Robust Least Squared Model: How to Maintain Brand Loyalty at Starbucks Indonesia

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ABSTRACT

This paper wants to analyse the effect of consumer satisfaction, consumer ethnocentrism, and brand trust on brand loyalty in Starbucks Indonesia. This study uses a quantitative approach and data collection methods with a questionnaire (google form). Respondents are consumers of Starbucks products who live in Java and Bali. Testing reliability, validity, and regression analysis used Stata Software. This paper wants to examine how consumer satisfaction, ethnocentrism, and brand trust affect brand loyalty. The method of analysis in this study is the Robust Least Squared Model. The result concludes that increasing consumer ethnocentrism, consumer satisfaction and brand trust can significantly increase brand loyalty.

Keywords: Consumer Ethnocentrism; Consumer Satisfaction; Brand Trust; Brand Loyalty; Starbucks Indonesia

1. Introduction

Indonesia's economy is the largest in Southeast Asia which has various endowments that put Indonesia in a position that deserves to be considered due to the growth economy this country (S Budiono & Purba, 2020); (Sidik Budiono & Purba, 2019); (Rajagukguk, Purba, & Budiono, n.d.). The Indonesian economy faces rapid developments in fiscal and monetary policy, developments in technology and information (Sidik Budiono et al., 2021). The role and position of the Indonesian economy in the global region is in the aspects of industry, trade, and investment which are the main aspects in developing the Indonesian economy, both domestically and in global markets (Sidik Budiono & Purba, 2020). A sizeable export commodity currently is coffee that originated from some area in this nation, however, the Indonesian people are also big coffee consumers compare to many countries over the globe (Surjana et al., n.d.); (Steven et al., 2021).

Coffee is a familiar drink in various generations in the world. The complex combination of more than 800 volatile compounds and caffeine and chlorogenic acid is the best-known mixture as known they become a good income that make holding companies being bigger (Suk et al., 2019); (S Budiono, Purba, & Adirinekso, n.d.); (Sidik Budiono & Purba, 2020). Various countries have developed their own preferences on how to prepare and serve coffee drinks (Nieber, 2017). The background history of coffee dates to the tenth century, with some interesting stories about serving and enjoying it so that a number of business done by family ones (Tan et al., 2019); (Widjaja et al., 2019); (Kim et al., 2018); (Sidik Budiono et al., 2021).

The coffee cherries which are taken from the seeds are roasted and dried in the sun and then dried to become processed products that are ready to be served in the form of drinks. In Indonesia there are two main species, namely Coffee canephore (Robusta coffee) and Coffea Arabica (Arabica coffee). The difference between the two variants lies in the taste and caffeine content. Arabica beans which are more expensive in the global market and that have a lighter taste and 70% lower caffeine content than Robusta coffee beans, therefore, people would prefer Arabica Coffee than Robusta coffee.

The International Coffee Organization announced that Indonesia is the fourth largest coffee producer in the world after Brazil, Vietnam, and Colombia, respectively. Due to the better concerning on education this nation, the fourth largest foreign exchange earner in the agricultural sector in Indonesia (Sidik Budiono & Purba, 2020); (S Budiono et al., 2020); (Rajagukguk, Purba, Budiono, et al., n.d.) is coffee in foreign trade after palm oil, rubber, and cocoa (S Budiono, Evanson, et al., n.d.); (Primahendra et al., 2021). The Association of Indonesian Coffee Exporters and Industry explained that about 67% of coffee commodities were exported while 33% were for Indonesia. So that Indonesia is the second largest coffee consumer country in the world.

Various backgrounds of Indonesian people get used to consuming coffee. Coffee consumers in Indonesia are the elderly when they are hanging out with friends or during breaks while working. various types of coffee in circulation. Robusta coffee producer is Indonesia. Each type of coffee is produced from every region in Indonesia with a variety of flavors and aromas respectively. Kopi Luwak is one of the most sought after by people abroad. This type of coffee is the most expensive because it is unique with a certain aroma so that demand is high. Young people enjoy coffee quite a lot. Coffee drinks are offered in a special cafe with a supportive atmosphere for gathering with colleagues or coworkers. Starbucks cafe is a cafe known for its uniqueness and prestige for coffee connoisseurs.

2. Literature Review

2.1. This research use some of variables as follow:

Consumer Ethnocentrism

Domestically made products are used by domestic consumers, this is the opinion of some researchers compared to products from abroad. This means that consumers only tend to elevate their own products. The term Ethnocentrism as a way of looking at things in which the group itself is the focal point of everything and everything else is measured and seen about the group, each group encourages its own pride and arrogance, prides itself as a commonplace, exalts its own God and looked down on other outside groups (Sumner, 1906). According to Sumner, the basic highlights of ethnocentrism include pride in one's own group and a view of the incompetence of other groups (Siamagka & Balabanis, 2015) .

From this concept, it can be argued that consumer ethnocentrism is an extraordinary type of ethnocentrism that captures only the economic motives for in-group tendencies, for example, the fear that voting for foreigners harms home industries and causes unemployment (Zeugner-Roth et al., 2015). Shimp and Sharma (1987), through their research, introduced a scale construct that can measure consumer tendencies towards domestic products compared to foreign products, called the CETSCALE or consumer ethnocentrism scale. This scale is one of the supporting scales in the field of international marketing (Josiassen et al., 2011).

The phenomenon of consumer ethnocentrism is very strong namely: consumer ethnocentrism exists even in countries where most consumers prefer imported products and furthermore that the level of ethnocentrism can increase. Products from abroad are still discriminated against against local products, urban communities in general are not easily influenced by ethnocentrism. Young people tend to look for foreign cultures and try to join in them. This tendency is done because it can improve social status in society.

Consumer Satisfaction

Satisfaction is a post-purchase consumer brain situation that shows how far consumers like or dislike services after using the product (Meesala & Paul, 2018). Rodriguez del Bosque and San Martin (2008) explain that satisfaction is cognitive and emotional (Nam et al., 2011). Nam et al. (2011) say that there are two regular formulations of customer satisfaction. The first is transaction-specific, Oliver (1993) says that it is a fast and responsive post-purchase evaluation assessment of successful use so that there is new involvement in the company and the better education of the customers (Adirinekso et al., n.d.); (Rajagukguk, Purba, Budiono, et al., n.d.). The second is overall satisfaction. Bitner & Hubbert (1994) say that overall satisfaction depends on an assessment of the services quality either on site or digital and also last purchase event and all experiences of service provision (Purba & Panday, 2012); (Purba & Panday, 2015). So, consumer satisfaction is the consumer's response to the assessed difference between the previous desire and the original performance of the product or service (Meesala & Paul, 2018); (S Budiono, Purba, Adirinekso, et al., n.d.); (S Budiono, Purba, & Adirinekso, n.d.).

Generally, consumers who are satisfied with a product or service provided by a company tend to be insensitive to the price of the product. Generally, satisfied consumers will be more confident and loyal to the company's products or services. There are several factors, namely service, brand image, and factors such as price also become a benchmark that must be improved continuously so that consumers are satisfied with the product or service (Nam et al., 2011). .

Brand Trust

Consumer trust is an ability that depends on a party based on beliefs about behavior and quality in dealing with risks (Becerra & Badrinarayanan, 2013). Beliefs about brands are consumer desires that normally depend on the capacity of the brand itself (Laroche et al., 2012). Becerra & Badrinarayanan (2013) stated that brand trust has an impact on consumer mentality and buying behavior, attitudes and fortitude, brand value impressions, brand responsibility, and brand references (Purba, 2015); (Purba & Tan, 2018); (S Budiono, Purba, & Adirinekso, n.d.) .

Efforts to increase consumer confidence in the brand is through complete information about the product brand. Companies can increase interaction with consumers by providing continuous updates on new developments of the brand or by increasing the security and personal information so that consumers can feel more comfortable. Through continuous interaction, it will increase consumer confidence in brands and companies (Habibi et al., 2014).

Brand loyalty

Brands equipped to deliver better brand experiences can achieve propensity and differentiation of different brands and build brand loyalty and encourage evangelism (Iglesias et al., 2011). Brand loyalty is a one-sided behavioral response expressed over time by some decision-making unit with respect to one or more alternative brands from a set of such brands, it is a consequence of the perceived quality of the brand and not the cost (He et al., 2012; Zehir et al., 2012; Zehir et al. al., 2011). Brand loyalty can be conceptualized as the final element of the consumer brand echo that represents the consumer's definitive relationship and level of evidence that can be recognized with a brand (Erdoğmuş & içek, 2012). According to Assael (1992) and Samuelsen & Sanvik (1997), there are two methodologies used to understand brand loyalty, namely a behavioral approach with promoters believing that purchasing one brand over time is an indicator of brand loyalty and cognitive. methodology whose proponents argue that behavior does not exclusively reflect brand loyalty (Severi & Ling, 2013). Brand loyalty has a measure of attitude and behavior, which describes the general satisfaction of consumers and the tendency of consumers to buy certain brands consistently in the long term (Liu et al., 2012).

2.2. Relationship among Variables

Consumer Ethnocentrism and Brand Loyalty

From Rahman & Haque (2011) study, found that consumer ethnocentrism does reduce consumer evaluation on brands from foreign brands and consumers with high ethnocentrism tend to put less trust on foreign based companies (Tasurru & Salehudin, 2014). Hamin *et al.* (2014) also found that ethnocentric consumers in emerging markets preferred brands from their own countries to brands from developed countries when evaluating different brands of car (Tasurru & Salehudin, 2014). Another research also proved that ethnocentric consumers especially reduce their purchase intentions with regard to imported commodities because they have a poor perception and judgement of the consumption of international products (Lo et al., 2017). Therefore, ethnocentric consumers are positively related toward brand loyalty (Li et al., 2012).

Consumer Satisfaction and Brand Loyalty

There is a positive relationship between consumer satisfaction and brand loyalty has been proven by several studies. Thus, this study confirms that consumer satisfaction with the experience of using certain brands has an impact on certain brand loyalty (Nam et al., 2011). LaBarbera & Mazursky (1983) said that the increase in brand loyalty caused by customer satisfaction and repeated acquisition of similar product benefits. Furthermore, brand loyalty can be estimated through positive WOM, brand trust, customer satisfaction, cost effect and so on. Consumers who are satisfied with a product or service provided by the company will continue to form a heart bond with the product or service (Adirinekso. G.P. et al., 2020). Consequently, consumers in general will prefer to use the product or service compared to products or services from different companies. If this happens continuously so that consumers can be considered as loyal customers (Y. Song et al., 2012).

Brand Trust and Brand Loyalty

A condition in which consumers buy and use a brand they trust when compared to others they don't trust, in this way consumers show commitment to the brand (Sasmita & Mohd Suki, 2015). The impact of brand trust on brand loyalty is positive and very large (Laroche et al., 2012). Brand trust encourages brand loyalty or responsibility because trust exchanges relationships (Zehir et al., 2011). To build trust, it is important for consumers to retrieve and evaluate information from the product. Companies can build passionate trust if they can demonstrate that the brand is just for customers and fulfill their desires. Chinomona (2016) explains that brand loyalty has a positive relationship with brand trust.

3. Methods

Authors use research model as based on the problems and possible causal relationships between Consumer Ethnocentrism and Brand Loyalty, Consumer Satisfaction and Brand Loyalty, and Brand Trust and Brand Loyalty then we compile a research model as outlined in the figure 1.
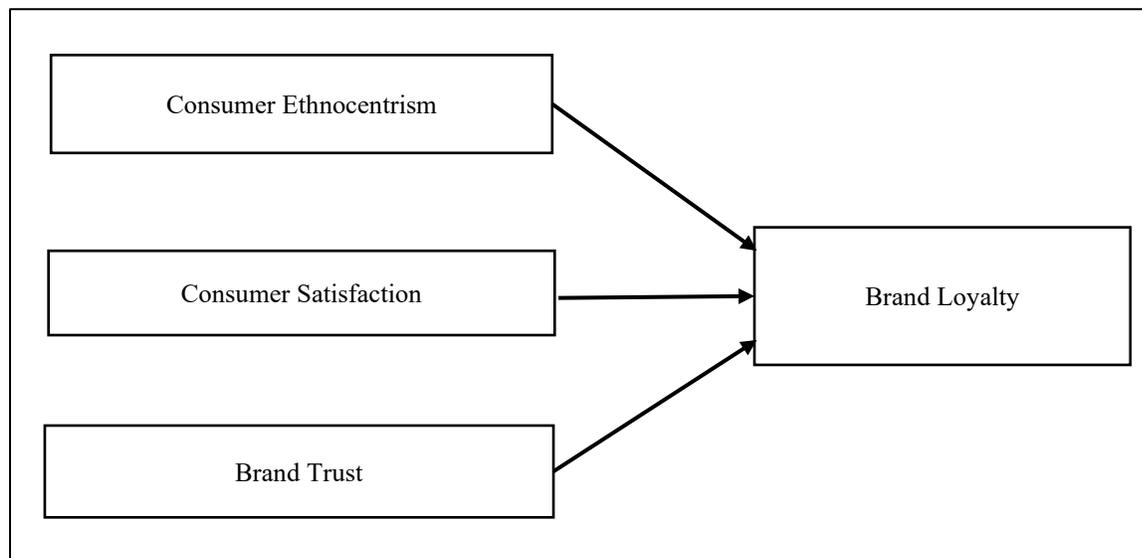

Figure 1 Research Model

Therefore, the conceptual definition and operational definition of variables that used for this research are shown in table 1.

Table 1 Conceptual Definition and Operational Definition

Variable	Conceptual Definition	Operational Definition	Scale
Consumer Ethnocentrism	a unique form of ethnocentrism that captures only economic motives for in-group bias, such as the fear that opting for foreign threatens the domestic industry and causes unemployment (Zeugner-Roth et al., 2015).	1. Only those products that are unavailable in Indonesia should be imported 2. It is always best to choose Indonesian drink 3. Indonesian people should always become a customer in Indonesian shops instead of foreign shops 4. Foreign shops should be taxed heavily to reduce their entry into Indonesia	Likert
Consumer Satisfaction	the consumer's response to the evaluation of the perceived discrepancy between expectations and the real performance of the product after consumption (Meesala & Paul, 2018).	1. I am satisfied with the taste of Starbucks 2. I am satisfied with Starbucks customer service 3. I am satisfied with the store atmosphere 4. I am satisfied with the price of Starbucks	Likert
Brand Trust	Brand trust is the willingness of the most consumer to rely on the ability of the brand to perform its stated function (Laroche et al., 2012).	1. I trust Starbucks 2. I rely on Starbucks 3. Starbucks is trustworthy	Likert
Brand Loyalty	a biased behavior response expressed overtime by some decision making unit with respect to one or more alternative brands out of a set of such brands, it is a result of the perceived quality of the brand (He et al., 2012; Zehir et al., 2011).	1. I would continue to buy Starbucks 2. I like Starbucks more than other similar brand 3. I recommend Starbucks to others 4. I visit Starbucks almost regularly	Likert

4. Data Collection

In this research, the data to be tested will be collected using a questionnaire. Questionnaires are a set of questions used to obtain information from respondents regarding their personal or other matters related to research material (Nugroho, 2018). This questionnaire will be divided into 5 sections according to the number of variables, with a total of 22 indicators. Every question from the questionnaire will use a likert scale. Likert scale is a scale designed to examine how strongly respondents agree with a statement on a five-point scale (Sekaran & Bougie, 2016). Likert-scale instruments are most frequently used to measure psychological constructs (Nemoto & Beglar, 2014). The scale used is a scale of 1 (strongly disagree) to 5 (strongly agree). The questionnaire to be collected came from 197 respondents. This questionnaire will be distributed through various social media.

5. Results and Discussion

In table 2 are the result of the reliability using Cronbach's Alpha. Based on the result below, there is no result below the measurement standard.

Table 2 Reliability Test and Validity Test

Item	Obs	Sign	item-test correlation	item-rest correlation	average interitem correlation	alpha
CE1	197	+	0.4242	0.3331	0.3324	0.8819
CE2	197	+	0.4140	0.3221	0.3333	0.8824
CE3	197	+	0.3806	0.2863	0.3364	0.8838
CE4	197	+	0.2482	0.1470	0.3485	0.8892
CS1	197	+	0.6866	0.6251	0.3084	0.8700
CS2	197	+	0.5555	0.4770	0.3204	0.8761
CS3	197	+	0.5274	0.4458	0.3230	0.8774
CS4	197	+	0.7226	0.6667	0.3052	0.8682
BT1	197	+	0.7109	0.6532	0.3062	0.8688
BT2	197	+	0.6560	0.5902	0.3112	0.8714
BT3	197	+	0.7588	0.7089	0.3019	0.8664
BT4	197	+	0.5912	0.5168	0.3172	0.8745
BL1	197	+	0.7566	0.7063	0.3021	0.8665
BL2	197	+	0.7112	0.6534	0.3062	0.8688
BL3	197	+	0.7189	0.6624	0.3055	0.8684
BL4	197	+	0.7258	0.6703	0.3049	0.8681
Test scale					0.3164	0.8810

Source: Data Processing

All test results already passed minimum requirement to declared as valid and reliable. The result of item test-correlation has passed the minimum requirement of r-table so that all indicators of each variable are declared valid. The Cronbach's Alpha test result is 0.88 more than the required minimum of 0.60.

After all indicators are declared valid and reliable, the authors estimate the research model. By using robust linear regression (Greene, 2018), the output of data processing is as follows Table 3.

Table 3 Robustness Linear Regression for Brand Loyalty

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Linear regression                              Number of obs    =        197
                                               F(3, 193)        =      75.63
                                               Prob > F         =     0.0000
                                               R-squared        =     0.4922
                                               Root MSE         =    .70833
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BL	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf. Interval]	
CE	.1888094	.0610408	3.09	0.002	.0684168	.309202
CS	.4255276	.1401861	3.04	0.003	.1490342	.7020211
BT	.6118961	.1272401	4.81	0.000	.3609365	.8628558
_cons	-1.53002	.3562359	-4.29	0.000	-2.232635	-.8274042

Source: Data Processing, 2021.

Based on the value of R-squared = 0.4922 shows that changes in brand loyalty (BL) are influenced by 49.22% independent variables in the model, while the influence of variables outside the model is 50.88%. The test results for the research model that the results of the value of F-test = 75.63 and probability F = 0.00 smaller than the significance level of 5%, we reject the null hypothesis. The independent variable Consumer Ethnocentrism (CE), Consumer Satisfaction (CS) and brand Trust (BT) simultaneously influence the brand loyalty (BL) on Starbucks Coffee in Indonesia.

Based on the results of partial testing of the Consumer Ethnocentrism (CE) is t-test = 3.09 and probability value t = 0.002 states that we reject null hypotheses and accept alternative hypotheses. Consumer Ethnocentrism (CE) significantly influences the brand loyalty (BL). Subsequent partial testing of the Consumer Satisfaction (CS) is t-test = 3.04 and probability value t = 0.003 states that we reject null hypothesis and accept alternative hypotheses. Consumer Satisfaction (CS) significantly influences the brand loyalty (BL). Last, the brand Trust (BT) is t-test = 4.81 and probability value t = 0.000 states that we reject null hypotheses and accept alternative hypotheses. brand Trust (BT) significantly influences the brand loyalty (BL).

So, testing together or partially shows the behavioral model in this study has met the statistically requirements. Next, we construct the equation of the econometric model in this study as follows.

$$BL = -1.53 + 0.18\,CE + 0.42\,CS + 0.61\,BT$$

From the results equation Consumer Ethnocentrism (CE), Consumer Satisfaction (CS) and brand Trust (BT) affects the brand loyalty (BL) as the foundation of the maintaining brand loyalty in Business. Each increase unit in Consumer Ethnocentrism (CE) will increase by 0.18 level of brand loyalty (BL). So, each increase one unit level in Consumer Satisfaction (CS) will increase by 0.42 level Scale Likert of brand loyalty (BL). Last, each increase one unit level in brand Trust (BT) will increase by 0.61 level Scale Likert of brand loyalty (BL)

6. Conclusion

It is clear that Consumer Ethnocentrism (CE), Consumer Satisfaction (CS) and brand Trust (BT) affect brand loyalty at Starbucks Indonesia in 2021. Based on the ranking/order of impact of the independent variables, brand trust ranks first, followed by consumer satisfaction in second, and finally Consumer Ethnocentrism which has the lowest influence on Brand Loyalty. Building a strategy to improve brand loyalty is very important which further explores the role of each variable.

The role of brand trust can be realized by the willingness of most consumers to believe in brands that can improve the status of consumers themselves. Through innovation and technology that is continuously improved. A good response is created when consumers feel comfortable and depend on the brand. The continuous establishment of brand loyalty has deepened brand loyalty among Starbucks Indonesian consumers.

Consumer satisfaction can be formed from experiences with Starbucks Indonesia products and services. Old and new experiences that never disappoint consumers will strengthen customer satisfaction. Efforts through product and service innovation are very decisive in shaping consumer satisfaction. Consumer will enhance to form a heart bond with the product or service. Thus, all these stages will improve brand loyalty continuously.

Consumer ethnocentrism is unique in this research. Young people tend to look for foreign cultures and try to join in them. This tendency is done because it can improve social status himself in society. Always Starbucks bring foreign culture in product innovation. Consumers, especially young consumers will be attracted by foreign culture. Anyway, consumer ethnocentrism will do to maintain brand loyalty.

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