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Comparative Study on Brand Equity of Fast Food Restaurants in Indonesia.

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Brand equity is very important in the increasingly fierce market competition, especially for similar products to allow businesses to survive. The purpose of this study is to conduct a comparative study on the brand equity of three leading retail fast food outlets in Indonesia; Kentucky Fried Chicken, McDonald’s and Burger King. This study uses a quantitative study approach through surveys using the one sample and a three-object technique. The results of this study indicate that (1) McDonald’s has the highest brand equity, sitting above Kentucky Fried Chicken and Burger King respectively. (2) Brand Awareness is the leading dominant factor in forming Brand Equity in the fast food restaurant industry. (3) The length of a brand’s operation is insignificant compared with the strength of brand equity of a fast food restaurant.

Key words: *Brand, brand equity, brand awareness, brand association, perceived quality, brand loyalty.*

Introduction

The problem in Indonesia especially in the big cities is the increasingly tight market for similar brands or food products for both local brands such as Suharti fried chicken, Mbok Berek fried chicken and fast food brands which are global retail players such as Kentucky Fried Chicken (KFC), Mc Donalds and Burger King. The business strategies commonly used to expand markets include expanding outlets, sales promotion and brand strengthening. The three restaurants mentioned above have a lot of similarities in terms of their menu but different times of commencement of operation in Indonesia in the 3 (three). A 2016 poll aiming at observing customers visiting fast food restaurants in Indonesia shows that 95 percent of the respondents have visited KFC, 74 percent have visited McDonald's and only 30.8 percent have ever visited Burger King. This is reflected in Table 1 below:

Table 1: Fast Food Restaurant Visited

Restoran	Percentage
Kentucky Fried Chicken	95.17%
McDonald's	74.54%
Pizza Hut	71.87%
A&W	50.92%
Burger King	30.8%
Wendy's	22.9%
Others	6.47%

Source: Poll of Fast Food Restaurant Chain Competition 2016

Based on the data from the above poll, there are several fast food restaurants that offer similar menus with the percentage of visit that is in direct proportion to the duration of operation, among others KFC, McDonald's and Burger King is A & W. A & W has been operating in Indonesia since 1985 which is longer than McDonald 's, however, it seems that it is not visited as often as McDonald 's. In the data above, the percentage between the two is relatively significant at approximately 20 percent. A difference of 20 percent is also obtained when talking about the comparison between A & W and Burger King, as Burger King has only been operating for about 10 years in Indonesia. The visit percentage of Burger King, that has not operated as long as other restaurants, is also higher than Wendy's that has commenced operation earlier. The operation length of a brand does not guarantee that customers will visit one restaurant more often than others.

The data above shows a considerable percentage difference in terms of visit to KFC, McDonald's and Burger King. However, that does not mean Burger King's brand strength isn't as strong as the other two. It may be attributed to the fact there are not as many Burger King outlets as McDonald 's let alone KFC. Despite being the most visited restaurant, it does not mean that KFC has the biggest brand equity compared to McDonald's or Burger King. Therefore, there should be a study to prove that the number of visitors or the frequency of visits to a restaurant does not mean that the restaurant has greater brand equity. Brand equity is still considered the key to understanding the purpose, mechanism and influence on the overall impact on the marketing literature (Reynold & Philip, 2005).

Fast food restaurants may have similarities in one of the biggest forming factors as well as the smallest brand equity. If the manager of a company that manages brands can find the factors that make its brand equity low or knows the factors that actually make brand equity high, they can build strategies to maintain or raise the brand equity. Thus, it is still necessary to study and investigate the strength of brand equity of KFC, McDonald's and Burger King.

There is previous research on Brand Equity on fast food and chain restaurants conducted in another country. Research by Singh and Pattanayak (2016) shows that a dimension in brand equity, which is brand association is an important dimension that positively influences the brand equity of fast food restaurants in India. Other research by Hyun and Kim (2016) shows that in retail restaurants in South Korea, each of the dimensions in Brand Equity is interconnected. Other research on Brand Equity in different industries such as the health industry by Chahal and Bala, shows that the Brand Equity is strongly influenced by brand loyalty and perceived quality.

There is a study gap, namely the dominant factors that affect the brand equity differently from one product to another, as well as the study gap for determinant factors forming the brand equity in the same industry, namely the fast food industry. Previous researches do not compare the studies for similar products at the same time. Therefore, the novelties of the study are comparative studies through the technique of one sample, 3 objects at the retail fast food simultaneously and analysis on the factors forming the brand equity. A brand that has been existing longer than other brands does not necessarily have greater equity, especially in the present as there are many brands in Indonesia. Due to the numerous brands, competition among producers in Indonesia is getting tighter to be able to embed their brands in the minds of customers.

This study is important in Indonesia, especially in big city cities like Jakarta, which are currently flooded with global retail fast food restaurants. From the literature review, there is very little comparative studies for brands and similar products, especially for fast food restaurants. The purpose of this study is to measure the brand equity of three brands of fast-food restaurants, namely KFC, McDonald’s and Burger King in Jakarta and determine the highest dimensions of brand equity from each restaurant namely KFC, McDonald’s and Burger King.

Literature Review

Brand equity is an asset and liability of a brand which is related to a brand, brand name and symbol that adds or reduces the value received by customers from goods or services (Aaker, 1991). Meanwhile, Nicolmo (2007) suggests that brand equity is something that cannot be absorbed by the senses and lies only in the minds of humans. Even so, brand equity can make money for the company.

Brand equity is the whole perception of a brand which includes the relative quality of the goods and services, the company's financial performance, customer loyalty, customer satisfaction and awards won by the brand. It can be concluded that brand equity is an intangible asset that is related to a brand that is built from the perception of those who see it.

Brand equity has an important role for producers (Aaker, 1991), namely as a matter that gives value to customers and the company. Brand equity can strengthen the interpretation or process of information in providing value to customers. In addition, brand equity can also strengthen customers' confidence in determining purchasing decisions based on the information they obtain or experience in using relevant goods or services.

Brand equity is valuable to a company because it plays a role in strengthening the efficiency and effectiveness of the marketing programs carried out by the company (Aaker, 1991). Marketing program is a program aimed at maintaining old customers and attracting new customers. Brand equity is also valuable because it can strengthen brand loyalty and can be the basis for developing innovation and providing an advantage from competitors. In addition, brand equity will allow the company to get higher profit margins by providing optimal prices and reducing promotional costs. In addition, brand equity can be a foundation for a company to expand its brand. Finally, brand equity gives competitive advantages that hamper competition. Aaker (1991) suggests that customer-based brand equity consists of four parts, namely brand awareness, brand association, perceived quality and brand loyalty.

Brand awareness (BAw) is the ability of potential buyers to recognize or recall a certain brand in a particular product category (Aaker, 1991). Further opinion from Levy and Weitz (2012) suggests that it is the ability of buyers to recognize or imply that a brand name is included in some types of goods or services. Four items to measure brand awareness have been adopted from Atilgan et al.'s (2005) study. These items include "I am aware of this restaurant", "I can recognize this restaurant among other restaurants", 'I know what this restaurant looks like" and "Some characteristic of this restaurant comes to my mind quickly".

Brand Association (BAs), as implied Tiwari (2010) is a real or imagined, specific perception from customers about a certain product, by customers. There are eight items carried from Kim and Kim's research in 2005 to measure brand association. Those items are "The price is reasonable", "Service is prompt", "It is conveniently located", "It has a differentiated image from other restaurant brands", "It tastes good compare with price", "Employees are very kind", "It has a very clean image" and "It has cheerful and enchanting atmosphere".

Perceived Quality (PQ) is the customer's perception of the overall quality or superiority of goods or services related to the product use (Aaker, 1991). Netemeyer (2004), suggests that it is the core of customer-based brand equity because it is always associated with their willingness to pay a premium price. Seven items to measure Perceived Quality by Kim and Kim (2005), are "The physical facilities (building, sign, room décor, illumination) are visually appealing", "The restaurant staff gives customers individual attention", "The appearance of staff members is clean, neat and appropriately dressed", "The staff provides prompt service at promised times", "The staff handle customers' complaints effectively", "The knowledge and confidence of the staff are good" and "The food quality of the restaurant is good".

Brand loyalty (BL) is defined as a deep commitment to buy or subscribe to goods or services that are consistently preferred in the future, thus creating repeated purchases of goods with the same brand (Oliver, 1999). Six ways to measure Brand Loyalty by Kim and Kim (2005) are "I regularly visit this restaurant", "I intend to visit this restaurant again", "I usually use this restaurant as my first choice compared to other restaurants", "I am satisfied with the visit to this restaurant", "I would recommend this restaurant to others" and "I will not switch to another restaurant for the next time".

Research Model

The approach used in this study is quantitative study through a survey conducted on 100 respondents who have visited 3 (three) outlets, namely those of KFC, McDonald's and Burger King retail fast food in the last 6 months. The sampling technique is one sample, three objects technique.

Results

Table 2: Mean of Brand Equity Variables

Object	Dimension	Mean	Category
KFC	Brand Awareness	5.71	Very High
	Brand Association	4.74	High
	Perceived Quality	4.59	High
	Brand Loyalty	4.14	Relatively High
	Total BE Mean	**4.79**	High
McD	Brand Awareness	5.73	Very High
	Brand Association	4.81	High
	Perceived Quality	4.72	High
	Brand Loyalty	4.30	Relatively High
	Total BE Mean	**4.89**	High
BK	Brand Awareness	5.66	Very High
	Brand Association	4.69	High
	Perceived Quality	4.67	High

	Brand Loyalty	4.16	Relatively High
	Total BE Mean	4.79	High

Table 2 above shows McDonalds has the highest brand equity (4.89) while Burger King and KFC have equal Brand Equity. McDonalds also shows that the dimension forming brand equity namely brand awareness, brand association, perceived quality and brand loyalty compared to the two other fast food brands. However, from the study data the second rank of the brand equity values varies. For brand awareness and brand association dimensions, KFC ranks the second while for the dimensions of perceived quality and brand loyalty Burger King ranks the first.

Nevertheless, the brand equity of the fast food industry is not linear with the length of its operation and number of outlets available in Indonesia. Burger King began operating in the 1980s and reopened in 2007 while KFC began operating in 1979 and has been consistently expanding by opening new outlets throughout Indonesia. Currently KFC has approximately 608 outlets and will open 30-50 standalone outlets in 2018 in order to provide better services to their customers. McDonald’s, as a market leader of the fast food industry, began operating in Indonesia in 1991 and currently has almost 183 outlets in Indonesia with playgrounds at certain outlets and a variety of McCafe outlets to cater middle- and upper-class market segments.

In the brand awareness dimension, KFC scores of 5.71 while McDonald’s scores 5.73 and Burger King scores 5.66. McDonald's scores the highest but with a thin margin compared to KFC while Burger King scores the last with a difference of 0.07 from the highest score. Based on this data, it can be concluded that McDonald's has the highest level of brand awareness in respondents. Therefore, respondents have a better ability to remember McDonald's as a brand of fast food restaurants compared to KFC and Burger King.

In the first indicator that reads “I am familiar with this restaurant”, KFC scores 5.87, McDonald’s scores 5.86 and Burger King scores 5.85. This indicator is a statement that respondents know that the three restaurants operate around them. Based on the mean obtained, respondents know the three restaurants are operating in the locations they know, so the three restaurants have very high means. From the result, KFC gets the biggest score, followed by McDonalds and Burger King, with each separated only by 0.01. The conclusion of this indicator is that KFC is better known by respondents.

Based on Table 2, the brand association dimension of the three restaurants has a high mean. The highest score is obtained by McDonalds, with a score of 4.81, consisting of the first indicator with a score of 4.73, the second indicator of 4.92, the third indicator of 5.36, the fourth indicator of 4.96, the fifth indicator of 4.74, the sixth indicator of 4.65, the seventh indicator of 4.57 and the eighth indicator of 4.58. At the second position in this dimension is KFC with a score of 4.74, with the composition of the first indicator with a score of 4.79, the second indicator of 4.85, the third indicator of 5.31, the fourth indicator of 4.97, the fifth indicator of 4.71, the sixth indicator of 4.56, the seventh indicator of 4.50 and the eighth indicator of 4.23 while the smallest is Burger King with a score of 4.69, consisting of the first indicator with a score of 4.45, the second indicator of 4.73, the third indicator of 4.68, the fourth indicator of 4.74, the fifth indicator of 4.76, the sixth indicator of 4.78, the seventh indicator of 4.81 and the eighth indicator of 4.57.

The first indicator on the dimensions of the brand association namely "I think this restaurant charges a reasonable price" this refers to the price of food products in accordance with what is expected by the respondents and the quality and cleanliness of the food provided. This indicator shows a high mean in all the three study objects. According to most respondents earning IDR 1,000,000 - IDR 5,000,000, the prices of the three restaurants are appropriate. The assumption that the price of food from the three restaurants is reasonable can come from the high level of brand awareness as previously discussed. Rao and Monroe (1988) suggest that customers who are familiar with a brand tend to be willing to pay premium prices if they want to buy goods or services with the brand. Therefore, the price range currently offered by the three restaurants, although they may charge a premium price, is still considered reasonable by the respondents.

It appears that the three restaurants have high perceived quality scores. The highest score is obtained by McDonald's at 4.72 followed by Burger King at 4.67 and KFC at 4.59. McDonald's score is obtained from the first indicator score of 4.72, the second indicator of 4.39, the third indicator of 4.93, the fourth indicator of 4.68, the fifth indicator of 4.56, the sixth indicator of 4.80 and the seventh indicator of 5.02. Meanwhile, Burger King's score can be broken down as follows: its first indicator score is 4.68, the second indicator is 4.37, the third indicator is 4.95, the fourth indicator is 4.67, the fifth indicator is 4.41, the sixth indicator is 4.74 and the seventh indicator is 4.90 followed by KFC with the first indicator score of 4.39, the second indicator of 4.29, the third indicator of 4.87, the fourth indicator of 4.56, the fifth indicator of 4.40, the sixth indicator of 4.74 and the seventh indicator of 4.91. All indicators of the entire study objects have high scores.

The high score of perceived quality will be the cause of high satisfaction and intention to visit in the future (Swanson and Davis, 2003). Regarding the premium price in the first indicator of the first dimension, the high quality of these three restaurants explains why respondents consider the price charged by these three restaurants is reasonable. Aaker (1991) suggests that good perceived quality can be positive to manufacturers in terms of the opportunity to charge a premium price. This allows KFC, McDonald's and Burger King to increase profits.

Regarding the dimension of brand loyalty, all three study objects score a rather high subtotal score. The highest score is obtained by McDonald's with 4.30, with the score of 3.85 for the first indicator, 4.90 for the second indicator, 4.68 for the third indicator, 4.84 for the fourth indicator, 4.43 for the fifth indicator and 3.12 for the sixth indicator. Burger King ranks the second place with 4.16 from the first indicator 3.62, 4.65 from the second indicator, 4.39 from the third indicator, 4.68 from the fourth indicator, 4.41 from the fifth indicator and 3.22 from the sixth indicator followed by KFC with a tiny score gap compared to Burger King at 4.14 which is obtained from the first indicator of 3.59, the second indicator of 4.66, the third indicator of 4.40, the fourth indicator of 4.70, the fifth indicator of 4.42 and the last indicator of 3.09.

Brand loyalty is a measurement to see customers' attachment to a brand (Aaker, 1991). The higher the customers' loyalty to a brand, the less likely they are to be affected by the actions of competitors. Brand loyalty on brand equity variable is the dimension that has the smallest score which is relatively high among these three objects. Based on the data obtained, KFC, McDonald's and Burger King have not managed to secure a strong commitment from the respondents. Respondents tend to move around when they want to go to fast food restaurants and do not want to be tied to only one brand. This shows that in Aaker's (1991) loyalty pyramid, the majority of the three restaurant customers belong to habitual buyers meaning their buying is based on habits.

Keller (1993) argues that if the awareness of a brand is high, customers tend to consider a brand if he buys goods or services. Aaker (1991) also argues that brand awareness is a material consideration of brands by customers; in which a customer is aware or knows a brand, he is likely to buy goods or services bearing the brand. The statement can explain one indicator of the brand loyalty dimension which reads "when I want to choose fast food restaurants, I will choose this restaurant" which gets a high mean score on the three objects namely KFC, McDonald's and Burger King.

Being the dimension with the largest mean score belonging to the category of very high among the three objects, in general the results show that KFC, McDonald's and Burger King have become three brands that are at the top of customers' minds.

Meanwhile, in the brand equity study in the health sector, the dimensions with the highest weight on brand equity are brand loyalty and perceived quality (Chahal and Bala, 2010). This makes sense because in order to get good health, customers will buy products with quality perceived good. Customers also tend to be loyal to one brand because they are used to it.

The dimension with the lowest mean score of the three objects is brand loyalty. The result is different from the study of Hyun and Kim (2011) which finds brand association dimension as the lowest dimension. The difference between the two studies is that the study was conducted in South Korea nationally. In studies in India (Singh and Pattanayak, 2016), the dimension with the lowest mean is perceived quality. Customers in South Korea do not choose restaurant based on brand association. They also appear to have greater loyalty compared to the respondents of this study while in India, customers do not place perceived quality as a high brand equity builder.

From one brand equity variable in this study, there are 4 dimensions namely brand awareness, brand association, perceived quality and brand loyalty. Overall, there are 25 indicators building brand equity in this study. In this study, the indicator with the biggest mean of the three objects is the first indicator, namely “I know this restaurant”. The mean score of the three does not exactly match the order of brand equity size as in this indicator KFC gets the biggest score, followed by McDonald’s and Burger King. In a study in India (Singh and Pattanayak, 2016), the indicator has the same score as the second indicator, namely “I can distinguish this restaurant from other restaurants”. The results of this study support the results of the above study as evidenced by the similarity of indicators that have the highest mean score. Meanwhile, the indicator with the lowest mean score is the last indicator, namely “I will not go to other fast food restaurants in my next visit”. In this indicator, Burger King gets the biggest mean score, followed by McDonald 's and KFC.

Conclusion and Recommendations

McDonald’s has the highest brand equity compared to KFC and Burger King, but the brand equity is not directly proportional to the size of the outlet expansion carried out by each of these brands and the length time the brand has been operating in Indonesia. The dimension of brand awareness is the most influential dimension of brand equity compared to other dimensions, although the power of brand awareness of each of the fast food brands has a different level of score.

This study shows that in the increasingly fierce competition for similar products such as the low-involvement fast food industry, companies cannot rely on brand knowledge and the duration of operation. The study shows that the brand awareness is the same but additional product variants are very important. Companies that offer ready-to-eat food products such as KFC, McDonald’s and Burger King need to periodically offer innovative menus with a touch of local flavors such as Indonesian-flavored fried rice so that the brand equity will also be a brand experience for customers. Further study should consider other brand elements such as brand attitude, brand attachments and loyalty as moderating variables or as intervening variables for forming brand equity for other brands or products / commodities.

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