The Relationship of Brand Equity to Customer Loyalty at Jokopi Coffee Shop Surabaya

Intan Novitasari, Sri Tjondro Winarno, Nisa HafiIdhoh Fitriana
Agribusiness Study Program, Faculty of Agriculture, UPN "Veteran" East Java, Indonesia

ABSTRACT

Jokopi is one of the coffee shop in the city of Surabaya that has contemporary coffee drinking products . Currently, coffee shop businesses that sell various brands of coffee beverage products are increasingly wide spread in the city of Surabaya, therefore business competition is one of the problems faced by Jokopicoffee shop. This study aims to analyze the relationship of brand equity to customer loyalty at Jokopi Surabaya coffee shop. Sampling method using accidental sampling. The respondents of the study amounted to 50 buyers of coffee products in Jokopi. The research data was processed using the SEM-PLS method using the help of Soft Ware WarpPLS 7.0. The results showed that brand equity was positively and significantly related to customer loyalty . This means that products from Jokopicoffee shop can attract consumers to always be loyal to buy products at Jokopi Surabaya coffee shop.

Keywords: Coffee Shop, Brand Equity, Customer Loyalty,

INTRODUCTION

Coffee shop business in the current era is increasingly widespread in the city of Surabaya. This is because coffee shops are a promising business. It can be proven by the large amount of consumer interest in buying their products (Dwiputra and Prabantoro, 2020). The number of coffee shop outlets in various places causes competition between outlets. Of course, this causes brand competition. Many coffee shops are competing to raise their brands to be known to many people.

Brand is an attribute that can provide value to a product. Many companies build their brands on a factual basis. The most important thing is to combine market segmentation with extensive knowledge to increase brand equity (Kusuma Putra et.,al, 2021).A good brand will certainly make the company look good among many people. Brands can be marked with logos, names, or images. Surely the company must make a logo, name, or image as attractive as possible so that customers are interested in the product.

Brand equity is a set of assets related to a brand, name, and symbol to increase the value of a product or service to a company or customer (Janghyeon, 2011). There are 4 indicators of brand equity, namely: 1.) Brand Awareness is a level of awareness from customers to recognize the brand as part of a product, 2.) Brand association is the ability to form strong perceptions as well as positive attitudes to buying, 3.) Quality perception is a perception from customers to the overall quality or quality of a product related to the expectations of its customers, 4.) Brand loyalty is a level of closeness, loyalty, or customer connection with a brand (Hasan, 2013).

Customer loyalty arises because of customer satisfaction with a particular brand which certainly meets the desired criteria and the customer will make purchases continuously. Customers can be said to be loyal if customers make purchases regularly and at least customers buy at least twice in a certain time interval(Anggraini and Budiarti, 2020).Customer loyalty is a strategy to keep customers from turning to other products. Customers can recommend products to friends and relatives.

Coffee shop Jokopi is one of the coffee shop in Surabaya which is certainly one of the coffee shop brands that has the uniqueness of drinking contemporary coffee. Jokopi arguably has a strategic place. Besides being able to be enjoyed directly on the spot, Jokopi products can also be ordered through online applications such as go food, grab food, and shopee food. Jokopi is already well-known among the people of Surabaya, but there are other brand competitors located in places adjacent to Jokopicoffee shop, of course, this causes the creation of brand competition. So it is necessary to analyze the relationship of brand equity to customer loyalty to find out whether customers are loyal or not to Jokopi Surabaya coffee shop.

RESEARCH OBJECTIVES

The purpose of this study was determined based on problems in the Jokopi coffee shop. The problem is brand competition between coffee shops located in places adjacent toJokopi coffee shop. Therefore, the purpose of this study is to analyze the relationship of brand equity to customer loyalty at Jokopi Surabaya coffee shop .

RESEARCH METHODS

This research was conducted at Jokopi coffee shop Surabaya Jl. Dinoyo No.83 B, Keputran, Tegalsari, Surabaya. Respondents in this study were Jokopi Surabaya coffee shop consumers amounted to 50 people. The sampling method uses accidental sampling. The accidental sampling method is a sampling technique based on chance, that is, anyone who happens to meet the researcher can be used as a sample with the criteria of having bought Jokopi products at least 2 times a month. According to (Hair*et al*, 2017), the number of samples used in SEM-PLS there is no identification problem or the model can still be estimated with a small sample size between 35 to 50.

This study used primary and secondary data. Data collection is carried out by observation techniques, interviews, questionnaires, and literature. Processing research data using the Structural Equation Model (SEM) method with the help of Soft Ware WarpPLS 7.0.WarpPLS can find "real" relationships between latent variables in SEM analysis. The steps of data processing with the SEM-PLS method are: 1) Conceptualization of the model, 2) Determining the Algorithm of the Analysis Method, 3) Determining the Sampling Method, 4) Drawing a Path Diagram, and 5) Model Evaluation.

RESULTS AND DISCUSSION

1. **Outer Model**
2. **Convergent Validity**

The convergent validity test can be seen through the value of the loading factor and the value of AVE. In the convergent validity test with reflective indicators assessed based on the loading factor with the loading factor value must be > 0.7 (Ghozali, 2014). The value of loading factors in all research indicators has met convergent validity. While the value of the AVE must be > 0.5, so this value represents valid convergent validity. (Ghozali, 2016). The following results of Average Variances Extracted (AVE) are presented in table 1.

Table 1. Average Variances Extracted (AVE) Value

Variable	AVE value	Information
Brand Equity (X)	0.666	Valid
Customer Loyalty (Y)	0.717	Valid

Source: WarpPLS 7.0 Processing Results

From table 1. Above get the result that the value of Average Variances Extracted (AVE) in the brand equity variable (X) is 0.666. On the customer loyalty variable of 0.717. This shows that the AVE value in this study is said to be valid or good because it is > 0.5.

Discriminant Validity

The discriminant validity test is known from the cross-loading value and the square root of AVE. The results of data analysis in this study show that all indicators meet the cross-loading criteria. And the square root of AVE is known by comparing the square root of AVE for each construct with the correlation between the construct and other constructs in the model. The model has sufficient discriminant validity if the square root of AVE in each construct is greater than the correlation between constructs and other constructs (Irwan, K. Adam, K et al, 2015). The following results of Average Variances Extracted (AVE) are presented in table 2.

Table 2. AVE Square Root Value

	X	Y
Brand Equity (X)	(0.816)	0.729
Customer Loyalty (Y)	0.729	(0.847)

Source :WarpPLS 7.0 Processing Results

From table 2 above, it is found that the square root value of AVE in the brand equity construct (X) is 0.816. The AVE square root value of the customer loyalty construct (Y) is 0.847. So that the square root of AVE in this study satisfies the validity of the discrimant.

Reliability   Test

Cronbach's alpha

Cronbach's alpha is a benchmark to explain the correlation or relationship between the scale made with all existing variable scales. Cronbach alpha is said to be reliable if the value is> 0.7 (Ghozali, 2015). The following results of Cronbach's alpha values are presented in table 3.

Table 3. Cronbach's Alpha

Variable	Cornbach's Alpha	Information
Brand Equity (X)	0.832	Reliable
Customer Loyalty (Y)	0.803	Reliable

Source :WarpPLS 7.0 Processing Results

From table 3 above, we get the result that the value of Cronbach's Alpha in the brand equity variable is 0.832. On the customer loyalty variable of 0.803. This shows that the value of Cronbach's Alpha in this study is said to be reliable or good because it is worth more than 0.7.

Composite reliability

Composite reliability is measuring the true reliability value of a construct. The value of composite reliability must have a value of >0.7 to be said to be reliable. The following results from Composite Reliability are presented in table 4.

Table 4. Composite Reliability

Variable	Composite Reliability	Information
Brand Equity (X)	0.889	Reliable
Customer Loyalty (Y)	0.884	Reliable

Source :WarpPLS 7.0 Processing Results

From table 4 above, we get the result that the resulting value of composite reliability in the brand equity variable is 0.889. On the customer loyalty variable of 0.884. This shows that the value of composite reliability in this study is said to be reliable or good because it is worth more than 0.7.

Inner Model

Coefficient of Determination (R^2)

The Coefficient of Determination (R^2) is to find out how much the influence of the exogenous variable affects the endogenous variable. It can also be interpreted as a value that indicates the size of the variance of the endogenous variable caused by all exogenous variables connected to it. The following is the result of the coefficient of determination (R^2) contained in table 5.

Table 5. Coefficient of determination (R^2)

Variable	R Square (R^2)	R Square Adjusted
Customer Loyalty	0.576	0.567

Source :WarpPLS 7.0 Processing Results

From table 5 it gets the result that the value of R Square (R^2) is 0.576 which means that 57.6% of customer loyalty variables can be explained by the variables contained in this study. The remaining 42.4% was explained by variables outside the study. And for the R Square Adjusted value is 0.567 it is said to be moderate (medium) because the adjusted value = 0.50.

III. Test the hypothesis

1. Path coefficient and p-value

The path coefficient is used to see the significance of the influence of each construct variable. If the value is in the range of 0 to 1 it is tested positive and if it is in the range of -1 to 0 it is declared negative (Ghozali, 2016). Here are the values of the path coefficient and p- value in table 6.

Table 6. Path coefficient and P-Value

	Path Coefficient	P-Value	Result
Brand Equity (X) to Customer Loyalty (Y)	0.759 (Positive)	< 0.001	Significant

Source :WarpPLS 7.0 Processing Results

From table 6, it can be found that brand equity is positively and significantly related to customer loyalty. The result of the path coefficient value is 0.759 so that it is positively related. Because the value is in the range between 0 to 1, and the p-value <0.001 which means the p-value <0.05.

2. T Test

The t-test is done by comparing the t-count value with the t-table. If t-count is greater than t-table then the hypothesis is accepted and vice versa. With the confidence level used, which is 95% so that the inaccurate limit (α) = 5% = 0.05 with a t-table value of 1.99 so that if the t-count value is smaller than the t-table value, H_0 is accepted and Ha is rejected. And if the value of t-count is greater than or equal to t-table, then H_0 is rejected and Ha is accepted (Irwan, K. Adam, K et al, 2015). The t test can be known through the value of T-ratios for path coefficients. The following results of the t-test are presented in table 7.

Table 7. T Test

	T- ratios for path coefficients	
Brand Equity (X) to Customer Loyalty (Y)	7.185	>1.99

Source :WarpPLS 7.0 Processing Results

From table 7 get the result that the value of the t test is 7.185> 1.99, it can be said that H_0 is rejected. So that the results of the hypothesis test in this study Ha are accepted and significant. Which means that brand equity is positively and significantly related to customer loyalty.

From the results of data analysis hypothesis testing obtained the results that brand equity is positively and significantly related to customer loyalty, because the results of the path coefficient value of 0.759 are positive because they are valued in the range between 0 to 1, with a p-value of <0.001 which means a p-value of <0.05, and a t-test value of 7.185 > 1.99. So that the results of the hypothesis test are accepted and significant. This means that products from Jokopicoffee shop can attract consumers to always be loyal to buy products atJokopi Surabaya coffee shop. The results of this study are supported by statements (Radansyah, Indriasari Wagini, 2021) in the results dan of their research, namely that brand equity is positively and significantly related to customer loyalty. This means that customer loyalty can be achieved through increased brand equity.

CONCLUSION

Based on the results of the study, it can be concluded that brand equity is positively and significantly related to customer loyalty at Jokopi Surabaya coffee shop, because the p-value (< 0.001) < 0.05 and the t-test value of 7.185 > 1.99, it can be said that H_0 is rejected. So that Ha is accepted and significant which means it is positively and significantly related to customer loyalty. So it can be concluded that Jokopi coffee shop can attract consumers to always be loyal to buy products at Jokopi Surabayacoffee shop.

REFERENCES

1. Ali, Hasan. (2013). Marketing dan Kasus-KasusPilihan. Yogyakarta: CAPS (CenterFor Academic Publishing Service).
2. Anggraini, F. danBudiarti, A. (2020) 'Pengaruh Harga, Promosi, dan Kualitas Pelayanan Terhadap Loyalitas Pelanggan Dimediasi Kepuasan Pelanggan Pada Konsumen Gojek', *Jurnal Pendidikan Ekonomi (JUPE)* , 8(3), pp. 86–94. doi:10.26740/jupe.v8n3.p86-94.
3. Dwiputra, J. and Prabantoro, G. (2020).'*Pengaruh Kualitas Produk, Harga Dan Promosi Terhadap Kepuasan Konsumen (Studi Kasus Di Coffeeography Salemba)* 1st', Sekolah Tinggi Ilmu Ekonomi Indonesia.
4. Ghozali, Imam. (2014). *Structural Equation Modeling, Metode Alternatifdengan Partial Least Square (PLS)*. Edisi 4. Semarang :Badan Penerbit Universitas Diponegoro.
5. _____ (2015). Konsep, Teknik, Aplikasi Menggunakan Smart PLS 3.0 Untuk Penelitian Empiris. BP Undip.Semarang.

6. _____ (2016) Aplikasi Analisis Multivariete Dengan Program IBM SPSS 23. Edisi 8. Semarang: Badan Penerbit Universitas Diponegoro.

7. Hair, J., Hult, G., Ringle, C., &; Sarstedt, M. (2017). "*A Primer On Partial Least Squares Structural Equation Modeling (PLS-SEM)*". America: SAGE Publication, Inc.

8. Irwan, K. Adam, K et al. (2015). Metode Partial Least Square (PLS) Dan Terapannya (Studi Kasus: Analisis Kepuasan Pelangganterhadap Layanan PDAM Unit Camming Kab. Bone). Makassar: Jurnal Teknosains.

9. Janghyeon Nam Kyungnam., Yuksel Ekinci., and Georgina Whyatt, 2011. *Brand equity and brand loyalty and Consumer Satisfaction.* Journal Annals of Tourism Research. 38(3): 1009–1030.

10. Kusuma Putra, A.H.P. *et al.* (2021) 'Configure the Symmetrical and Asymmetrical Paths of Brand Equity and Relationship of Firm Created Content and User Generated Content as Antecedent', *Jurnal Manajemen Bisnis*, 8(1), pp. 90–103. doi:10.33096/jmb.v1i1.704.

11. Radansyah, S., Indriasari, N. danWagini, W. (2021) 'Hubungan Ekuitas Merek (Brand Equity) Dengan Loyalitas Pelanggan Pada Pt. Enseval Putera Megatrading Tbk Cabang Bengkulu', *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomidan Bisnis*, 9(1), pp. 39–49.