CHAPTER II

LITERATURE REVIEW

In this section will be discussed about the theory of Perceived Quality, Brand Awareness, And Brand Loyalty, Brand Equity that will underlie this research. This discussion will be a guide in understanding in depth to solve the problems that exist.

2.1 Perceived quality

Simamora (2016) said that when it comes to quality, then there are objectives and quality according to consumers (perceived quality), the most important is perception in the eyes of consumers. Kotler (2012) says that quality is the total of all the features and characteristics that make the product able to satisfy the needs, both stated and undecstated. In marketing literature, the term quality has a diverse scope. Quality perception can be defined as the overall customer perception of the brilliant and quality of the products or services provided. Brand quality perception is a subjective evaluation by consumers of the brands consumed (Zeithaml et al, 2013).

Perception of quality has an important role in building a brand. In general, perception of quality can produce the following values:

(1) Reasons to buy

(2) Differentiation or premium price position

(3) Expansion of distribution channels

(4) Brand expansion

2.2 Brand awareness

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is part of a particular product category (Aaker, 2017:39).Brandawareness is that the ability of a possible client to acknowledge and bear in mind a brand as a part of a product with a brand involved. complete awareness needs continum starting from the element feeling that a selected brand has been illustrious before, therefore customers are assured that it's the sole brand during a product cluster(Eliasari, 2017).

The role of brand awareness can be understood by reviewing how brand awareness creates value. The values created by consciousness (Durianto, 2014) are:

(1) Anchors for other associations

(2) Familiar or likeable

(3) Substance or commitment

(4) Considering the brand

2.3 Brand loyalty

Brand loyalty is a measure of customer-to-brand connection. This size is able to give an idea of whether or not a customer switches to another product brand, especially if the brand is found to be changing, whether it concerns the price of other attributes. A customer who is very loyal to a brand will not easily move his purchase to another brand, no matter what happens with the brand. When customer loyalty to a brand increase, the vulnerability of that group of customers from threats and attacks of competitors' product brands can be reduced. There are several levels

of loyalty (Aaker, 2013). Brand loyalty is an indicator of real brand equity associated with future profits, as it is directly linked to future sales levels. Brand loyalty can also be said to be a measure of customer association with a brand (Fate, 2019).

Brand loyalty is a symbol of constructive thinking towards brands that results in continuous brand purchases (Aaker, 2013). Brand loyalty is a situation where there is a possibility that consumers will switch to another brand when the brand becomes better than its price and features (Aaker, 2013). Brand loyalty is also a form of positive attitude from consumers in the form of commitment to another brand. Brand loyalty is a symbol of constructive thinking, brand loyalty will have a good impact for consumers because there will be a sense of wanting to buy back against a particular brand of product, although faced with many alternative brands of competitor products that offer superior product characteristics . Successive starts from the lowest level. First, switching buyers, habitual buyers,

2.4 Brand Equity

Brand equity is a set of brand assets and liabilities associated with a brand symbol and name that is able to increase or decrease the value provided by a product and service for a company as well as for consumers. Brand assets and liabilities must relate to a brand name or a symbol in order for assets and liabilities to underlie

a brand equity. Thus, if a change is made to the brand name or symbol, then some or all of the assets and liabilities on which the brand equity is based will change as well. Brand equity is an asset that provides its own value in the eyes of customers. The assets it contains assists in interpreting, processing and storing information related to those products and brands (Erviana, 2019).

The value of a brand to a company is created through consumers. Consumer activity in learning and purchasing decision processes can drive the formation of brand equity. Creating a good brand has to do with building an uneasy brand equity where in brand equity there are four dimensions to learn.

According to Aaker in Rangkuti (2017:39) the five dimensions of the brand's equity are as follows:

1. Brand Awareness

    Brand awareness is the ability of a potential buyer to recognize or recall that a brand is part of a particular product category. The role of brand awareness in overall brand equity depends on the extent of awareness achieved by a brand.

2. Quality Perception

    Understanding the perception of quality is the customer's perception of the overall quality or excellence of a product or service related to the expected intention of consumers.

3. Brand Association

The definition of association is everything related to the memory of the brand.

4. Brand Loyalty.

The definition of loyalty is a measure of consumer loyalty to a brand. Their loyalty is at the heart of brand equity.

5. Other Assets

other assets in brand equity include the measurement of two types of market behavior representing information obtained on a market basis and not directly from consumers market behavior includes market share.
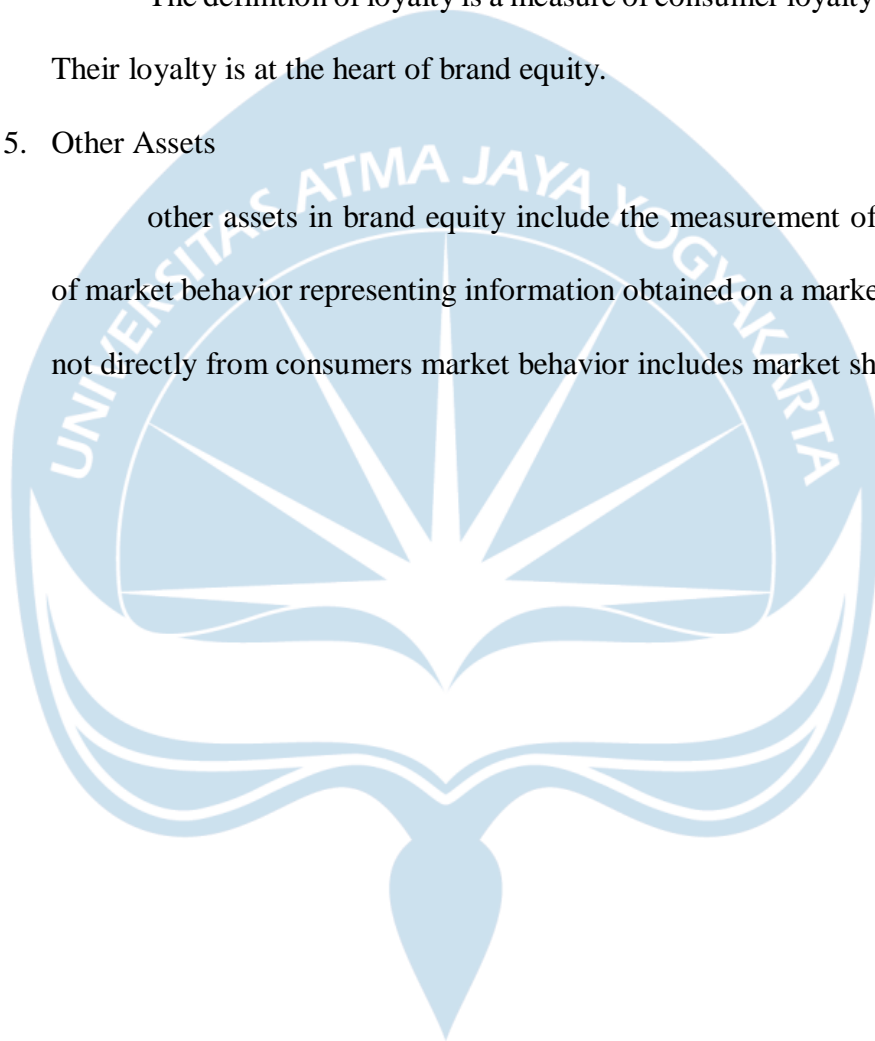
Table 2.1

Previous Research that Supports this Research

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
Pedro Marcelo Torres (2014) Determining the causal relationships that affect consumer-based brand equity The mediating effect of brand loyalty	The purpose of this paper is to analyze the causal relationships among the dimensions that explain consumer-based brand equity, and to determine the importance of each dimension in the assessment	H1. The higher the perceived quality, the greater the brand loyalty. H2. The greater the brand awareness, the greater the brand loyalty. H3. The greater the brand loyalty, the greater the overall brand equity.	Perceived Quality, Brand Awareness, Brand Loyalty, and Brand Equity	A research instrument proposed by Yoo and Donthu was applied to undergraduate students of the University of Coimbra. Two leading brands in the Portuguese beer market were used in the study. Respondents were randomly assigned to	The results suggest that the positive effects of perceived quality and brand awareness on overall brand equity are mediated by brand loyalty.

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
	of overall brand equity.			one brand and were asked to rate all items on seven Likert-type scales. Based on Aaker's conceptual framework, a structural equation model (SEM) was designed to analyze the proposed relationships. Findings–A causal order between brand equity dimensions was established.	

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
Hsin Kuang Chi (2009) The Effect Of Perceived Quality, Brand Awareness, And Brand Loyalty Towards Brand Equity.	The purposes of the study are to explore the effects among brand awareness, perceived quality, brand loyalty and customer purchase intention and mediating effects of perceived quality and brand loyalty on brand awareness	H1: Brand awareness will be positively affected to perceived quality. H2: Brand awareness will be positively affected to brand loyalty. H3: Perceived quality will be positively affected to brand loyalty. H4: Brand awareness will be positively affected to purchase intention. H5: Perceived quality will be positively affected to purchase intention. H6: Brand loyalty will be positively affected to purchase intention. H7: Perceived quality will mediate between brand	Perceived Quality, Brand Awareness, Brand Loyalty, and Brand Equity	The samples are collected from cellular phone users living in Chiyi, and the research adopts regression analysis and mediating test to examine the hypotheses.	The results are: (a) the relations among the brand awareness, perceived quality and brand loyalty for purchase intention are significant and positive effect, (b) perceived quality has a positive effect on brand loyalty, (c) perceived quality will meditate the effects between brand awareness and purchase intention, and (d) brand loyalty will mediate the effects between brand awareness

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
	and purchase intention.	awareness and purchase intention. H8: Brand loyalty will mediate between brand awareness and purchase intention.			and purchase intention.
Chengxiao Hou (2015) The Relationship Among Brand Awareness, Brand Image, Perceived Quality, Brand Trust, Brand Loyalty and Brand Equity Of Customer Inchina's Antivirus Software Industry.	The objective of this study is to study the influence factors of brand equity and study the relationship among brand awareness, brand image, perceived	H1: brand image is positive related to brand equity. H01: brand image is no positive related to brand equity. H02: brand trust is not positive related to brand equity. H3: brand loyalty is positive related to brand equity. H03: brand loyalty is not positive related to brand equity.	Brand Awareness, Brand Image, Perceived Quality, Brand Trust, Brand Loyalty and Brand Equity Of Customer	A quantitative study was adopted for collecting data, a total of 400 valid questionnaires was collected through an online survey website, every respondent must be the customer of antivirus software.	This study found that brand awareness is positive related to brand trust, brand trust is positive related to brand equity, brand image has indirect impact on brand equity through perceived quality and brand trust, perceived quality has an indirect impact on brand

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
	quality, brand trust, brand loyalty and brand equity.			These data were tested in a structural equation model.	loyalty through influence on brand trust, brand loyalty is positive related to brand equity.
Khaton Fajar Setyawan (2020)

The effect between brand awareness, perceived quality, and brand loyalty through a brand image (study on pt. East west seed indonesia charge brand cap brick seed products, banyuwangi) | the purpose of this study was to determine and analyze the effect between brand awareness, perceived quality, and brand loyalty both directly and indirectly through brand image | HI: Brand awareness has a significant effect to brand imageH2: Perceived quality has a significant effect to brand imageH3: Brand awareness has a significant effect to brand loyaltyH4: Perceived quality has a significant effect to brand loyaltyH5: Brand image has a significant effect to brand loyaltyH6: Brand awareness has a significant effect to brand loyalty through brand imageH7: Perceived quality has a significant effect to brand loyalty through brand | brand awareness, perceived quality, and brand loyalty through a brand image | the sample was used by consumers of users on the F 1 Cap Arrow Red Steel brand in the Banyuwangi area who have used it for more than 1 year. This study also uses 4 research variables, so 160 samples | the results are indicated that brand awareness has a significant positive effect on brand image, perceived quality has a significant positive effect on brand image, brand awareness has a significant positive effect on brand loyalty, perceived quality has a significant positive effect on |

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
	mediation.	image.		are needed. The analytical method is descriptive analysis and Partial Least Square (PLS) using the smartPLS software application.	brand loyalty, brand image has a significant positive effect on brand loyalty and from mediation testing shown that brand image can mediate the effect between brand awareness and brand loyalty. Then, brand image can mediate the effect between perceived quality and brand loyalty.
Mohammad Falahat (2018) Brand Loyalty And Determines Of	The purpose of this paper is to examine the determinants	H1: High perceived price is positively associated with perceived quality. H2: Advertising is positively	Brand Loyalty perceived Quality	ace-to-face surveys are conducted with 300 hardware	he result shows that brand loyalty is strongly associated with perceived quality

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
Perceived Quality And Willingness To Order	of brand loyalty and the factors associated with perceived quality and willingness to order in the context of hardware retailers in Malaysia.	associated with perceived quality. H3: Distribution image is positively associated with perceived quality. H4: Brand association is positively associated with perceived quality. H5: High price is negatively associated with willingness to order. H6: Advertising is positively associated with willingness to order. H7:Distribution image is positively associated with willingness to order. H8: Brand association is positively associated with willingness to order.		retailers using a quota sampling across the 13 local government areas within the Klang Valley. The proposed hypotheses are tested using Structural Equation Modeling (SEM).	and willingness to order. Our findings also revealed that perceived quality is fully mediates price, advertising and distribution image toward retailers' willingness to order. Moreover, brand association is a strong determinant of perceived quality and willingness to order.

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
		H9: Perceived quality is positively associated with willingness to order. H10: Perceived quality is positively associated with brand loyalty. H11: Willingness to order is positively associated with brand loyalty.			
Roya Bakhshinezhad Shamami (2019) The effect of marketing mix and after sales service toward brand equity	The present research to study the effect of the marketing mix (price, product, place, promotion) and after-sales services on three	H1a1The product has a positive effect on brand awareness. H1a2Price has a positive effect on brand awareness.- H1a3Distribution has a positive effect on brand awareness. H1a4The promotion has a positive effect on brand awareness.-	price, product, place, promotion	t is a descriptive survey in which the required data were collected using a questionnaire. The statistical population included the buyers of products of	

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
	dimensions of brand equity (perceived quality, brand loyalty, and brand awareness) using the Aaker Model.	H1b5The product has a positive effect on the perceived quality. H1b6Price has a positive effect on the perceived quality. H1b7Distribution has a positive effect on the perceived quality.-0.0360.745Rejected8H1b8The promotion has a positive effect on the perceived quality. H1c9The product has a positive effect on brand loyalty. H1c10Price has a positive effect on brand loyalty		Iran Khodro Diesel Company who have used the sales and after-sales services of this company, 384 of whom were selected as the sample.	
Gusti Noorlitaria (2020)	The study is to investigate	H1: Brand awareness has a positive and significant effect	Brand Awareness	The study was conducted in Samarinda	he result found that brand awareness affects

| Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
How Does Brand Awareness Affect Purchase Intention Inmediation Byperceived Quality And Brand Loyalty?	the impact of brand awareness on purchase intention which is mediated by the perceived quality and brand loyalty.	on purchase intention H2: Brand awareness has a positive and significant effect on brand loyalty H3: Brand loyalty has a positive and significant effect on purchase intention H4: Brand awareness has a positive and significant effect on perceived quality H5: Perceived quality has a positive and significant effect on brand loyalty H6: Perceived quality has a positive and significant effect on purchase intention H7: The role of brand loyalty in mediating perceived quality on purchase intention	Purchase Intention perceived quality Brand Loyalty	City fast-food restaurant. This research collected and processed 80 respondents by using a questionnaire method. The questionnaires themselves were using a Likert scale which was used to measure 16 indicators based on the PLS analysis method.	and has a significant effect on purchase intention and brand loyalty. Brand loyalty has a positive and significant effect on purchase intention. Brand awareness has a positive and significant effect on perceived quality. Perceived quality has a positive and significant effect on brand loyalty and purchase intention. Brand loyalty can mediate the perceived quality

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Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
					of purchase intention while perceived quality can mediate brand awareness of purchase intention.
Shishi Piaralal (2015) Determinants of Brand Equity in Private HealthcareFacilities in Klang Valley, Malaysia	The research looked into three determinants that affect brand equity, namely perceived quality, brand loyalty and brand image.	H1:perceived qualityis positive related to brand equity. H2:Brand Loyaltyis positive related to brand equity. H3:Brand Imageis positive related to brand equity.	brand equity, namely perceived quality, brand loyalty and brand image	A quantitative research was conducted for numerical measurement and analysis. The nonprobability sampling method of convenience sampling was used to study the behavior of consumers. 200	he results of the research indicate that there is a strong relationship between brand equity and perceived quality, brand loyalty and brand image. The limitation and recommendation for future research is presented at the end of the paper.

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
				respondents were selected as the sample size and data was collected through a self-administered questionnaire. Based on the completed 123 respondents who had experienced outpatient treatment and services in private healthcare facilities in the Klang Valley	The research also attempts to bridge the gaps that exist from poor facilities and services rendered by these facilities that will result in the drop of brand value for the organization
Arindah	The purpose	1.H1: Brand loyalty, brand	Brand	The data	The findings of

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
Walangitan (2015) Analysing the Impact Of Brand Equity On consumer Purchase Intention Of etude House Cosmetic Product In Manado	of this study is to examine the impact of brand equity on consumer purchase intention.	awareness, perceived quality, and brand association affect customer purchase intention of EtudeHouse cosmetic products simultaneously 2.H2: Brand loyalty affect customer purchase intentions of EtudeHouse partially cosmetic products. 3.H3: Brand awareness affect customer purchase intention of partially EtudeHouse cosmetic products. 4.H4: Perceived quality affect customer purchase intention of partially EtudeHouse cosmetic products. 5.H5: Brand association affect customer purchase intention of EtudeHouse cosmetic productspartially.	Equity Purchase Intention	collection method used the non probability convenient sampling technique. Ample of 100 questionnaires were distributed to the customer of Etude Housein Manado, and multiple regression analysis was used.	this researchshowsthat simultaneously all the elements of brand equity has a strong influence oncustomer purchase intention. While partially only perceived quality and brand association influence customer purchase intention, whereas brand loyalty and brand awareness does not have any significant influence on customer purchase

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
					intention.
Rohmatullah (2018)

The Influence of Brand Image and Perceived Quality on Brand Loyalty with Brand Trust as Mediator in PT Bank Syariah Mandiri | This study aims to analyze the influence of brand image and perceived quality on brand loyalty with brand trust as a mediating variable on the PT Bank Syariah Mandiri micro unit in the West Sumatra region. | H1:brand imageis positive related to brand loyalty.

H2:Perceived Qualityis positive related to brand loyalty.

H3:Brand Imageis positive related to brand trust. | Brand Image

Perceived Quality

Brand Loyalty

Brand Trust | Respondents in this study were customers who were still actively financing the micro units of PT Bank Syariah Mandiri in Padang Cluster with a total sample of 308 respondents. The data analysis technique used to discuss the problems in | esearch results prove that: (1). Brand Image and Brand trust have a significant and positive effect on Brand Loyalty; (2). Perceived Quality has no significant effect on Brand Loyalty; (3). Brand Image and Perceived Quality have a significant and positive effect on Brand Trust; (4). Brand trust is mediating the influence of Brand Image on Brand Loyalty; |

Title & Author	Purpose of The Study	Hypothesis	Variables	Research Method	Result
				this study is Structural Equation Model (SEM).	(5). Brand trust is mediating the influence of perceived quality on brand loyalty.
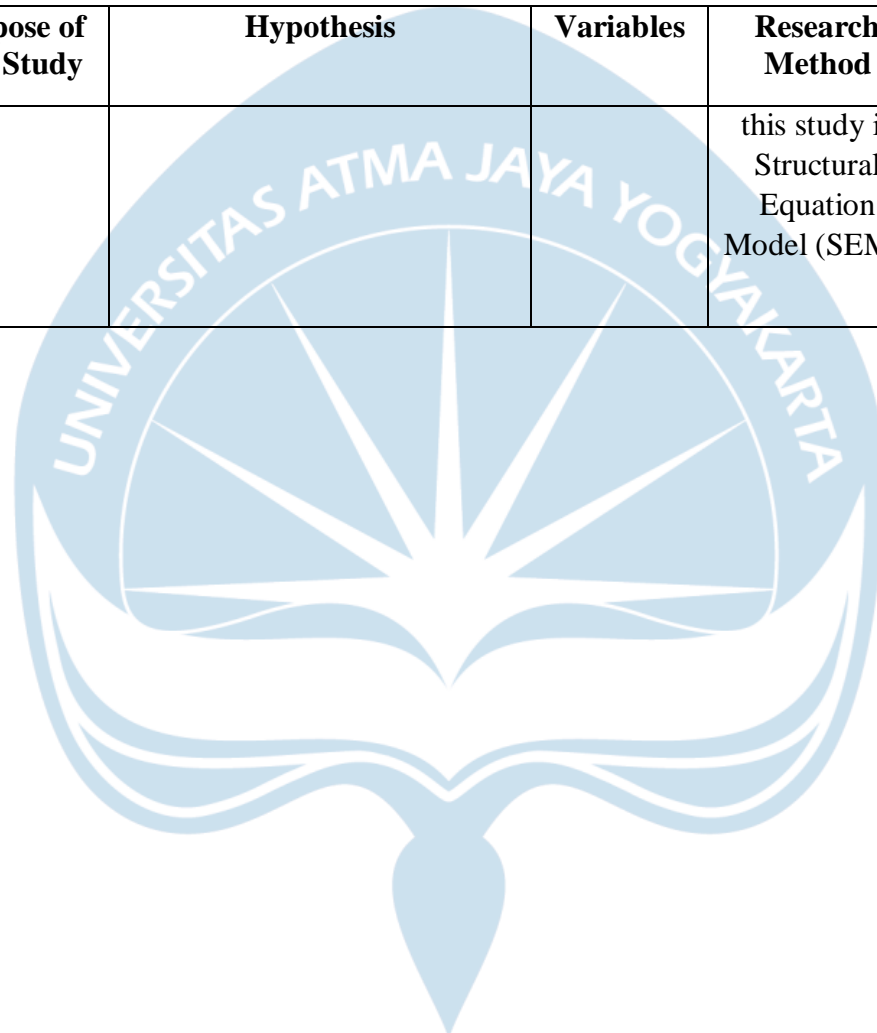
2.5 Hypothesis Development

2.5.1. The Influence of Percieved quality and Brand loyalty

According to Kotler and Keller (2012: 263), brand value is a plus for products and services. Brand equity can be reflected in consumers' perceptions, feelings, and behaviors about brand, price, market share, and profitability. Thores (2015) research shows that there is a positive impact between quality perception and brand loyalty. In this study, Starbucks is regarded as the most suitable company to provide products and services that meet the needs of consumers. So that the quality impression you leave is the best and most positive.

Based on the study of the library above, it can be drawn hypotheses as follows:

H1   : Perceived quality has a significant effect on brand loyalty.

2.5.2. The Influence of Brand awareness and Brand loyalty

They are shown in the ability of consumers to recognize and remember brand characteristics.Brand awareness will play a role in helping consumers decide how to maximize benefits or anticipate brand use (Tjiptono, 2015). A study by Thores (2015) shows that brand awareness significantly affects brand loyalty. Among the two independent variables analyzed, brand awareness has a great influence on the dependent variable.

Based on the study of the library above, it can be drawn hypotheses as follows:

H2   :Brand awareness has a significant effect on brand loyalty.

2.5.3. The Influence of Percieved quality and Brand equity

Quality is an important aspect that must be considered to increase brand equity. Companies must ensure the best quality for their brands to create brand equity. The perception of high quality allows consumers to recognize brand differentiation and superiority, as well as to choose brands (Karupannan et al., 2012). Research conducted on internet banking banking services in Portugal states that perceived quality has a positive influence on brand equity (Sandra Maria, 2013). Mahsa Pishdar et al. (2014) stated that perceived quality has a direct influence on brand equity. This is also reinforced by the results of research from Adi Putra (2012) and Ravi Shekhar et al. (2013) which states that perceived quality has a positive relationship to brand equity.

Based on the study of the library above, it can be drawn hypotheses as follows:

H3　　: Perceived quality has a significant effect onbrand equity.

2.5.4. The Influence of Brand awareness and Brand equity

brand awareness is defined as the ability of a potential buyer to recognize, recall a brand as part of a certain product category.

Brand awareness of a product brand will have a role in helping consumers decide how to obtain the highest benefits or uses expected from the product. Thus brand awareness will create the greatest opportunity for someone to choose a product brand (Muhammad, 2014). Research that has been done by Muhammad (2014), Aida (2018) shows that the results of brand awareness have a positive and significant effect on brand equity.

Based on the study of the library above, it can be drawn hypotheses as follows:

H4   :Brand awareness has a significant effect on brandequity.

2.5.5. The Influence of Brand loyalty and Brand equity

On the other hand, overall brand equity is considered as a global preference for the brand over similar alternatives (Aaker, 2017) and can be defined as the value added to the branded product relative to the unbranded product (Kim and Hyun, 2011).Brand loyalty is related to the degree of propensity to dorepurchase by satisfied consumers who rate the product positively. Integrated marketing communication plays a role in convincing consumers to be loyal to their products (Seric and Gil-Saura, 2012). Consumers develop brand loyalty by creating a positive output of brand equity, which positively results in a tendency to choose the product over other brands. Muzaqqi et al., (2016) found that brand loyalty has a positive and significant influence on brand equity. In addition to the two studies above, in Thores research (2015) the results of the study could be known if brand loyalty has a positive and significant effect on brand equity.

Based on the study of the library above, it can be drawn hypotheses as follows:

H5   :Brand loyalty has a significant effect on brand equity.

2.6 Research Framework

Research design is a blueprint or plan for collection, measurement, and analysis of data, created to answer the research question (Sekaran & Bougie,

2017).Based on the foundation of theory and previous research, it is prepared in the form of a research framework as follows:
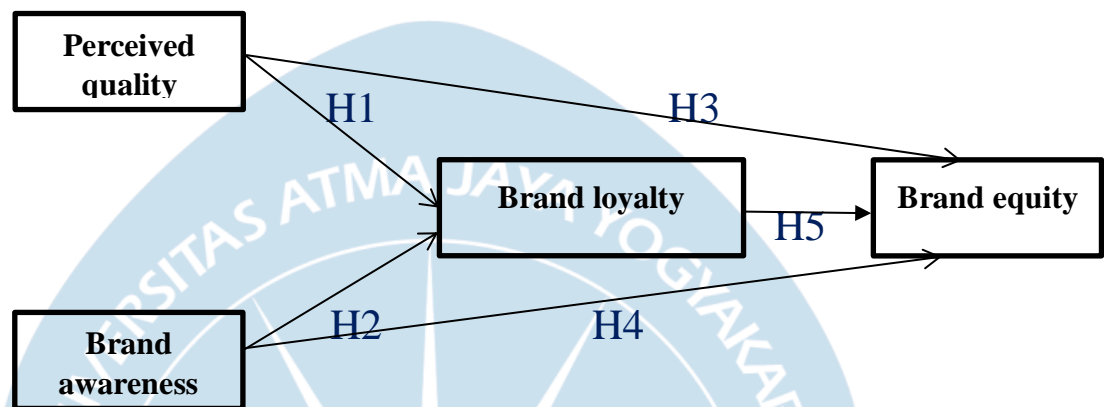

Figure 2.2. Research Framework
Source : Thores (2014)

The conceptual framework describe by Aaker (2013) argues that brand equity is amultidimensional concept, which includes the following dimensions: brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand assets. The five dimensions are notrelatedto consumers (Buil et al., 2013), so it'snot includedin consumer-based brand equity research. Moreover, brand associations and brand awareness are often regarded as one-dimensional, as mentioned in the previous section, which is conceptually inconsistent. So, we've also chosen to exclude this dimension from our model. Nevertheless, brand associations can be,"everything related in memory to the brand, and if they are unique, strong and profitable they can positively relate to brand equity (Keller, 2012), as they lead to favorable behavior towards the brand and influence

purchasing intent. However, consumers must first know the brand to then have a set of associate brands (Aaker, 2013).