

# DETERMINAN BRAND LOYALTY

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**Abstract:** The purpose of this study is to analyze the influence of brand awareness and brand associations on brand loyalty. The population of this research is Population in this research is a consumer who shops at hypermarket existing Malang City, which is Carrefour, Giant, and Matahari with sample counted 50 responders. Data analysis in this research used multiple regression. The results show that brand awareness and brand associations affect brand loyalty. In order to increase customer to loyal to hypermarket then management needs to increase awareness and brand association by way of self-expression through promotion and event marketing activity, to create an emotional bond with a brand

**Keywords:** brand awareness, brand associations, brand loyalty.

The passion of modern retail business consisting of minimarkets, supermarkets, and hypermarkets is growing rapidly. In line with its development in the last 6 years modern retail especially with hypermarket type in Indonesia really unstoppable, this retail format developed so rapidly, not only in Jakarta and its surroundings (Jabotabek), along with it also penetrated to all provincial capitals in the island Java, Bali, several provinces in Sumatra, some provinces in Kalimantan and some provinces of Sulawesi, but also began to explore some district capitals considered strategic in this business developer. This hypermarket retail business is not only in demand from domestic but also from abroad as well as hypermart

Matahari group from Indonesia, Giant from Malaysia and Carrefour from France. Their reason is that the market potential in Indonesia is very large. Hypermarket has also demonstrated its dominance in a modern market even in 2009 and this modern retail type is estimated to have mastered 38.5% of total modern retail.

The development of this hypermarket can already be felt in Malang City when the establishment of Alfa retailing commenced in 2000 which was then acquired by Carrefour, the operation of Matahari hypermart in 2007 and then Giant in 2009 became there are 3 hypermarkets operating in Malang City. The development of this hypermarket because of poor who have a better economic condition from year to year, with a population close to 856,116 people with family reach 254,563 with a population with expenditure bigger than Rp. 500,000 reached almost 39.7% which is supported by good economic growth seen with regional minimum wage around Rp. 759,026 for the unmarried, with good infrastructure after it is supported by the development of Malang City as a student city as evidenced by the development of many universities so that many novice consumers who have a high level of interest in something new cause Malang City as land



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new for hypermarket to spread wings and reap high profits.

The tight business competition makes hypermarkets strive to maintain their market share from competing rivals, both among modern market competitors. To maintain this market share, hypermarket must strengthen its brand equity. According to Kotler (2002), brands are names, terms, signs, symbols, designs, or combinations of them, intended to identify the goods or services of a seller or group and to distinguish them from competing products. Meanwhile, according to Payne (2000), the company's brand will be the key differentiator and the customer choice is increasingly less dependent on evaluating the functional benefits of a product or service and more dependent on the company's and the company's corporate assessment. While the definition of the brand according to Aaker (1997) is a name or symbol that is distinguishing with the intention of identifying goods or services from a seller or a group of sellers in particular.

the reason for the importance of managing and developing a brand is more meaningful brand than a product. The product only explains the following physical attributes of its dimensions so that it is nothing more than a commodity that can be exchanged, while the brand can explain the emotions and relationships specifically to its customers. This can happen because the brand contains tangible values such as emotions, beliefs, expectations, and terms of customer perceptions (Rangkuti, 2004). The brand name is one of the product strategy issues. The brand is actually a promise of the company to consistently provide special features and services to buyers of these brands or provide quality assurance. The brand is not just a symbol (Kotler, 2002). The brand can be a strong equity or capital for the company. It would be better for the company if they develop more brand equity than just developing product attributes only. Products or services that have stronger brand equity will attract more customers. Brand loyalty is the core of brand equity which is the central idea in marketing because it is a measure of a customer's connection to a brand. When loyalty increases, the vulnerability of customer groups from competitors' attacks can be reduced (Rangkuti, 2004). Consumers who assume that a particular

brand is physically different from a competitor's brand, then the image will continue to stick to the minds of consumers so as to form loyalty to a particular brand, this is called brand loyalty.

Consumers have a high loyalty to brand in The influence of by brand awareness or brand awareness that shows the ability of a prospective buyer to recognize or recall that the brand is part of a particular brand category. Brand awareness is the ability of consumers to remember a brand and that makes it different when compared with other brands will affect brand loyalty. This is evidenced by Gil, et al. (2007), who found evidence that brand awareness effects on brand loyalty, as well as Subhani and Amber (2009), found evidence that perceptions to brands reinforce the influence of brand awareness to brand loyalty. However, Kayaman and Huseyin (2007), found evidence that brand awareness does not effect on brand loyalty. In addition to brand awareness, consumer loyalty to the brand is determined by brand associations. Brand associations are all about a memory of the brand. The association not only exists but also has a degree of strength. The linkage to a brand will be stronger if it is based on many experiences or visions to communicate it. Various associations that consumers remember can be assembled to form an image of the brand or brand image in the minds of consumers. Gil, et al. (2007) and Alexandris, K. et al. (2008) found evidence that brand associations effect on brand loyalty. Several previous studies have found inconsistent results, meaning there is still a research gap, so it is interesting to do empirical studies on the role of brand awareness and brand associations in shaping brand loyalty by hypermarket customers.

## **LITERATURE REVIEW**

### **Brand**

The brand is a label that contains meaning and association and is a mirror of the promise made by the producer to the consumer for the quality of the product or service that has been produced. Great brands can work more that can give the color and vibration of the product or service produced. And the characteristics of a brand can be said to be great is how many people are faithful and still choose the

brand. According to Kotler (2002), the notion of a brand is the name, term, sign, symbol, design, or combination of such matters, intended to identify the goods or services of a seller or group and to distinguish them from competitors' products. The brand differentiates a company's product or service from its rival product. The brand can make sure buyers will get the same quality of goods/service if they repurchase the product. For sellers, a brand is something that can be advertised and will be recognized by consumers when it is placed in store windows. In addition, the brand also helps the seller to control the market because the buyer does not want to be confused by the product of goods/services that one with the products of other goods/services.

### Brand Equity

Brand equity is a set of assets and liabilities associated with a brand, its name, and its symbols, adding and subtracting value provided by a good or service to a company or its customers (Rangkuti, 2004). According to Aaker (1997), brand equity is a set of brand assets and liabilities associated with a brand, name, and symbol, which add or subtract the value provided by a good or service to the company or its customers. Kotler and Keller (2006) define brand equity as the added value given to products and services. This value can be reflected in the form of a consumer's way of thinking, feeling, and acting to the company's brand, price, market share, and profitability. Knapp (2001) defines brand equity as the totality of brand perceptions, encompassing the relative quality of products and services, financial performance, customer loyalty, satisfaction and overall rewards to brands. According to Kotler and Keller (2006), customer-based brand equity can be defined as the difference in the impact of brand knowledge on consumer responses on the brand. A brand can be said to have positive customer-based brand equity if the consumer reacts more fun to a particular product. On the other hand, a brand can be said to have negative customer-based brand equity when consumers react less favorably to brand marketing activities in the same situation. A brand

can have a strong position and become capital or equity for a company if it meets the elements or elements that include brand loyalty, brand awareness, and brand associations.

### HYPOTHESES DEVELOPMENT

The dimension of brand equity can be perceived either by consumers who enjoy it. Gil, et al. (2007), who found evidence that brand awareness effects on brand loyalty, as well as Subhani and Amber (2009), found evidence that perceptions to brands reinforce the influence of brand awareness to brand loyalty. Based on the results of empirical studies hence this research hypothesis stated as follows:

H1: Brand awareness directly have a significant effect on brand loyalty

Gil, et al. (2007) and Alexandris, K., et al. (2008) proves that brand associations effect on brand loyalty. Based on the results of empirical studies hence this research hypothesis stated as follows:

H2: Brand associations directly have a significant effect on brand loyalty.

### RESEARCH METHODS

In accordance with the subject matter and research objectives, this research uses the pattern of explanation (level of explanation). Explanation research (level of explanation) is a research that intends to describe the relationship pattern or The influence of between two variables or more, the pattern of the relationship can be symmetrical, causal and reciprocal (Sugiyono, 2004). Patterns The influence of which will be revealed in this research is The influence of brand awareness and brand associations to brand loyalty.

The population in this study are consumers who shop at the existing hypermarket Malang City, that is, Carrefour, Giant and Matahari hypermart and because the population cannot be known exactly, then the sample size is determined by multiplying 25 with variable independent, this refers to the opinion expressed by Ferdinand (2006) that is multivariate research (including using multivariate regression analysis) the size of the sample is determined as

much as 25 times the independent variable. Based on these provisions, the sample size used is  $2 \times 25 = 50$  respondents. Once determined the number of samples to be used as respondents, then the determination of respondents based on accidental sampling technique (sampling based on convenience). In this technique, the sample respondents were the customers encountered while shopping at Carrefour, Giant, and Hypermart Matahari Malang City.

The operational definition of a variable is a research element that tells how to measure a variable that contains an indicator that allows the researcher to collect relevant data for that variable. The variables in the study are:

### **Brand Awareness ( $X_1$ )**

Brand Awareness is the ability of the customer to remember and recognize a brand that is reflected in the customer's ability to identify the brand under different conditions (Chen, et al., 2008). Brand awareness is measured using four indicators that are Level of interest, Favorite level, Pride, and Trust on the product.

### **Brand Associations ( $X_2$ )**

Brand Associations are all things related to the memory of the brand (Aaker in Rangkuti, 2004). Meanwhile, according to Kotler and Keller in Chen, et al. (2008), Brand Association consists of all thoughts related to the brand, feelings, perceptions, images, experiences, beliefs, attitudes. Brand associations are measured using five indicators that are strategic locations, various payment methods, Leisure situation/atmosphere, Service performed, and Variations of products offered.

### **Brand Loyalty (Y)**

According to Chen, et al. (2008), brand loyalty describes the level of loyalty with the ability to repurchase a product consistently in the future. Brand loyalty is measured using five indicators that is the best Choice for shopping, Loyalty to hypermarket, Desire to always shop at the hypermarket, Order of shopping option in hypermarket, and Have a character with visitors served quickly.

### **Data Analysis Method**

This method is used to see the influence of brand awareness and brand associations to brand loyalty. Equation model in this research are:

$$Y = b_1X_1 + b_2X_2$$

Source: Sugiyono (2006)

Information:

Y = brand loyalty

b = Standardized Coefficient Beta

X1 = brand awareness

X2 = brand associations

### **Hypothesis testing**

Hypothesis testing to test the influence of brand awareness and brand associations to brand loyalty. This hypothesis was tested based on t-value analysis, resulting from multiple regression models. The two hypothetical formula mathematically is as follows:

$H_0$ :  $\beta = 0$ , means brand awareness and brand associations have no significant effect on brand loyalty and  $i = 1, 2$

$H_a$ :  $\beta \neq 0$ , means brand awareness and brand associations have a significant influence on brand loyalty and  $i = 1, 2$

With a level of significance  $\alpha = 5\%$  and with a degree of freedom (k) and (n-k) where n is the number of observations and k is the independent variable. Then the value of t-arithmetic formulated as follows:

$$t_{\text{count}} = \frac{\beta_i}{S_e\beta_i}$$

Source: Sugiyono (2006)

Information:

$\beta_i$  = regression coefficient

$S_e\beta_i$  = Standard error regression coefficients

With a level of significance  $\alpha = 5\%$ , then if  $t\text{-count} > t\text{-table}$  then  $H_0$  rejected and  $H_a$  accepted or if the value of probability (Sig.)  $t < 5\%$  then  $H_0$  rejected and  $H_a$  accepted.

## RESULTS

Multiple regression analysis methods are used to see whether there is an influence of variable brand awareness and brand associations to brand loyalty. The results of multiple linear regression analysis were performed with Statistical Package for Social Science (SPSS) 17.0 for windows, as shown in Table 1 below:

Based on Table 1 it can be explained that the value of  $t$  arithmetic for the variable brand awareness (X1) is 2.521 with a probability of 0.015 is smaller than the statistical significance  $\alpha = 5\%$ , so it refuses  $H_0$  which means that brand awareness has a positive and significant impact to brand loyalty.

The value of  $t$  arithmetic for the variable brand associations (X2) is 6.831 with a probability of 0.000

**Table 1 Recapitulation Of The Multiple Linear Regression Analysis Results**

Variables	Standardized Coefficients Beta	t	Prob.	Information
<i>brand awareness</i>	0,246	2,521	0.015*	Significant
<i>brand associations</i>	0,667	6,831	0.000*	Significant
R	: 0.829			
R Square	: 0.687			
F-count	: 51.480			
Prob. F	: 0.000			

\*) . Significantly statistically on the level  $\alpha = 5\%$

Source: Primary Data Processed

smaller than the significant statistics  $\alpha = 5\%$ , so it refuses  $H_0$  which means that brand associations have a positive and significant impact on brand loyalty. F test in this research is used to test the accuracy or significance of research model. Based on the research results obtained value of F amounted to 51.480 with a probability value of 0.000 and significant at alpha ( $\alpha$ ) of 5% (0,05). This means that brand awareness and brand associations deserve to explain brand loyalty. While the prediction power of the regression model (R-square) formed in this test is 0.687. These results indicate that brand awareness and brand associations contribute to brand loyalty of 68.7%, while the remaining 31.3% is influenced by other variables outside the model.

## Discussion

Based on the results of inferential statistical analysis found evidence that brand awareness and brand associations deserve to explain brand loyalty. These results indicate that customers will be loyal to hypermarket if the customer has a level of awareness to hypermarket that is implicated in the level

of interest, likes, pride, and trust for hypermarket products. In addition, customers have a high association of hypermarket which is reflected in strategic location level of the hypermarket, payment method, hypermarket situation/convenience situation, hypermarket situation/convenience level, hypermarket service, and hypermarket product variety. Based on the final model of multiple regression analysis, brand associations variable is the dominant variable affecting brand loyalty. As expressed by Aaker (1997), association with the brand is used by companies to bring the brand closer to the consumer. Associations and imaging, both represent multiple perceptions that can reflect objective reality. An established brand will have a prominent position in a competition as it is supported by strong associations.

## The influence of brand awareness to brand loyalty

Brand awareness shows the willingness of a buyer or potential buyer to recognize or recall that a brand is part of a particular brand category. The

role of brand awareness in the overall brand equity depends on the extent to which level of awareness is achieved by a brand. Brand awareness will encourage consumers to continue on brand loyalty levels. The higher level of brand awareness in the eyes of consumers, the more inherent a brand in the minds of consumers, so the greater the possibility of a brand considered in every purchase and the greater the likelihood he will be selected by consumers. Brand awareness requires the continuity of the customer in choosing a product because the first feeling in the use of the product can represent the belief that there is only one brand that represents in a product category. Brand awareness can be a signal of the presence, commitment, and substance of a product brand. If a brand is recognized, there must be a reason, such as the company has advertised widely, the company has been in business for a long time, the company has a wide distribution range, and the brand is successful. Brand recognition gives a familiar impression, and the consumer likes something familiar. There is a positive relationship between the number of sightings and likes, both appearances in the form of image abstraction, name, music, and others. Repeated sightings can affect liking even if the level of recognition is not affected (Simamora, 2001). Based on the results of inferential statistical analysis obtained evidence that brand awareness effect on brand loyalty. It can be explained that customers will have a high level of loyalty to hypermarkets if customers have a level of awareness to hypermarkets that are implied at the level of interest, likes, pride, and trust in hypermarket products. These results extend the study put forward by Gil, et al. (2007), who found evidence that brand awareness effects on brand loyalty, as well as Subhani and Amber (2009), found evidence that perceptions to brands reinforce the influence of brand awareness to brand loyalty

### **The influence of brand associations to brand loyalty**

Based on the results of inferential statistical analysis found evidence that brand associations significant effect to brand loyalty. These results can

be explained that the customer will have a high level of loyalty to hypermarket if hypermarket has a strategic location, ease of payment method, the convenience of hypermarket situation/atmosphere, hypermarket services and complete variety of products offered by hypermarket. Given the importance of the level of influence of brand associations to brand loyalty, it is expected that hypermarkets will be more active in strengthening their brand associations, given that brand associations can be used to gauge the strengths of the brand benefits, which ultimately measure how valuable the product is. It also means that if brand equity gets higher, it will result in higher consumer willingness to repurchase. The results of this study reinforce the study put forward by Gil, et al. (2007) and Alexandris, K., et al (2008) prove that brand associations effect on brand loyalty.

## **CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

Based on the results of analysis and discussion of this research it can be concluded that brand awareness effect on brand loyalty. It can be explained that customers will have a high level of loyalty to hypermarkets if customers have a level of awareness to hypermarkets that are implied at the level of interest, likes, pride, and trust in hypermarket products. Brand associations have a significant effect on brand loyalty. These results can be explained that the customer will have a high level of loyalty to hypermarket if hypermarket has a strategic location, ease of payment method, the convenience of hypermarket situation/atmosphere, hypermarket services and complete variety of products offered by hypermarket.

### **Suggestion**

To increase awareness to hypermarkets, the company should improve the brand image and in improving the brand image needs to self-exploit through promotion. At the level of brand association, companies do event marketing activities, to create emotional bonds with the brand.

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