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## **Brand Loyalty in the Coffee Business: Economic Analysis of Brand Image, Product Quality, and Price**

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### ***Abstract:***

*This research aims to analyze and understand the influence of brand image, product quality, and price, both partially and simultaneously, on brand loyalty for Starbucks beverage products in Surabaya. The research population consists of Starbucks customers in Surabaya who have made at least two purchases. Using a purposive sampling technique, a total of 97 respondents were selected, with data collected through a Google Form questionnaire. Data analysis was conducted using multiple linear regression. The results indicate that brand image, product quality, and price simultaneously have a significant effect on brand loyalty. However, partially, brand image does not significantly influence brand loyalty, whereas product quality and price have a significant positive effect on brand loyalty.*

**Keywords:** *Product Quality, Brand Image, Price, Brand Loyalty*

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## **1. Introduction**

The coffee industry in Indonesia has experienced significant growth in recent years, with the country ranking third in global coffee production at 11.8 million bags in the 2022/2023 period (USDA, 2023). Indonesia is renowned for producing some of the world's best coffee, with various regions contributing to its high-quality coffee beans (International Coffee Organization, 2017). Alongside this growth, coffee consumption has increased substantially, transforming coffee into a lifestyle choice for many consumers (Suryawan & Suryani, 2023). This trend has driven the rapid expansion of coffee shop businesses, including global brands such as Starbucks, which has successfully adapted to diverse cultural preferences, including those in Indonesia (Lahap et al., 2016).

Starbucks has established itself as a dominant player in the Indonesian coffee market, consistently achieving a high Top Brand Index (TBI). In 2022-2023, Starbucks reached a TBI of over 49%, significantly outperforming its competitors (Ogba & Tan, 2015). This success is attributed to several key factors, including its strong brand image, high product quality, and strategic pricing, which play crucial roles in fostering brand loyalty among consumers (Bernarto et al., 2020). Consumer attachment to a brand is often influenced by brand image, product quality, and perceived value, which affect their purchasing decisions and long-term loyalty (Sweeney & Soutar, 2014;

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Keller, 2013).

Despite Starbucks' strong market position, research on the factors influencing brand loyalty in the coffee industry remains varied. Some studies highlight brand image as a critical factor in shaping customer loyalty (Hosseini & Behboudi, 2017; Kusuma & Laily, 2020), while others emphasize the role of product quality and price in maintaining consumer trust and satisfaction (Parasuraman, Zeithaml, & Berry, 2015; Fornell et al., 2016). However, there is still a gap in understanding how these factors interact and their combined impact on Starbucks' brand loyalty in Indonesia (Dick & Basu, 2016). Additionally, previous studies have primarily focused on Western markets, necessitating further investigation into how these dynamics play out in emerging economies like Indonesia (Reichheld & Sasser, 2018).

The novelty of this study lies in its comprehensive analysis of the interplay between brand image, product quality, and price on brand loyalty in the Indonesian coffee industry. Unlike previous studies that examine these variables separately, this research aims to provide an integrated perspective on their simultaneous effects (Chaudhuri & Holbrook, 2012). Understanding these relationships is essential for businesses seeking to enhance customer retention and maintain a competitive advantage in a rapidly growing market (Fornell et al., 2016).

Therefore, this study aims to analyze and evaluate the influence of brand image, product quality, and price on brand loyalty for Starbucks beverage products in Surabaya. By addressing this research gap, the study seeks to provide valuable insights for both academia and industry practitioners in developing strategies to strengthen brand loyalty in the coffee business (Anderson & Sullivan, 2017).

## **2. Theoretical Background**

**Brand Image** is the accumulation of consumer assessments of a brand based on prior experiences and information. According to Bernarto et al. (2020), brand image represents consumer perceptions and understanding of a brand, shaped by associations embedded in their minds. Keller (2013) highlights three key indicators of brand image: (1) strength of brand association, which refers to how strongly consumers associate certain attributes with a brand based on their experiences and exposure; (2) benefits of brand association, which encompass the functional, symbolic, or experiential value consumers derive from the brand; and (3) uniqueness of brand association, which differentiates a brand from competitors and establishes a competitive advantage in the consumer's perception. Research by Ogba & Tan (2015) further emphasizes that a strong brand image significantly impacts customer loyalty and commitment, particularly in competitive markets.

**Product Quality** plays a crucial role in shaping consumer perceptions and brand loyalty. It reflects a company's strategy to develop high-quality products to compete effectively and deliver superior value (Suryawan & Suryani, 2023). Zeithaml, Berry, & Parasuraman (2013) argue that product quality is not only defined by its technical

specifications but also by consumer perceptions and experiences. According to Sweeney & Soutar (2014), product quality can be measured through five key indicators: (1) performance, which assesses how well a product fulfills its primary function; (2) features, referring to additional attributes that enhance product value; (3) conformance to specifications, which ensures the product meets established standards; (4) aesthetics, encompassing visual and sensory appeal; and (5) perceived quality, which reflects consumers' overall impression of a product's reliability and excellence. Fornell et al. (2016) state that high product quality not only enhances customer satisfaction but also strengthens brand loyalty, leading to long-term customer retention.

**Price** is a critical factor influencing consumer purchasing decisions, representing the monetary value exchanged for goods and services. Kotler (2013) defines price as a determinant of product value and positioning in the market. Chaudhuri & Holbrook (2012) explain that price is not merely a transactional element but also an indicator of a product's perceived worth. According to Kotler in Bernarto et al. (2020), several indicators determine price perception: (1) price affordability, referring to the extent to which consumers can afford a product; (2) price compatibility with product quality, which assesses whether the price reflects the product's overall quality; (3) price compatibility with benefits, indicating how well the price aligns with the advantages consumers gain; and (4) price competitiveness, which compares the product's price to similar offerings from competitors. Zeithaml, Berry, & Parasuraman (2013) suggest that a well-structured pricing strategy, aligned with consumer expectations and perceived value, can enhance customer satisfaction and brand loyalty.

**Brand Loyalty** is a consumer's commitment to repurchasing a preferred product or service despite external influences that may encourage switching behavior (Dick & Basu, 2016). Oliver (2014) describes brand loyalty as a strong emotional connection that leads to repeat purchases and brand advocacy. Kumar & Advani (2015) identify three primary indicators of brand loyalty: (1) word of mouth, where satisfied customers voluntarily recommend the brand to others; (2) rejection of other brands, signifying customers' unwillingness to switch even when presented with alternative choices; and (3) repeat purchase behavior, which reflects continuous engagement with the brand over time. Reichheld & Sasser (2018) assert that brand loyalty not only drives long-term profitability but also reduces marketing costs, as loyal customers are less susceptible to competitor promotions and require less persuasion to maintain their purchasing habits.

In conclusion, brand image, product quality, price, and brand loyalty are interconnected factors that significantly influence consumer decision-making and brand success. A strong brand image fosters positive consumer perceptions, while high product quality enhances satisfaction and trust. A well-structured pricing strategy ensures consumers perceive fair value for their purchases, ultimately strengthening brand loyalty. Understanding these relationships enables businesses to develop effective marketing strategies that enhance competitiveness and customer retention in the long run.

### 3. Methodology

This study employs a quantitative research approach, which relies on statistical tools to analyze and interpret data, producing numerical results. Quantitative research focuses on objective measurement and systematic investigation, ensuring that data is collected in a structured manner. The data in this study is obtained through questionnaire distribution, which is then tested for validity and reliability to ensure accuracy and consistency in the findings.

The population of this study consists of Starbucks consumers in Surabaya. Due to the absence of an exact population size, the purposive sampling technique is used to determine the sample, ensuring that only respondents who have previously purchased or consumed Starbucks beverages in Surabaya are included. The sample size is determined using the unknown population formula, resulting in a minimum required sample of 97 respondents. To enhance representativeness, the study rounds up the sample size to 100 respondents.

The study collects primary data through online questionnaires distributed via Google Forms. The questionnaire is structured using a Likert scale with response options ranging from 1 (strongly disagree) to 5 (strongly agree). This scale allows respondents to express their level of agreement with the given statements regarding their experience with purchasing and consuming Starbucks beverages. The collected data is then analyzed to derive meaningful insights into consumer perceptions and behavior.

### 4. Empirical Findings/Result

#### Validity Test

Before conducting data analysis, it is essential to ensure that the measurement tools used in this study are valid. A validity test determines whether the questionnaire accurately measures the intended variables and effectively captures the respondents' true opinions. The validity of each item in the questionnaire is assessed to confirm that it is a reliable and appropriate indicator for the constructs being studied. Table 1 presents the results of the validity test, showing the correlation coefficients for each item, which indicate the degree to which they align with the overall construct.

**Table 1. Validity Test**

Brand Image (X1)	X1.1	0.882	0.195	Valid
	X1.2	0.870	0.195	Valid
	X1.3	0.880	0.195	Valid
Product Quality (X2)	X2.1	0.876	0.195	Valid
	X2.2	0.874	0.195	Valid
	X2.3	0.839	0.195	Valid
	X2.4	0.862	0.195	Valid
	X2.5	0.854	0.195	Valid

Price (X3)	X3.1	0.851	0.195	Valid
	X3.2	0.847	0.195	Valid
	X3.3	0.855	0.195	Valid
	X3.4	0.882	0.195	Valid
Brand Loyalty (Y)	Y.1	0.883	0.195	Valid
	Y.2	0.885	0.195	Valid
	Y.3	0.882	0.195	Valid

Source: Data Processed by Researchers, 2024

The validity test was carried out on the data of each indicator on the variables (independent variables and dependent variables) under study. The number in the *r* table used at a significant level of 5% produces a number of 0.195. The validity test is declared valid, because the relationship value of each variable exceeds the *r* table value.

### Reliability Test

In addition to ensuring the validity of the measurement tools, it is equally important to assess their reliability, which indicates the consistency and stability of the data over time. A reliability test helps determine whether the questionnaire produces consistent results across different instances of measurement. If the items within a scale consistently measure the same construct, the test is considered reliable. Table 2 presents the results of the reliability test, which shows the Cronbach's alpha values for each variable. A higher Cronbach's alpha indicates a higher level of internal consistency among the indicators.

**Table 2. Reliability Test**

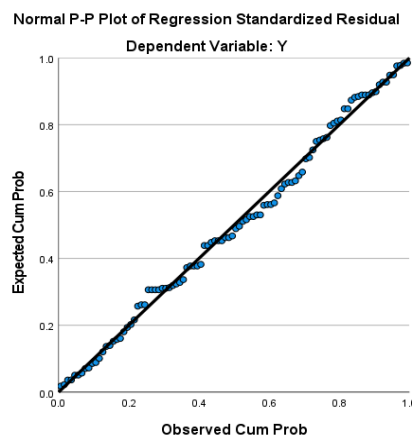
	Statement Item	Cronbach's Alpha	Conclusion
Brand Image	X1	0.850	Reliable
Product Quality	X2	0.912	Reliable
Price	X3	0.880	Reliable
Brand Loyalty	Y	0.860	Reliable

Source: Data Processed by Researchers, 2024

Reliability testing has proven useful in assessing the consistency and stability of a measuring instrument or research instrument as measured using Cronbach alpha with a value of  $> 0.60$ . The reliability test results illustrate that all variables are reliable and can be used for further analysis.

### Normality Test

A normality test is performed to determine whether the data follows a normal distribution, which is an important assumption for many statistical analyses. If the data is normally distributed, it suggests that the sample accurately represents the population, and statistical tests can be conducted reliably. In this study, the normality test helps assess whether the data gathered from respondents aligns with the expected distribution pattern. Figure 1 presents the results of the normality test, showing graphical representations such as histograms or Q-Q plots, which indicate whether the data follows a normal distribution or deviates significantly. If the data points closely align with the normal distribution line, it suggests that the data is normally distributed.



**Figure 1. Normality Test Result**

Source: Data Processed by Researchers, 2024

Based on the picture above, it can be explained that the distribution values on the plot are spread not far from the diagonal line and are still around the diagonal line. So it can be said that this study fulfills the assumption of normality.

### Multiple Linear Analysis Test

To examine the relationships between multiple independent variables and a dependent variable, a Multiple Linear Regression Analysis is performed. This test allows for the assessment of how each independent variable influences the dependent variable while controlling for the effects of the other variables. It is a powerful technique for understanding complex relationships within the data. Table 3 presents the results of the Multiple Linear Regression Test, showing the regression coefficients, significance levels, and the overall model fit. These results help determine the strength and direction of the relationships between the variables, as well as the predictive power of the model.

**Table 3. Multiple Linear Test**

Model	Unstandardized Coefficients		t	sig.
	B	Std. error		
constant	2.485	1.292	1.923	0.057
Brand Image	-0.010	0.066	-0.149	0.882
Product Quality	0.147	0.057	2.602	0.011
Price	0.477	0.062	7.199	0.000

Source: Data Processed by Researchers, 2024

$$Y = 2.485 + -0.010X_1 + 0.147X_2 + 0.447X_3 + e$$

Based on the test results above, it states that the variables Brand Image (X1), Product Quality (X2), and Price (X3) have a positive constant value of 3.069. The Brand Image coefficient value (X1) has a negative result, namely -0.010, which illustrates that the influence is not in the same direction as brand loyalty (Y). The product quality coefficient (X2) value has a positive result, namely 0.147, which illustrates the influence in the same direction as brand loyalty (Y). The price coefficient value (X3) has a positive result of 0.447 which illustrates the influence in the same direction as brand loyalty (Y).

### Partial(t) Test

Partial tests are used in testing the significance of each regression coefficient in a linear regression model. Partial tests can help determine the occurrence of a significant influence between brand image (X1), product quality (X2), price (X3) on brand loyalty (Y).

**Table 4. Partial Test**

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig.
	B	Std. error			
constant	2.485	0.129		1.923	0.057
Brand Image	-0.010	0.066	-0.012	-0.149	0.882
Product Quality	0.147	0.057	0.221	2.602	0.011
Price	0.447	0.062	0.580	7.199	0.000

Source: Data Processed by Researchers, 2024

The partial test results show the influence of various variables on Brand Loyalty (Y). For the relationship between Brand Image (X1) and Brand Loyalty (Y), the calculated t-value of -0.149 is smaller than the t-table value of 1.985, leading to the acceptance of  $H_0$  and the rejection of  $H_a$ , indicating that Brand Image (X1) has no partial influence on Brand Loyalty (Y). In contrast, for the relationship between Product Quality (X2) and Brand Loyalty (Y), the t-value of 2.602 is greater than the t-table value of 1.985, leading to the rejection of  $H_0$  and the acceptance of  $H_a$ , suggesting that Product Quality (X2) does have a partial influence on Brand Loyalty (Y). Similarly, for the relationship between Price (X3) and Brand Loyalty (Y), the t-value of 7.199 exceeds the t-table value of 1.985, leading to the rejection of  $H_0$  and the acceptance of  $H_a$ , indicating that Price (X3) has a significant partial influence on Brand Loyalty (Y).

**Simultaneous(f) Test****Table 5. Simultaneous Test**

Model	Sum of Squares	df	Mean Squares	F	Sig.
Regression	120.130	3	40.043	30.398	0.000 <sup>b</sup>
Residuals	126.460	96	1.317		
Total	246.590	99			

Source: Data Processed by Researchers, 2024

Based on this figure, the conclusion that  $F_{hitung} > F_{tabel}$  is  $30.398 > 2.700$ ,  $H_0$  is rejected and  $H_1$  is accepted with a significance level of 5%. Thus it can be stated that the Brand Image (X1), Product Quality (X2) and Price (X3) variables simultaneously have an influence on Brand Loyalty (Y).

**5. Discussion**

This study investigates the relationship between Brand Image, Product Quality, Price, and Brand Loyalty among Starbucks consumers in Surabaya. Based on the findings, it can be concluded that while Brand Image (X1) has a significant role in attracting customers, it does not directly influence Brand Loyalty (Y). This result is consistent with Bernarto et al. (2020), who argue that a strong brand image can initially capture consumer interest, but its power to sustain long-term loyalty may be limited without other influencing factors. Starbucks' brand image is undoubtedly strong, but it may not be sufficient in an increasingly competitive market. The growing number of coffee shops in Indonesia, along with consumer curiosity and desire for new experiences, could drive customers away from sticking to a single brand. The brand image alone fails to differentiate Starbucks sufficiently from other players in the market. Furthermore, social responsibility and ethical concerns—such as the recent boycott of Starbucks—can tarnish the brand's image and undermine customer trust. Keller (2013) also underscores that brand image alone is often not enough to foster brand loyalty, as consumer behavior is multifaceted and can be influenced by factors beyond brand perception.

On the other hand, Product Quality (X2) has a significant positive effect on Brand Loyalty (Y), a finding that aligns with the research of Suryawan & Suryani (2023), who emphasize the importance of consistent and high-quality products in maintaining customer loyalty. Starbucks has invested heavily in the quality of its coffee and other offerings, ensuring that customers have a consistently satisfying experience, regardless of the store they visit. This consistency in product quality is crucial in building consumer trust. Moreover, Zeithaml, Berry, & Parasuraman (2013) highlight that the perception of quality is a major determinant in customer satisfaction, which in turn directly impacts loyalty. Additionally, the service experience—quick, friendly, and professional baristas—along with the ambiance of Starbucks stores, enhances the overall quality perception, further contributing to brand loyalty. As noted by Sweeney & Soutar (2014), consumer perceived value, which includes both product and service quality, is a key driver for repeat purchases and long-term loyalty.



The study also finds that Price (X3) has a positive and significant effect on Brand Loyalty (Y). This result is consistent with Kumar & Advani (2015), who found that customers are willing to remain loyal to brands when the price is aligned with the quality they perceive. Starbucks operates as a premium coffee brand, and its higher pricing strategy is justified by the quality of the product and the experience it offers. Chaudhuri & Holbrook (2012) point out that when customers perceive the value of the product or service as equal to or greater than the price they paid, they are more likely to develop loyalty to the brand. Starbucks' commitment to sourcing high-quality, sustainable coffee beans and maintaining ethical business practices also adds value to the price customers pay, making them more willing to pay a premium. The higher price point is often associated with higher perceived value, especially for customers who prioritize sustainability and quality, making them more inclined to return to Starbucks.

Additionally, the role of Price in brand loyalty aligns with the research of Oliver (2014), who argues that when consumers feel they are receiving good value for their money, they develop a sense of satisfaction and trust that strengthens loyalty. Dick & Basu (2016) support this notion by emphasizing the connection between price perception and overall satisfaction, suggesting that when customers feel that the price reflects the quality and experience, their attachment to the brand deepens.

In conclusion, the findings of this study highlight that while Brand Image (X1) does not directly influence Brand Loyalty (Y), Product Quality (X2) and Price (X3) are key determinants in fostering customer loyalty. These results are in line with existing literature, which consistently demonstrates the importance of offering high-quality products and aligning pricing strategies with consumer expectations to build long-term loyalty. As Fornell et al. (2016) emphasize, understanding the complex relationship between product quality, price, and brand loyalty is crucial for businesses aiming to retain customers in a highly competitive market. Starbucks' success in building customer loyalty lies in its ability to consistently deliver quality products, provide exceptional service, and justify its premium prices, making it a leading player in the global coffee industry.

## **6. Conclusions**

In conclusion, the findings of this study indicate that Brand Image does not have a significant influence on Brand Loyalty, suggesting that a strong brand image alone may not be sufficient to foster customer loyalty, especially in a competitive market like coffee shops. On the other hand, Product Quality and Price both have a positive and significant impact on Brand Loyalty, emphasizing the importance of delivering consistent product quality and aligning pricing with customer expectations. These results suggest that consumers are more likely to remain loyal to a brand when they perceive good value for their money, both in terms of the product and the overall experience. Moreover, the study shows that Brand Image, Product Quality, and Price collectively influence Brand Loyalty, highlighting the interconnectedness of these

factors in shaping consumer behavior. For future research, it would be valuable to explore additional factors that may influence brand loyalty, such as customer experience, brand trust, and the role of social and environmental responsibility. Further studies could also investigate the impact of digital marketing strategies and online reviews on brand loyalty, particularly in the context of the rapidly growing e-commerce and online service sectors.

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