

I. INTRODUCTION

1.1 Background

Indonesia with a population of 281,6 million based on 2024 census data has an agricultural sector that is the dominant sector in supporting the country's economy. Agricultural products are highly perishable, have a short storage life and are easily damaged during post-harvest, shipping and processing (Pandiselvam et al., 2020). The perishable nature of agricultural products requires product processing to extend shelf life and increase selling value. One of the agricultural products that can be processed into processed products is soybeans. Soybeans are used as the main ingredient of processed agricultural products, such as soybean cake, tofu, oncom, soy sauce, and tauco. The development of the soy sauce industry is important in the agro-industrial sector in Indonesia because it can overcome perishable soybean agricultural products. Agroindustry provides a significant part in the advancement of agriculture, which can be seen from its involvement in increasing the income of agribusiness actors, increasing employment, and increasing export opportunities so that there is an increase in foreign exchange earnings (Fadli et al., 2023).

Soy sauce, also known in Indonesia as “Kecap”, is a popular seasoning in Nusantara. The term “Kecap” comes from the Hokkien language, which was originally referred to as Chiap, Kicap, and Kitjap. Two well-known types of soy sauce used in Indonesian cuisine are sweet soy sauce and salty soy sauce (Irawan and Dellyana, 2023). Sweet soy sauce has moromi as its basic ingredient, which is the result of salt fermentation of soybeans using the fungus *Aspergillus* sp. for more than two months (Ningrumsari, 2024). Based on data from Direktorat Gizi

Dapartemen Kesehatan RI, the composition of nutrients contained in 100 ml of sweet soy sauce is 46 cal of energy, 5.7 g protein, 1.3 g fat, 9 g carbohydrates, 123 mg calcium, 96 mg phosphorus, 5.7 mg iron, and 63 ml water.

Soy sauce in Indonesia is not only used as a complementary seasoning for household consumption, but also used by businesses in the culinary field. Based on data from Badan Pusat Statistik Indonesia (BPS) in 2021 the use of soybeans for the production of sweet soy sauce in Indonesia is quite high, namely 325,220 tons. With the high amount of soy sauce production, it can be seen that consumer demand for soy sauce is also high, which is indicated by the high consumption of soy sauce in Indonesia.

Table 1.1 Average Soy Sauce Consumption in Indonesia 2019-2023

Year	Consumption Average (kg/cap/year)	Consumption Development Yearly (%)
2019	0,749	19,07
2020	0,741	18,87
2021	0,784	19,96
2022	0,817	20,80
2023	0,836	21,29

Source: Pusat Data dan Sistem Informasi Pertanian, 2023

Based on data from Pusat Data dan Sistem Informasi Pertanian in 2023, Indonesia average soy sauce consumption has been increasing year, but the COVID-19 pandemic in 2020 caused a decline. In 2023, the average consumption reached 0,836 kg/capita/year with a percentage of consumption growth/year of 21,29%. According to Hikam et al. (2022), the percentage of soy sauce consumption that has increased significantly is due to the large market for consumer products in Indonesia, in which soy sauce is favorite by the Indonesian people as a complementary seasoning for cooking.

The relatively high average consumption of soy sauce in Indonesia leads to high competitiveness among soy sauce companies. According to Hikam et al. (2022) the tight competitiveness of soy sauce producers in the Indonesian market is indicated by the many soy sauce brands that have various packaging, flavors, prices and sizes, so that people, especially household consumers, are flexible to buy soy sauce according to the preferences of the desired choice.

The amount of sweet soy sauce industry in Indonesia is very much, ranging from industries ranging from small to enormous. Small-scale industries generally only conduct marketing in a limited area, in contrast to large-scale industries that can conduct marketing to the national market. Currently, some of the sweet soy sauce producers are starting to develop into large-scale industrial producers, with more advanced processing using modern technology and extensive marketing, such as Bango soy sauce, ABC soy sauce, Indofood soy sauce and Sedaap soy sauce.

One of the most popular brands of sweet soy sauce in Indonesia is Bango. This soy sauce is made from selected high-quality black soybeans. Having the jargon “Rasa Tak Pernah Bohong”, Bango soy sauce brand is the choice and favorite of the Indonesian people, even leading in the National market because of its authentic taste and high quality products. Based on Top Brand Award data from 2002-2024, of the many sweet soy sauce brands in Indonesia, Bango soy sauce was ranked number one in the Top Brand Award from 2010-2024, shifting the position of ABC soy sauce at number one in 2002-2009 in the sweet soy sauce category.

Based on user surveys, the Top Brand Award is granted to Indonesia's top goods brands. There are two stages to the Top Brand Award survey each year. To identify the most well-known brands in the country, Top Brand Award uses the fundamental value of TBI (Top Brand Index). Three key factors, mind share, market share, and commitment share are used by TBI in its measurement. A high TBI value on a brand indicates that the brand is widely favored by consumers and has strong loyalty. The dominant brand in Indonesia is a brand formulated by Frontier Consulting Group based on mind share, market share and commitment share. Mind share shows the superiority of a brand in the minds of consumers in a product category. Market share shows brand superiority in a market in which consumers actually buy products. While commitment share shows the brand's superiority to be able to make consumers choose products or repurchase products with the same brand in the future.

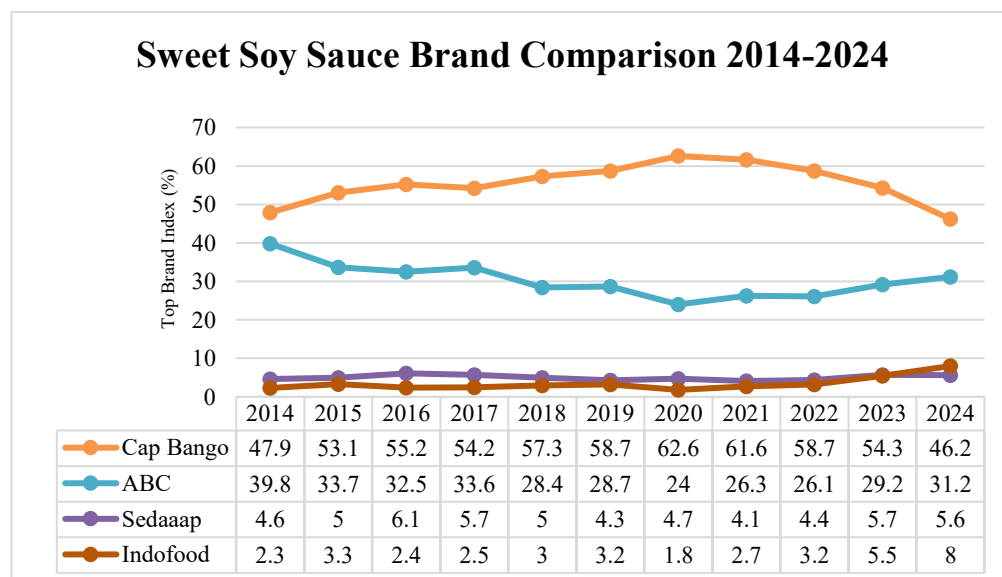


Figure 1.1 Comparison of Sweet Soy Sauce Brands in Indonesia 2014-2024

Based on the Top Brand Award data in 2024, Bango soy sauce from 2014-2020 experienced an increase in the percentage of TBI value, but in 2021-2024 there was a decrease in the percentage of TBI value. In 2020, the percentage value

of Bango soy sauce TBI was 62,6%, decreased in 2021 to 61,6% and continued to decline until 2024 by 46,2%. Meanwhile, its competitors continue to experience an increase in the percentage of TBI value from 2021-2024. ABC soy sauce in 2020 the percentage of its TBI value was 24% until 2024 it reached 31,2%. Sedaap soy sauce in 2020 the percentage of its TBI value was 4,7% until 2024 it reached 5,6%. Indofood soy sauce in 2020 the percentage of its TBI value is 1,8% until 2024 it reaches 8%.

The decrease that occurred in the percentage of the TBI value reflects the commitment share which indicates that repurchase intention for Bango soy sauce products has decreased. The decline in repurchase intention is in line with the decline in sales of Bango soy sauce. Based on data from the Unilever Company (UNVR) cited by Kompas (2023), Bango soy sauce sales growth decreased quite significantly by -45,06% from the period March 17-31, 2023 to the period April 1-15, 2023. Sales quantity decreased from 19,7 thousand to 10,8 thousand. Revenue also fell from Rp709,4 million to Rp353 million. This downward trend continued until the end of 2024, shown by the decline in sales of UNVR's food and beverage segment, including Bango soy sauce products which contributed the largest decline in the company, from Rp13,46 trillion in 2023 to Rp12,71 trillion in 2024.

The decline in sales volume of Bango soy sauce can be caused by various factors, including consumer perceptions of the brand, increased competition from other brands, changes in consumer tastes, or lack of innovation in the product. This causes a tendency for consumers to switch to other product brands. Based on a statement from Analyst MNC Sekuritas cited by Kontan (2024), the decline in

the percentage of TBI in several brands of the Unilever Company (UNVR) was caused by negative consumer sentiment (perception/opinion of consumers) towards several UNVR products, including Bango soy sauce, thus encouraging them to move to other brands.

The continuous decline in the TBI percentage value of Bango soy sauce each year is a challenge for the company to be able maintain the top position of the leading sweet soy sauce brand in Indonesia that has been obtained for 14 years. In addition, the company's challenge is to retain its consumers to be able make repurchase intention in today's dense competition. Kotler and Keller (2016) state that consumers tend to make brand preferences based on the various choices available. When competitors offer more attractive products, consumers may switch from a previously selected brand to another, thus minimizing consumption on the losing brand.

Companies should focus on building positive experiences for consumers through building perceived quality and a good brand image to strengthen their brand reputation and trust. Thus, companies can increase consumer repurchase intention and strengthen their position in the market. Therefore, the related variables of perceived quality, brand image, brand loyalty, and repurchase intention are used in this research.

Repurchase intention is consumer behavior when purchasing products repeatedly with a certain time allocation based on previous experience (Kartikasari and Oentario, 2024). Repurchase intention is driven the character of a consumer towards perceived quality which allows consumers to choose the quality of a product. Products or services that match consumer desires between

wants, needs, capabilities, then that is the purpose for which the product or service will be purchased (Widjajanta et al., 2020). Repurchase intention of Bango soy sauce consumers begins to decline marked by a decrease in the percentage of TBI value, so companies must begin to develop and maintain the repurchase intention of their consumers. Companies can maintain consumer repurchase intentions in the future by improving perceived quality and strengthening brand image. This effort will be more effective if supported with building and maintaining strong brand loyalty. Consumer judgment on the performance of a product depends on many factors, of which the main one is the type of loyalty relationship that consumers have with a brand.

Perceived quality is an alternative and total opinion that a product has when compared to other products. Products that get benefits directly and are not owned with other products can be known to have high quality (Gultom et al., 2021). Customers' opinions or reactions to the caliber of a product or service offered by a business or manufacturer are known as perceived quality (Koharyanto, 2020). Consumers choose different product brands and make purchases based on perceived quality.

The existence of good perceived quality from consumers of a product brand will be able to increase repurchase intention because consumers think that the product brand has high quality compared to other product brands. If the company can apply perceived quality to Bango soy sauce, it will be able to increase consumer trust so that they make repurchase intention and increase brand loyalty. This is in line with the research of Aquinia et al. (2021) which states that for Starbucks consumers in Semarang, repurchase intention is positively and

significantly impacted by the perceived quality variable. Additionally, brand loyalty is positively and significantly impacted by the perceived quality variable.

Brand image is very important in distinguishing a product brand from other similar products. Brand image shows consumer thoughts related to product brands and shows consumer perceptions, which are seen in the memories or thoughts consumers have (Leijerholt et al., 2022). Consumer trust in a specific product brand is reflected in its brand image. A product will have a brand image if the product has more quality advantages than other similar products, alternatively, it may be said that it will help buyers form an impression of the brand (Sikteubun et al., 2022). Potential customers will buy a product if it has a positive brand image of these products compared to other similar products. Thus, It's critical that manufacturers are able to make brand image to build consumer confidence in their products compared with their competitors' products (Gunawan and Keni, 2022).

A good brand image can increase consumer trust or confidence in a product, such as brand confidence, the image instilled in the company, experience, and interesting information, so that consumers will create recurring purchases in the future (repurchase intention) and increase brand loyalty. If the company can apply a good brand image to Bango soy sauce, it will be able to enhance consumer trust so that they make repurchase intention. This is in line with the research of Nugroho and Dirgantara (2022) that on Dolkopi products in Tembalang, the variable of brand image positively affects the intention to repurchase. Jamaludin and Sumarni (2023) research explains that for Bango soy sauce customers at CV. Yazid Bersaudara, there is an influence between brand image and brand loyalty.

As the theory of product brands develops, brand loyalty has a dynamic multi-level overall theory content, including brand attitudes, brand relationships, brand experiences, and brand innovation (Wang et al., 2024). Brand loyalty is a description of consumer character that tends to be close with consumers towards a brand so that consumers will make repeated purchases at a certain time. However, this depends on the trust in the product brand that can provide satisfaction for consumers (Yurindera, 2022). A favorable and profitable brand image, a high signal on perceived quality, and a higher level of brand awareness can all be correlated with strong brand loyalty. Based on the results of research by Sriyatna et al. (2024) state that the existence of brand loyalty has a significant influence on repurchase intention on ABC brand products. Consumers who are devoted to the ABC brand will believe that the ABC brand is a component of who they are as customers, so that consumers will make repurchases because of their experience. So, if applied to Bango soy sauce, it will increase repurchase intention. Brand loyalty is also often used in research as an intervening variable that can mediate or strengthen the relationship between variables.

This research focuses on an attempt that companies and retail management make to be able maintain and strengthen brand loyalty so that consumers remain loyal, and attract more consumers to make repeat purchases through optimizing perceived product quality and brand image. Considering the context, it is imperative to do research utilizing the title “The Influence of Perceived Quality and Brand Image on Repurchase Intention through Brand Loyalty (Case Study of Bango Soy Sauce Consumers in Surabaya City)”.

1.2 Problem Formulation

The problem formulation can be explained in detail as follows using the background information provided above:

1. What are the characteristics of respondents in Bango soy sauce consumers in Surabaya City?
2. Is there any influence between perceived quality and brand image on brand loyalty of Bango soy sauce consumers in Surabaya City?
3. Is there any influence between perceived quality and brand image on repurchase intention of Bango soy sauce consumers in Surabaya City?
4. Is there any influence between brand loyalty on repurchase intention of Bango soy sauce consumers in Surabaya City?
5. Is there any influence between perceived quality and brand image on repurchase intention mediated through brand loyalty?

1.3 Research Purposes

A detailed explanation of the research purposes depending on the above-described problem formulation is provided below:

1. Identify the characteristics of respondents in Bango soy sauce consumers in Surabaya City.
2. Recognize the influence between perceived quality and brand image on brand loyalty of Bango soy sauce consumers in Surabaya City.
3. Recognize the influence between perceived quality and brand image on repurchase intention of Bango soy sauce consumers in Surabaya City.
4. Recognize the influence between brand loyalty on repurchase intention of Bango soy sauce consumers in Surabaya City.

5. Recognize the influence between perceived quality and brand image on repurchase intention which mediated through brand loyalty.

1.4 Research Implication

It is anticipated that research will benefit numerous stakeholders. The following are the research implication of this research:

1. Theoretical Implication

- a. Make a contribution to the development of marketing management science. Especially in brand equity theory, so that it can understand the effect between perceived quality and brand image on repurchase intention mediated through brand loyalty.
- b. Become a guideline or a point of reference for future scholars which wish to look at comparable variable interactions in different sectors and geographical areas.

2. Practical Implication

- a. Provide consumer understanding regarding the awareness of the importance of product quality and brand image in influencing consumer decisions to buy a product, so that consumers can more critically choose products from those with high quality.
- b. Providing knowledge information about brand loyalty can mediate the effect of perceived quality and brand image on repurchase intention, which can be used as a basis for developing more effective marketing campaigns.
- c. Provide practical guidance for retail management and companies in developing brand strategies that focus more on consumer perceptions to maintain market share.