INVESTIGATING THE IMPACT OF BRAND IMAGE TOWARDS CUSTOMER LOYALTY: A CASE STUDY OF BRAND XY

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Abstrak

Setiap merek menerapkan strategi yang berbeda untuk menarik pelanggan dan mendorong pembelian produk. Tujuan penelitian ini adalah untuk menentukan pengaruh citra merek terhadap loyalitas pelanggan. Dimensi yang digunakan dalam penelitian ini adalah: Kesadaran Merek, Kualitas Produk, dan Kepuasan Pelanggan. Data dikumpulkan dari 167 responden berusia 18 hingga 40 tahun yang tinggal di wilayah Jabodetabek. Hasil penelitian menunjukkan bahwa citra merek mempengaruhi loyalitas konsumen sebesar 77,7%. Selain itu, citra merek, kualitas yang dirasakan, dan persepsi secara signifikan mempengaruhi loyalitas pelanggan. Pengingatan Merek dan Desain Produk memiliki dampak yang paling kecil terhadap loyalitas pelanggan. Penelitian ini telah mengidentifikasi unsur-unsur penting bagi perusahaan untuk meningkatkan iklan mereka dan memberikan rekomendasi bagi penulis di masa depan.

Keywords: Kata kunci: Nilai Merek, Kesadaran Merek, Citra Merek, Preferensi Merek, Pengingatan Merek, Pengenalan Merek, Kualitas Produk

Abstract

Each brand employs distinct strategies to engage customers and encourage product purchases. The objective of this research is to ascertain the influence of brand image on customer loyalty. The dimensions utilized in this research are: Brand Awareness, Product Quality, and Customer Satisfaction. The data was gathered from 167 respondents aged 18 to 40, residing in the Jabodetabek region. The results demonstrated that brand image influenced consumer loyalty by 77.7%. Moreover, brand image, perceived quality, and perception significantly influence customer loyalty. Brand Recall and Product Design have the least substantial impact on customer loyalty. This study has identified the essential elements for the company to enhance its advertising and provides recommendations for future writers.

Keywords: Brand Equity, Brand Awareness, Brand Image, Brand Preferences, Brand Recall, Brand Recognition, Product Quality

Introduction

1.1 Background

The anticipation commenced following the World Health Organization's designation of COVID-19 as a global pandemic. Numerous nations were compelled to foresee the proliferation of Covid-19 (ASEAN, 2020).

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The world economy has incurred substantial losses due to the coronavirus pandemic. On June 21, 2020, the governor of Indonesia, Anies Baswedan, said that enterprises would implement remote work at 75% capacity. Which included restrictions for retail malls and dining establishments such as cafes and restaurants.

Such limitations have become a new lifestyle for Indonesians, Affecting all sectors of business, from brick-and mortar shops to online businesses. Since the spread of Covid-19 is not certain to end, all segments of the economy need to adapt to these new conditions and devise new strategies, not only to survive but also to continue developing in the midst of the pandemic. Due to the implemented social distancing protocols, when shops would close, many Indonesians turned to online shopping. From the data we can see a massive rise in the fashion world that starts in 2020 where the pandemic starts in Indonesia. Since the shopping malls are limited, the fashion industry decided to sell through the online shopping platform and websites. Based on Wahyu et al.,2021, there were 12 million new e-commerce users during the pandemic in Indonesia. This opportunity should be taken for the entrepreneurs, especially e-commerce, which will be the main gate for the online shoppers.

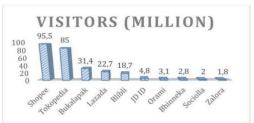


Figure 1.1 Monthly Visitors to E-commerce Sites (2020)https:/ldataboks.katadata.co.id/

The E-commerce entrepreneurs are competing with each other to attract the attention of the online shoppers;it is also a good opportunity to capture market share in Indonesia in all section of business to develop, (Firmandani, 2021). According to Statista (2021), the prevalence of internet shopping has resulted in peak revenues of 15 million US dollars. According to Hanadia (2021), Zalora is the most frequented e-commerce website, receiving approximately 2.9 million monthly visits. Zalora's customers have consistently revisited the website to purchase things. Slamet et al. (2021) define brand loyalty as the propensity of customers to consistently purchase the same product from a specific brand, maintain a favorable perception of the product, and resist switching to competitors. Loyalty is a robust attachment to a brand that strengthens customer behavior toward repurchasing its items, as indicated by the intention to repurchase (Muhammad Adreaginola Pratama et al., 2019; Muhammad Aksar et al., 2020). It has emerged as a significant determinant of those who exclusively purchase products from a single brand, exhibiting no curiosity in alternatives.

Therefore, it is important for companies to be able to retain and create loyalty towards the consumer's mind, since the loyal consumers are less-sensitive to price fluctuation. (Wilson, 2019). In addition, Zakaria et al.,2014, stated that by making them loyal to the companies will bring a good advantage to the companies, since those who are loyal will reduce the cost and effort to attract the new customers of the company.

1.2. Research Problem

While repurchasing a product implies customer happiness, it also signifies dedication and loyalty (Wilson, 2019); yet, consumer loyalty encompasses other elements. Customers choose to buy from a brand due to the perceived product quality, pricing, or design. Consequently, each brand employs distinct strategies to captivate customers and encourage the purchase of other products. The objective of this study is to examine the determinants of customer loyalty associated with the XY brand. This research will identify the characteristics influencing customers' repeated purchases from brand XY.

1.3. Research question

- 1. Does the brand awareness of XY influence consumer loyalty?
- 2. Does product quality influence customer loyalty to repurchase from the XY brand?

1.4 Research Objective

- 1. To examine the influence of XY's brand awareness on customer loyalty.
- 2. To examine the impact of product quality on consumer loyalty and repurchase behavior.

1. Literature review

1.1. Brand Equity

The American Marketing Association defines a brand as a name, word, design, symbol, or any other characteristic that identifies a seller (American Association, 2015). The aforesaid definition clearly indicates that the brand is paramount among the items of competing vendors in the market. A brand requires significant effort and time to develop and maintain; it may influence the perceived worth of a product in the minds of consumers, so benefiting the firm. Furthermore, a prominent brand might be characterized by substantial brand equity. Brand equity can be defined from two primary perspectives: one emphasizes the financial value a brand contributes to a company's success and performance, while the other focuses on the interactions between customers and the brand (Felly, 2012). This research will exclusively address the customers' viewpoints. The strength of a brand is in the knowledge, emotions, perceptions, and auditory experiences that people have accumulated regarding the brand via their interactions over time. Furthermore, as a component of brand equity, it enables the firm to surpass competitors in the market by creating a distinctive product to establish a competitive advantage (Felly, 2015). Vincze (2012) believes that a robust brand with positive equity possesses significant strategic value, including advantages such as elevated margins, potential for brand extension, protection against competition, and enhanced communication efficacy. Additionally, robust consumer preferences, purchasing intents, and customer loyalty.

1.2. Brand Awareness

According to Riandi (NY), brand awareness is the capacity of a potential customer to identify a brand. It is also associated with the purpose of brand identities in the memory of consumers and the ability to be measured by the degree to which the customer identifies the brand (Rastogi, 2018). A positive image of a particular brand can be achieved by ensuring that the product is perceived as having a high value, which in turn influences consumer satisfaction and encourages recurrent purchases as a competitive

market advantage (Tu, Li, & Chih, 2013). The primary character that signifies the value of a product, service, or company is brand awareness, which serves as an indicator of its competitive market performance. A company's investment in establishing a strong brand awareness could result in the maintenance of its competitive advantages, thereby generating long-term value. Furthermore, it is crucial to ascertain whether the brand is present in the customer's consciousness. Furthermore, it indicates the customer's considerations during the purchase decision, particularly their preference for products from brands they recognize. Hutter et al. (2013) demonstrated that customers are more likely to exhibit purchase intentions towards brands with which they are familiar. Customers often exhibit hesitation when considering the purchase of new products. They tend to stay informed about these products and seek advice from others before making a decision to buy from unfamiliar brands. Once consumers are aware of the brand, they are likely to be included in the customer purchase decision set. (Shahid et al., 2017). Brand awareness encompasses brand recognition and brand recall, which are essential components for maintaining brand equity and achieving a robust brand image (Latif, Islam, and Mdnoor, 2014).

2.2.1 Brand Image

According to Dam (2020), brand image is considered the foundation of marketing and advertising. The concept is defined as the perception of the brand itself. The brand image comprises a collection of assets and liabilities. The connection with the brand name indicates that assets and liabilities may affect the value of the products or services offered to customers. Furthermore, brand image plays a significant role in the decision-making process of customers regarding product purchases. Ramesh (2015) stated that a successful brand image allows customers to recognize the needs fulfilled by the brand and to distinguish it from competitors, thereby enhancing the probability of customer preference for the brand.

2.2.2 Brand Recall

Rastogi (2018) Brand recall denotes a customer's capacity to retrieve a brand name from memory associated with a product. This suggests a robust association between a category and a brand. When presented with a product category, customers typically remember a limited selection of brands, usually comprising 3 to 5 options. In customer testing, few individuals can remember more than seven brand names within a specific category, and for lower-tier product categories, most individuals can recall only one or two brand names. Bilal et al. (2016) stated that brand recall pertains to customers' ability to identify the brand among various products, based on the needs fulfilled and the context of purchase or use. It necessitates that customers concentrate and distinguish the brand from memory when presented with a pertinent cause.

2.2.3 Brand Recognition

Customers tend to favor brands that are familiar and recognizable over those that are unfamiliar when making purchasing decisions. The purchase decision occurs when a customer acquires a product from a brand, leading to an increased recognition level of learning. This is due to the availability of options from competing brands, which are categorized as low involvement products (Khurram, Qadeer, and Sheeraz, 2018). Recognition is a significant factor in decision-making; however, typically only one name is regarded when a purchase decision occurs.

2.2.4 Brand Preference

Brand reference, as defined by Vongurai (2020), pertains to the degree to which customers select services offered by a particular company over those provided by competitors. This also indicates the customer's loyalty to their preferred brand. The customer develops a stronger preference for the brand when they experience familiarity, which subsequently influences their purchasing decisions. Thus, it can be concluded that psychological, environmental, and social factors are significant determinants of brand preference (Ebrahim, Ghoneim, Irani, & Fan, 2016).

2.3 Product quality

Razak, Nirwanto, and Triatmanto (2016) define quality as superiority or excellence. Kotler and Armstrong (2012) define a product as any item that can be presented to a market for attention and consumption, fulfilling consumer needs or wants. Assegaff (2016) asserts that product quality serves as a dimension and indicator that customers consistently evaluate in terms of performance. The product must generate all necessary specifications to capture customer attention and encourage purchase. The quality of a product is defined as its characteristic that depends on its capacity to meet and fulfil needs. A researcher (Haeruddin and Haeruddin, 2020) gives a statement that if the product meets expectations, the customer will be satisfied. However, if the product does not meet expectations, the consumer is dissatisfied. Moreover, the quality of the product is characteristic of an affordable product to satisfy stated or unstated needs. If a company wants to maintain competitive excellence, it is very important to consider the product quality (Kotler and Armstrong in Rachma, 2014). Additionally, product quality is the specific capacity of a product to show the usefulness, including the time of the product, reliability, and the ease of use and repair. Also, it is the combination of product characteristics from engineering (planning), Manufacturing (products), and maintenance that makes the products able to meet the customer expectations. The quality of a product must deliver satisfactory performance and surpass customer expectations (Steven et al, 2019). Furthermore, it is a critical factor that customers evaluate post-purchase to ensure their satisfaction. Taufik et al. (2022). The quality of a product influences the intention to switch, the intention to repurchase, customer loyalty, and customer satisfaction. Consequently, a company must prioritize product quality to ensure a positive impression on customers.

2.3.1 Design

Simatupang et al. (2017) identified that product quality is assessed through the product plan and the features that influence perceptions and experiences of the product. Pihl (2014) stated that product design may influence a product's image. The objective of product design is to evaluate the critical elements of design quality control in relation to established standards or specifications. Niu et al. (2022).

2.3.2 Perceived quality

(Samudro, Sumarwan, Simanjuntak and Yusuf, 2022) stated that the perceived quality is about the judgment from the customer towards the product superiority. (TUAN and RAJAGOPAL, 2017) also found that it has become the main role to make a difference from the competitors about the products and services quality. Traditionally, quality is defined to exceed customers' requirements. The product approach is focusing on the product's performance or design and durability. Which means the amount the

customers use of the product before the product gets worse or until the product needs to be replaced or even needs to purchase the new one (Jakpar, Na, Johari and Myint, 2012).

2.4 Customer Loyalty

(Cuong, 2020) refers to a buyer's purchasing pattern where they repeatedly purchase the same item. It also involves the opinions of consumers on the product. Additionally, some of the brand's most devoted clients operate as followers of the business, which helps to attract new customers, and some of them do not consider the brand's pricing. Furthermore, the customer's purchasing decision may also be influenced by brand loyalty. As evidenced by the customers' commitments, (Haeruddin and Haeruddin, 2020) discovered that loyalty is a positive attitude that is founded on the feeling of liking and unliking the brand, feeling familiar, and taking pride in being a user of a particular brand and continuing to buy the product consistently. The more satisfied customers are, the more lucrative and competitive the business is (Haeruddin and Haeruddin, 2020). According to Rosalina, Qomariah, and Sari (2019), customer loyalty also happens when customers have a really pleasant experience with the product they use and feel. Following their satisfaction with the product, consumers are likely to stick with the same brand, according to Kotler and Keller (2016). Additionally, it refers to the high degree of favorable brand appraisal that consumers have, as seen by their purchasing behavior. That "loyalty is more profitable" is emphasized by Thomas and Tobe (2013) and Khadka and Maharjan (2017). Loyal clients will be more likely to recommend you to others and make them reconsider purchasing from another company. Furthermore, sourcing and design choices are what create consumer loyalty; it is not something that happens by chance. Designing for customer loyalty necessitates having consumers who are trustworthy and understand their needs and interests. With repeated business, a customer's loyalty is gradually increased. Consequently, by ensuring their happiness and satisfaction, the repurchasing habit of the goods makes the competition appear typical in the customers eye (Taufik et al., 2022).

2.4.1 Perceived Value

According to Ali, Leifu, YasirRafiq, and Hassan (2022), perceived value refers to the psychological process through which customers evaluate a product or service in relation to their expectations of it. It affects the customer's propensity to purchase the product or service. Sugiati et al. (2013) found that customer value is an assessment of the benefits of a product or service as perceived by customers in relation to their needs. The perceived value is defined as the customer's subjective assessment of value, which influences their purchasing decisions. The concept of perceived value examines customer feelings and attitudes to comprehend their purchasing intentions for specific products within a competitive context. Zhang, Liu, Zhang, and Pang (2021) Perceived value encompasses the psychological factors influencing customers' decision-making processes regarding product purchases. Factors include quality, emotional response, and reputation. A study by Ali, Leifu, Govt, and Hassan (2015) indicates that perceived value significantly influences customer satisfaction. This determines the price an individual can obtain for purchasing or utilizing a product (Totenhagen et al. 2019). Three key factors are essential for assessing competence in formulation: identifying the target audience, clarifying the values provided, and ensuring the precision of value creation and delivery to meet customer expectations. Syarifuddin and Alamsyah (2017) The perceived value can be developed comprehensively; it generally represents a comparison between the benefits experienced by the customer and the costs incurred to acquire and consume the products. Perceived value is linked

to a thorough evaluation that encompasses all benefits received by the customer and what

Sacrifices are motivated by the desire for environmental sustainability, aiming to meet specific needs (Alamsyah et al. 2018).

2.4.2. Expectations

(Ali, Leifu, YasirRafiq, and Hassan, 2022) defined expectations as the perceived capability of alternative brands to fulfill consumer needs in a certain purchasing choice. Understanding client expectations is crucial for identifying the elements that drive customer behavior, particularly within constrained resources, to effectively manage these expectations. Tampi (2013) stated that if a buyer anticipates poor quality and receives it, their preference for the brand would diminish. Typically, a customer's expectations of a product are contingent upon the information derived from accessible resources.

2. Research Method

Type of Study	Descriptive method & Quantitative
Unit Analysis	Customer Brand XY
Sampling size	Hair et al; 25 questions $x = 125$ respondents
Type of data collection	Primary; questionnaire, interview, observations Secondary; journals, reports
Multiple linear regression	F-Test, T-Test, Model Summary
Classical Assumption test	Normality test, Kolmogorov-Smirnov test, P- Test, Histogram & Heteroscedasticity

Table 3.1 (Author) Research method

3. Result and Discussion

This study aims to examine the influence of brand image on customer loyalty in the context of brand XY. This research utilizes three variables: Brand awareness, Product quality, and Customer loyalty. The subjects of this study are customers of brand XY aged 18 to 40 years in the Jabodetabek region. This research gathered primary data via a questionnaire administered to 167 respondents, of whom 81.4% were women. The analysis was conducted using the SPSS software. Based on the findings presented, it was found that;

- 1. Based on the data result, respondents are 100 male and 67 female
- 2. The Reliability Post test results indicate that all variables exceed the minimal Cronbach's alpha value of 0.7.
- 3. The Kolmogorov-Smirnov test was used for the normalcy assessment. The results indicated that the Asymp sig. (2-tailed) exceeded 0.05. Furthermore, the Histogram test

- Vol. 8(No. 1): 1 62. Th. 2025 P-ISSN: 2622-1292 e-ISSN: 2623-0488
- was employed to finalize the normalcy assessment. It demonstrated that the regression line formed a 45-degree angle with the bell-shaped curve.
- 4. The multiple linear regression analysis, specifically the F-test, indicated a result over the critical F-table value (292.219 > 3.898). This indicates that H1.1 and H2.1 are approved.
- 5. The T-test was performed, revealing that the t value exceeds 0.05. Consequently, the significance value is below 0.05. This indicates the rejection of H1.0 and H2.0.
- 6. All independent factors in this study influenced the dependent variables by 77.8%. Nonetheless, 22.2% of these variables remain unexamined yet influence consumer loyalty.

4. Recommendation

First, when all variables are assessed using the questionnaire, the outcome may be affected by some frequent technique biases. The descriptive data indicate that the XY brand could enhance its advertising efforts on social media or other promotional platforms. Consequently, the buyer might remain informed about the items they provide.

Second, according to the questionnaire and data analysis, Brand XY must create a distinctive product to enhance its distinctiveness.

Third, the results from the dependent variable indicate that Brand XY must provide a memorable experience for guests to foster a sense of familiarity with the product.

Fourth, this research comprises 81.4% female clients and 18.5% male customers. This warrants more analysis about men's knowledge of the XY brand, given that the majority of potential buyers are women. Fifth, in the near future, the writer might examine the 22.2% attributable to other aspects influencing consumer loyalty. Examples include: Brand Image, Pricing, Marketing Strategy.

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