The Impact of Brand Reputation, Brand Equity and Brand Competence on Brand Loyalty

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Abstract  
The aims of this study were to test and analyze the impact of reputation, equity and brand competence to the handphone brand loyalty in Ambon city. The Population in this study were all the handphone users in Ambon City. The sampling technique used in this study was purposive sampling which took 75 respondents matched with the criteria. Multiple linear regression was used to analyze the data.

The result showed that the variable of reputation, equity, and brand competence had positive and significant impact on the handphone brand loyalty in Ambon City. This can be proven through the regression coefficient of reputation, equity, and brand competence in which if the score of reputation, equity, and brand competence improves, the score of loyalty will also improve. Therefore, it can be said that the improvement of reputation, equity, and brand competence will improve the loyalty of handphone brand in Ambon City.

Keywords: Brand Reputation, Brand Equity, Brand Competence, Brand Loyalty
Introduction

Study by Nielsen Media Research revealed that the growth of phone users is very high, especially in big cities. The survey was taken in eleven areas including Jakarta, Botabek, Bandung, Semarang, Surabaya, Gerbangkertasila, Medan, Makassar, Yogyakarta, Palembang and Denpasar, in which the respondents were chosen by the age of above 10 years old and household basis (http://www.marketing.co.id/hp-tumbuh-fixed-line-turun/).

The phenomena of massive phone users was also being searched by SurveyOne which showed that the fast growth of handphone accounts in Indonesia in this last five years. (http://www.marketing.co.id/hp-tumbuh-fixed-line-turun/). Cipta Media Seluler also carried a survey on the necessity stage II on January 16 to February 15 2014. The result showed that the handphone users mostly owned by mothers, children and the elders. Their necessity of information was about education, health, children development, and daily practical information for family.

Those realities will surely become vital attention by the handphone industries. Interestingly, the business actors must attempt to build good image especially about their products. This is very important because brand is a promise given by the producers to deliver series of feature, benefit, and service to the consumers (Eduard Yohannis Tamaela & Herman Surijadi, 2015). A brand of a product has a strong relation with the quality of a product which finally become the power of the forming of consumers loyalty (Campbell, L. dan Finch, 2003).

Brand is a consistence and holistic promise and can be the company tool to enter the business competition. An important thing for the company related to the brand is the attempt to build the loyalty of the consumers (Yesawich, 1997; in Bowen, JT, and Chen, 2001). This is because of the rapid change in environment, the growth of global competition, the sudden appear of innovative products, the saturation of market condition. All those phenomena become tough challenges of marketers (Eduard Yohannis Tamaela, 2015).

There are so many concepts define “Brand” effectively and get the consumers trust and loyalty. Lau, Geok Theng and Lee, (1999) stated that trust to a brand is the willingness of the consumers to put belief on a brand with the whole risks because there are expectations promised by the brand in giving positive outcome to the consumers. They also
said that there are three main factors forming trust on a brand, namely: brand characteristics, company characteristics, and the characteristics of brand and consumers relation.

This study focused on handphone, which is categorized as high involvement product. The consumers who wish to buy high involvement product tend to evaluate brand more detail and comprehensively. These kind of consumers seek for detail information on the brand they want to have actively. In the other hand, low involvement consumers occurs when consumers give lack involvement on finding the information about certain brand. In Indonesia, there are many scientific study investigating the loyalty determination on brand. Muhammad Rizan, Basrah Saidani, (2012) said that brand image or reputation had positive and significant effect on brand loyalty. Nila Kasuma Dewi, (2012) revealed the same result that brand image had significant impact on consumers loyalty. This result is also supported by several studies by Kaisupuy, (2017); Mahmood et al., (2018); Astono, Astuti, & Respati, (2021) and Dewi Aurora Mikasari and Agung Edy Wibowo, (2021).

In fact, the results described above cannot be justified that brand equity and reputation absolutely have impact on brand loyalty. It can be seen from the empirical study by Oskar Sepriadi, Dahliana Kemener, (2012) which stated that brand reputation had no significant impact on loyalty. This is also supported by Mochammad Edris, (2012). His study showed that brand reputation had no significant impact on brand loyalty.

Other empirical study by Kurnia & Mukhtar, (2000) stated that brand equity had positive and significant impact on costumers loyalty. In line with Alamsyah, (2013) brand equity had significant impact partially to the costumers loyalty. Abas Bambang dan Meyzi Heriyanto, (2017); Kaisupuy, (2017) and Wicaksana, Suharyono, & Hidayat, (2018) stated the similar result. However, Mahmood et al., (2018) found different result. They said that brand equity had no significant impact on brand loyalty.

The other brand loyalty determinant, brand competence had been researched by several researchers in di Indonesia. Mochammad Edris, (2012) through his study stated that brand competence had impact on brand loyalty. This is supported by Kaisupuy, (2017); Astono, Astuti, & Respati, (2021) and Dewi Aurora Mikasari dan Agung Edy Wibowo, (2021). Contrary to Agil Putra Shandi, (2011), he said that brand competence had no significant impact on brand loyalty.
From various empirical study described previously about the tree factors, it is explicitly showed that some had impact on brand loyalty and some had not which by Ferdinand, (2006) it is said as research gap. Contradiction, difference, or research gap from the above studies were then be developed in this study with the aim to analyze the impact of reputation, equity and brand competence to the handphone brand loyalty in Ambon city.

**Theoretical Framework and Hypothesis**

**Brand Loyalty**

Brand loyalty has been conceptualized as actual pattern of shopping act on a certain brand (Brown, 1952; Tucker, 1964 cited by Lau, Geok Theng and Lee, (1999) or behavioral intention to buy certain brand and persuade others to buy the brand (Banks, 1968 in Lau, Geok Theng and Lee, (1999). On industrial marketing, trust on salesperson or leads to loyalty on supplier. It means that when consumers believe on a certain brand, bigger positive buying intention on the brand is likely to happen. According to Basu Swastha Dharmmesta, (1999) there are four stages of loyalty based on attitudinal and behavioral approach. They are cognitive, affective, conative and behavior loyalty.

**Brand Reputation**

Brand reputation is consumers perception about their knowledge of a brand and others opinion to the brand. Brand reputation can be developed through advertisement and public relation or can be affected by the quality of product and brand performance. Cred and Miles, (1996) in Lau, Geok Theng and Lee, (1999) found that certain group will drive to positive expectation of other group which comes from the development of reciprocal relationship among groups.

The result of empirical study by Muhammad Rizan, Basrah Saidani, (2012) showed that brand image or reputation had positive and significant effect to the brand loyalty. Nila Kasuma Dewi, (2012) also revealed the same result. Several supporting studies also had carried by; Kaisupy, (2017); Mahmood et al., (2018); Astono, Astuti, & Respati, (2021) and Dewi Aurora Mikasari dan Agung Edy Wibowo, (2021). However, the results of the above studies are contrary to studies by; Oskar Sepriadi, Dahliana Kemener, (2012) and Mochammad Edris, (2012) which showed that brand reputation had nothing to do with the
brand loyalty. Therefore, based on the theory and the studies stated above the writer came up with the hypothesis as follow;

**Hypothesis 1**: Brand reputation had positive impact on brand loyalty of handphone product.

**Brand Equity**

Generally, brand equity is defined as the impact of unique marketing of a brand. In this case there is certain outcome of product marketing since there is a brand name on the product (Keller, 1993). So, brand equity is value added to a product because of a brand name given to it (Yoo, Donthu, & Lee, (2000)). Srivastava and Shocker, (1991) in Lisa Wood, (2000) defines brand equity as the sum of three things namely; all the attitude and behavior in consumers mind, distribution channel and the person who give influence which will increase the benefit in the future and cash flow in long time period.

The result of other study by Kurnia & Mukhtar, (2000) stated that brand equity had positive and significant impact toward costumers loyalty. This is in line with Alamsyah, (2013), he stated that brand equity had partial significant to the costumers loyalty. This result is also supported by several studies by; Abas Bambang dan Meyzi Heriyanto, (2017); Kaisupy, (2017); and Wicaksana et al., (2018). However, Mahmood et al., (2018) has succeeded in proving different result that brand equity had no significant effect to the brand loyalty. Based on the theory and the studies above, the hypothesis proposed was;

**Hypothesis 2**: Brand equity had positive impact on brand loyalty of handphone product.

**Brand Competence**

Brand competence is the ability of a brand to solve consumers problem (Lau, Geok Theng and Lee, (1999)). Skin and Roth, (1993) as cited by Lau, Geok Theng and Lee, (1999) stated that the ability of a brand is an important element influencing the consumers in trusting a brand. The consumers is able to know the brand competence through these two ways, namely; direct usage of the brand, and word-of-mouth communication.

Mochammad Edris, (2012) in his study he stated that brand competence had influence on the brand loyalty. This is also supported by Kaisupy, (2017); Astono, Astuti, & Respati, (2021) and Dewi Aura Mikasari dan Agung Edy Wibowo, (2021). However, study by Agil Putra Shandi, (2011) showed different result. He stated that brand competence had
no significant impact on Brand loyalty. Based on the theory and studies delivered above, the hypothesis offered was;

Hypothesis$_3$ : Brand competence had positive impact on brand loyalty of handphone product.

Based on theoretical studies and support from previous studies, the framework of this research model is as shown below.

**Research Model**

![Research Model Diagram](image)

**Research Method**

This research is categorized as explanatory study since it tried to explain the effect of brand reputation, brand equity, and brand competence on the brand loyalty. This study used quantitative approach, and the model of the research is survey in which questionnaire was used as instrument. The population in this study are all handphone users in Ambon. Non probability sampling was used because there was no accurate information of the right numbers of the users. The technique of sampling used was purposive sampling with these three criteria; 1) the respondents who had bought handphone several times in Ambon city 2) the respondents in Ambon who had never bought handphone other than current brand they used. The final samples based on these criteria were 75 respondents. The analysis applied was descriptive statistics with frequency distribution of respondents answer and inferential statistics through multiple linear regression analysis which was carried with instrument testing and classic assumption testing namely; normality testing, multicolinearity testing and heteroscedasticity testing.
Result and Discussion

Frequency Distribution of Respondents Answer

The result testing of descriptive statistic of respondents answer by using mean index was shown as follow.

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>Total Sample</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Brand Reputation</td>
<td>75</td>
<td>3.61</td>
</tr>
<tr>
<td>2.</td>
<td>Brand Equity</td>
<td>75</td>
<td>3.72</td>
</tr>
<tr>
<td>3.</td>
<td>Brand Competence</td>
<td>75</td>
<td>3.57</td>
</tr>
<tr>
<td>4.</td>
<td>Brand Loyalty</td>
<td>75</td>
<td>3.79</td>
</tr>
</tbody>
</table>

The analysis test of respondents answer of all research variables were each measured by four statements. The result was range from 3.57 to 3.79 meaning that all the variables can be described well or it can be justified that all respondents agreed with all the statement of the variables in this research.

Instrument Testing

Research instrument testing carried were validity and reliability testing. Validity testing in this study used was Product Moment Person correlation, where the validity of instruments could be known by comparing correlation index with 5% significant value. This means that if probability of correlation is smaller than 0.05, the instrument is not valid; and vice versa if the correlation result is bigger than 0.05, the instrument is valid (Ferdinand, 2006). While the reliability testing in this study applied alpha cronbachs, where an instrument can be said reliable if it has coefficient value bigger or equal to 0.5 which means if α = 0.5 the instrument can be said reliable (Ferdinand, 2006). The result of the instrument testing is showed as follow.

Validity and Reliability Testing

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
<th>Correlation</th>
<th>Result</th>
<th>Alpha Cronbach</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Reputation  (X₁)</td>
<td>X₁.1</td>
<td>0.805</td>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X₁.2</td>
<td>0.709</td>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X₁.3</td>
<td>0.842</td>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X₁.4</td>
<td>0.719</td>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Equity (X₂)</td>
<td>X₂.1</td>
<td>0.834</td>
<td>Valid</td>
<td>0.772</td>
<td>Reliabel</td>
</tr>
<tr>
<td></td>
<td>X₂.2</td>
<td>0.764</td>
<td>Valid</td>
<td>0.820</td>
<td>Reliabel</td>
</tr>
</tbody>
</table>
The result of validity and reliability testing of the instrument above shows that the result of correlation testing is bigger than 0.5 and the value of alpha cronbach’s coefficient is above 0.50 thus the variable on each question is valid and reliable to be used in data analysis.

**Classic Assumption Test**

**Normality Test**

Normality test on the data in this research applied normal probability plot graphic by seeing the data spread inclining toward the regression line. The normal probability plot graphic is shown bellow.

**Normal P- Plot Graphic**

Normal probability plot graphic above shows that data spread around diagonal line and the spreading follows the diagonal line, so that the data spreading is normally distributed, thus multiple linear regression can be applied.

**Heteroscedasticity Test**

Priyatno, (2012) stated that a good regression model should not have heteroscedasticity. Heteroscedasticity testing in this study was by seeing the spread of the dots on the scatterplot graphic as presenting below.
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Scatterplot Graphic

The scatterplot graphic above shows that the dots spread randomly upper and below the zero point on Y axis. This means that the heteroscedasticity in this research is fulfilled.

**Multicollinearity Test**

Multicollinearity testing in this study was taken through detection whether or not multicollinearity occurred by seeing the value of Variance Inflation Factor (VIF). If the VIF value is bigger than 10, the multicollinearity occurs and if the VIF value is smaller than 10, there is no multicollinearity. The multicollinearity testing is presented as follow.

<table>
<thead>
<tr>
<th>Models</th>
<th>Collinearity Statistics</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
<td>VIF</td>
</tr>
<tr>
<td>Brand Reputation</td>
<td>0.226</td>
<td>4.424</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>0.410</td>
<td>2.441</td>
</tr>
<tr>
<td>Brand Competence</td>
<td>0.247</td>
<td>4.048</td>
</tr>
</tbody>
</table>

The data on the table above shows that the value of VIF is smaller than 10 and the Tolerance value is close to 1 which means there is no multicollinearity occurs among independent variables in this research.

**Multiple Linear Regression Analysis**

The result of multiple regression analysis was used to analyze the impact of brand reputation, brand equity and brand competence to the brand loyalty which shown as follow.
### Multiple Linear Regression Analysis Testing

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standardized Coefficients</th>
<th>t calc</th>
<th>Sig</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.738</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Reputation</td>
<td>0.552</td>
<td>3.620</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>0.829</td>
<td>8.260</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Brand Competence</td>
<td>0.481</td>
<td>3.934</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

**F calc** 61.116 **t table** 1.667

**Adjusted R Square** 0.709

### The Impact of Brand Reputation on the Costumers Loyalty

This research reveals that brand reputation has positive and significant impact to the level of brand loyalty. This is proven by the significance value of 0.001 which means smaller than 0.005 (0.001 < 0.05) and the $t_{table}$ value 1.667 which is smaller than $t_{calc}$ 3.620 (1.667 < 3.620) with the regression coefficient 0.552 which means that brand reputation is verified to give positive and significant on the level of brand loyalty of the handphone users in Ambon city. The result of the data analysis is reinforced with descriptive statistic testing namely distribution of respondents answer about brand reputation showing that majority of loyal costumers Ambon city stated that the handphone they have has good brand reputation.

This finding shows that the consumers tend to choose handphone product based on the brand reputation, especially when they have no experience on certain category of a product they never buy. They tend to believe on the famous and favorite brand. The consumers often think that famous brand makes best product and worth to have because of the quality guaranty, reliability, and better service. Brand advertising supports the costumers to know the product quality by developing and keeping the positive image of the brand in their mind.

This finding support the previous studies by Muhammad Rizan, Basrah Saidani, (2012); Nila Kasuma Dewi, (2012); Kaisupy, (2017); Mahmood et al., (2018); Ari Astono, Astuti, & Respati, (2021) and Dewi Aurora Mikasari and Agung Edy Wibowo, (2021) stating that brand reputation has positive and significant impact on the brand loyalty.
Impact of Brand Equity on the Costumers Loyalty

The research result reveals that brand equity has positive and significant impact on the level of brand loyalty. This is proven by the value of significance 0.000 which is smaller than 0.005 (0.000 < 0.05) and the value of $t_{table}$ 1.667 that is smaller than $t_{calc}$ 8.260 (1.667 < 8.260) with regression coefficient 0.829 meaning that brand equity has positive and significant impact on the loyalty of handphone users in Ambon city. The result of data analysis is supported by descriptive statistics data about brand equity that shows the majority of handphone users in Ambon city stated that the brand of handphone they are using now is better than the previous brand.

This finding shows that brand equity can increase the probability of a brand to be chosen, which leads to brand loyalty and be able to protect the brand from the market competition. The marketing focus on the brand equity becomes important because the consumers nowadays continuously evaluate a brand and company after buying certain product, if the performance of the product bad or the service given by the company of related brand disappointed, the consumers will find it dissatisfaction. The impact is that the company will lose the chance to create brand loyalty and the loyal consumers.

This finding is in line with the finding by Kurnia & Mukhtar, (2000) who stated that brand equity has positive and significant impact on the costumers loyalty. It is also similar to previous study by Halni and Alamsyah, (2013) that equity of a brand has significant impact partially on the consumers loyalty. This finding also supports the study by; Abas Bambang and Meyzi Heriyanto, (2017); Kaisupy, (2017); and Wicaksana et al., (2018) who also stated that brand equity has positive and significant impact on loyalty.

The Impact of Brand Competence on the Costumers Loyalty

This study found that brand competence has positive and significant impact on the level of brand loyalty. It is proven by the significance value 0.000 which is smaller than 0.005 (0.000 < 0.05) and the $t_{table}$ 1.667 which is smaller than $t_{calc}$ 3.934 (1.667 < 3.934) with the regression coefficient 0.481 which means that brand competence has positive and significant impact on the loyalty of the customers or handphone users in Ambon city. The data analysis is supported by the descriptive statistic test of the distribution of respondents answer about brand competence proving that the majority of loyal customers of handphone
brand in Ambon city agreed that the brand of handphone they are using can fulfill their necessity better than other brand.

This finding verifies the statement of Lau, Geok Theng and Lee, (1999) that the ability of a brand in this case is brand competence become an important element affecting the consumers in trusting a brand. Moreover, if the product is handphone which is included in high involvement category in which the decision making of consumers to be loyal on the brand is not an instant decision, it needs as much information as possible that assures them to keep loyal on the brand. Other study delivered by Mochammad Edris, (2012); Kaisupy, (2017); Astono, Astuti, & Respati, (2021) also Dewi Aurora Mikasari and Agung Edy Wibowo, (2021) who also succeeded to prove that brand competence had impact on the brand loyalty.

**Conclusion and Recommendation**

**Conclusion**

Based on the analysis before, it can be concluded that brand reputation, brand equity, and brand competence has been proven partially to have impact on customers loyalty of handphone product in Ambon city positively and significantly, which means if the perception of brand reputation, brand equity, and brand competence of the customers improves, the brand loyalty will also improved. Therefore, it can be justified that the stimulus of the improvement of brand reputation, brand equity, and brand competence will be followed by the improvement of loyalty level of the handphone users Ambon city.

**Recommendation**

The recommendation the researcher can give is; in the effort to keep the level of loyalty and to avoid disloyal behavior of the handphone users, the handphone company must keep on doing the innovation on the product attribute since the technology keeps on developing and the customers demand become higher. It is recommended because based on the descriptive analysis through frequency distribution of respondents answer which stated that the statement with the lowest score was on item on brand competence variable, more exactly on item X$_{3.1}$ and X$_{3.2}$ (related to the reliability and the performance of handphone product). So that, innovation related to both issues is needed. It must be appropriate with the nowadays demand and the customers must become the priority of the
handphone company. Recommendations for future research is to add moderating variables such as lifestyle and consumer engagement to analyze the impact on brand loyalty. This recommendations about modification of future research model will have an impact on the development of consumer learning theory.

Reference


Euard Yohannis Tamaela. (2015). Determinan Dimensi Kepercayaan Merek Terhadap


