

# Building Brand Aura: Does The Aura Gap Between 3 Local Coffee Shop Chains in Indonesia and Their Customers Affect Trust and Loyalty?

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**Abstract-** The foreign brands such as Starbucks and Coffee Bean are currently leading the market of coffee shop chains in Indonesia. For the local brands, the strength of the aura of a brand is not yet considered as a very important factor in affecting the trust and loyalty of their customers. There has been little research on the role of brand aura against customer trust and loyalty. The purpose of this research is to analyze whether gap aura between the companies and their customers affects customer trust and loyalty. Three brands of Indonesian largest coffee shop chains will be examined so as to provide meaningful results. This research took 74 respondents drawn from each store of Coffee Toffee, Excelso, and My Kopi O in 4 cities. This research was analyzed by using Smart PLS 3.0 software. The results of this research show that the aura gap do not significantly affect customer loyalty but has a significant effect against customer trust. Meanwhile, customer trust has a significant influence towards customer loyalty.

**Index Terms-**aura gap, coffee shop chains, customer loyalty, customer trust.

## I. INTRODUCTION

Aura is a gentle beam that comes from within a person. Aura radiating from all human beings varies with each other. The auras that come out from the holy people are different from most people. They look stronger and clear with certain color spectrum and look glowing (Alicca 2012, in Soehadi 2014). Firms form their auras by creating their own ways on how to communicate with their customers and how they attract customers to buy their products.

Companies that succeed in creating a strong aura often follow certain rules: one of these rules is that they combine the objectives of cultural and moral, and aesthetic experiences. Promoting the existential questions like "why did I do this" and "what do we want to achieve at the level of humanistic" exceed the bottom line (Handy, 1999). Another rule is that they do not see themselves as a separate section of the market. This means for example that most of the time they try to engage the customer in the process of making the aura and the aura should be "owned" by customers and one of the best agent for promotion is the customers.

The majority of the local coffee shops in Indonesia does not have the focus on the strength of a brand. Their focus is more on the issue of product excellence and financial performance. This research aims to analyze the role of aura in forming customer trust and loyalty. Hopefully, this research can be meaningful for the development of the existing coffee shops chains in Indonesia. The data were taken from questionnaires distributed to customers in stores of the three largest local coffee shop chains (Coffee Toffee, Excelso, and My Kopi O).

Based on the explanation of the background above, the main objectives of this research are to 1) analyzing the role of aura gap in building customer trust, 2) analyzing the role of customer trust in building customer loyalty, and 3) analyzing the direct effect of aura gap against customer loyalty.

## II. THE RESEARCH RESULT REVIEW

Previous studies are really important to be used as the foundation in conducting this research. Some previous studies that correlated with this research are: Bjorkman, Ivar (2002); Muniz, *et al* (2015); Sirdeshmukh, Deepak *et al* (2002); Eid, M.I. (2011); Chauduri, A. dan Holbrook, M. B. (2011); Kusmayadi, Tatang (2007); Bloemer, Josee dan Odekerken-Schroder, Gaby (2002); Hallowell, Roger (1996); Agarwal, Vilcas *et al* (2012).

## III. RESEARCH METHOD

### Research Hypothesis Formulation

After researcher studied the existing literature, the research hypothesis can be stated as follows; H1: aura gap significantly influences customer trust; H2: customer trust significantly influences loyalty; H3: aura gap significantly influences customer loyalty without trust intermediary.

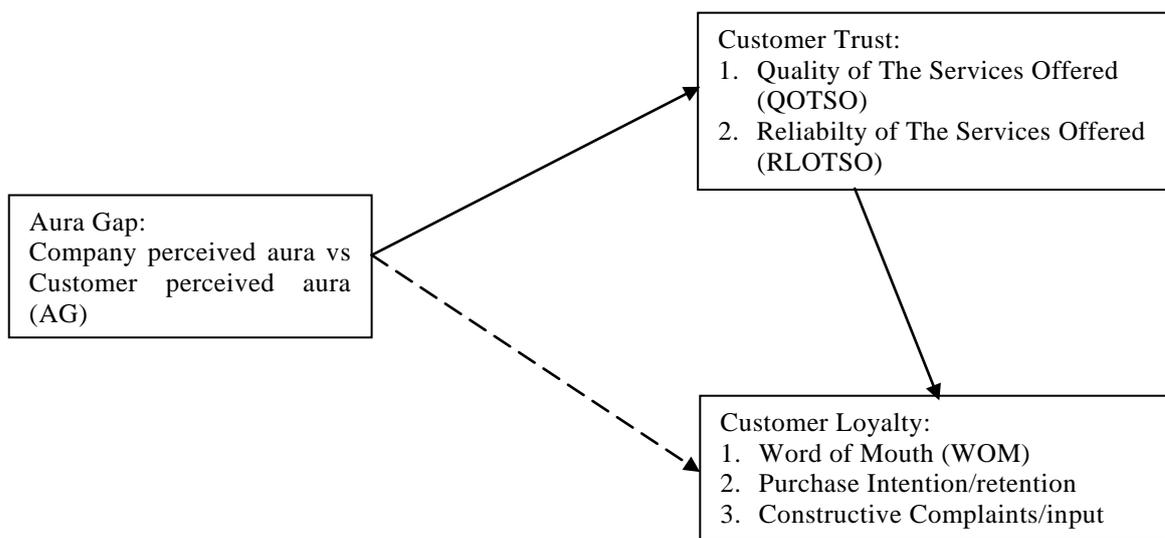
### Research Location and Time

This research was conducted in some stores of 3 largest Indonesian coffee shop chains in Jakarta, Surabaya, Bogor, and Malang from May – July 2016. The customers of each stores were taken as the respondents who would fill the questionnaire. The stores are coffee toffee-sovereign office building Jakarta, coffee toffee-rawamangun Jakarta, coffee toffee-klampis Surabaya, coffee toffee-simpang Surabaya, coffee toffee - Pandu raya Bogor, coffee toffee - jl jakarta Malang, excelso - puri mall Jakarta, excelso - kelapa gading Jakarta, excelso -tunjungan plaza IV Surabaya, excelso - jl Biliton Surabaya, excelso-Cibinong city mall Bogor, excelso-jl pemda cibinong Bogor, excelso-mall of garden Malang, my kopi O - citos Jakarta, my kopi O - sutos Surabaya, my kopi O - ciputra world Surabaya, my kopi O - grand city Surabaya, my kopi O - veteran Malang and my kopi O - jl tenes Malang.

### Data Collection and Processing Method

Primary data were collected by distributing questionnaire to the respondents directly. The data were perception. Secondary data were obtained by literature review, internet, and preliminary interviews. The sample is 74 respondents. The data analysis and processing method for this research is descriptive analysis and *structural equation modeling-partial least squares* (SEM-PLS) and supported by software *Smart PLS 3.0*. The respondents were people who have consumed each product tested.

### Thinking Framework



## IV. RESULTS AND FINDINGS

### Respondent Descriptive Analysis

This research involved 41 males and 33 females with the age proportion; 18.92% 14-20 years old, 31.08% 21-30 years old, 37.84% 31-40 years old, and 12.16% above 40 years old. Meanwhile, the educational level of the respondents are 23.33% Senior High School, 13.33% Diploma, 56.57% Bachelor Degree, and 6.67% Post Graduate.

### SEM PLS Evaluation

There are two calculation result evaluation of SmartPLS, namely outer and inner model analysis. Outer model analysis measures the ability of the indicator variables that could reflect the latent variables. Meanwhile, inner analysis model shows the significance of the effect between formed latent variables in the model. After the calculation, the outer model aspect from each tested brand model has matched the standards. Table 1 presents the summary of outer model evaluation result. From the outer model evaluation result, there are four indicators i.e. RLOTSO 1, QOTSO 1, INPUT 1, and WOM 1 that have validity (loading factor) under 0.5. Therefore, they are crossed out from the model.

Table 1: The Summary of Outer Model Evaluation Result

No	Criteria	Standard	Result
1	Validitas ( <i>loading factor</i> )	Valid, if the value > 0.5	
2	Construct Reliability ( <i>composite reliability</i> )	Reliable, if the value > 0.7	

3	<i>Average variance extracted (AVE)</i>	Valid, if the value > 0.5	All outer model aspects of Coffee Toffee, Excelso, and My Kopi O brands have met the standards, so bootstrapping and inner model analysis can be conducted.
4	<i>Discriminant validity (cross loading)</i>	Each indicator has higher correlation with its latent variable than other latent variable, it means that the correlation between indicator and latent variable has well discriminant validity	

Figure 2 shows the path model of 3 local coffee shop chains. It presents the result of preliminary calculation that proves the qualification of outer model.

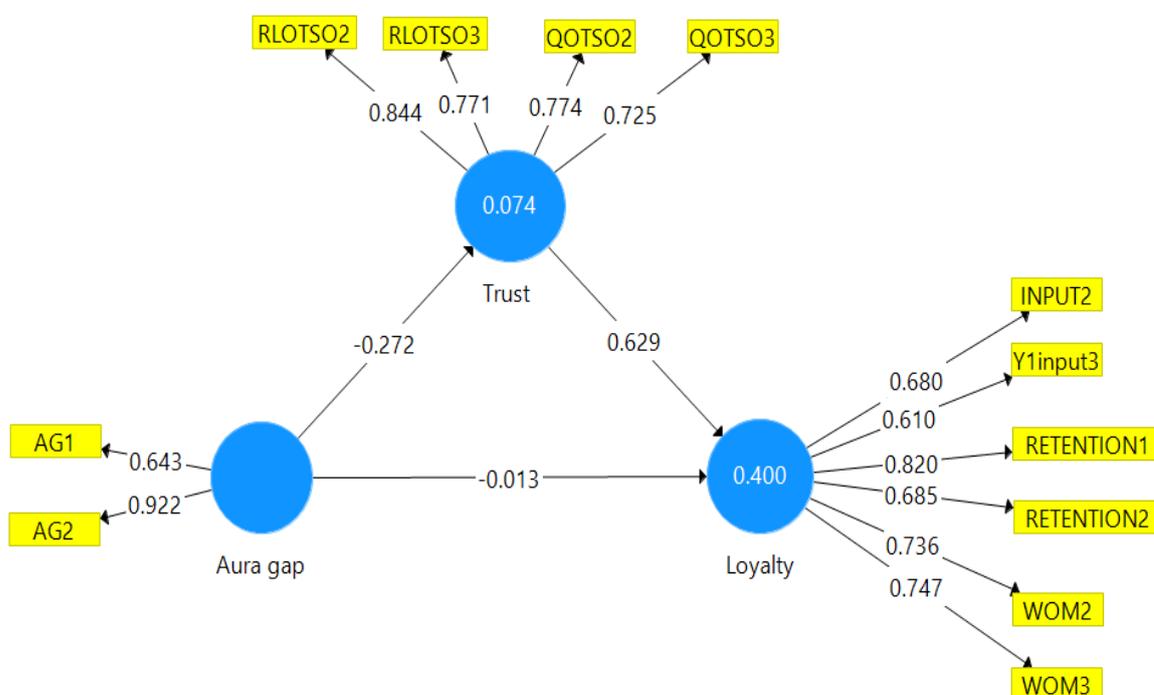


Figure 2: 3 Local Coffee Shop Chains Path Model

Figure 2, shows the result of inner evaluation model using  $R^2$  study. From the model, it can be seen that the  $R^2$  value of aura gap's effect towards trust is 0.074. Meanwhile, the  $R^2$  value for the effects of aura gap and customer trust towards customer loyalty is 0.400. This result indicates that customer trust variable is affected by aura gap variable of 7.40% and the rest of 92.60 are influenced by other variables. Meanwhile customer loyalty variable is influenced by the combination of aura gap and customer trust variables by 40%, and the rest of 60% is influenced by other variables. The path coefficient value -0.272 means that the aura gap variable has negative effect on the customer trust variable. In addition, the path coefficient value -0.013 shows that the aura gap variable negatively influences the customer loyalty variable. Last, the path coefficient value 0.629 indicates that the customer trust variable has positive effect on the customer loyalty variable.

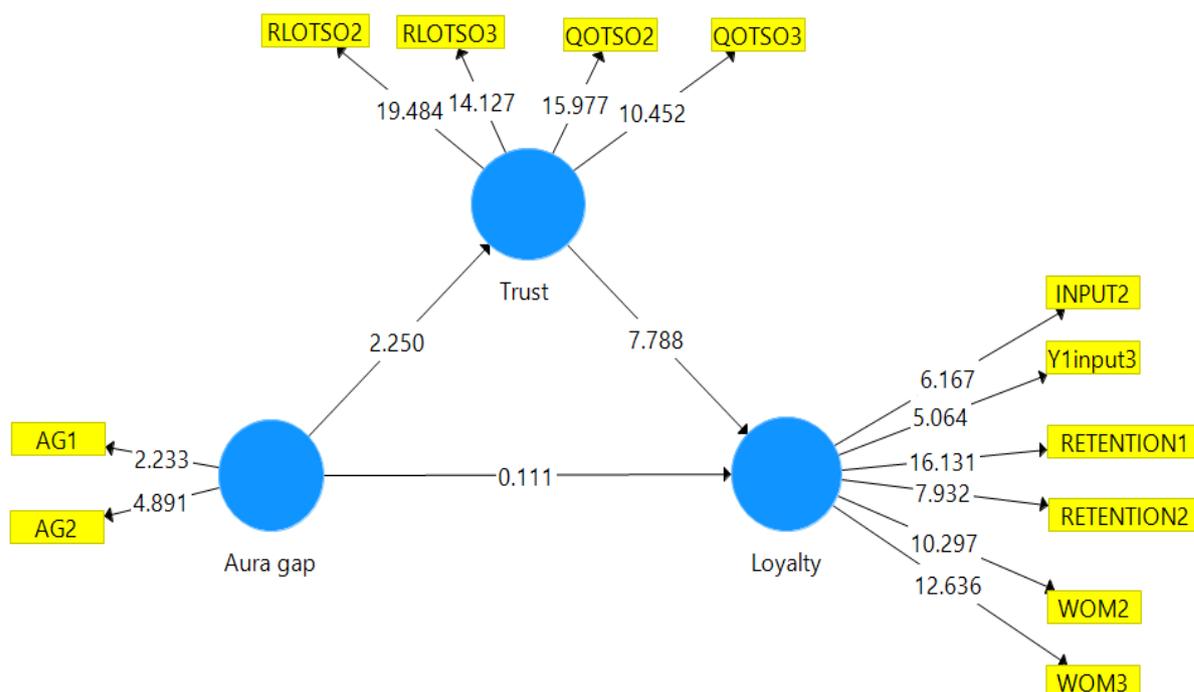


Figure 3:3 Local Coffee Shop Chains Bootstrapping Direct Effect Model

Figure 3, the bootstrapping process shows that two variables whose correlations are higher than T statistic value of 1.96. The aura gap variable has a significant effect on customer trust for the value of 2.250 is higher than 1.96. Then, too, the customer trust variable has a significant effect on customer loyalty for the value of 7.788 is higher than 1.96. Last, the aura gap variable didn't have a significant effect on customer loyalty for the value of 0.111 is less than 1.96. The result of each hypothesis will be shown as follows:

Table 2: The result of hypothesis and T statistic value

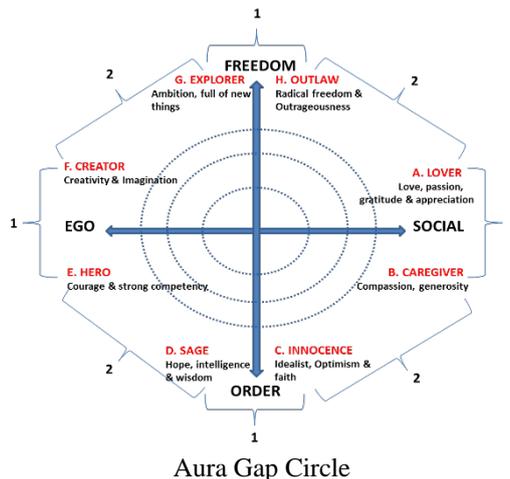
Hypothesis	Effect	T statistic value	Description
H1	Aura gap → Trust	2.250	Accept
H2	Trust → Loyalty	7.788	Accept
H3	Aura gap → Loyalty	0.111	Reject

From the table 2 above, hypothesis 1 is accepted which means that aura gap significantly influences customer trust. Meanwhile, hypothesis 2 is accepted which means that customer trust significantly influences customer loyalty. In addition, hypothesis 3 is rejected which means that aura gap does not significantly influence customer loyalty.

### V. CONCLUSION

1. This research shows that the aura gap variable has a significant effect on customer trust variable. It means that the smaller the value of aura gap variable, it will be the larger the value of customer trust variable.
2. This research shows that the aura gap variable has no effect against the loyalty variable.
3. This research shows that the customer trust variable has a positive and significant effect on the customer loyalty.

### APPENDIX



Aura Gap Matrix

BRAND AURA	LOVER	CAREGIVER	INNOCENCE	SAGE	HERO	CREATOR	EXPLORER	OUTLAW
	A	B	C	D	E	F	G	H
LOVER	A							
CAREGIVER	B	1						
INNOCENCE	C	3	2					
SAGE	D	4	3	1				
HERO	E	6	5	3	2			
CREATOR	F	5	6	4	3	1		
EXPLORER	G	3	4	6	5	3	2	
OUTLAW	H	2	3	5	6	4	3	1

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