CHAPTER I

INTRODUCTION

A. Introduction

In the last ten years the potential market in Indonesia is still wide open, making entrepreneurs, companies and investors compete to get great advantage in the Indonesian market. Brands can provide great benefits for producers as well as consumers. Brands are also able to add value to consumers. The image and belief in the product that causes consumers to want to be associated and pleasant, so that consumers do not hesitate to pay expensive to get a product with a certain brand. Consumers pay higher for a product because of the attachment of a brand which is a guarantee of the consistency of certain qualities and values that are believed to be believed in it, without a brand, consumers feel less secure from bad possibilities beyond expectations (Sundjoto and Hadi, 2012).

Brand image is a consumer belief in the goods to be purchased. Brand image is the perception and trust that customers hold on specific products (Rubio et al., 2013). Most people buy products because of a good image in society, so they will be closer to the consumer choice. Therefore, a good brand image should be introduced to consumers constantly to form congenital memories (Lau & Phau, 2007). Brand impressions appearing in consumer memory are increasing along with increasing numbers of consumers to feel the brand (Rubio et al., 2013). Also, when brand associations are closely linked, the image of the seal formed will also be stronger (Lau & Phau, 2007).

While, according to Sari and Widowati (2014) brand trust is consumer willingness to believe in the brand at all costs because there is hope in their minds that the brand will give positive results to the consumer and will lead to their loyalty. Consumer trust in the brand is essential for companies to be able to build good relations with the consumer and maintain consumer trust. In order for consumers to repurchase products from companies, companies must properly introduce their products to build brand trust in the consumer.

Brand loyalty is a very important concept in marketing strategy. The existence of consumers who are loyal to the brand is very necessary for the company to survive. Loyalty can be interpreted as a commitment initiative to make repeated purchases of products or services that become their preferences consistently. Consumers will remain loyal even though there are external influences from the industry, such as various variations of marketing strategies that can lead to brand switching behaviour. Brand loyalty indicates the existence of a bond between the customer and a particular brand, and this is often marked by repeat purchases from customers. A strong relationship between a customer and a brand maintains not only future business relationships but also enhances other beneficial values such as initiatives to recommend and contribute to the company's positive reputation (Kotler & Keller, 2016).

Companies that have a customer base that has high brand loyalty can reduce the company's marketing costs because the cost of retaining customers is much cheaper than getting new customers. The behaviour of customers who are reluctant to try other brands because the risk factor for trying something new is uncertain,

they tend to have a high commitment to remain loyal to the old brand (Kotler & Keller, 2016).

Brand equity add value given to the products and services (Rubio et al., 2013). Rangkuti (2014), suggested that the concept of brand equity consists of brand awareness, perceived quality, brand association, and brand loyalty. While the purchase decision is the stage where consumers form an intention to buy the most preferred product, where the consumer's decision to modify, delay, or avoid is strongly influenced by the perceived purchase risk (Kotler & Keller, 2016). Brand assets and liabilities must be associated with a brand name or symbol. For asset and liabilities to underlie brand equity. Thus, if changes are made to the brand name or symbol, some or all of the assets and liabilities on which the brand equity is based will also change. Brand equity is an asset that provides its own value in the eyes of customers. The assets they contain assist customers in interpreting, processing and storing information related to these products and brands. The value of a brand to a company is created through consumers. Consumer activities in learning and the buying decision process can encourage the formation of brand equity.

Based on Nofriyanti, (2017) The results show that there is a significant influence between brand trust on brand equity, brand image on brand equity, brand trust on brand loyalty, brand image on brand loyalty, and brand loyalty on brand equity. and research is strengthened again by Andrologi, (2014) where brand image and brand awareness are significant to brand loyalty, then brand loyalty is accepted as a media intervention in mediating Brand Image and Brand Awareness towards Brand Equity. This is different from the research of Fitriani & Achmad, (2014)

which showed that brand loyalty had no effect on brand image on brand loyalty, and brand loyalty on brand equity and this was also supported by research by Mujani, (2020) showing that brand equity had no effect on loyalty. consumer. brand loyalty has an influence on consumer loyalty.

To achieve this goal, what must be achieved is an image, consumer-brand trust, brand loyalty and brand equity which is expected to influence consumer decisions to buy products from the brand in question. Loyalty is a measure of the likelihood that customers will switch to other brands. Because consumers have trusted the brand so that the brand has an image in the eyes of consumers, which ensures that customers do not switch to other brands because customers have found equity in the product, even if competitors charge a lower price. Lower or of better quality.

The benefits that come when customers have strong loyalty are cost savings because retaining existing customers is much cheaper than new customers. Loyalty customers also get a dominant space or place in the store because retailers see brands with high loyalty, so customers will always look for high loyalty. Every company must strive to produce the product that consumers want with a good image and packaging. Thus, any company must be able to understand consumer behaviour, especially those who want practicality to use something they need, because the company's survival as an organization that seeks to meet the needs and desires of the consumer, can develop appropriate strategies and programs to harness existing opportunities and excel the consumer.

Competitors and no less important are to give greater satisfaction to customers. Consumers tend to buy products that they like to see in terms of brand image and packaging products, and this is what requires producers to satisfy the consumer's desire to attract customers to buy their products in order to achieve the company's goals. Based on this background, the authors are interested in conducting a study entitled "THE IMPACT OF THE BRAND TRUST AND BRAND IMAGE ON BRAND EQUITY WITH THE BRAND LOYALTY AS AN INTERVENTION VARIABLE IN LE MINERALE".

B. Research problem

Based on the background explanation above, the problem formulation can reveal as follows:

1. Does the brand trust have an impact on brand loyalty?

2. Does the brand image have an impact on brand loyalty?

3. Does the brand trust have an impact on brand equity?

4. Does the brand image have an impact on brand equity?

5. Does the brand loyalty have an impact on brand equity?

6. Does the brand trust have an impact on brand equity mediated by brand loyalty?

7. Does the brand image have an impact on brand equity mediated by brand loyalty?

C. Research Objectives

1. To analyze the impact of brand trust on brand loyalty.

2. To analyze the impact of the brand image on brand loyalty.

3. To analyze the impact of brand trust on brand equity.

4. To analyze the impact of brand image on brand equity.

5. To analyze the impact of brand loyalty on brand equity.

6. To analyze the impact of brand trust on brand equity mediated by brand loyalty.

7. To analyze the impact of brand image on brand equity mediated by brand loyalty.

D. Research Benefits

   1. Theoretical benefits

The study is expected to contribute ideas to further research and to add research data related to marketing strategies that can be used for future researchers to serve as a research reference. And the research is also expected to be useful in marketing science, which is associated with the brand trust effect and brand image on brand equity with brand loyalty as a variable in Le Minerale.

   2. Practical benefit

    A. For authors

This study is the application of knowledge that has been acquired during college periods and to enhance knowledge and writing skills.

    B. For company

For companies, this research is intended to provide feedback to the Le minerale company, especially regarding what factors need to be considered in developing brand trust, brand image, and brand loyalty so that they can form strong brand equity.

E. Research Objectives

The contents of the research are as follows:

CHAPTER I: INTRODUCTION

This chapter includes an introduction, research background, research problems formulation, research Lau & Phau, (2007) objectives, research benefits, and writing systematics.

CHAPTER II: LITERATURE REVIEW

This chapter contains the theoretical basis of the variables used in this study, such as a summary of previous studies, research hypotheses, and the theoretical framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter describes the research methodology. Contains the type of research, research variables, operation definition, population and sample, source of data, data collection methods, data analysis method.

CHAPTER IV: RESEARCH RESULT AND DISCUSSION

This chapter is the main content of the research that contains a description of the object of research, the results of data analysis, discussion, and implementation of the research results, so it can be identified with the results of the analysis of hypothetical tests.

CHAPTER V: CONCLUSION

The final chapter includes a summary and research results. It consists of conclusions, research limitations, research implications, and suggestions for future research companies whether their brand is publicly accepted or not.