# Chapter 5

# Conclusion and Recommendation

This chapter concludes all the data had been analyzed in Chapter 4, and the sections of this chapter are divided into 4 sections, namely Conclusions, Managerial Implications, Limitations, and Future Research Recommendations.

## 5.1.    Conclusions

The aim of this research is to test whether or not the consumer equity model proposed by Rust, Zeithaml and Lemon is applicable in the tea and coffee category in Indonesia (specifically in Jakarta) with Teh Botol from Tea and Kopi Kapal Api from the coffee category as the units of analysis, and compare the results with those of the original research paper, where two brands of energy drinks were the units of analysis. Other than that, this research uses the model as a tool and also guideline to understand more about which of the factors that influence the final purchase intention of the consumers, from a simple thing as Quality, to the Attitude towards Company.

This research managed to show difference in results for the two categories. Some of the cases are as follows:

- Convenience does not have a positive impact towards value equity is in coffee category, but it does in tea category

- Brand attitude does not have a positive impact towards brand equity in coffee, but it does in tea category.

Other than these two hypotheses, the rest of the hypotheses show the same results for both of these drink categories, which is **supported**.

### 5.1.1. Insights on Consumer Behavior

- Namely the fact that in coffee and tea category, gender do not have any association with expenditure, nor occasion of consumption,

- There is association between gender and frequency of purchase when it comes to coffee category, although this does not apply in tea.

- There is also no association between age and frequency of purchase in both categories, although it does with expenditure and brand in coffee category, and again, this is on the contrary in the tea category.

- Where there is no association between job and expenditure in tea, there is in coffee category, and job and frequency of purchase has association when it comes to the two categories.

- Tea is consumed more frequently and in more occasions compared to coffee in one week.

- As independent T-test was done to compare the two Units of Analysis, it was found that Teh Botol is superior than Kapal Api when it comes to Awareness, Brand Equity, and Purchase Intention, although Kapal Api is still better than Teh Botol Sosro when it comes to Price-Prestige Association.

### 5.1.2. Research Questions and Hypothesis

Other than the above results, answers had also been found to the eight research questions mentioned in the first chapter of this study, explained below.

RQ1: Does higher perceived quality of a beverage result in higher consumers' value equity?

H1 for Combined: For both data of tea and coffee combined, the results show that better quality for the products of tea and coffee does bring about better value equity for the two types of products overall.

H1 for Coffee: This hypothesis is supported and hence, the answer is quality does have positive impact towards consumer's value equity for coffee products. in other words, the better the quality of coffee, the better the value equity of the coffee product.

H1 for Tea: Not only does this apply for coffee, in the tea category, quality also does have positive impact towards consumer's value equity, which means that the better the quality of tea, the better the value perception of the consumers towards the tea products.

RQ2: Does favorable perception of price-prestige association of a beverage result in higher consumers' value equity?

H2 for Combined: After data from both categories have been analyzed, it was found that better perception of price-prestige relationship does not have any significant impact towards value equity, hence it can be said that for these categories combined, overall, better perception of price-prestige relationship does not always bring about better value perception for both tea and coffee products at once.

H2 for Coffee: Based on the results of the analyses done, price-prestige does not have any association with the overall value equity, so this hypothesis is not supported. According to the findings, better perception of price-prestige association does not always lead to better value equity for coffee product.

H2 for Tea: This result also applies to tea category, where the hypothesis is not supported. hence, better perception of price-prestige association does not always lead to better value equity for tea products.

RQ3: Does higher perceived convenience of purchasing a beverage result in a higher consumer's value equity?

H3 for Combined: it was found that this hypothesis is not supported for the two categories combined. So convenience does not really bring significant impact on the categories in the overall.

H3 for Coffee: The results show that the third hypothesis is not supported, hence better convenience of purchasing a coffee product does not always result in higher consumer's value equity for coffee category.

H3 for Tea: However, this is not the same for tea, because the results show that the easier it is for consumers to buy tea product, the better the value of the tea product itself in the eyes of the consumers.

RQ4: Does more positive company attitude result in a higher consumer's brand equity?

H4 for Combined: More positive company attitude does not result in any significant improvement in consumer's brand equity when involving the two categories of tea and coffee at once

H4 for Coffee: According to the findings, it was found that company attitude does not even have any association with brand equity of a coffee product, leaving the hypothesis unsupported. It can be said, hence, that positive company attitude does not always lead to better consumer brand equity for coffee products.

H4 for Tea: The findings also do not support the hypothesis for tea category. Just like the case of Coffee, positive attitude towards the company that produces the tea does not always lead to better consumer brand equity for the tea product.

RQ5: Does higher brand awareness result in higher consumer's brand equity?

H6 for Combined: Overall, when involving the two categories at once, awareness does bring about higher consumer brand equity in brands of tea and coffee in general, and this result also applies when coffee and tea category is being analyzed individually.

H5 for Coffee: As obvious as it sounds, the results show that this hypothesis is supported; hence meaning that awareness in coffee category does bring better brand equity for coffee product.

H5 for Tea: The hypothesis is also supported when it comes to tea category, so higher awareness for a tea product does bring about better brand equity.

RQ6: Does more positive attitude toward the brand result in higher consumer's brand equity?

H6 for Combined: In general, brand equity of coffee and tea brands do not gain any beneficial impact when brand attitude is improved. This may be caused by the

conflicting characteristics and preferences between the two units of analysis used in the study, leaving the hypothesis unsupported.

H6 for Coffee: the results of this research show that when it comes to coffee products, positive attitude towards brand does not always result in better brand attitude. This is again because of the different kinds of coffee types (RTD and non-RTD). Those who have very positive attitude towards Kapal Api does not necessarily like to consume Kapal Api because they are used to drinking RTD coffees and not non-RTD coffees. Hence, this hypotheses does not apply to coffee.

H6 for Tea: Based on the findings, attitude towards brand does have association with consumer brand equity of the tea product, and the association is positive, so this means that better attitude towards the brand does bring about higher consumer's brand equity for the tea product. Since the unit of analysis is the tea brand that is consumed by the majority of the respondents, this hypothesis applies well because unlike in the case of Kapal Api, the respondents drink Teh Botol and hence they respond positively towards the questions of brand equity.

RQ7: Does higher consumer's value equity result in higher consumer's purchase intention?

H7 for Combined: All in all, value equity for both coffee and tea brands in general do bring about higher intention to purchase the products. So this means that the seventh hypothesis is supported.

H7 for Coffee: The results of the research support the hypothesis that consumer value equity has positive impact towards purchase intention for coffee products. This means that the higher the value of the coffee in the eyes of the consumers, the higher intention the consumer has to purchase the coffee.

H7 for Tea: Just like coffee, the results of the research also support the hypothesis in tea category. Hence, better value of the tea in the eyes of the consumers also leads to higher purchase intention as well.

RQ8: Does higher consumer's brand equity result in higher consumer's purchase intention?

H8 for Combined:  The findings show that for both tea and coffee products in general, brand equity show positive association with consumer's purchase intention for the two categories. Therefore it can be said as well that improving the brand equity can improve intention to purchase both of the categories at once.

H8 for Coffee: Finally, the last hypothesis was tested in the analyses, and it was found that brand equity does have positive association with consumer's purchase

intention for coffee category, which means that better brand equity will bring about better consumer purchase intention for coffee products.

H8: This also applies to tea category, where they hypothesis is also supported. Hence, just like in the coffee category, better brand equity will bring about higher purchase intention for a tea product.

## 5.2.    Managerial Implications

The researcher, after analyzing the various data obtained from the research, has thought of several managerial implications that could be suggested to companies who compete in tea or coffee industry in Jakarta. For example, it was found that in both of tea and coffee, Quality is a very important aspect that the customer takes into account before purchasing either of the two, while Convenience, or the ease of purchasing a product, is a factor that consumers consider before buying tea products, but this does not apply to coffee purchasers. These are examples of the lessons learned from this research that can be used as basis for managerial implications to be practiced.

Below are managerial implications for **coffee products**.

**Quality, value, and purchase intention.**

As found in the research, quality has become a factor that has association with value, and value affects purchase. Therefore, quality indirectly leads to purchase intention, so it

would be good if companies could focus on quality in coffee products, or emphasize about quality in communication strategies or packaging in order to attract customers, that way, not only will customers believe the coffee product to be of quality, but at the same time this approach can also improve the value aspect, and in return, the value of a tea product brings about improvement in the consumers' purchase intention.

**Awareness, Brand Equity, and Purchase Intention.**

Brand equity also was found to affect directly the purchase intention, so it would also be good for the companies to focus also on branding strategies. As Awareness was shown to bring positive impact on brand equity, it may be very effective to focus on increasing awareness as part of the branding strategies, through the use of different channels of advertising (TVC, radio, newspapers, etc), in order to raise purchase intention at the same time. CSR activities can also be done by coffee brands to increase awareness as well as to grow near the consumers, thus increasing the brand equity at the same time.

Managerial Implications for **Tea products.**

**Quality, Convenience, Value, and purchase intention.**

When it comes to tea products, it has been shown in this study that quality and convenience does bring about positive impact on value, which means that better quality and convenience brings about better value for a tea product, and again, as shown in the results, value does bring about higher purchase intention for consumers. This only means

that quality and convenience will indirectly improve purchase intention by enhancing the value of the tea products. Companies can improve the quality of tea products. This can be the taste or aroma to raise value. Other than that, companies can strengthen the presence of tea products by making them easier to find in all range of stores, making it easier and more convenient for consumers to buy tea (as convenience will improve value).

**Awareness, Brand Attitude, brand equity, and purchase intention**

As shown in this study, an improvement in brand equity brings about an improvement in consumers' purchase intention in tea products, therefore companies should enhance brand equity by focusing on the factors that affect this variable directly, which are awareness and brand attitude. Tea companies may focus on increasing awareness in their communication strategies. One of the ways to increase in awareness is through social media, where Word of Mouth can be implemented, as well as involving customers in events or games that generate word of mouth. These activities can also improve the attitude of the consumers towards the brand itself, and this may be beneficial for the brand equity, and in return, may impact positively towards the purchase intention of the consumers towards tea products.

## 5.3. Limitations

However, there are several limitations for this research that may lead to inaccuracy of results, and they are as follow:

1. The majority of the respondents are mostly students and employees, and most of them aged 21-30. Furthermore, in the preliminary survey it was found that Kapal Api was favored the most in terms of awareness and preference, but the results of this research shows something different: Nescafe was the coffee brand most consumed by the majority of the respondents, who are aged 21-30, and it was shown that these respondents, most of which prefer Nescafe, does not have that much intention to purchase Kapal Api.

2. There is difference in location of research. As the original research paper was conducted at a large Southeastern University, the difference in the markets and respondents may show difference in results as well if tea and coffee products become units of analysis in that Southeastern University. Hence, results and hypotheses may be valid only in Jakarta, Indonesia.

## 5.4. Future Research Recommendation.

1. As this research only involves respondents who mostly live in Jakarta, future researches on the same topic may show more interesting results by involving other cities as well. In other words, a bigger scope.

2. More demographic questions or behavioral questions may be beneficial in order to gain more knowledge and answers. For example, shown in the results of study, female respondents drink coffee more frequently than male respondents, but the reason behind that is inconclusive. Further researches may answer questions like these by conducting interviews as well for intensive insights.

3. The items for the variable Brand Equity may be very similar to questions about intention to purchase the unit of analysis compared to other brands, hence, those who have good brand attitude towards the unit of analysis may not like to consume the unit of analysis due to the type preference (RTD, or non-RTD). Hence, better and more accurate results may be achieved by replacing or modifying the items with better ones that describe more about brand equity.

4. As the research only reached a number of 161 respondents, the next researcher may achieve better and more solid results by reaching more respondents.