Disentangling the role of income level on premium brand perceived quality, awareness, association, and loyalty: A comparative study within Thailand and Indonesia

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ABSTRACT

The level of income is one of the specific consumer conditions that susceptible to influence their brand decision-making. Unfortunately, studies on the influence of income mainly focused on price without considering the relationship between brand and consumers. This study aims to examine how brand perceived quality, awareness, association, and loyalty related to the level of income in emerging countries like Thailand and Indonesia. Premium and high-class coffee chain brands choose as the object of this study as the exponential growth of the coffee culture in both countries. A total of 283 respondents have completed an online questionnaire and verified it to be processed into the analysis of variance (ANOVA) and LSD post hoc test for multiple comparison statistical analysis. The result of this study shows that although high-income and low-income consumers in Thailand tend to have the same perceived quality toward the premium coffee brand, in general, there is a significant difference in the mean of brand perceived quality, awareness, and association between various consumers income level in Thailand. Interestingly, this study found that there is no significant difference in the mean of premium coffee brand perceived quality, awareness, association, and loyalty within the group of income levels in Indonesia. This indicates that Indonesians tend to ignore how much money they have in their pocket when it comes to coffee as the coffee culture becoming a new habit and lifestyle.

Keywords: Brand Awareness; Brand Associations; Brand Loyalty; Perceived Quality; Income

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Introduction

A brand is considered as one of the indefinite intangible assets of firms that represent the engagement of particular firms with their consumers in terms of emotional, social, and economic benefits. By building superior brand equity, it allows companies to compete not only on prices alone but also in various feature offers. González-Mansilla et al. (2019) classified four dimensions of brand equity by combining perspective and behavioral dimensions such as brand awareness, brand associations, the degree of loyalty, and perceived quality. Aaker (1996), Foroudi (2019), Tran et al. (2019) and Ahmed et al. (2017) defined brand awareness as the salience of the brand in the minds of consumers, so they can distinguish, recognize, or recall the specific brand among many others brand of a certain product category at the moment. Besides, Bari et al. (2021) and Sharma et al. (2020) defined brand association as a certain memory about persons, symbols, colors that are attached to a brand that get triggered the moment of consumers interact with that particular brand. While brand loyalty is a consumer's positive attitude, commitment, and consistency to repurchase a particular brand out of the set of alternative brands (Laksamana, 2018; Saritas & Penez, 2017; Wahyuni & Fitriani, 2017), perceived quality can be defined as customers assessment and judgment regarding overall differences between product performance perception and expectation (Marakanon & Panjakajornsak, 2017; Stylidis et al., 2020).

There are many previous consumer-based studies related to the development construct of brand equity (Algharabat et al., 2020; Foroudi et al., 2018; Keller & Brexendorf, 2019; Stojanovic et al., 2018). However, studies on the possible differences of brand awareness and association evaluation, the degree of loyalty, and perceived quality among various demographic profiles such as the level of income and nationality were limited. The usage of consumer income level on brand equity studies mainly focused on price without considering the relationship between brand and consumers. Some studies only used income as a moderator of the framework model to understand the construct of brand equity (Ahn et al., 2018; Stokburger-Sauer & Teichmann, 2013). Therefore, this study aims to examine how brand perceived quality, awareness, association, and loyalty related to the level of income in emerging countries like Thailand and Indonesia. While Thailand and Indonesia choose as the focus of this study as both countries share similar cultures and experience the dramatrical growth of 'consuming class' due to the rapid urbanization and the fast-growing elderly segment and heavy pockets of young population, premium and high-class coffee chains brand
choose as the object of this study as the growing of the coffee culture in both countries that were driven by the young population. Generally, consumers are expected to spend more when their income rises and tend to still buy their favorite product even though the price increases. Following Wu et al. (2015) who found that premium and high-class coffee brand consumers in Taiwan and UK perceived that expensiveness is associated with premium quality in the case of Starbucks, this study also aims to extend and conduct comparative research of consumer evaluation related the equity of premium coffee chains brand from different countries perspective.

**Literature Review**

**The Level of Income and Perceived Quality**

Gallarza et al. (2011) define perceived value as it plays a role in epistemology marketing as a discipline; value associated with many constructs in the marketing discipline; value construct. Perceived quality varies amongst subjects, as each individual has its criteria for quality (Aaker, 1996). Experiences with a brand and, consequently, perceived quality, are the assessments of all interactions with both product/service and the brand. Consumers' judgment of quality is usually not "rational", and is based on superficial associations, including appearance, color, taste, or functionality (Baalbaki & Guzmán, 2016). According to Beneke & Carter (2015), brand image and packaging attract attention and present cues and information about the product that aid consumer choice, which then results in a positive influence on the perceived quality. A similar issue was revealed in Tasci (2018) brand equity model applied to multiple destination brands with single-item measures. Because of the high level of correlation between image and quality, she eliminated the quality component to stabilize the brand equity model fit in path analysis. Yu et al. (2018) stated that the range of income level is also considered a significant factor in influencing consumers to buy medium or premium brands. Moreover, Huaman-Ramirez & Merunka (2019) stated that while high-income consumers tend to behave selfishly and ignored to have special trust with a particular brand except for the quality considerations (Chen & Green, 2011), lower and medium consumers believe that brand trust that consists of brand credibility and quality will create the cognitive path that can form an emotional bond.

**H1**: There is a difference in the mean of brand perceived quality between the various income level of Thailand and Indonesia consumers.
The Level of Income and Brand Awareness

Aaker (1996), Foroudi (2019), Tran et al. (2019) and Ahmed et al. (2017) defined brand awareness as the salience of the brand in the minds of consumers, so they can distinguish, recognize, or recall the specific brand among many others brand of a certain product category at the moment. Whenever a customer is ready to buy a right or service, the first brand name that clicks in his mind shows higher brand awareness. Brand awareness can increase by developing and promoting a brand name that means something to customers (Świtała et al., 2018; Ardiansyah & Sarwoko, 2020). While high-income consumers have a specialization to recognized and distinguish all the features of a luxury brand, low-income consumers have greater price sensitivity toward the premium brand (María Rosa-Díaz, 2004). Although Hatch & Schultz (2010) and Sheth (2011) argue that the recent of low-income consumers more aware of quality, however the differences in living standards between low and high-income continue to persist and impedes them to purchase those brands (Arunachalam et al., 2020).

H$_2$: There is a difference in the mean of brand awareness between the various income level of Thailand and Indonesia consumers.

The Level of Income and Brand Association

Brand association is any aspects that consumers can bear in mind from brands in terms of non-physical characteristics of the product, uniqueness, product innovation, market position, and reputation Foroudi et al. (2018). It is related to information in the customer’s mind about the brand, either positive or negative, linked to the node of the brain memory (Hossien Emari, 2012). Moreover, Mohd Yusof et al. (2021) and Valentini et al. (2018) defined brand association as anything that information stored in customer’s mind about the brand that can enhance consumer intention to buy because it is related to many things such as consumer's needs, brand attributes, and the consumer market target. Tasci (2021), for example, recognized the similarities between associations and image concepts and used them interchangeably. Slama & Tashchian (1985) has found that the middle-income group tends to be involved and associate with brands that lead to the purchase decisions. Furthermore, Abdellah-Kilani & Zorai (2019) and Sari et al. (2018) added that low educated and income consumers tend to have fewer opportunities to know perceived that foreign brand has a better performance compared to the hand-made and local products.

H$_3$: There is a difference in the mean of brand association between the various income level of Thailand and Indonesia consumers.
**The Level of Income and Brand Loyalty**

Laksamana (2018) Saritas & Penez (2017) and Wahyuni & Fitriani (2017) defined brand loyalty as a consumer's positive attitude, commitment, and consistency to repurchase a particular brand out of the set of an alternative brand. Han et al. (2018) revealed that brand loyalty is an important strategy that should be executed by firms in fierce business competition. Brand loyalty will lead to product purchases. Costa Filho et al. (2021) stated that low-income consumers' patterns of loyalty are influenced by factors such as perceived differentiation, perceived risk, contextual usage, the proportion of the category expenditure to household income, and hedonic versus functional. They also classified low-income consumers as brand-conscious consumers who are willing to pay a premium for quality, however, their tight budget impedes them to purchase those brands. Chiguvi & Guruwo (2017) Shankar & Jebarajakirthy (2019), Whaley et al. (2019) added that while high-income earners tend to continue their loyalty to a particular brand based on the evaluation of product attributes, low-income earners tend to be more price-sensitive.

**H4:** There is a difference in the mean of brand loyalty between the various income level of Thailand and Indonesia consumers.

**Methods**

This study aims to extend and conduct comparative research on how premium coffee chains brand (such as Starbucks) perceived quality, awareness, association, and loyalty related to the level of income in emerging countries like Thailand and Indonesia. While Thailand and Indonesia choose as the focus of this study as both countries share similar cultures and experience the dramatical growth of 'consuming class' due to the rapid urbanization and the fast-growing elderly segment and heavy pockets of young population, premium and high-class coffee chains brand choose as the object of this study as the growing of the coffee culture in both countries that were driven by the young population. This study considers only generation Y (born between 1980 and 1995) and Z (born between 1996 and 2012) who already had monthly income and had purchased coffee in one of the premium coffee chains that were established in both countries. A homogenous purposive sampling method was employed as a sampling strategy of the study.

The level of income was divided into three economic groups such as low, middle, and high-income consumers in this study. Thailand consumers who have a monthly income that is less than 7,500 Thai Baht are classified as low-income customers in this study. Moreover, the monthly income ranges of middle and high-income consumers in Thailand are 7,500 - 15,000
Thai Baht and more than 15,000 Thai Baht. For Indonesians, consumers who have a monthly income that is less than IDR 1,000,000 are considered as low-income consumers. Furthermore, a consumer that has IDR 1,000,000 – 3,000,000 or more than IDR 3,000,000 of monthly income can be classified as middle and high-income consumers.

While perceived quality and brand awareness was measured with five and six items developed by Yoo & Donthu (2002), the degree of loyalty toward a particular brand and brand association was measured with five items developed by Aaker (1996) and Ding & Tseng (2015). This study reported high-reliability coefficients of four dimensions of brand equity, 0.862, 0.887, 0.920, 0.962. All of items were measured by using a five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree). A total of 358 questionnaires were distributed in both countries with about 338 respondents completed the survey. Of the respondents, 55 respondents were marked as 'never' purchased coffee in premium chains brands like Starbucks. As a result, 283 respondents were included in the data analysis using comparative one way ANOVA analysis to compare the mean of perceived quality, awareness, association, and loyalty also LSD test that was used to analyze the data to determine the significant level at 0.050 (Esser & Vliegenthart, 2017).

Result and Discussion

Thailand

Table 1 shows that F-test scores of perceived quality are 9.692 at a significant level of 0.000. Thus, brand awareness and the brand association have F-test of 18.305 and 33.509 at a significant level of 0.000 and 0.000. Therefore, it can be concluded that three of four variables of this study support the conclusion of the previous study by Abdellah-Kilani & Zorai (2019), Arunachalam, et al. (2020), Chen & Green (2011), Huaman-Ramirez & Merunka (2019), Sheth (2011) that stated there is a difference in the mean of brand perceived quality, brand awareness, and brand associations between the various income level of Thailand consumers. However, the score of the F-test of brand loyalty that only shows 2.996 (which is the lowest of compared to others variables) at a significant level of 0.057 failed to proves the difference mean of brand loyalty between the various income level of Thailand consumers.
Table 1. One-Way ANOVA Hypotheses Testing for Thailand Consumers

<table>
<thead>
<tr>
<th>Dependent Variables (Between Groups)</th>
<th>F</th>
<th>Significant</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality</td>
<td>18.305</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>9.692</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand Association</td>
<td>33.509</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>2.996</td>
<td>0.057</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

Table 2. LSD Post Hoc Multiple Comparison Test for Thailand Consumers

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Income Level</th>
<th>Mean Difference</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality</td>
<td>Low</td>
<td>Middle</td>
<td>-0.517*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>-0.067</td>
</tr>
<tr>
<td></td>
<td>Middle</td>
<td>Low</td>
<td>0.517*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>0.450*</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>0.067</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Middle</td>
<td>-0.450*</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Middle</td>
<td>-0.362*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>0.526*</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>Low</td>
<td>Middle</td>
<td>0.362*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>0.887*</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>-0.526*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Middle</td>
<td>-0.887*</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Middle</td>
<td>0.240*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>-0.894*</td>
</tr>
<tr>
<td>Brand Association</td>
<td>Low</td>
<td>Middle</td>
<td>-0.240*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>-1.133*</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>0.893*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Middle</td>
<td>1.133*</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>Low</td>
<td>Middle</td>
<td>-0.267*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>-0.107</td>
</tr>
<tr>
<td></td>
<td>Middle</td>
<td>Low</td>
<td>0.266*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>0.158</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>0.108</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Middle</td>
<td>-0.158</td>
</tr>
</tbody>
</table>

*. The mean difference is significant at the 0.05 level.
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Table 3. One-Way ANOVA Hypotheses Testing for Indonesia Consumers

<table>
<thead>
<tr>
<th>Dependent Variables (Between Groups)</th>
<th>F</th>
<th>Significant</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality</td>
<td>0.463</td>
<td>0.630</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>0.666</td>
<td>0.516</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Brand Association</td>
<td>0.308</td>
<td>0.736</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.351</td>
<td>0.705</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

To uncover the specific differences between three groups or more, the LSD Post Hoc test is calculated after the ANOVA test. Table 2 shows that in terms of quality there are no differences perceptual between low and high-income consumers. The mean differences between these groups are 0.067 at a significant level higher than 0.050 (0.615). Sheth (2011) argue that low-income consumers are aware of particular branded products and their quality. Low-income consumers also can be known as brand-conscious consumers who are willing to pay a premium for quality, however, their tight budget impedes them to purchase quality brands (Costa Filho et al., 2021). The result of this study also implies that when a consumer thinks about the coffee they will think about premium chains of coffee brands and easily recall the particular premium brand (Starbucks). A consumer with a low income had greater brand awareness about the price than high-income levels as the income levels decrease consumer knowledge is more reluctant and become more price-sensitive (María Rosa-Díaz, 2004). Shahid et al. (2017) suggest brand awareness is the ability of a consumer to recognize and recall a brand in different situations. When consumers have a situation with changing income levels, for sure, they will also think about brands that can satisfy them. Starbucks was introduced by providing premium coffee in the consumer's mind so that with serving premium coffee consumer assumes that there is a high quality of coffee and taste. Huaman-Ramirez & Merunka (2019) stated that while high-income consumers tend to behave selfishly and ignored to have special trust with a particular brand except for the quality considerations (Chen & Green, 2011), lower and medium consumers believe that brand trust consists of brand credibility and quality will create a cognitive path that can form an emotional bond. Therefore, it implicated on the Thailand consumers perception among various income levels related to premium coffee chains brands, the association with Starbucks may be emotional when coffee lover thinks about coffee. They will trust with Starbucks could provide the best product and services. However, if it is related to income levels tends to be different. The
middle-income group tends to be involved and associate with brands that lead to the purchase decisions (Slama & Tashchian, 1985). Interestingly, this study also found that there are no differences in the mean of brand loyalty evaluation among various income levels of Thailand consumers. No matter how much money they have in their pockets, it can’t influence their loyalty to the particular brand. This finding is different from research conducted by Masuda & Kushiro (2018) found that among the four conventional brand equity dimensions, which are awareness, loyalty, perceived quality, and brand associations, loyalty has the most significant effect on consumers' willingness to pay the price premium for private labels. In recent years, the coffee scene has exploded across the country and become intertwined with the everyday way of life. There are many brands of coffee are existing in Thailand, and Thailand consumers whether they are classified as low, middle, and high income still drink coffee as it represents their new values and lifestyles.

**Indonesia**

The ANOVA test was carried out to determine whether there is a different mean of perceived quality, awareness, association, and loyalty between income level groups. Table 3 shows that there is no difference in the mean of all variables of perceived quality, brand awareness, association, and loyalty between various income levels of Indonesian consumers. The value of the F-test of perceived quality, brand awareness, association, and loyalty is 0.463, 0.666, 0.308, and 0.351 with a significant level that is higher than 0.050 of (0.630, 0.516, 0.736, 0.705). Therefore, it can be concluded that the four dimensions of brand equity are not different among various income levels of Indonesian consumers. This result has shown that brand equity evaluations among various income levels of Indonesians are not different means that even though they are having low, middle, or high income, they will have a positive evaluation on premium coffee chains brand (like Starbucks).

This is an interesting finding from the comparative research between Thailand and Indonesia related to premium brand equity. While Thailand consumers are very concerned about how much their income and what kind of product they should buy (Chanwitkan & Intuluck, 2020; Udomkit & Mathews, 2015). Indonesia consumers are the opposite, they tend to ignore how much money they have in their pocket when it comes to coffee as the coffee culture becoming new habit and lifestyles. Vaux Halliday & Astafyeva (2014) added that the millennial generation has more desire to visit a place of preference as it must incur a sense of social interaction of being seen by others and shows their self-esteem actualization. For a young consumer in Indonesia that represented in this study going to premium coffee chains
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brand like Starbucks is a prestige that can be stopped by financial situation. Susanty & Kenny (2015) stated that global brands (like Starbucks) provide enhanced self-presentation benefits because global brands carry more prestige in developing markets. This research also similar to Yulianti & Deliana (2018) factors affecting consumer purchasing decisions in Bandung, Indonesia will be the taste of coffee, not by income level with the increase in income than the purchase of coffee will be better quality not on the number of copies purchased and consumers prefer coffee with a famous brand because it looks prestige. Finally, based on the finding of this comparative study between Indonesia and Thailand regarding premium brand equity, we can take the lesson that is the differences in income levels especially for the young generation can influence how they perceived the largest global brand like Starbucks. Starbucks has been embedded brand equity in their consumer. They are easy to recognize and be able to distinguish particular premium, global, and high-class coffee chain brands (like Starbucks) from other café brands.

Conclusion and Suggestion

Brand equity is generally accepted as a critical success factor to different companies and service providers from their competitors. This research aims to examine how brand perceived quality, awareness, association, and loyalty related to the level of income in emerging countries like Thailand and Indonesia. The result of this study shows that although high-income and low-income consumers in Thailand tend to have the same perceived quality toward the premium coffee brand, in general, there is a significant difference in the mean of brand perceived quality, awareness, and association between various consumers income level in Thailand. However, the result of the study of Thailand perspectives also found that there is no difference in the mean of the degree of loyalty toward a particular premium brand among various income levels. It shows that while high-income earners tend to continue their loyalty to a particular brand based on the evaluation of product attributes, low-income earners tend to be more price-sensitive. On the other hand, surprisingly, this study found that there is no significant difference in the mean of premium coffee brand perceived quality, awareness, association, and loyalty within the group of income level in Indonesia. It means that Indonesians tend to ignore how much money they have in their pocket when it comes to coffee as the coffee culture becoming a new habit and lifestyle.

This study has several limitations. First, the respondents of the current study are generation Y (born between 1980 and 1995) and Z (born between 1996 and 2012) who
already had monthly income and had purchased coffee in one of the premium coffee chains established in Thailand and Indonesia with a limited sample. Therefore, the results of the study may not be generalized to other premium brand categories and not comprehensively represent all the population from both countries. Further research, should attempt to examine brand equity across many global brands and categories from other geographical areas. The last is each country has its own culture so consumer behavior tends to be different. Second, the different education levels of respondents also may be implicated in their evaluation of each brand equity dimension. Future studies should also consider other demographic profiles as one critical point of view of particular brand equity dimensions.

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