The Effects Of Brand Equity On Repurchase Intention: The Role Of Brand Relationship Quality In Muslim Wear Brand Surabaya-Indonesia

Inggrid Widya Pitaloka, Tatang Ary Gumanti

Abstract: There are many ways to make a loyal customer. The company must make sure that the customers have the intention to repurchase its products or services. There are many drivers of customer repurchase intention, such as brand equity and brand relationship quality. This research examines the effects of brand equity and brand relationship quality on repurchase intention of the customers of this Muslim wear brand. It also examines whether brand relationship quality mediates the relationship between brand equity and repurchase intention. The test was conducted using path analysis of 134 respondents. Results show that there is a positive and significant effect of brand equity and brand relationship quality on repurchase intention. Brand relationship quality partially mediates the effect of brand equity on repurchase intention.

Index Terms: Brand Equity, Brand Relationship Quality, Repurchase Intention.

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INTRODUCTION

Islam is the first most populous religion in Indonesia. Muslim wear specific clothes to express their identity, given a large number of Muslim populations, Muslim clothes businesses are offering a potential market. Thus, studying things related to Muslim clothing is interesting. Since the needs of Muslim clothes and veils grow from time to time, this has made Indonesia be the largest market share for Muslim business. Recently Islamic clothing has emerged not only regarding religion need but also as fashion needs. Muslim fashion is the hottest topics to be discussed by wearers and non-wearers of fashionable Islamic clothing alike (Amrullah, 2008). East Java Province has a large number of Muslim. Almost 2,5 million of them live in Surabaya. This means Surabaya offers a large market for Muslim clothes. Thus, the Muslim clothes and veils industry is a promising business. The number of shops and boutique selling Muslim clothes and veils in Surabaya have increasingly grown in the past few years that has made the competition becomes tight. A successful brand that has a mastery of information with a positive experience will be felt by customers of the products (Soemanagara, 2006). Strong brands will create better customer repurchase intention. Building a good brand is not easy because it deals with brand equity. According to Aaker (2007), brand equity is an asset associated with a brand and attaches to the given product. The brand equity influences consumer repurchase intention. It consists of three indicators namely, brand awareness, brand image and perceived quality (Chen and Hsieh, 2011). A strong brand will enable customers to remember the brand because the brand can provide more value to consumers. Regarding perceived quality, consumers will have an improved perception of quality with the number of consumers experience felt by consumers, consumer confidence will increase and, as a consequence, there is no doubt in the interest of repeated purchase by consumers.

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The brand equity model lists three ways of how brand assets can create value to its customer. Firstly, brand equity can help the customers understand the process, collect and retrieve large amounts of information about brands and their benefits. Second, the help of brand equity can impact on brand relationship quality. Third, brand equity has the power to engage customers. Brand equity has a positive influence on brand relationship quality (Chen and Hsieh, 2011). In addition to brand equity, brand relationship quality influences consumer repurchase intention (Chen and Hsieh, 2011). Brand satisfaction, brand trust and brand commitment as a brand relationship quality indicator have an important role in the relationship between consumers and brands. Brand relationship quality can be defined as the overall appraisal of the consumer on the strength of their relationship with the brand. The customer-firm relationship is fueled by a belief in the impact of relationship quality concepts such as trust, commitment, and satisfaction. Relationship quality is a significant predictor of buying intention (De Cannie're et al., 2010). For almost all companies, the means for generating consistent profits are determined by their customers. Customers are expected not only buying the producers, but also repeating their purchase consistently. Repeat customers are the base of the business goal. They are expected to generate positive and sustainable financial return. As a result, measuring repeat purchase intention has become important for managers and researchers (Ahmed, 2014). The intention is attached to a person's attitudes. Individuals who are interested in an object will have the power to get the object (Ahmadi, 2013). Repeat purchase intention means that consumers have an interest in a product and have the power to buy again in the future. In particular, a study examining the interaction between variables in a business that is specific and unique will add some knowledge on the issue. Thus, studying whether brand equity and brand relationship quality affect repurchase intention is interesting using Muslim clothing businesses.

Literature Review

Repurchase Intention

Previous studies have shown that many factors could determine the repurchase intention of customers. The current study focuses its analysis on two factors, namely brand equity and brand relationship quality. Maintaining customer

repurchase intention and avoiding significant switching behavior is a challenge for a company (Kuo et al., 2013). Repurchase intention refers to the customer's willingness to engaging in future repurchase behavior. Consumer is willing to repeat purchase the same brand or product because her expectation level was met. Repurchase is the most important element to drive the profitability of a firm. Research has shown that a 5% enhancement in customer's retention could translate an increment of profits by 25-85%. Moreover, the cost of attaining new customers is five times higher than the cost of retaining repeat-purchase customers (Kuo et al., 2013). Chang et al. (2014) argue that the way to keeping an old customer easier than getting a new one. Because of that, the companies would like to keep the relationship with old customers and try to increase their repurchase intention. Repurchase intention was measured with two indicators namely repeat purchase intention and repurchase probability (Yi and Suna, 2004).

Brand Equity

The concept of brand equity represents not only the added-value, but also becomes the guideline for brand management in the marketplace. Building a strong brand has been the marketing priority for many companies because it encourages a company to create an identity in the market while becoming the main source of competitive advantage (Aaker, 2007). Chen and Hsieh (2011) point out that brand equity produces brand awareness, brand image and perceived quality, and these elements directly enhance brand relationship quality of customers. Thus, brand equity can become a moderator to guide a brand in marketing activities to contact their customers (Wang, 2015).

Brand Relationship Quality

Brand relationship quality has been known as the influential factor for repurchase intention. A strong competition which exists nowadays has made companies to create a stronger relationship with customers (Gilaninia, 2011). Brand relationship quality has an important role when studying the relationships that exist between customers and companies (Yang et al., 2010). A company can also gain quality sources of marketing intelligence for better planning of marketing strategy through building a good relationship (Ndubisi, 2011).

Hypotheses

Based on the theoretical explanation and empirical evidence, the study proposes four hypotheses. These are as follows:

H_1: Brand Equity has a significant effect on repurchase intention of the customer of Muslim wear brand

H_2: Brand Equity has a significant effect on the brand relationship quality of the customer of Muslim wear brand

H_3: Brand Relationship Quality has a significant effect on the repurchase intention of the customer of Muslim wear brand

H_4: Brand Relationship Quality mediates the relationship between brand equity and repurchase intention of the customer of Muslim wear brand.

Methods

Data of this study was collected by distributing questionnaires. The path analysis regression model was used to test the relationship among variables. The population was customers that at least have a minimum two times purchase in this Muslim -wear brand in the last six months with a total of 134

respondents collected. The independent variables of this study are 1) Brand Equity, with the indicators of brand awareness, brand image and perceived quality (Chen and Hsieh, 2011), and 2) Brand Relationship Quality, with the indicators of brand trust, brand satisfaction, and brand commitment (Sahin et al., 2012). The dependent variable is Repurchase Intention, with the indicators of repeat purchase intention and repurchase probability (Yi and Suna, 2004).

Result

A total of 134 respondents filled the survey, of which 61 respondents were single (45.5%), and 73 respondents were married (54.5%). A total of 41 respondents were between 20-27 years old (30.6%), 39 respondents were between 28- 40 years old (29.1%), and 54 respondents were above 40 years old (40.3%). There are 47 respondents having education of or less High School (35.1%), 76 respondents were Diploma / Undergraduate (56.7%), and 11 respondents holding Postgraduate education (8.2%). The respondents had below IDR100.000 estimation spending per visit (38.1%), 74 respondents had estimation spending per visit between IDR100.000 – IDR300.000 (55.2%), and nine respondents had estimation spending per visit equal and above Rp.300.000 (6.7%). One hundred seventeen respondents had less and equaled three times visit in the past six months (87.3%), 13 respondents had 4-7 times visit in the past six months (9.7%), and four respondents had above seven times visit in the past six months (3%). There are 33 respondents who knew this Muslim-wear brand of less than a year (24.6%), 49 respondents had between 1-3 years known this Muslim -wear brand (36.6%), and 52 respondents had above than three years known this Muslim wear brand (38.8%). A total of 63 respondents choose veil as repurchase product (47%), 48 respondents choose robe as repurchase product (35.8%), and 23 respondents choose brooch or other accessories as repurchase products (17.2%). Table 1 shows the variable constructs indicator and their reliability analysis. All the values of alphas have met the recommended value of 0.7 (Sujarweni, 2016). The Cronbach's Alpha for brand equity, brand relationship quality, and repurchase intention scales were 0.833, 0.784, and 0.781 respectively.

Table 1. Variable Constructs and Their Reliability

Brand Equity	Reliability
Brand Awareness	
Brand Image	0.833
Perceived Quality	
Brand Relationship Quality	
Brand Trust	
Brand Satisfaction	0.784
Brand Commitment	
Repurchase Intention	
Repeat Purchase Intention	
Repurchase Probability	0.781

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Research Model

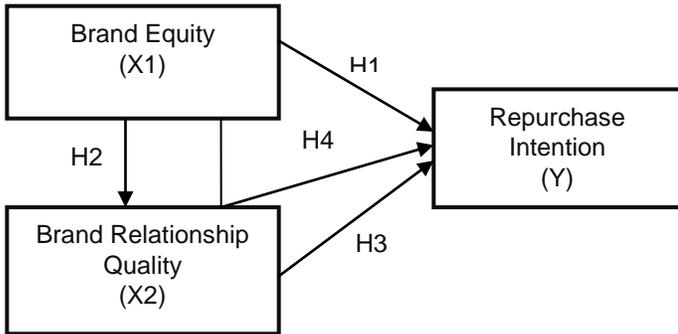The research model is presented in Figure 1.

Figure 1. Research Model

The path analysis with an intervening variable can be analyzed by using linear regression, structural model equation can be written in two regression models as follows,

Model 1 is:

$$X_2 = \alpha_1 + \beta_2 X_1 + \varepsilon$$

Model 2 is:

$$Y = \alpha_2 + \beta_1 X_1 + \beta_3 X_2 + \beta_4 X_1X_2 + \varepsilon$$

Model 1 uses Brand Equity as the independent variable and Brand Relationship Quality as the dependent variable. Model 2 uses multiple linear regression analysis with Repurchase Intention as the dependent variable and Brand Equity and Brand Relationship Quality as the independent variables.

Table 2. Result of Regression

	Variable	Unstandardized Coefficients		T	Sig.	R^2	$F_{statistic}$ (Sig.)
		B	Std. Error				
1	(Constant)	1.234	0.233	5.287	0.000		
	Brand Equity	0.684	0.063	10.776	0.000	0.468	116.114 (0.000)
2	(Constant)	0.147	0.294	0.498	0.619		
	Brand Equity	0.375	0.100	3.755	0.000		
	Brand Relationship Quality	0.600	0.100	6.011	0.000	0.538	76.241 (0.000)

The result of the t-test in model 1 shows that Brand Equity (X_1) has a significant effect on Brand Relationship Quality with a positive coefficient of 0.684. That is, an increase in Brand Equity will make Brand Relationship Quality increase as well. Similarly, a decrease in Brand Equity will make Brand Relationship Quality decreases as well. The table also shows that Brand Equity has significance value of 0.000 which is lower than 0.05. So, Brand Equity has a significant effect on Brand Relationship Quality (H_2 is supported). The result of the t-test in Model 2 shows that Brand Equity has a significance value of 0.000 with a positive coefficient of 0.375. This means that Brand Equity partially has a positive and significant effect on Repurchase Intention (H_1 is supported). Brand Relationship Quality has significance value of 0.000 with a positive coefficient of 0.600. This means that Brand Relationship Quality has positive and significant effect on Repurchase Intention (H_3 is supported).

Table 3. Estimation Result of Direct and Indirect Effect

Independent Variable	Dependent Variable	Direct Effect	Indirect Effect	Total Effect
Brand Relationship Quality	Repurchase Intention	0.600	-	0.600
Brand Equity	Repurchase Intention	0.375	(0.684) x (0.600) = 0.4104	0.7854

The results in Table 3 explain that Brand Relationship Quality has proven to have an intervening effect on the relationship between Brand Equity and Repurchase Intention. This is because the results of the multiplication calculation on the indirect effect have a greater value than the direct effect, namely 0.4104 > 0.375. So, it can be concluded that Brand Relationship Quality partially mediates the effect of Brand Equity on Repurchase Intention. Therefore, Hypothesis 4 is accepted. Based on the results of the analysis shown in Table 2 and Table 3, it is known that the regression equation obtained is as follows:

$$X_2 = 1.234 + 0.684 X_1 + \varepsilon$$
$$Y = 0.147 + 0.375 X_1 + 0.600 X_2 + 0.4104 X_1X_2 + \varepsilon$$

Discussion

This research finds that Brand Equity has direct a positive and significant effect on Repurchase Intention. Brand Equity has a linear effect on Repurchase Intention, which means an increase in Brand Equity will make Repurchase Intention to increase as well. The customers of the brand agreed that the brand has good brand equity. This is started from brand awareness which means some people already know about the brand, followed by the brand image which established from the taglines then transformed into actual performance of the brand, and perceived quality. The brand gives good quality of product from the material, design, quality control and then delivers into the customers. The results reported here are consistent with Aaker (2007) who asserts that brand equity is a set associated with a name, brand, and symbol, which add or subtract the value of a given product and service to the company and its customers. A strong brand will enable customers to remember the brand because the brand can provide more value to consumers. Brand Equity has a direct positive and significant effect on Brand Relationship Quality. This means that an increase in Brand Equity will make Brand Relationship Quality increase as well. The brand has been trying to have a good base of brand equity by establishing a good image of the brand with a compelling logo and design of a website and social media (Facebook). This is done to make sure the customer awareness about the brand and provide good quality of products along with the recent trend of model or pattern in the Muslim wear and veil. This effort is believed to make an impact on the brand relationship quality of the brand to make customers trust and commit on the brand. This research documents that Brand Relationship Quality has a direct positive and significant effect on Repurchase Intention. This means an increase in Brand Relationship Quality will make Repurchase Intention to increase as well. The brand has taken serious effort to increase the brand relationship quality. The customers will start trusting and committing on the brand if they have a good experience. The point is to make customers satisfy. Brand Relationship Quality is used as the mediating

variable on the relationship between brand equity and repurchase intention. The direct-indirect effect test showed that the effect of brand equity on repurchase intention is 0.375. The effect of brand equity on brand relationship quality is 0.684. The direct effect of brand relationship quality on repurchase intention is 0.600. The result of multiplying the effect of brand equity on brand relationship quality with the direct influence of brand relationship quality on repurchase intention is 0.4104. This means that brand relationship quality has an intervening role on the effects of brand equity on repurchase intention, yet, it is only a partial effect. Thus, the existence of brand relationship quality does not fully mediate the effect of brand equity on repurchase intention.

Conclusion and Recommendation

Some interesting findings are documented in this study. There is a structured relationship of repurchase intention with brand equity and brand relationship quality. Brand awareness has the smallest average value of brand equity with 3.554. From these results, it can be seen that the brand is still lacking in forming brand awareness of consumers so that there is a need for improvement especially regarding brand awareness between company and consumers. Brand image and perceived quality should also be paid attention. The smallest average value of Brand Relationship Quality variable is shown in Brand Trust with a value of 3.686. This means that the brand is still lacking in forming brand trust of consumers so that there is a need for improvement especially regarding brand trust between the company and the consumers. The brand should deliver products that meet or exceed customer expectations, focus on quality and integrity through some actions. The brand should keep the model of products updated and to increase the number of veil for sales since the result of respondent profile stated that the most repurchase product of customer of the brand with 63 respondents (47%). The brand also should pay more on the respect of customer's concern. It shall always make sure that the customers feel what they hear. The company shall acknowledge the customers' feelings, seek a shared goal in resolving the problem, and work hard for a win-win outcome, for example, if the customers provide a suggestion about the model of Muslim wear or if the customers had a complain. The company shall provide good service and have a good resolving problem. Some indicators that show low values should be evaluated by the management. The management shall be aware that increasing the repurchase intention of customers can be achieved if the management can provide a good experience to the customers while shopping.

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