product attributes that become an evaluation basis for consumers (Olshavsky, 1985; Zeithaml, 1988 in Chi et al., 2009). Through perceived quality, consumers are provided with reasons for purchase that can differentiate and position it from other products (Santoso and Cahyadi, 2014).

Jover, Montes, Fuentes (2003) stated that the perceived quality of food products is complex. Thus, it is necessary to adapt the scale to each considered product. There are seven dimensions proposed regarding perceived quality of food and beverage. The dimensions are:

- Origin
- Image
- Presentation
- Harvest
- Sensitivity
- Acuteness
- Age

**Repurchase Intention**

The tendency of customers to conduct repeat buying is known as repurchase intention. Hellier et al. (2003) further defined repurchase intention as individual’s judgment about buying again a designated service from the same company and taking into account his or her current situation and likely circumstances. It is also defined as repurchasing desire, commitments, and probability to rebuy a product category (Tuu et al., 2010, Chung and Lee, 2003).

When consumers rate the social value of a company highly, they form positive opinions about the company, which in turn increases repurchase intention (Choi and Kim, 2013). Study conducted by Chung and Lee (2003) regarding repurchase intention of customers in internet shopping malls shows that repurchase intention is an indispensable factor for successful operation of the company. It provides steady and loyal customers that directly influence the company’s success through repurchase intention. Thus, having loyal customers with high repurchase intention will help company keep their cost on winning new customers (Lin, Chen, and Hung, 2011).

**Research Hypothesis**

H1: Brand awareness influences the consumers’ perceived quality of RTD coffee

H2: Brand awareness influences the consumers’ brand loyalty of RTD coffee

H3: Perceived quality influences the consumers’ brand loyalty of RTD coffee

H4: Brand awareness influences the repurchase intention of RTD coffee

H5: Perceived quality influences the repurchase intention of RTD coffee

H6: Brand loyalty influences the repurchase intention of RTD coffee

H7: Perceived Quality mediates brand awareness and the repurchase intention of RTD coffee
**H8:** Brand loyalty mediates brand awareness and the repurchase intention of RTD coffee.

**Figure 1. Research Hypotheses Model**

![Research Hypotheses Model Diagram]

**RESEARCH METHOD**

This research is conducted using quantitative approach and is categorized as an explanatory research, which describes the casual relationship of variables through hypothesis testing (Malhotra and Peterson, 2006). The proposed population is the customers of RTD coffee in Malang City. The study was conducted by distributing 133 questionnaires with 27 questions to customers of RTD coffee in Malang. The sampling technique used was non-probability sampling in which the element of the population does not have any probabilities attached to them being chosen as the sample subjects (Sekaran, 2006). Simple regression analysis and mediating test was conducted for data analysis and to examine the hypotheses.

**DATA ANALYSIS AND RESULTS**

**Reliability Analysis**

Sekaran (2006) stated that items are considered reliable if the Cronbach’s alpha is greater than 0.7. In this study the reliability is shown in table 1. The cornbach’s alpha for all variables scored higher than 0.7. Thus, it indicates that the reliability of the questionnaire is acceptable.

**Table 1. Frequency Distribution and Cronbach’s α**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
<th>Mean</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td>11</td>
<td>3.38</td>
<td>0.724</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>3</td>
<td>3.34</td>
<td>0.709</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>10</td>
<td>3.19</td>
<td>0.799</td>
</tr>
<tr>
<td>Repurchase Intention</td>
<td>3</td>
<td>3.82</td>
<td>0.91</td>
</tr>
</tbody>
</table>

**Simple Regression Analysis**

This study use simple regression analysis to examine the relationship between brand awareness, brand loyalty, perceived quality, and repurchase intention. As seen in Table 3, brand awareness has positive influence on perceived quality ($\beta = 0.491$, $p<0.001$) and repurchase intention ($\beta = 0.441$, $p<0.001$),
but has negative influence on brand loyalty ($\beta = -0.197, p<0.05$). Perceived quality has positive influence on repurchase intention ($\beta = 0.443, p<0.001$), but has negative influence on brand loyalty ($\beta = -0.207, p<0.05$). It was also found that brand loyalty has negative influence on repurchase intention of RTD coffee customers ($\beta = -0.175, p<0.05$).

**Table 2. Simple Regression Analysis of Brand Awareness, Brand Loyalty, Perceived Quality, and Repurchase Intention**

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>R^2</th>
<th>T</th>
<th>F</th>
<th>Sig.</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness to Perceived Quality</td>
<td>0.491**</td>
<td>0.241</td>
<td>6.446</td>
<td>41.550</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand Awareness to Brand Loyalty</td>
<td>-0.197*</td>
<td>0.039</td>
<td>-2.305</td>
<td>5.314</td>
<td>0.023</td>
<td>Supported</td>
</tr>
<tr>
<td>Perceived Quality to Brand Loyalty</td>
<td>-0.207*</td>
<td>0.043</td>
<td>-2.419</td>
<td>5.850</td>
<td>0.017</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand Awareness to Repurchase Intention</td>
<td>0.441**</td>
<td>0.194</td>
<td>5.624</td>
<td>31.630</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Perceived Quality to Repurchase Intention</td>
<td>0.443**</td>
<td>0.196</td>
<td>5.649</td>
<td>31.194</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand Loyalty to Repurchase Intention</td>
<td>-0.175*</td>
<td>0.031</td>
<td>-2.038</td>
<td>4.152</td>
<td>0.044</td>
<td>Supported</td>
</tr>
</tbody>
</table>

*p<0.05 **p<0.001

**Mediating Test**

Mediating Test is used to examine the mediating role of brand loyalty and perceived quality in relationship between brand awareness and repurchase intention. Wijaya (2011) propose four steps to examine the mediating effects. First is by regressing the correlation between independent variable and dependent variable. Second, independent variable is regressed with intervening variable with intervening variable as the dependent variable. Third, intervening variable is regressed with dependent variable with intervening variable as the independent variable. Fourth is by conducting multiple regression analysis with independent and intervening variable predicting dependent variable. The mediating effect of variables then can be determined by comparing the regression coefficient values between the first step and fourth step. Variable is stated as intervening variable if the indirect value is greater than the direct value.

Mediating test is performed to examine the role of perceived quality in mediating the relationship between brand awareness and repurchase intention (H7). The result in Table 3 shows that the value of direct relationship between brand awareness and repurchase intention is 0.295. The indirect relationship, which calculation includes perceived quality as the intervening variable, is valued at 0.146 (obtained from 0.491 x 0.298). The value of the direct relationship is therefore greater than the indirect relationship (0.295>0.146). Thus, it can be concluded that perceived quality is not an intervening variable between brand awareness and repurchase intention. Thus the hypotheses of perceived quality mediates between brand awareness and repurchase intention of RTD coffee is not supported.

**Table 3. Mediating Test of Brand Awareness, Perceived Quality, and Repurchase Intention**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct</th>
<th>Indirect</th>
<th>Status</th>
</tr>
</thead>
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Perceived Quality | Repurchase Intention | Repurchase Intention | F | T | Status
| B | Sig | B | Sig | 0.146 | 23.062 | 3.409 | Supported

Brand Awareness 0.491 .000 0.295 .001
Perceived Quality 0.298 .001

Mediating test is also performed to examine the role of brand loyalty in mediating the relationship between brand awareness and repurchase intention (H8). Based on the mediating test result in Table 4, the value of direct relationship between brand awareness and repurchase intention is 0.423. The indirect relationship is valued at 0.018 (obtained from -0.197x-0.092). The value of the direct relationship is therefore greater than the indirect relationship (0.423>0.018). Thus, it can be concluded that brand loyalty is not an intervening variable between brand awareness and repurchase intention. Thus the hypotheses of brand loyalty mediates between brand awareness and repurchase intention of RTD coffee is not supported.

Table 4. Mediating Test of Brand Awareness, Brand Loyalty, and Repurchase Intention

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct</th>
<th>Indirect</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brand Loyalty</td>
<td>Repurchase Intention</td>
<td>Repurchase Intention</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>-0.197</td>
<td>0.423</td>
<td>0.018</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>-0.092</td>
<td>0.253</td>
<td></td>
</tr>
</tbody>
</table>

CONCLUSIONS AND SUGGESTIONS

The study shows that brand awareness has positive relationship and is influencing customers’ perceived quality of RTD coffee products. This is suitable with Kan (2002) in Chi et al. (2009) where quality evaluation will likely to increase while brand awareness is increasing. The effect of brand awareness on brand loyalty shows weak negative relationship. This is not suitable with Chi et al. (2009). However, it is suitable with Mahribi and Christian (2014) statement about the low level of brand loyalty and brand switching tendency towards RTD coffee. This might due to loyalty characteristic of RTD coffee as Fast Moving Consumer Good (FMCG) where name and image of brand is irrelevant with some consumers’ tendency to stay loyal (Leahy, 2008). Brand awareness, on the other hand, has a positive strong relationship with repurchase intention. This is supporting the study by Chi et al. (2009) that consumers tend to purchase products that are familiar and favorable for them. They also tend to purchase products that are well-known (Mac Donald and Sharp, 2000 in Chi et al., 2009) especially if they have favorable past experience with the product (Keller, 2013).

Perceived quality shows positive relationship with repurchase intention. This is supporting the study by Howard’s (1977) in Liao et al. (2012) that if customers purchase specific brand products or services and receive positive value, they will likely to have higher repurchase intention. In contrast, perceived quality shows negative effect on brand loyalty. This is in line with study by Hou and Wonglorsaichon (2014), Alam et al. (2012), and Lee et al. (2009) who stated that perceived quality cannot directly
influence brand loyalty. This might relate with RTD coffee as a new product in the market that offer various product choices.

Brand loyalty also shows negative relationship with repurchase intention. The tendency of customers to purchase available product might help explain the negative relationship. Based on Mahribi and Christian (2014) customers of RTD coffees have the tendency to purchase product with clear visual display. Those who are loyal might sometime have difficulty for looking their desired product that may lead to purchase discouragement.

Both brand loyalty and perceived quality are not intervening the relationship between brand awareness and repurchase intention in this study. This is in contrast with study by Chi et al. (2009) where both variables intervene the relationship between brand awareness and repurchase intention. Thus, brand awareness alone is strong enough to influence repurchase intention of RTD coffee products.

The study suggest that maintaining brand awareness is important to encourage repurchase intention since customers rely much on brand awareness when purchasing RTD coffee. Marketing strategy with main aim to increase brand awareness can help customers to recognize and recall brand from the company. Besides, product with high brand awareness will likely to come up in customers’ mind. Packaging, advertising, and logo are top three items of brand awareness that help customers to recognize RTD coffee products. Company must create logo and packaging that are easily differentiated with product from competitors. The exposure of these items then should be emphasized through creative advertising to achieve higher brand awareness which may lead to repurchase behavior. Customers of RTD coffee also have the tendency to purchase products with clear visual display. Company therefore needs to ensure product placement that are easily seen and reached by customers. The product must also have distinguishable packaging.

Product perceived quality is related to brand awareness. The higher the brand awareness, the better the quality perceived by customer. The research shows that flavor and aroma are two most considered items in perceiving RTD coffee quality. Study on customer preferences therefore is recommended for company to continuously create and innovate products that appeal customers. Customers also tend to perceived the quality of a product from friends and colleagues recommendations. This is in line with the fact that customers with satisfied experience have the tendency to recommend the product to others. Creating a customer loyalty program product that involves product recommendations thus can be an option for the companies.

Brand loyalty is an important component that companies should consider in marketing their RTD coffee brand. Marketing strategy with focus on building customer brand loyalty is necessary for companies. Building customer relationship can be an option for company to enhance the brand loyalty. Company can create customer loyalty program to communicate with loyal customers. The program can also make customers feel more related with the product, thus will likely perform commitment with the product.

REFERENCES


