



The Effect of Value Congruity, Customer Brand Identification, Affective Brand Commitment, Customer Brand Engagement on Coffee Store Brand Loyalty: The Case of Starbucks

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ABSTRACT

Along with the high growth of the coffee shop business in Indonesia, the competition in the coffee shop industry is also getting higher. This makes it difficult for brands to increase the number of customers from the existing market. This is also a challenge for Starbucks because Starbucks currently has competitors in the form of local brands that have lower selling prices than Starbucks. It is important for Starbucks to increase customer loyalty in the midst of this competition. There are various factors that can affect consumer loyalty, namely Value Congruity, Customer Brand Identification, Affective Brand Commitment, and Customer Brand Engagement. The study looked at the influence of these factors on loyalty to the hospitality industry in India. In this research, Data was collected by distributing questionnaires distributed online, containing 32 questions with a Likert scale of 1 – 7. The data were analyzed using the PLS-based SEM method. The results of this study indicate that value congruity has a positive influence on customer brand identification, affective brand commitment and customer brand engagement. Customer brand identification and customer brand engagement also have a positive influence on brand loyalty. While affective brand commitment does not have a significant effect on brand loyalty.

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1. Introduction

The high growth of the coffee shop business shows an extraordinary level in many cities, in various developing countries, including Indonesia. As in Jakarta, as the capital city of Indonesia, there are approximately 1,083 coffee shop brands as of the end of 2016. The coffee shop business growth is very rapid and on a large scale since the entry of the Global Starbucks brand in 2002 through a joint venture with PT. MitraAdiperkasa, which also oversees several international brands to enter the Indonesian market. According to The Advisory Board of the Joint Indonesian Coffee Exporters (GAEKI), the growth of coffee sales and the level of individual coffee consumption is extraordinary, reaching 7% in one year. (Wibisono, 2016) outpaced global coffee demand growth by 2.5% in 2016 (Idris, 2017) with trade value estimated to reach 11.9 trillion in 2020 (Wibisono, 2016).

The high competition in the coffee shop industry makes it difficult for brands to increase the number of customers from the existing market. Although each brand already has its own target market and has its own loyal customers, in each market segment itself the competition is very high and tight. Starbucks also has difficulty winning the competencies that require them to readjust their marketing strategies, as more and more local brands are on the market at lower prices and can satisfy wants and needs according to market standards. However, how Starbucks can survive in the competition in the market is very interesting, it can be seen from the steady increase in Starbucks annual sales that continue to show improvement. It is also interesting to understand that there is an increase in coffee consumption, changes in lifestyle and people's conceptions of a brand, (Grinsphun, 2012) argues that the global-chain is often symbolized as a material symbol, symbolizing the progress and availability of commodities, as well as cultural representations, which have created connectivity. unique to all Starbucks locations in the world. Starbucks offers its own consumption experience to its customers.

The success of a company is largely determined by the level of loyalty *brand* by consumers which is clearly influenced by acceptance (Jamal & Goode, 2001). Acceptance or self-congruity is a match between an individual's self-image and the impression of a product (Aw, Flynn, & Chong, 2019). Changes in marketing strategies such as holding promotions or price changes can also cause existing consumers to not find a match or feel there is no association between themselves and a brand, which will lead to brand changes in consumption. Many studies have been conducted on customer behavior regarding the importance of self-congruity, the match between a person's self-image and the impression of a brand. Previous research found that conducted by Rather (2018), that customer self-congruity towards a brand produces a strong influence on how customers react to a brand, including brand evolution, attitudes, intention to buy, and brand selection, as well as behavior after consuming. such as level of satisfaction and loyalty to the brand.

2. Methodology

A questionnaire with a Likert Scale of 1-7 was created to accommodate this research survey. With the aim of doing hypothesis testing, data was collected by distributing online questionnaires to consumers. The consumers in question are Starbucks consumers in Jakarta, which are filtered by consumption in the last six months, have repurchased, and made Starbucks the first choice in consuming ready-to-drink coffee. The number of items in this questionnaire is 28 questions, but based on the results of the validity test on the pre-test, there are three items that are not valid. Therefore, the items used are only 27 questions. The number of respondents in this study was 200, which was determined by the Hair (2017) recommendation table and the Lemeshow formula.



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Hypothesis testing using the SEM method with the PLS approach. The first test carried out was a validity and reliability test with an analysis of the outer loading value, average variance extracted and composite reliability. Then the data will be analyzed structurally using the R-square analysis method, path coefficient and T-statistic with a significance level of 10%. The following are the hypotheses tested in this study:

- H1: Value congruity has a positive effect on customer brand identification
- H2: Value congruity has a positive influence on affective brand commitment
- H3: Value congruity has a positive influence on customer brand engagement
- H4: Customer brand identification has a positive effect on brand loyalty
- H5: Affective brand commitment has a positive influence on brand loyalty
- H6: Customer brand engagement has a positive effect on brand loyalty

3. Result & Discussion

Based on the results of the R-square analysis in table 4.1, it can be seen that the customer-brand identification variable is explained by the value congruity variable of 87.2% while 12.8% is explained by other variables not tested in this study. Then, affective brand commitment is explained by the value congruity variable of 73%; and the variable customer brand engagement is explained by value congruity of 77.3%. Finally, the variable brand loyalty can be explained by the variable customer-brand identification, affective brand commitment, and customer brand engagement simultaneously by 88.4%, while 11.6% is explained by other variables not tested in this study.

Based on table 4.2, from a total of six hypotheses, there are five hypotheses that are supported because they have a T-statistic value of more than 1.96, and one hypothesis is not supported.

The supported hypothesis occurs because consumers already feel confident and judge that Starbucks can realize individual consumer value, then a high connection is formed and an emotional bond is formed where consumers will feel very excited even though they have just thought of buying Starbucks products. In fact, the results of this study indicate that consumers want Starbucks to be in every activity.

After consumers feel their values and needs are met, the consumer's attachment to Starbucks is also higher. because Starbucks is already in line with consumer needs that keeps consumers in mind Starbucks. In accordance with previous research, when consumers have felt the similarity of personality with a brand personally, loyalty will be formed in the form of repurchase and consumers will do 'missionary' Starbucks brand.

However, there is an unsupported hypothesis, namely affective brand commitment to brand loyalty. Rather (2018) in his research suggests that with a high affective brand commitment, consumers will be more loyal to a brand and will even be willing to pay more and reduce switching intentions. However, this is irrelevant because based on the results of a study conducted by the Nielsen Company, currently Starbucks' head-to-head competitor is the local brand Kopi Kenangan. The study found that Kopi Kenangan was ranked first in the specific top-of-mind awareness on the coffee milk menu, and overall it was ranked second in the top-of-mind awareness after Starbucks in less than two years when calculated in 2020. (Desiderina, 2020). This shift occurred because of the switching intentions of consumers from initially purchasing Starbucks to purchasing coffee from competitors, one example is Kopi Kenangan.

Switching intentions This can also happen because the prices offered by local brand competitors, such as Kopi Kenangan, which is a head-to-head rival, are much cheaper than Starbucks. Price sensitivity is also increasing due to the pandemic conditions that occurred when this research was conducted.

4. Conclusion

This research is conducted to answer the problem that has been explained in the first chapter. After collecting data and use questionnaire instrument towards Starbucks consumer and conducting an data analysis achieved by using SEM-PLS, therefore we can conclude as the following:

- a. Value congruity has a positive impact towards customer-based identification.
- b. Value congruity has a positive impact towards affective brand commitment.
- c. Value congruity has a positive impact towards customer brand engagement.
- d. Customer-based identification has a positive impact towards brand loyalty.
- e. Affective brand commitment has a positive impact towards brand loyalty but not significant.
- f. Customer brand engagement has a positive impact towards brand loyalty.

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