

The Influence of Brand Equity Towards Consumer Purchase Decision of Starbucks (Case Study: Gen Z Starbucks Customer In Bandung)

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Abstract

One of the regular competitors for coffee shop owners is a coffee shop that has been around for a long time, namely Starbucks. This study aims to determine partially or simultaneously the effect of brand equity consisting of brand awareness, perceived quality, brand associations, and brand loyalty on purchase intention, and to determine how much influence brand equity has on purchase intention at Starbucks coffee in Bandung city. Quantitative method used in this research. Purposive sampling was used in addition to non-probability sampling. Data collection in this study was carried out by distributing online questionnaires which were then filled out by respondents, and using theory and data from books and journals. 200 responses from Bandung are required to complete this survey. This study used the PLS-SEM data analysis. The research findings indicate that Brand Awareness, Brand Quality, and Brand Loyalty have an influence on Purchase Decisions. Therefore, it is recommended to maintain the Brand Equity held by Starbucks.

Keywords: Brand equity, Consumer purchase decision, Starbucks.

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1. Introduction

Starbucks has become an environment that deserves to be called the most crowded coffee place because of its existence which makes a paradigm in society regarding the relationship between coffee and coffee shops. Based on data from Databoks in figure 1.2, it shows that the existence of a Starbucks coffee shop in Indonesia is undeniably ranked number 7 with the most Starbucks outlets in the world with 478 outlets in 2021. (Katadata, 2021)

Top brand awards become one of the platforms for assessment, and Top brands also focus on coffee places that the wider Indonesian community likes to visit. The three parameters are: Mind Share, Market Share & Commitment Share (Top Brand Award, 2019). Top brands conducted a survey of the coffee shops that most popped up in the community, including Starbucks, Coffee Bean, Excelso and many more categories that were chosen from both online and offline terms. After a survey conducted by Top brands, Starbucks became the favorite or winner of the Top brand survey with 49.2% voting for Starbucks, 10.3% for Coffee Bean, and 7.5% for Excelso. Based on data from Top brand index that Top Brand Awards conducted in figure 1.4, it shows Starbucks superior to 2 other competitors and become number 1 in the Top brand index category for the second quarter in 2022. (Top Brand Award, 2022)

The phenomenon of the rise of coffee shops also occurs in Bandung. Most of the coffee shops serve imported coffees at exorbitant prices. Even though historically, Bandung can be said to be one of the important areas of origin of coffee in Indonesia. In a short period of time, cafes have sprung up that serve coffee menus that are more accessible to all walks of life, Bandung has the advantage in building a culture and lifestyle of drinking coffee.

Starbucks is a coffee shop from the United States that opened its first outlet in Seattle, United States in 1971. And since then they have continued to grow and expand to 8,000 outlets worldwide. Until now the development of coffee shops continues to occur in all parts of the world. In Indonesia itself, there are many independent coffee shops that serve coffee and build their shops with different concepts. (www.biography.com). Starbucks business began to

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slow down globally. This condition is reflected in the retailer's sales growth worldwide. Based on the performance report published on Thursday (25/1/2018), Starbucks sales growth was only two percent per the last quarter of 2017.

The author conducted an interview with a Supervisor from Starbucks, likely someone in a managerial or leadership role. During this interview, the Supervisor shared insights, observations, and experiences related to Starbucks' overall performance. This information could include aspects like customer trends, operational challenges, customer feedback, and changes in customer behavior. The phenomenon of "lowering performance overall" refers to a decline or reduction in Starbucks' overall performance indicators. This could encompass various aspects, such as decreased sales, lower foot traffic, declining customer satisfaction, reduced brand loyalty, or other relevant metrics that reflect a decline in the company's performance. The phenomenon of lowering overall performance could directly influence the purchasing decisions of Generation Z customers in Bandung. Generation Z, as a digitally native and socially conscious demographic, often seeks authentic and unique experiences. If Starbucks' performance is declining, it might affect how Generation Z perceives the brand and its offerings further research might involve analyzing Generation Z customers' perceptions, preferences, and behaviors directly ties into the purchasing decisions of Generation Z customers in Bandung.

Purchasing decisions are an important thing to pay attention to because this will certainly be a consideration of how a marketing strategy will be carried out by the company in the future. The company's success in influencing consumers in purchasing decisions is strongly supported through efforts to build communication with consumers by building brands to consumers with marketing strategies, as well as innovating for new variants of a product. Consumer purchasing decisions affect a decrease in sales volume as stated by (Arli & Tjiptono, 2014) which states that a decreased sales volume is indicated by a low consumer purchasing decision.

In recent times, Starbucks, a prominent coffeehouse chain, has experienced a noticeable decline in its overall performance within the Bandung market. Simultaneously, there has been a concerning trend of decreasing purchase engagement among Generation Z customers at Starbucks outlets in Bandung. This apparent convergence of declining brand performance and reduced purchase behavior among this specific demographic signals a critical gap in understanding the factors that have led to this decline and their impact on the purchasing decisions of Generation Z customers. By exploring the variables contributing to this gap and

So based on the phenomenon above, the authors are interested in conducting research on Starbucks consumers in the city of Bandung with the title *The Influence of Brand Equity Towards Starbucks Consumer Purchase Decisions (Case Study: Starbucks Gen Z Customers in Bandung)*.

2. Literature Review

2.1. Brand Equity

Brand equity, according to (Armstrong & Kotler, 2014), is a unique impact that the brand name has on consumer reactions to products and marketing. The capacity of a brand to engender consumer preference and loyalty is also considered when evaluating brand equity. Brand equity, according to (Kotler & Keller, 2016), is the extra value that consumers receive from goods or services, which influences their attitudes toward brands in terms of pricing, market share, and profitability.

2.2. Brand association

According to David A Aker in (Rangkuti, 2002) brand association is consumer memory of a brand (brand). Dependence on a brand is based on the experience and knowledge that consumers experience. Brand image arises because of the existence of a brand association.

2.3. Brand awareness

Brand awareness is the ability of prospective customers (buyers) to recognize a brand as part of a certain product category (Rangkuti, 2002). The role of brand awareness in brand equity depends on the level of achievement of brand awareness in the minds of the public.

2.4. Perceived quality (brand quality)

The definition of perceived quality according to David Aker in (Rangkuti, 2002), namely customer responses with the aim of building a brand image regarding the quality of products and services. Perceived quality is used to determine the reasons for consuming products and services, product position, optimum cost (premium price), distribution channels, and brand extension (Rangkuti, 2002).

2.5. Brand loyalty

Described by (Rangkuti, 2002) the definition of brand loyalty is the level of consumer loyalty to a brand. The central idea in brand equity is brand loyalty. Author's study examines the individual components of brand equity-brand associations, awareness, quality, and loyalty-highlighting their potential influence on purchase decisions. This exploration provides valuable insights into which aspects of brand equity might be more critical in the context of Starbucks' challenges. research's novelty lies in its tailored examination of how brand equity components impact the purchasing decisions of Generation Z customers in Bandung.

Hypotehesis:

H1: Brand Association (BA) has effect on Consumer Purchase Decision (PD) of Starbucks

H2: Brand Awareness (BW) has effect on Consumer Purchase Decision (PD) of Starbucks

H3: Brand Quality (BQ) has effect on Consumer Purchase Decision (PD) of Starbucks

H4: Brand Loyalty (BL) has effect on Consumer Purchase Decision (PD) of Starbucks.

3. Research Method and Materials

This research used a quantitative method for the research type because quantitative research methods are research methods that try to make accurate measurements of behavior, knowledge, opinions, or attitudes (Kennedy et al., 2011). This study has a research objective, namely causal research. Causal research is defined as the study of the causes and effects of various variables (Sekaran & Bougie, 2016). According to the study design, there are three sorts of investigations: causal research, correlational research, and comparative or group differences research (Indrawati, 2015). In this research there are four independent variables namely Brand Association (BA), Brand Awareness (BW), Brand Quality (BQ), and Brand Loyalty (BL). The dependent variable of this research is Purchase Decision (PD). The interval scale is being used in this study. Interval scales feature both nominal and ordinal qualities, but they also record information regarding changes in quantity of a concept from one observation to the (Zikmund, Babin, Carr, & Griffin, 2013). The sampling technique used in this study is using a non-probability sampling technique. Non-probability sampling is a sampling approach in which individuals of the population either do not have an equal possibility of being chosen as a sample or it is unknown if they do have an equal chance (Indrawati, 2015).

4. Results and Discussion

4.1. Demographical Analysis

- The majority of Starbucks customers surveyed were female, accounting for 57% of the total, while males constituted 43% of the respondents
- The age group that stood out the most was individuals between 26 and 30 years old, making up the largest segment at 24.25%. Close behind were respondents aged 31 to 35 years, accounting for 24.42% of the total.
- All of the respondents has domicile in Bandung, that Majority (51.5%) in Bandung city itself, and 48.5% in Greater Bandung (Bandung Regency, West Bandung Regency, and Cimahi) area.
- All (100%) of the respondents was purchasing Starbucks, so they meet the validation requirement
- The most visited Starbucks outlet at is Buah Batu at 17%, and "Surya Sumantri" and "Ciwalk" tied for being the second most frequently visited, both having 14.5% among the surveyed customers.
- The majority of the respondent spends Rp.100.000 – Rp. 125.000 per purchase in Starbucks.

- 1-2 times has 25.0% of the respondents, 2-4 times of the 22.5%, 5-10 times has 27.5%, and the
- 10-15 times of 25.0%. thus, there is majority of respondents that visit Starbucks for 5-10 times a month.

4.2. Descriptive Analysis

The interval of percentage of this research can be split into five-part interval, as such:

1. 20% - 36% - very low
2. 36% - 52% - low
3. 52% - 68% - moderate
4. 68% - 84% - high
5. 84% - 100% - very high

Table 1. Descriptive analysis of Brand Association

	STS(1)	TS(2)	N(3)	S(4)	SS(5)	Total item	skor absolut	persentase
BA1	2	12	24	88	74	820	1000	82.00%
BA2	2	17	16	79	86	830	1000	83.00%
BA3	1	25	17	77	80	810	1000	81.00%
BA4	4	22	14	77	83	813	1000	81.30%
	9	76	71	321	323	3273	4000	81.83%

Based on the distribution of the frequency of the Brand Association, it can be found that the total score is 3273 and the Absolute score is 4000, that has the percentage of 81.83%, It can be concluded that Brand Association variable is in the “High” Interval.

Table 2. Descriptive analysis of Brand awareness

	STS(1)	TS(2)	N(3)	S(4)	SS(5)	Total item	skor absolut	persentase
BW1	2	17	16	83	82	826	1000	82.60%
BW2	3	21	16	75	85	818	1000	81.80%
BW3	4	16	16	91	73	813	1000	81.30%
BW4	1	11	23	87	78	830	1000	83.00%
	10	65	71	336	318	3287	4000	82.18%

Based on the distribution of the frequency of the Brand Awareness, it can be found that the total score is 3287 and the Absolute score is 4000, that has the percentage of 82.18%, It can be concluded that Brand Awareness variable is in the “High” Interval.

Table 3. Descriptive analysis of Brand quality

	STS(1)	TS(2)	N(3)	S(4)	SS(5)	Total item	skor absolut	persentase
BQ1	1	21	16	71	91	830	1000	83.00%
BQ2	0	24	16	82	78	814	1000	81.40%
BQ3	1	14	21	71	93	841	1000	84.10%
BQ4	1	24	15	82	78	812	1000	81.20%
	3	83	68	306	340	3297	4000	82.43%

Based on the distribution of the frequency of the Brand Quality, it can be found that the total score is 3297 and the Absolute score is 4000, that has the percentage of 82.43%, It can be concluded that Brand quality variable is in the “High” Interval.

Table 4. Descriptive analysis of Brand Loyalty

	STS(1)	TS(2)	N(3)	S(4)	SS(5)	Total item	skor absolut	persentase
BL1	2	16	20	78	84	826	1000	82.60%
BL2	2	17	20	80	81	821	1000	82.10%
BL3	2	17	22	80	79	817	1000	81.70%
BL4	2	16	22	73	87	827	1000	82.70%
	8	66	84	311	331	3291	4000	82.28%

Based on the distribution of the frequency of the Brand Loyalty, it can be found that the total score is 3291 and the Absolute score is 4000, that has the percentage of 82.28%, It can be concluded that Brand Loyalty variable is in the “High” Interval.

Table 5. Descriptive analysis of Purchase Decisions

	STS(1)	TS(2)	N(3)	S(4)	SS(5)	Total item	skor absolut	persentase
PD1	0	29	14	64	93	821	1000	82.10%
PD2	1	21	17	89	72	810	1000	81.00%
PD3	4	19	20	80	77	807	1000	80.70%
PD4	3	19	24	67	87	816	1000	81.60%
	8	88	75	300	329	3254	4000	81.35%

Based on the distribution of the frequency of the Purchase Decisions, it can be found that the total score is 3254 and the Absolute score is 4000, that has the percentage of 81.35%, It can be concluded that Purchase Decisions variable is in the “High” Interval.

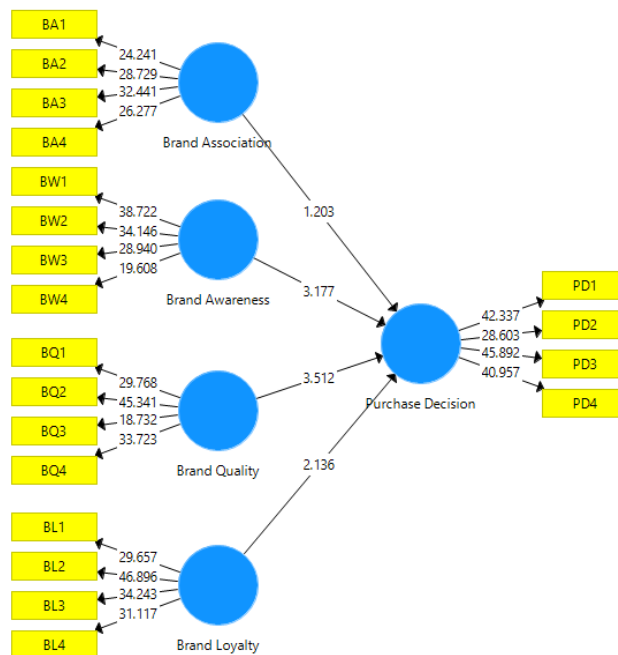


Figure 1. Research SEM Model

4.3. Assessment of The Measurement Model (Outer model)

The measuring model assessment, also known as the outer model test, is based on the concept of evaluating indicators to latent variables or assessing how well the items describe the hidden variables (Indrawati et al., 2017). Convergent validity, discriminant validity, and reliability are performed to analyze the outer model.

4.4. Convergent Validity

Validity indicates whether the observed indicators accurately measure the latent constructs. Common validity tests include Convergent Validity (checking if indicators converge on the same construct) and Discriminant Validity (ensuring that different constructs are distinct from each other). Convergent validity is the ability to quantify the degree to which an item or set of items is right in relation to the variable being measured. The Factor Loading (FL) value is used to evaluate convergent validity. Additionally, it may utilize the Average Variance Extracted (AVE) to determine convergent validity, where the AVE value must be greater than 0.5.

Table 6. Convergent Validity

	Brand Association	Brand Awareness	Brand Loyalty	Brand Quality	Purchase Decision
BA1	0.806				
BA2	0.840				
BA3	0.835				
BA4	0.814				
BL1			0.839		
BL2			0.861		
BL3			0.838		
BL4			0.835		
BQ1				0.833	
BQ2				0.863	
BQ3				0.774	
BQ4				0.817	
BW1		0.835			
BW2		0.851			
BW3		0.814			
BW4		0.779			
PD1					0.849
PD2					0.832
PD3					0.873
PD4					0.873

The Factor loading show the strength of the relationships between observed indicators and latent constructs. Higher loadings indicate a better connection. The minimal amount is 0.500, and it shows that it was grouped among the groups tested. It means that from the convergent validity, all item was valid.

The AVE shows that it was bigger that 0.500. it means also that from the convergent validity, all item was valid.

Discriminant Validity

4.5. Discriminant Validity

Discriminant variables are used to determine how much the items used to measure a variable differ from the items used to measure other variables, as well as if the items used to evaluate a variable measure other variables that are not

meant to be examined. There are requirements for discriminant validity, one of which is that cross loading with latent variables must be larger than the correlation with other latent variables (Indrawati et al., 2017).

Table 7. AVE

Average Variance Extracted (AVE)	
Brand Association	0.678
Brand Awareness	0.673
Brand Loyalty	0.711
Brand Quality	0.676
Purchase Decision	0.734

Table 8. Discriminant Validity

	Brand Association	Brand Awareness	Brand Loyalty	Brand Quality	Purchase Decision
Brand Association	0.824				
Brand Awareness	0.849	0.820			
Brand Loyalty	0.842	0.854	0.843		
Brand Quality	0.862	0.852	0.863	0.822	
Purchase Decision	0.824	0.845	0.843	0.860	0.857

There is no overlaps among the variables, thus, it can be concluded that the discriminant validity is quite valid.

4.6. Reliability

Reliability, also known as internal consistency reliability, measures the degree to which the indicator variable increases in proportion to the growth of the hidden variable. Reliability has criteria such as good Cronbach's Alpha (CA) and Composite Reliability (CR) where the value is ≥ 0.70 for more advanced research CA and CR where the value is ≥ 0.80 (Indrawati et al., 2017).

Table 9. Reliability

	Cronbach's Alpha	Composite Reliability
Brand Association	0.842	0.894
Brand Awareness	0.838	0.891
Brand Loyalty	0.865	0.908
Brand Quality	0.840	0.893
Purchase Decision	0.879	0.917

On Cronbach's Alpha, every variable had value is ≥ 0.70 , so it can be concluded that was reliable. Also, on Composite Reliability (CR) where the value is ≥ 0.70 so it can be concluded that was reliable. This result shows that the variables is valid.

4.7. Assessment of The Structural Model (Inner Model)

The inner model examines the relationships between latent constructs themselves. It aims to validate the proposed structural relationships and their significance. The structural model assessment, also referred to as inner model measurement, is used to determine the influence of one latent variable on the effect of other latent variables.

Two outputs are generated by the inner model: endogenous latent variables and parameter coefficients, as well as t-statistics whereas, the criteria for endogenous latent variables, the results of R^2 are 0.67; 0.33; and 0.19 identified that the model was "good"; "moderate"; and "weak", while the parameter coefficients and t-statistics are significant,

the estimated value for the path connection in the structural model must be substantial as determined by the bootstrapping technique (Indrawati et al., 2017).

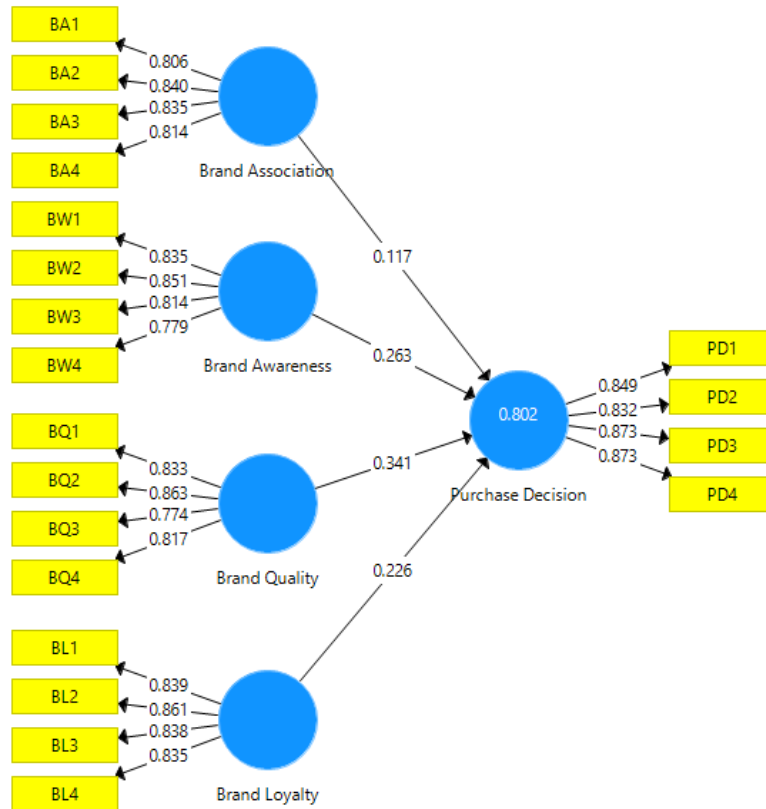


Figure 2. Outer Model

Table 10. R square

	R Square	R Square Adjusted
Purchase Decision	0.802	0.798

Based on the R square adjusted of 0.796, it can be found that the result shows that the model was “good” as it exceeds 0.67 cutoff point.

4.8. Hypothesis Testing

In this study, hypotheses were tested by examining the significance of the parameters and the degree of the relationship between the related variables. Each parameter estimate in smartPLS contains three valuable pieces of information: the regression coefficient, the P-value, and the T-value. From the hypothesis, can be formed statistical hypothesis with the 95% confidence level:

- H-1: Brand Association (BA) has no effect on Consumer Purchase Decision (PD) of Starbucks
- H1: Brand Association (BA) has effect on Consumer Purchase Decision (PD) of Starbucks
- H02: Brand Awareness (BW) has no effect on Consumer Purchase Decision (PD) of Starbucks
- H2: Brand Awareness (BW) has effect on Consumer Purchase Decision (PD) of Starbucks
- H03: Brand Quality (BQ) has noeffect on Consumer Purchase Decision (PD) of Starbucks
- H3: Brand Quality (BQ) has effect on Consumer Purchase Decision (PD) of Starbucks
- H04: Brand Loyalty (BL) has no effect on Consumer Purchase Decision (PD) of Starbucks.
- H4: Brand Loyalty (BL) has effect on Consumer Purchase Decision (PD) of Starbucks.

Table 11. Hypotehesis testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Brand Association -> Purchase Decision	0.117	0.123	0.088	1.320	0.188
Brand Awareness -> Purchase Decision	0.263	0.261	0.080	3.281	0.001
Brand Quality -> Purchase Decision	0.341	0.337	0.095	3.606	0.000
Brand Loyalty -> Purchase Decision	0.226	0.227	0.098	2.306	0.022

From the former table, it can be concluded that:

On the first hypotehesis, it is found the p-value of 0.188 (>0.05) and t-value of 1.320 (<1.65). Thus, the Null hypotehesis is accepted, and Alternative hypothesis rejected. It means that Brand Association (BA) has no effect on Consumer Purchase Decision (PD) of Starbucks. On the second hypotehesis, it is found the p-value of 0.001 (<0.05) and t-value of 3.281 (<1.65). Thus, the Null hypotehesis is rejected, and Alternative hypothesis accepted. It means that Brand Awareness (BW) has effect on Consumer Purchase Decision (PD) of Starbucks. On the third hypotehesis, it is found the p-value of 0.000 (<0.05) and t-value of 3.606 (<1.65). Thus, the Null hypotehesis is rejected, and Alternative hypothesis accepted. It means that Brand Quality (BQ) has effect on Consumer Purchase Decision (PD) of Starbucks. On the fourth hypotehesis, it is found the p-value of 0.022 (<0.05) and t-value of 2.306 (<1.65). Thus, the Null hypotehesis is rejected, and Alternative hypothesis accepted. It means that Brand Loyalty (BL) has effect on Consumer Purchase Decision (PD) of Starbucks.

5. Conclusion

On the first hypotehesis, the Null hypotehesis is accepted, and Alternative hypothesis rejected. It means that Brand Association (BA) has no effect on Consumer Purchase Decision (PD) of Starbucks. On the second hypotehesis, the Null hypotehesis is rejected, and Alternative hypothesis accepted. It means that Brand Awareness (BW) has effect on Consumer Purchase Decision (PD) of Starbucks. On the third hypotehesis, the Null hypotehesis is rejected, and Alternative hypothesis accepted. It means that Brand Quality (BQ) has effect on Consumer Purchase Decision (PD) of Starbucks. On the fourth hypotehesis, the Null hypotehesis is rejected, and Alternative hypothesis accepted. It means that Brand Loyalty (BL) has effect on Consumer Purchase Decision (PD) of Starbucks.

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