

# MEASURING BRAND EQUITY: THE PERSPECTIVE OF STARBUCKS' CUSTOMERS

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**Abstract:** This study aims to analyze brand loyalty in mediating the effect of brand association and brand awareness on brand equity. The population of this study is customers of Starbucks Coffee in Malang City, with a sample of 160 respondents. The data was analyzed using Structural Equation Modeling. The results showed that brand association and brand awareness influenced brand equity, and brand loyalty was able to mediate the effect of brand awareness and brand association on brand equity. To increase brand loyalty, which in turn leads to brand equity, the management team of Starbucks Coffee has to provide a strategy in building brand awareness and brand association. Future researchers can develop this study by adding more variables, for example, is brand trust.

**Keywords:** brand association, brand loyalty, brand equity, brand awareness

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As time goes by, people lifestyle has changed, especially those who live in a city. One example of a modern lifestyle we often found nowadays is hanging out at a coffee shop or cafe. Starbucks Coffee is a coffee shop chain from Seattle which is based in Washington, United States. The largest company of coffee shop in the world is Starbucks Coffee. Not only does it sell various drinks such as coffee, espresso-based hot drinks, and many more drinks both hot and cold, but also sells snacks, coffee beans, and cups. Starbucks coffee

has 15,012 stores in 44 countries. In 1971, the first Starbucks coffee has been opened by Jerry Baldwin, Gordon Bowker, Zev Siegle in Seattle. In 1987, the first Starbucks outside Seattle has been opened in Vancouver and Chicago, while in Tokyo it also opened its first branch outside North America.

In Indonesia, the Starbucks coffee chain is operated by PT Mitra Adiperkasa Tbk. Starbucks is already available in 12 cities in Indonesia, with more than 150 outlets ([starbucks.co.id](http://starbucks.co.id), 2018). Starbucks Coffee has a very strong image in its consumers' minds and is considered a part of the modern lifestyle. Starbucks Coffee itself targets the upper-middle class; therefore, the price is quite expensive. Nevertheless, keep repurchasing their products; this has encouraged Starbucks Coffee to expand massively and start opening new branches in various locations. Initially, Starbucks Coffee only opened its outlets in shopping centers or malls, currently Starbucks Coffee began to reach places which are







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effect, then brand loyalty is a variable that mediates the effect of brand awareness, brand association, and brand loyalty on brand equity.

### RESULTS

Based on the questionnaire filled in by the respondents (Starbucks Coffee's customers) in Malang, the data on respondent characteristics, starting on sex, age, and occupation were as follows:

**Table 2 Respondent Characteristics**

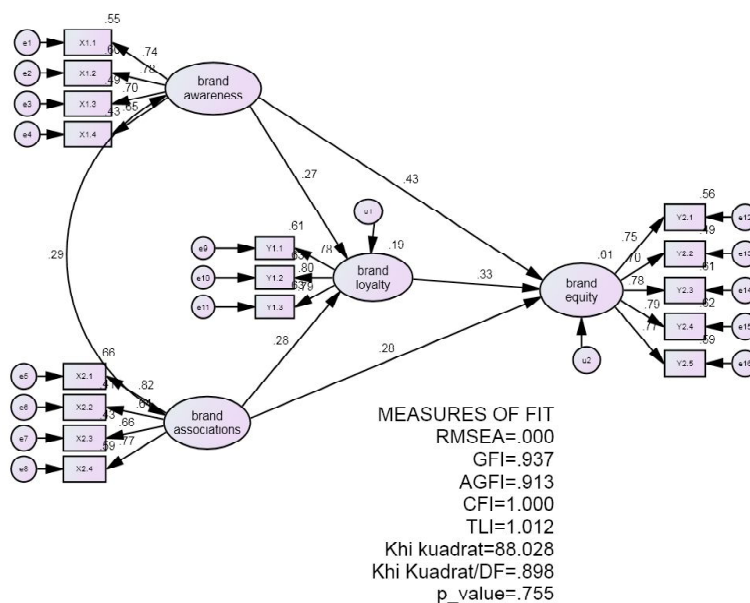
| Individual Characteristics |                                 | Percentage (%) | Number of People |
|----------------------------|---------------------------------|----------------|------------------|
| Based on Sex               | Female                          | 40.6           | 65               |
|                            | Male                            | 59.4           | 95               |
| Based on Age (years old)   | 15 – 30                         | 70             | 112              |
|                            | 31 – 40                         | 20.6           | 33               |
|                            | >41                             | 9.4            | 15               |
| Based on Occupation        | Student                         | 75.6           | 121              |
|                            | The employee of Private Company | 15.6           | 25               |
|                            | Civil Servant                   | 8.8            | 14               |

Based on Table 2 above, it can be seen that Starbucks Coffee's customers in Malang City are dominated by male students aged 15-30 years old. This condition shows that the market share of Starbucks Coffee in Malang City is dominated by students. In this modern era, hanging out at cafes or coffee shops has become a lifestyle. One of the cafes or coffee shops which become a favorite place to hang out is Starbucks Coffee.

### Analysis Results of Goodness of Fit SEM

The theoretical model in the conceptual framework is considered to be fit if it is supported by empirical data. In accordance with the results of

the SEM analysis, to determine whether the hypothetical model is supported by empirical data, the test results of the goodness of fit overall model is presented in Figure 1 below.



Based on the results of the Goodness of Fit test presented in Figure 1, overall, it can be seen that all the criteria show that the model is good and has met the cut off value; therefore, the model is considered feasible and can be used in this research, so that it can be explored and discussed further.

### Results of Hypothesis Testing

SEM (Structural Equation Model) was analyzed using AMOS 6.0 to test the hypotheses proposed

by the researcher. Critical ratio (Cr) from the result of output regression weight was used as a basis for testing the hypotheses. The research hypothesis will be accepted if the p-value < of significance by 5%, then the null hypothesis is rejected. The results of hypothesis testing are presented in Table 3 below

The effect of brand awareness on brand loyalty generates an estimated value of 26.6%; the effect of brand association on brand loyalty results in an estimated value of 27.9%. The overall rela-

**Table 3 Results of Hypothesis Testing**

| Effect between Variables           | Estimate | Through Brand Loyalty        | Total Effect |
|------------------------------------|----------|------------------------------|--------------|
| brand awareness → brand loyalty    | 0.266*   | -                            | 0.266        |
| brand associations → brand loyalty | 0.279*   | -                            | 0.279        |
| brand awareness → brand equity     | 0.429*   | $0.266 \times 0.334 = 0.088$ | 0.517        |
| brand associations → brand equity  | 0.279*   | $0.279 \times 0.334 = 0.093$ | 0.372        |
| brand loyalty → brand equity       | 0.334*   | -                            | 0.334        |

Note: \* p < 5%

tionship is at a significance level of 5%. Therefore, the stronger the awareness and association towards the brand, the higher consumer loyalty to Starbucks Coffee.

The effect of brand awareness on brand equity produces an estimated value of 42.9%; the effect of brand association on brand equity results in an estimated value of 27.9%, and the effect of brand loyalty on brand equity results in an estimated value of 33.4%. The overall relationship is at a 5% significance level. Therefore, the stronger the awareness, association, and consumer loyalty to the brand, the higher the brand equity of Starbucks Coffee.

The indirect effect of brand awareness on brand equity through brand loyalty has a total coefficient value of 0.517; it is greater than the direct effect of brand awareness on brand equity (0.429). This indicates that brand loyalty can mediate the effect of brand awareness on brand equity.

The indirect effect of brand association on brand equity through brand loyalty has a total coefficient value of 0.372; it is greater than the direct effect of brand association on brand equity, which is amounted

to 0.279. These results indicate that brand loyalty can mediate the effect of brand association on brand equity.

## DISCUSSION

### The Effect of Brand Awareness on Brand Equity

Based on the results of hypothesis testing, it is proved that the brand equity of Starbucks Coffee is influenced by brand awareness and brand association. These results indicate that the higher the customer awareness level towards Starbucks Coffee, the higher the brand equity of Starbucks Coffee. This means that the brand equity of Starbucks Coffee is formed by customer awareness of Starbucks Coffee through unaware of the brand, such as being able to distinguish Starbucks Coffee from other café brands. Related to brand recognition, Starbucks Coffee is one of the brands which first come to the customer's mind when they hear 'café'. In terms of brand recall, Starbucks Coffee is a café that can be recognized easily, and in terms of top of mind,







