

CHAPTER II

LITERATURE REVIEW

This chapter will explain more about the brand positioning and other research variables which determine as suitable variable along with

2.1 Customer Satisfaction

Customer satisfaction is becoming one of the most essential objectives which any firm seeking for long-term relationship with customer considered as the top priority. Customer satisfaction is described as the result of a comparison of the customers' expectations and his or her subsequent perceived performance of service quality (Herington & Weaven, 2009).

Philip Kotler defines customer satisfaction as a 'person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived performance or outcome against his/her expectations.' Although Kotler uses abstract terms like pleasure and disappointment, the definition is by no means ambiguous.

Customer satisfaction = f (perceived performance, buyer's expectations)

Here, customer satisfaction is a function of perceived performance and expectations. Perceived performance is the consumer's belief about the product or service experience. Buyer's expectations, on the other hand, are influenced by:

- Performance of the product in the recent past
- Word of mouth, recommendations or testimonials

- Reviews
- What competitors say about the product or service
- What its own marketers promise

According to this definition, the satisfaction goals are established by the customers themselves before they set out to make a purchase. Once the customer selects the product or service, they'll start evaluating the actual experience against the expected one. This is where a trial period and a well thought out onboarding process make a difference for high ticket products and especially for low ticket products with low stickiness (Megha Rajeev, 2018).

2.2 Social Activities

Social activities are considered part of what constitutes an active and engaged lifestyle, alongside cognitive and physical activities.

Social activities is typically viewed as part of an engaged lifestyle that may help mitigate the deleterious effects of advanced age on cognitive function. As such, social activity has been examined in relation to cognitive abilities later in life (J Aging Res, 2012)

2.3 What is Brand?

A brand is an entity with uniquely differentiated identity, separating it from another notwithstanding any similarities. It is a term symbol, design, or combination of these which identifies the goods or services of one seller or

group of sellers and differentiates them from those of other sellers (Cannon, 1980). Although, a brand may be passed-off upon (Adesayana and Oloyede, 1972) when it is imitated, its uniqueness remains. Again, the identity of a brand lives with its symbol, graphics, content composition, name, and prestige, which commands the brand's personality, giving it the desired positioning.

Kapferer (1992) has emphasized brand as an identity structure with six integrated facets of culture, personality, self-projection, physique, reflection, and relationship. Where physical facet represents product features, symbols & attributes; personality represents character & attitude; relationship represents beliefs & association; culture represents a set of values; reflection represents customer's view of the brand and self-image represents internal mirror of customer as user of brand. Whilst some of these elements overlap with other definitions (e.g. personality and image), Kapferer's contribution is to stress the importance of the brand as more than the sum of parts. Other (Balmer, 1995; Aaker, 1996) and have also addressed the role of brand identity as a means to develop brand positioning. Developing an identity not only differentiates and protects against competitors, but also enables firm to gain economic advantage (Fombum and Shanly, 1990). Strong brand identity adds in reinforcement of the meaning behind a brand for consumer; communicates the essence of brand to other stakeholders and encourages a more strategic approach (Diefenbach, 1992). Gardner and Levy's (1995) describes brand as "A brand name is more than a label employed to differentiate among the

manufacturers of a product; It is a complex symbol that represents a variety of ideas and attributes. It tells the consumers many things, not only by the way it sounds (and the literal meaning if it has one) but, more important, via the body of associations it has built up and acquired as a public object over a period of time”. The net results is the public image, the character or the personality that may be more important for the overall status (and sales) of the brand than many technical fact about the product. Gardner and Levy (1995) defines image as the ideas, feelings, and attitudes that consumers have about brand.

Branding is an influential marketing tool (Murphy 1988) that when used efficiently and effectively could provide value for the stakeholders, mainly company and customers, the evaluating the degree of the importance of branding, matters must be assessed from both sides.

2.4 Brand positioning

Brand positioning “is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market. The end result of positioning is the successful creation of customer-focused value proposition, a cogent reason why the target market should buy the product” (Kotler, 2003, p.308). In general, a well-positioned brand should appeal to the particular needs of a customer segment because a differential advantage/value proposition id created (Keller, 1993; Wind, 1982), since consumers; needs are

more exactly satisfied (Day, 1984). Indeed, according to the literature, positioning is expected to shape the preferences of consumers and lead to high consumer loyalty, consumer-derived brand equity, and willingness to search for the brand (e.g. Kalra and Goodstein, 1998; Keller, 2003; Schiffman and Kanuk, 2007). Thus, the decision of selecting the most effective positioning strategy constitutes a main challenge for marketers since it is central to consumers' perceptions and choice (Aaker and Shansby, 1982; Pham and Muthukrishnan, 2002). If positioning is done effectively it has the potential to build powerful brands; however, if done incorrectly, it can also result in disaster (see, for example, Haig, 2005; Ries and Trout, 1986).

A main objective in positioning a brand is to achieve active and loyal customers, which in turn would allow brands to charge price-premiums and obtain more effective marketing programs (Keller, 2001). Keller (2003) presents the customer-based brand equity model (hereafter CBBE), which is a representation of how one could achieve such a relationship.

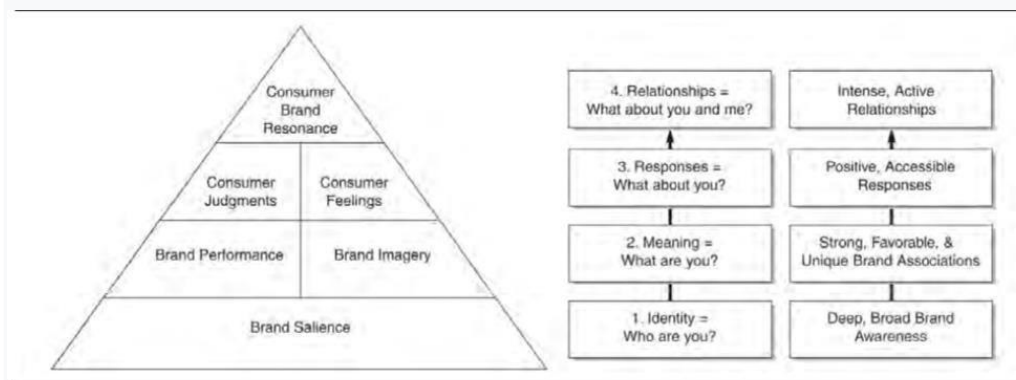


Figure 2.1 CBBE Model – Keller, 2001

CBBE is defined as “...the differential effect of brand knowledge on consumer response to the marketing of the brand.” (Keller, 1993, p .1). CBBE is the variation in outcome when marketing products and services are under a brand name versus without the brand name, and would thus be the value that a brand name possesses. Hence brand positioning is about creating brand name value.

Brand positioning is one of the keys in the business to make the marketing strategy. As such, brand positioning describes how a brand is not quite the same as its rivals and how it sits in the customers minds. An effective brand positioning will help the business to boost the brand value for the customers.

2.5 Positioning of Lantai Bumi

PT. Lantai Bumi Indonesia was founded by an individual entrepreneur at Yogyakarta in 2016. They were selling coffee based and non-coffee-based beverages product and also food as a side product. By the year of 2020 the business had grown tremendously and has opened two subsidiary store named Culturehead Coffee at Yogyakarta. They also will open another Lantai Bumi store at Jakarta in the end of 2022. When the Lantai Bumi started its business, it was only a retail coffee shop as like other coffee shops. The main vision of the Lantai Bumi was to educate and give an extraordinary experience to the customer by providing a very comfortable place, great services, and also high quality of all the product.

Market Segmentation is a process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior that might require separate products or marketing programs is called Market Segmentation (Kotler and Armstrong, 2006). Lantai Bumi had segmented its market by geographic and demographically by choose university centers area, which is at Jl. Kaliurang km 4,5 Pogung Baru Blok C No.28 where they can find so many students who need place for studying, hangout, or stop by only for coffee or food. As they market targeted, many students came and not more or less of them become a loyal customer. This is one of the main staples of Lantai Bumi. However, with quick development and extension, the target market expanded. The target market growing to family, professionals, and tourist include both female and male.

Once the company has decided which market segments to enter it should decide what positions it wants to occupy in those segments. Market Positioning is arranging for a product to occupy clear, distinctive, and desirable place relative to competing products in the minds of target customers. A products position is the place that the product occupies relative to competitors in consumer minds (Kotler and Amstrong, 2006).

2.6 Previous Research

Indeed, there are many previous researches conducted by various authors. However, there are 10 particular journals that discuss similar topics as this study. Further, Table 2.1 shows some variables, methods, results of those certain studies.

Table 2.1 Previous Research

No	Researcher	Title	Variables	Methods	Result
1	Samaan Al- Msallam – Marketing Departemen, Higher Institute of Business Administration Syria – Damascus (2015)	Customer Satisfaction and Brand Loyalty in the Hotel Industry	Brand Image, Customer Satisfaction , Price Fairness, Brand Loyalty	SEM- AMOS 18, Cronbach 's Coefficie nt Alpha,	The result of this study have verified that customers established higher loyalty toward a brands when they are more satisfied.

2.	Brand Image and Customer Satisfaction in Mobile Phone Market: Study Based on Customers in Kandy District	Dunuwille V.M and Pthmini M.G.S.	Perceived Quality, Brand Loyalty, Brand Awareness, Brands Association, Customer Satisfaction	ANOVA test, Pearson coefficient of correlation	There was a strong positive relationship between brand loyalty and customer satisfaction. Brand loyalty is an construct of brand image because it can contribute positively to the firms market.
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3.	The Effects of Brand Image on Customer Satisfaction and Loyalty Intention in Retail Super Market Chain UK	Ramesh Neupane (2015)	Brand Image, Customer Satisfaction, Loyalty Intention	Pearson's coefficient of correlation, The regression analysis	Brand image has significant positive effects on customer satisfaction as well as customer loyalty intention: and also, customer satisfaction in an organization has significant positive effects on
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					customer loyalty.
4.	Impact of Brand Image, Service Quality and Price on Customer Satisfaction in Pakistan Telecommunication Sector.	Prof. Dr. Muhammad Ehsan Malik, Muhammad Mudasar Ghafoor, Hafiz Kashif Iqbal (2012)	Service Quality, Brand Image, Price, Customer Satisfaction	Pearson correlation coefficient, Cronbach's alpha, ANOVA	Brand image, service quality, and price are correlated to customer satisfaction.
5.	Effect of Brand Image on Customer Satisfaction and Loyalty: The Case of Zenith Gebeseshet Ethiopia ltd	Nesro Hussien (2020)	Brand image, Customer satisfaction, Brand loyalty	Pearson correlation test, ANOVA	Brand image is significantly influence on customer satisfaction and loyalty.

6.	Effect of Brand Image on Customer Satisfaction & Loyalty Intention and The Role of Customer Satisfaction Between Brand Image and Loyalty Intention.	Dr. Nischay Kumar Upamannyu, Dr. Shilpa Sankpal (2014)	Brand Image, Customer Satisfaction, Customer Loyalty Intention.	Cronbach's Alpha, KMO and Bartlett's test, Principal Component Analysis, ANOVA	Strong relationship was found between customer satisfaction and brand image.
7.	Effect of Customer Satisfaction on Brand Image & Loyalty Intention : a Study of	Dr. Nischay K. Upamannyu, Dr. S.S. Bhakar (2014)	Customer satisfaction, Brand image, loyalty intention	Cronbach's Alpha, KMO and Bartlett's test, Principal Component	There is a very strong and positive relationship between customer satisfaction and loyalty

	Cosmetic Product			Analysis, Confirmatory Factor Analysis	intention in the presence of the brand image.
8.	A Study on Corporate Image, Customer Satisfaction and Brand Loyalty in the Context of Retail Stores	Swelda Ene & Betül Özkaya (2014)	Retail Corporate Image, Customer Satisfaction, Brand Loyalty	Cronbach's Alpha Coefficient, KMO Test, ANOVA	There is a suggestive relation between Corporate Image and Customer Satisfaction.
9.	Corporate Brand Image and Customer Satisfaction on Loyalty: An Empirical Study of	Yu-Te Tu, Chin-Mei Wang, Hsiao-Chien Chang (2012)	Corporate Brand Image, Customer Satisfaction, Customer Loyalty	Cronbach's Alpha Coefficient, KMO and Bartlett's Test	The corporate brand image significantly affects customer satisfaction

	Starbucks Coffee in Taiwan				and customer loyalty.
10.	Customer Satisfaction in the Context of Branding Positioning in Service Sector : a Case Study of Starbucks in Ankara	Ömer Yurtseven, Serkan Sandir (2018)	Customer Satisfaction , Brand Positioning, Social Activities	Pearson Correlati on Coefficient, Cronbach Alpha	Customer satisfaction is associated with brand positioning.

2.7 Hypothesis Development

Hypothesis development is ultimately experienced-based. In this step the basic knowledge that support the hypothesis in this research will be revealed. This knowledge took from the previous research that will prove the improbable and some might be contradictory. This step proposed to see the imperfections of the people understanding about customer satisfaction, social activities, and brand positioning in service sector, also to avoid the pitfall of accepting weak or flawed evidence for one hypothesis when another provides a more possible explanation.

2.7.1 Relationship between customer satisfaction and brand positioning

Customer satisfaction is becoming one of the most essential objectives which any firm seeking for long-term relationship with customer considered as the top priority. Customer satisfaction is described as the result of a comparison of the customers' expectations and his or her subsequent perceived performance of service quality (Herington & Weaven, 2009). Therefore, if the customer satisfaction is fulfilled, the brand can position themselves more successfully in their customer's mind.

Hypothesis one (H1). There's a meaningful positive relationship between customer satisfaction and brand positioning.

2.7.2 Relationship between social activities and brand positioning

Social activities are considered part of what constitutes an active and engaged lifestyle, alongside cognitive and physical activities. Social activities are typically viewed as part of an engaged lifestyle that may help mitigate the deleterious effects of advanced age on cognitive function. As such, social activity has been examined in relation to cognitive abilities later in life. (J Aging Res, 2012).

Therefore, if the social activities are well accommodated, the brand can position themselves more successfully in their customer's mind.

Hypothesis two (H2). There's a meaningful positive relationship between social activities and brand positioning.

2.8 The Conceptual Model

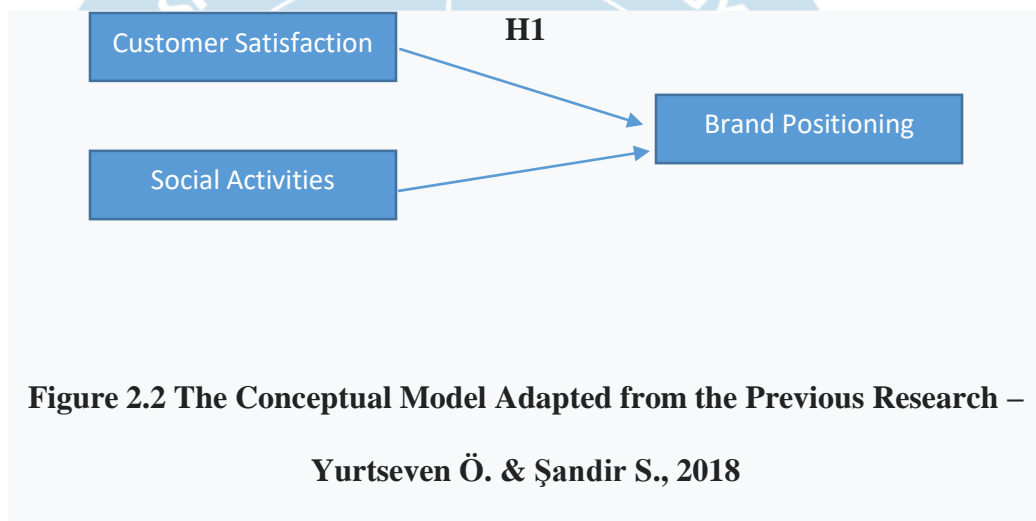


Figure 2.2 The Conceptual Model Adapted from the Previous Research –

Yurtseven Ö. & Şandır S., 2018