

# The Effect of Marketing Capability and Brand Reputation on Brand Loyalty of Tomoro Coffee through Competitive Advantage as a Mediation Variable

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## ABSTRACT

The purpose of this research is to analyze the influence of marketing capabilities and brand reputation on competitive advantage and brand loyalty among Tomoro Coffee customers in Surabaya. This study employs a quantitative research design using a cross-sectional method. The sample used in this research consisted of 100 respondents who are Tomoro Coffee customers residing in Surabaya. Sampling was conducted randomly through an online questionnaire using a Likert scale. Data analysis was carried out using the Structural Equation Modeling (SEM) approach with the Partial Least Squares (PLS) methodology. The results of this research indicate that marketing capability and brand reputation have a positive and significant effect on competitive advantage. Competitive advantage, in turn, has a positive and significant effect on brand loyalty. Marketing capability has a negative and insignificant effect on brand loyalty, whereas brand reputation exerts a positive and significant effect on brand loyalty. Furthermore, brand reputation has a significant influence on brand loyalty through competitive advantage as a mediating variable, while marketing capability demonstrates an insignificant effect on brand loyalty through competitive advantage as a mediating variable. The implications of this research suggest that Starbucks and other business actors can enhance their performance measurement systems related to marketing capability, brand reputation, competitive advantage, and brand loyalty. These improvements are essential for maintaining and strengthening their competitive position in the market.

**Keywords:** Marketing Capability, Brand Reputation, Competitive Advantage, Brand Loyalty, Tomoro Coffee

## INTRODUCTION

### Background

In the food and beverage industry, increasingly fierce competition makes sustainable excellence a key factor for long-term success. Businesses that can survive and thrive are those that continue to innovate, not only in developing new products but also in marketing strategies, improving customer service, and adapting to dynamic market trends. For example, the increasing demand for healthy and environmentally friendly products is driving companies to adapt, while advances in digital technology are forcing businesses to be more creative in reaching consumers. Businesses that are responsive to these changes have a greater chance of maintaining their position in the market.

In addition to innovation, maintaining product and service quality is essential, considering that modern consumers have high expectations for consistent quality. Brands that are able to meet or even exceed these expectations will build valuable consumer trust. This trust is a vital element in maintaining customer loyalty; satisfied consumers will not only remain loyal but also have the potential to become "brand ambassadors" who recommend the brand to others. Therefore, the combination of continuous innovation and consistent quality is the key to winning the competition in the food and beverage industry.

Consumer trust in a brand reflects the belief that the brand is reliable and provides a risk-free guarantee. Brands that meet or exceed consumer expectations with consistent quality assurance, and are supported by a reputable company, can increase consumer confidence and emotional attachment. Consumers not only like the brand, but also consider it part of their identity, as expressed by Tamba and Purba (2023).

This trust also depends on the company's reputation, which includes how it conducts business, social responsibility, and handling complaints. Companies with a good reputation are more likely to gain the trust of consumers, who tend to choose brands from companies with a positive image in terms of reliability and business ethics. Therefore, maintaining product quality and building a solid reputation is essential to gaining and maintaining consumer trust.

When consumers trust a brand, they feel a deeper emotional connection, not just buying the product based on quality or price, but also because the brand reflects their personal values and identity. This relationship creates "brand attachment," which is one of the strongest forms of brand loyalty, where consumers commit to supporting and promoting the brand.

Brand loyalty is invaluable in modern marketing, as retaining existing customers is more efficient and profitable than acquiring new ones. Loyal customers tend to make repeat purchases, are willing to pay more, and provide positive reviews, which helps increase market share without large marketing costs. Brand loyalty is an important topic in marketing that contributes to the long-term success of a company. To maintain and increase brand loyalty amidst the many consumer choices, companies need to understand consumer behavior and market dynamics. Marketing capabilities that include the use of strategic resources, the implementation of innovative strategies, and a customer-focused approach play a role in shaping consumer perceptions and increasing loyalty.

Brand reputation based on quality, trust, and positive associations greatly influences consumer preferences and supports brand loyalty, as revealed in Napitupulu's research (2018). Thus, marketing capabilities and brand reputation are key to creating and maintaining consumer loyalty. Building and maintaining brand loyalty in a competitive environment requires a deep understanding of consumer behavior and a quick response to their needs. Marketing Capability is key to creating brand loyalty, including strategic use of resources, development of innovative strategies, and data analysis to understand market trends.

Companies should also listen to customer feedback and leverage digital technologies, such as big data and artificial intelligence, to understand consumer preferences and personalize offerings. This personalization approach can increase consumer engagement and strengthen the relationship between consumers and brands. Brand reputation plays a vital role in creating brand loyalty. Reputation is built through consistency in delivering quality products, maintaining good relationships with consumers, and conducting business ethically. Brands with a good reputation are more likely to gain consumer trust, which helps maintain their preference despite the many alternatives in the market.

To achieve long-term success in the food and beverage industry, companies need to combine innovation, product quality, consumer trust, strong marketing capabilities, and good brand reputation. This combination not only helps businesses maintain their position in the competitive market but also creates long-lasting consumer loyalty, becoming a major source of competitive advantage. Therefore, companies must combine these elements to face the ever-changing market dynamics.

## Literature Review

### *Marketing Capability*

Marketing Capability is a key pillar that determines a company's success in a competitive business environment. Companies with good Marketing Capability are able to solve marketing problems and respond quickly to market dynamics, including product development, pricing, location selection, and promotional strategies. According to research by Lendy (2021), Marketing Capability is a process that adds value to a company's resources, both internal and external. This capability involves solving marketing and performance problems resulting from the combination of market knowledge and human resource skills (Utami et al., 2024).

Marketing Capabilities include the following Metrics:

- A. **Product:** Complex products include tangible items such as packaging, price, and company reputation. The services offered must meet the wants and needs of customers in order to be well received.
- B. **Price:** Price is the amount charged to customers for a product or service received, which creates a benefit from owning or using that product.
- C. **Place:** Location and distribution channels are important factors in business. Product accessibility can influence customer purchasing decisions.
- D. **Promotion:** Promotion includes advertising activities or communication between sellers and buyers, which aims to convey accurate information and change the attitudes and behavior of potential buyers to be more aware of the product (Alifian Noviansyah et al., 2023).

Previous studies by Suyitno & Dharmayanti (2018) and Alifian Noviansyah et al. (2023) have examined the relationship between Marketing Capability and Competitive Advantage. The results of these studies indicate that Marketing Capability has a positive and significant effect on Competitive Advantage. Based on the relationship above, this study proposes the following hypothesis:

**H1:** *Marketing Capability* has a significant effect on *Competitive advantage*

### *Brand Reputation*

Building and maintaining a good brand reputation is essential in a competitive business. It requires consistency in product quality, excellent service, and social responsibility. Brands with a positive reputation will enjoy long-term benefits, including increased customer loyalty, reduced marketing costs, and increased market share.

Brand reputation is an important element that greatly influences consumer perception and purchasing decisions. A brand can be considered to have a good or bad reputation depending on how consumers perceive it after they experience the product or service.

This opinion is formed through various interactions, such as product use, customer service, and brand communication with consumers (Arsytania & Zaniarti, 2023). Therefore, brand reputation is not only rooted in the quality of the product itself, but also in the overall experience provided to consumers. Brand reputation refers to other people's judgments about the reliability and quality of a brand. This assessment can be built through effective marketing strategies, including advertising and public relations. Attractive and informative advertising can help create a positive impression, while good relationships with the public and consumers can foster a sense of closeness and trust. On the other hand, product quality and service performance are also key factors that cannot be ignored.

According to Kotler and Keller (2012), high quality and satisfactory performance will support a positive brand reputation, creating the perception that the brand is reliable. The importance of a good reputation cannot be underestimated, as a solid reputation will strengthen consumer trust in the brand. Trust is the foundation of customer loyalty; if consumers believe that a particular brand has a good reputation among other users, they are more likely to choose that brand in their purchasing decisions. This is reinforced by research showing that consumers who trust a brand will not only buy the product but also tend to recommend it to others (Dewi Aurora Mikasari & Agung Edy Wibowo, 2021).

*Brand Reputation* is very important because consumer experiences shared on social media can affect brand perception. Therefore, companies need to actively manage their reputation through responding to feedback and efforts to strengthen brand image in the community. Based on the relationship above, this study proposes the following hypothesis:

**H2** : *Brand Reputation* has a significant influence on *Competitive Advantage*

**H5** : *Brand Reputation* has a significant effect on *Brand Loyalty*

**H6** : *Brand Reputation* has a significant influence on *Brand Loyalty through Competitive Advantage*

### ***Competitive Advantage***

*Competitive Advantage* is a concept that refers to a company's ability to stand out in the market, provide added value to consumers, and maintain its position above competitors. Referring to research presented by Maruta et al. (2019), this advantage must be achieved sustainably, not just temporarily, and is the key to a company's long-term success. In this context, according to research by Kotler and Armstrong (2014: 547), as quoted by Gunawan (2022), explains that competitive advantage is obtained by offering added value to consumers that competitors cannot provide. This can include various elements, such as superior product quality, continuous innovation, exceptional customer service, and unique user experiences.

Companies that have a competitive advantage usually have a better ability to understand dynamic and ever-changing market structures. They are also able to choose and implement effective marketing strategies to achieve a larger market share. According to research by Wong and Sijabat (2022), this ability is very important, considering the increasingly complex and competitive market conditions. Amid rapid changes in consumer preferences and rapid technological developments, companies need to have expertise in analyzing market data, understanding consumer behavior, and adapting to new trends to stay relevant.

In addition, research conducted by Pritandhari (2020) shows that there are various factors that influence customer loyalty to a brand, which then has an impact on the company's competitive advantage. In the study, it was found that a strong relationship between customers and brands can strengthen the company's competitive position. Customer loyalty not only has an impact on consistent sales, but also creates brand ambassadors who will recommend products or services to others, thus expanding the company's market reach.

*Competitive Advantage* can be achieved through product innovation, which allows companies to meet consumer needs better than competitors. In the digital era, companies that quickly adapt to new technologies and leverage big data to understand customer preferences are more likely to succeed. A corporate culture that focuses on quality and customer satisfaction also contributes to this advantage. Therefore, to achieve and maintain competitive advantage, companies need to integrate various strategies, from marketing to product innovation, as well as always listen to customer feedback and adapt to market changes. In this way, companies can not only survive in the fierce competition, but also thrive and achieve long-term success. So the researcher proposes the following hypothesis :

**H3** : *Competitive advantage* has a significant effect on *Brand Loyalty*

### ***Brand Loyalty***

*Brand Loyalty* is a condition in which consumers show a strong positive attitude towards a brand, indicating a deep commitment, and intend to continue purchasing products from that brand in the future. According to Tamba and Purba (2023), this loyalty is not just a matter of repeating purchases, but also involves an emotional relationship that exists between consumers and brands. Loyal consumers not only buy products, but they also feel attached and have a significant bond with the brand. In this context, Giddens (2022) as quoted by Trimaryani et al. (2019) explains that there are a number of characteristics that identify consumers who have high brand loyalty.

First, these consumers have a strong commitment to the brand, as seen from their willingness to pay more for products from brands they trust, compared to other brands. This suggests that brand loyalty is often associated with a higher perceived value that consumers feel for a particular product.

Loyal consumers act as brand ambassadors, recommending products to others and increasing the brand's visibility and positive reputation. They tend to choose products from brands they trust without comparing them to alternatives, which facilitates the repeat purchase process. In addition, consumer engagement in their relationship with the brand is very important; they actively follow the latest information through advertising, social media and direct communication. By building deeper relationships, these consumers become not only buyers, but also spokespeople who spread positive experiences and strengthen the brand's image in the market.

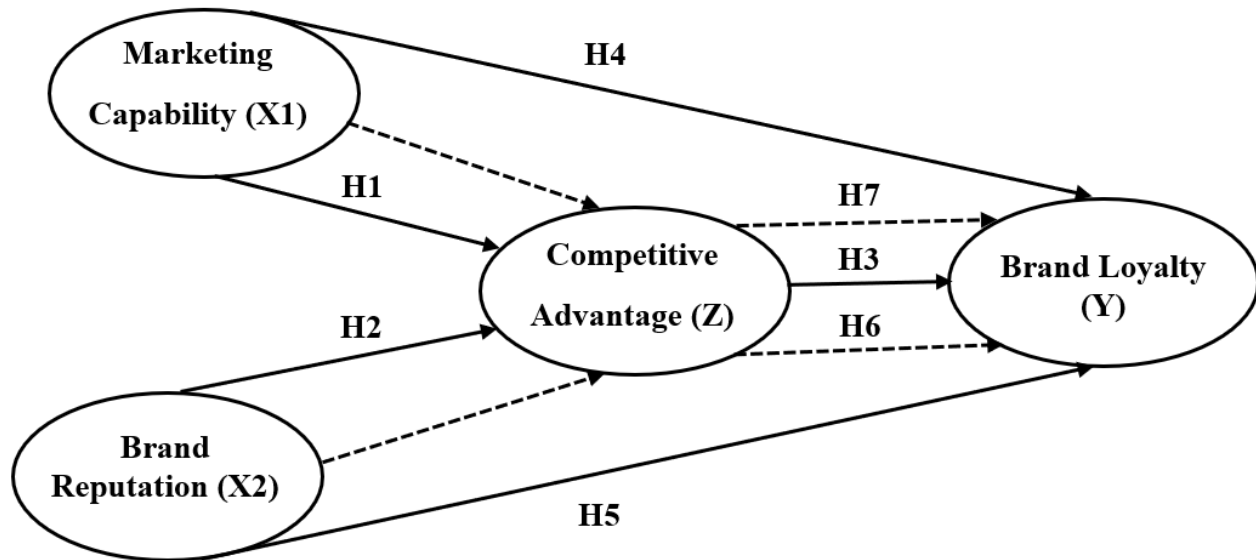
Research by Okhotan et al. (2020) focuses on how a company's marketing capabilities affect consumer brand loyalty, by placing consumer engagement and competitive advantage as intervening variables. In this case, marketing capabilities include strategies implemented by companies to understand and meet customer needs in an effective way, as well as to create more value for consumers. This study shows that companies that are able to build strong relationships with consumers through good marketing capabilities are more likely to achieve high levels of brand loyalty.

Therefore, understanding and analyzing the factors that influence brand loyalty is the key for companies to create successful marketing strategies, which in turn will contribute to long-term business growth and sustainability. It is important to analyze the influence of Marketing Capability on Customer Brand Loyalty with Customer Engagement and Competitive advantage as intervening variables. In forming customer loyalty, a good bond is needed between customers and the company through Marketing Capability. So the researcher proposes the following hypothesis:

**H4** : *Marketing Capability* has a significant influence on *Brand Loyalty*

**H7** : *Marketing Capability* has a significant influence on *Brand Loyalty* through *Competitive advantage*



**Conceptual Framework:****Figure 1. Conceptual Framework****Hypothesis:**

Based on the formulation of the problem, literature review and conceptual framework that has been described and described previously, the research hypothesis can be formulated as follows:

**H1 :** *Marketing Capability* has a significant effect on *Competitive advantage*

**H2 :** *Brand Reputation* has a significant influence on *Competitive Advantage*

**H3 :** *Competitive advantage* has a significant effect on *Brand Loyalty*

**H4 :** *Marketing Capability* has a significant effect on *Brand Loyalty*

**H5 :** *Brand Reputation* has a significant effect on *Brand Loyalty*

**H6 :** *Brand Reputation* has a significant influence on *Brand Loyalty* through *Competitive Advantage*

**H7 :** *Marketing Capability* has a significant effect on *Brand Loyalty* through *Competitive advantage*

**METHOD****Research Design**

This study uses a quantitative research design to investigate the relationship between Marketing Capability, Brand Reputation, Competitive advantage and Brand Loyalty at Tomoro Coffee in Surabaya using a cross-sectional method. The cross-sectional method was chosen because it can collect data efficiently from diverse samples, thus allowing a comprehensive analysis of the research objectives (Utami et al., 2024). In this method, subjects or sample units are selected because they are easily accessible to researchers and meet certain convenience criteria, such as geographic location, time availability, or ease of contact. With the quantitative method used by researchers, this can determine the impact of Product Quality, Promotion, and Price Perception on Consumer Purchasing

Decisions. The quantitative research process is as follows:

### Quantitative Research Process

From the picture, every research begins with a clear problem identification, especially in quantitative research. After the problem is limited, the researcher formulates the problem in the form of a question sentence to guide the research. To answer the question, the researcher uses various theories, and the temporary answer produced is called a hypothesis. This hypothesis is then tested for its truth empirically through data collection from the field.

### Place and Time of Research

This research was conducted at Tomoro Coffee Surabaya, East Java.

### Data Types and Data Sources

The type of data used in this study is quantitative data, namely data derived from respondents' answers to the written question system in the questionnaire regarding the things used to determine the Influence of Marketing Capability and Brand Reputation on Tomoro Coffee's Brand Loyalty through competitive advantage as a mediating variable. In this study, the data used is primary data in the form of a questionnaire that will be distributed to respondents. The source of primary data in this study is consumers of Tomoro Coffee Shop.

### Population and Sample

The population used in this study are customers of Tomoro coffee products. While the sample is interpreted as part of the population that is the actual source of data in a study. The sample used in this study is Tomoro coffee product customers who have visited the Tomoro coffee shop outlet in Surabaya.

### Sampling Techniques

The sampling technique was chosen using. Primary data sources were obtained through questionnaires distributed online to respondents via Google forms links with a Likert scale of 5 categories, namely:

Response	Symbol	Score
Strongly agree	SS	5
Agree	S	4
Quite Agree	CS	3
Don't agree	TS	2
Strongly Disagree	STS	1

Research instruments that use the Likert Scale can be made in the form of a checklist or multiple choice. This questionnaire will later be distributed to 100 consumers who are customers of Tomoro Coffee products who have visited the Tomoro coffee shop outlet in Surabaya.

### Data collection technique

The data collection technique in this study was a questionnaire, which is a number of written questions or statements used to obtain information from respondents.

### Data Analysis Techniques

The collected data will be processed with statistical analysis using Structural Equation Modeling (SEM) with Partial Least Squares (PLS) methodology. SEM-PLS was chosen because it can accommodate small sample sizes and is resistant to violations of normality assumptions. The analysis in the study was carried out in three stages, namely Outer Model Analysis, Inner Model Analysis, Hypothesis Testing.

### Operational Variables

The independent variables used in this study are Marketing Capability (X1) and Brand Reputation (X2). For the dependent variable, namely Brand Loyalty (Y) while Competitive advantage as a mediating variable (Z). The following conceptual model describes the relationship between the variables studied in the study and the hypothesis to be tested. The indicators for each variable are :

Indicators of *Marketing capabilities* ( X1 ) There are 8, namely :

1. Pricing
2. Distribution management
3. Product management
4. Personal selling
5. Marketing communication
6. marketing implementation.
7. Place capability
8. Promotion capability

The indicator of *Brand Reputation* (X2) used in this study is 3 indicators according to Parhizgar et al. (2020:1576-4547), namely :

1. Widely known
2. Brand reliability
3. Positive identity about the brand.

These indicators were chosen because they are in accordance with the research characteristics of the object to be studied.



The indicator of *Brand Loyalty (Y)* According to research conducted by Durianto et al. (2021:128), namely :

1. Switcher (move around)
2. Habitual buyer
3. Satisfied buyer (buyers satisfied with switching costs)
4. Likes the brand
5. Committed buyer

As stated by Porter in Arianty, et al (2016), competitive advantage indicators or *Competitive Advantage (Z)* can be measured through various metrics, such as:

1. Market share
2. Customer satisfaction
3. Brand recognition
4. Level of innovation
5. Cost leadership
6. Operational efficiency

### Data Processing Process

Data processing is the first step in data analysis, aimed at simplifying and tidying up the data that has been collected so that it is easier to manage and compile into a systematic report. There are several stages of data processing in this study, namely:

1. **Editing** : Check the data that has been collected to ensure there are no errors or omissions.
2. **Coding** : Assigning numerical codes to data to group respondents' answers.
3. **Entering Data (Tabulating)** : Organizing data into a table to make it easier to read and analyze, such as calculating the average, median, or mode.

### Data Analysis Methods

The data analysis method used is SEM-PLS with SmartPLS version 3. This model is component-based and does not require data with normal distribution, large sample sizes, or certain measurement scale assumptions. SEM-PLS can avoid the problems of inadmissible solutions and factor indeterminacy (Ghozali, 2018).

PLS does not require a specific distribution for parameter estimation, so parametric techniques for significance testing are not needed. PLS model evaluation is non-parametric, with the measurement model assessed through convergent and discriminant validity, and composite reliability. The structural model is assessed based on the R<sup>2</sup> (R Square) value for the dependent latent construct and path coefficient. The stability of the estimate is evaluated using the statistical t-test through bootstrapping (Ghozali, 2018).

## Hypothesis Testing and Data Analysis Techniques

Hypothesis testing techniques and data analysis will be carried out using the PLS statistical application, and the results will be the basis for decision making. The analysis technique in this study has two stages, namely :

1. The research hypothesis testing was conducted using the Structural Equation Model (SEM) approach based on Partial Least Square (PLS). PLS is a component-based or variant SEM model, used to test complex and difficult-to-measure relationships simultaneously.
2. The second stage is a structural model test to evaluate the influence between variables and construct correlation using the t-test from PLS.

## Evaluation of Measurement Model (Outer Model)

Evaluation of the measurement model or outer model consists of three stages, namely convergent validity test, discriminant validity test and composite reliability test.

### 1. Convergent Validity Test

Testing the validity of reflective indicators is done by measuring the correlation between indicator scores and construct scores. Reflective indicators show that changes in one indicator can affect other indicators in the same construct. According to Ghazali (2018:25), convergent validity is met if the Outer Loading value is  $> 0.7$ . The output shows that all Outer Loading values are above 0.7, so the indicators used in this study have met convergent validity. (convergent validity).

### 2. Discriminant Validity Test

*Discriminant validity* on reflective indicators is tested by comparing the values in the cross loading table; the latent construct must have a higher correlation with the measurement items than other constructs. Another method is to compare the square root of Average Variance Extracted (AVE) values, which must be  $> 0.5$  for each indicator.

### 3. Reliability Test or Composite Reliability

According to Ghazali (2018:45), reliability is a tool to measure questionnaires which are indicators of construct variables. The construct is declared reliable if the composite reliability and Cronbach's Alpha  $> 0.7$ . Conversely, the construct is declared unreliable if the value is  $< 0.7$ .

## Structural Model Evaluation (Inner Model)

Evaluation of the structural model in SEM with PLS was carried out by conducting a path coefficient test and an R-Squared (R<sup>2</sup>) test.

### 1. Path Coefficient Test.

This test shows that the greater the Path Coefficient value of the independent variable on the dependent variable, the stronger the influence of the independent variable on the dependent variable.

## 2. R-Square (R<sup>2</sup>) test.

This test shows that the variable (Y) can be explained by the variables (X1, X2) and (Z).

### Hypothesis Testing (Resampling Bootstrapping)

Hypothesis testing uses the bootstrapping method with the T test statistic. This method does not require the assumption of normal distribution or large samples. The hypothesis is accepted if . The hypothesis is accepted if P-Values <0.05. (Alpha 5%). The t-table value of 0.05 (5%) is 1.96. So it can be concluded that the hypothesis is accepted if the t-statistic > t-table is stated as significant and vice versa. If the results of the hypothesis test on the outer model are significant, it indicates that the indicator is considered to be used as a measuring instrument for latent variables.

## RESULTS AND DISCUSSION

### Respondent Characteristics

The following is a review of the characteristics of respondents expressed in the form of a tabulation of respondent identities for 100 respondent samples.

**Table 1. Respondent Characteristics**

CHARACTERISTICS	N
<b>Gender</b>	
Man	57
Woman	43
<b>Age (Years)</b>	
17-25	29
26-35	35
> 35	36
<b>Job Category</b>	
Private employees	39
Self-employed	15
Other	11

From the data, it was found that the number of male respondents (57 people) was higher than the number of female respondents (43 people). In other words, there was a significant difference between the number of male and female respondents in the sample. For the age category, the majority of respondents were between 26 and 35 years old. Of the total 100 respondents, 35 people were in this age range. Thus, the age range of 26 to 35 years is the age category most represented in the sample. From the job category, the majority Respondents work as private employees.

**Table 2. Descriptive Indicators**

	<b>Indicator</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b><i>MARKETING CAPABILITY</i></b>			
X1.1	Tomoro Coffee is open to customer suggestions or complaints.	3,892	0.682
X1.2	Tomoro Coffee products are already well-known among the wider community.	3,769	0.674
X1.3	Tomoro Coffee outlets are easy to find in locations around me.	3.785	0.712
X1.4	Tomoro Coffee has a uniqueness that is different from other products.	3,738	0.708
X1.5	Tomoro Coffee sets prices according to people's purchasing power.	3,769	0.627
X1.6	Tomoro Coffee has good and quality products.	3,800	0.613
X1.7	Tomoro Coffee always fulfills customer orders quickly and accurately.	3,738	0.615
X1.8	Tomoro Coffee often holds promotions to attract customer interest.	3,708	0.626
X1.9	Tomoro Coffee often launches new products according to customer wishes.	3,738	0.708
X1.10	Tomoro Coffee sets prices according to the quality of the products and services provided.	3,677	0.659
X1.11	Tomoro Coffee is open to customer suggestions or complaints.	3.723	0.595
<b><i>BRAND REPUTATION</i></b>			
X2.1	Tomoro Coffee provides fast service to consumer complaints.	3,738	0.615
X2.2	Tomoro Coffee provides the quality that consumers want compared to other brands.	3,738	0.708
X2.3	Tomoro Coffee is a brand that is easily remembered by the public.	3,677	0.635
X2.4	Tomoro Coffee has unique characteristics compared to other product brands.	3.815	0.630
X2.5	I have never received any bad information about the Tomoro Coffee brand.	3.785	0.644
X2.6	Tomoro Coffee has a good reputation among the public.	3,708	0.631
<b><i>COMPETITIVE ADVANTAGE</i></b>			
Z1	Tomoro Coffee products and services have better quality and value than competitors.	3.723	0.668

Z2	Tomoro Coffee provides satisfactory service to customers.	3,692	0.631
Z3	Tomoro Coffee can provide convenience in ordering.	3,769	0.627
Z4	Tomoro Coffee has a variety of up-to-date products.	3,754	0.633
Z5	The price difference given by Tomoro Coffee is more competitive than other products.	3.723	0.668
Z6	The price of the Tomoro Coffee products offered can meet customer demand expectations.	3,692	0.631

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**BRAND LOYALTY**

Y1	I will always buy Tomoro Coffee products in the future.	3,708	0.650
Y2	I would recommend purchasing Tomoro Coffee to anyone who asks for my advice.	3,708	0.650
Y3	I will continue to be a loyal customer of Tomoro Coffee.	3.723	0.668
Y4	I consider Tomoro Coffee as my first choice when buying food and beverage.	3,754	0.657
Y5	I will say positive things about Tomoro Coffee to others.	3,754	0.680
Y6	I feel comfortable using Tomoro Coffee products.	3,692	0.606
Y7	I am satisfied with the quality of Tomoro Coffee products.	3,800	0.637
Y8	The price of Tomoro Coffee is lower than other products.	3.815	0.654
Y9	The price of Tomoro Coffee products offered can meet customer demand expectations.	3.815	0.677
Y10	I still choose Tomoro Coffee even though other products are cheaper.	3,800	0.684

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**Table 3. Discriminant Validity**

Variables	Average Variance Extracted (AVE)
<i>Brand Loyalty</i>	0.732
<i>Brand Reputation</i>	0.812
<i>Competitive Advantage</i>	0.691
<i>Marketing Capability</i>	0.707

*Source: Smart PLS Program output data processing, 2024*

Based on the data presented in the table, it can be seen that the AVE value of all variables shows a value > 0.5, thus it can be stated that each variable has good discriminant validity.

**Outer Model Testing (Model Measurement)****Table 4. Construct Reliability and Validity**

Variable	Cronbach's Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
<i>Brand Loyalty</i>	0.8843	0.9227	0.9084	0.5179
<i>Brand Reputation</i>	0.8958	0.8959	0.9198	0.6584
<i>Competitive Advantage</i>	0.9094	0.9118	0.9301	0.6913
<i>Marketing Capability</i>	0.9217	0.9389	0.9374	0.5836

Source: Smart PLS Program output data processing, 2024

**A. Average Variance Extracted**

From the results of processing the table data above, it can be seen that all AVE values have a value greater than 0.5%, so it can be concluded that all valid indicators are united. In forming their respective variables, namely Brand Loyalty, Brand Reputation, Competitive advantage, and Marketing Capability.

**B. Composite Reliability**

Composite Reliability is used to estimate the internal consistency of a construct and the rule of thumb used is the Composite Reliability value is greater than 0.7 and the Cronbach's alpha value is greater than 0.7 (Ghozali, 2016). For the results obtained in the table above, it is known that all variables above have results above 0.7. This shows that all research variables have met Composite Reliability and have high reliability values.

**Inner Model Testing (Structural Model)****Table 5. R-Square**

Variables	R Square	R Square Adjusted
<i>Brand Loyalty</i>	0.8072	0.7978
<i>Competitive Advantage</i>	0.7986	0.7921

Source: Smart PLS Program output data processing, 2024

From the table above, the R-Square result of the Brand Loyalty variable is 0.8072. This result explains that the percentage of Brand Loyalty is 80.72%. This means that the constituent variables such as Marketing Capability and Brand Reputation have an effect on Brand Loyalty of 80.72% and the remaining 19.28% are influenced by other variables. While the R-Square value for the Competitive advantage variable is 0.7986. This means that the Marketing Capability and Brand Reputation variables have an effect on Competitive advantage of 79.86% and the remaining 20.14 % are influenced by other variables.



Table 6. F-Square

Variables	F Square
Brand Reputation -> Brand Loyalty	0.1473
Brand Reputation -> Competitive Advantage	0.1294
Competitive Advantage -> Brand Loyalty	0.3931
Marketing Capability -> Brand Loyalty	0.0176
Marketing Capability -> Competitive Advantage	0.1678

Source: Smart PLS Program output data processing, 2024

The results of the F-Square test on all hypotheses proposed have a significant effect except for the Marketing Capability variable on Brand Loyalty with a value of 0.0176. While the one that has the greatest influence is on the Competitive advantage variable on Brand Loyalty which is indicated by the F-Square value of 0.3931. Then the Marketing Capability variable on Competitive advantage has an influence with a value of 0.1678.

Hypothesis Testing

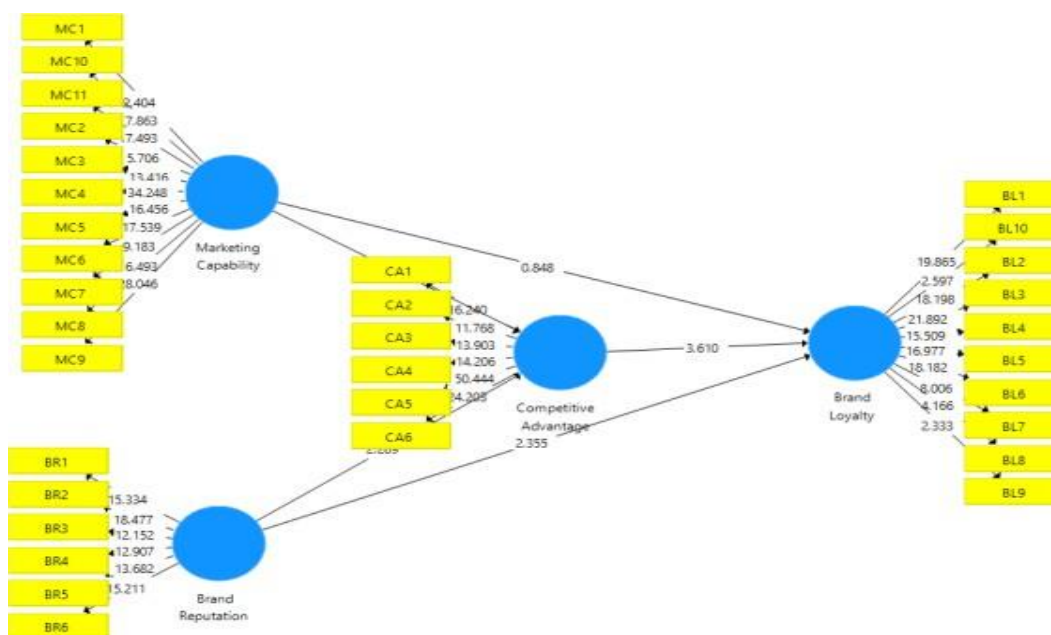


Figure 4. Results of Calculation of Relationships Between Variables

Hypothesis testing to determine the causal relationship between each variable is seen in table 7.

**Table 7. Direct Hypothesis Testing**

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (JI/STDEV)	P Values	Information
<i>Brand Reputation -&gt; Brand Loyalty</i>	0.4720	0.4718	0.2003	2.3554	0.0189	<i>Significant</i>
<i>Brand Reputation -&gt; Competitive Advantage</i>	0.4246	0.4051	0.1849	2.2887	0.0221	<i>Significant</i>
<i>Competitive Advantage -&gt; Brand Loyalty</i>	0.6128	0.6305	0.1698	3.6102	0.0000	<i>Significant</i>
<i>Marketing Capability -&gt; Brand Loyalty</i>	-0.1674	-0.1802	0.1971	0.8479	0.3968	<i>Not significant</i>
<i>Marketing Capability-&gt;Competitive Advantage</i>	0.4864	0.5038	0.1826	2,6495	0.0079	<i>Significant</i>

*Source: Results of bootstrapping method analysis of Smart PLS Program, 2024*

Based on the analysis of the influence between the variables above, each hypothesis can be proposed as follows :

#### **The Influence of Marketing Capability on Tomoro Coffee's Competitive Advantage**

Hypothesis testing proves that the Marketing Capability variable has a positive and significant effect on Competitive advantage with a P-value of 0.0079 (P-value <0.05). then the hypothesis stating that Marketing Capability has a significant effect on Competitive advantage in this study can be accepted. The results of this study are in line with the research conducted by (Ervan Alexander Okhotan and Diah Dharmayanti, 2023) entitled The Effect of Marketing Capability on Customer Loyalty with Customer Engagement and Competitive Advantage as Intervening Variables with results showing that Marketing Capability has a significant effect on Competitive Advantage at Indosat Ooredoo in Surabaya.

#### **The Influence of Brand Reputation on Competitive Advantage of Tomoro Coffee**

Hypothesis testing proves that the Brand Reputation variable has a positive and significant effect on Competitive advantage with a P-value of 0,0221 (P-value <0.05), so the hypothesis stating that Brand Reputation has a significant effect on Competitive advantage in this study can be accepted. The better the brand reputation of a product or company, the more It is very likely that the product or company has competitive advantage in the market. These findings provide important insights for marketing strategy and brand management, emphasizing the importance of building and maintaining a strong brand reputation to achieve competitive advantage. Which sustainable. The results of this study are in line with the research conducted by (Tiffany Valencia Wong and Rosdiana Sijabat, 2022) entitled The Influence of Brand Image, Customer Engagement, and Brand Reputation on Company Performance Mediated by Competitive Advantage with results showing that Brand Reputation has a positive and significant effect on Competitive advantage in MSMEs on the island of Java.

### **The Influence of Competitive Advantage on Brand Loyalty Tomoro Coffee**

Hypothesis testing proves that the Competitive advantage variable has a positive and significant effect on Brand Loyalty with a P-value of 0.0000 (P-value <0.05). then the hypothesis stating that Competitive advantage has a significant effect on Brand Loyalty in this study can be accepted. In other words, the higher the level of Competitive advantage of a product or brand, the higher the level of Brand Loyalty owned by consumers towards the product or brand.

### **The Influence of Marketing Capability on Tomoro Coffee Brand Loyalty**

Hypothesis testing proves that the Marketing Capability variable has a negative and insignificant effect on Brand Loyalty with an Original Sample value of -0.1674 and a P-value of 0.3968 (P-value > 0.05). then the hypothesis stating that Brand Reputation has a significant effect on Competitive advantage in this study is rejected. The test results indicate that there is no significant relationship between marketing capability and brand loyalty, and analyze that if there is a relationship, then marketing capability will tend to affect brand loyalty in a negative direction. This means that an increase in marketing capabilities will not significantly increase brand loyalty. In this case, if a company experiences a decline in brand loyalty, even though it has strong marketing capabilities, the company needs to evaluate the factors other Which may affect consumer loyalty, such as product quality, customer service, or overall brand perception.

### **The Influence of Brand Reputation on Brand Loyalty Tomoro Coffee**

Hypothesis testing proves that the Brand Reputation variable has a positive and significant effect on Brand Loyalty with a P-value of 0.0189 (P-value <0.05). So the hypothesis that states that Brand Reputation has a significant effect on Brand Loyalty in this study can be accepted. These results indicate that the better the brand reputation of a product or company, the higher the likelihood that consumers will have a higher level of loyalty to the brand. In other words, trust, positive image, and good reputation of a brand can be important factors that influence consumer behavior to remain loyal to the brand. The results of this study are in line with the research conducted by (Yumarudin, 2022) entitled The Influence of Brand Reputation, Brand Trust and Perceived Quality on Brand Loyalty of Emina Cosmetics in Mataram City with the results showing that this hypothesis is positive and significant, which means it is accepted.

**Table 8. Indirect Hypothesis Testing**

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (JI/STDEV)	P Values	Information
<i>Brand Reputation -&gt; Competitive Advantage -&gt; Brand Loyalty</i>	0.4720	0.2490	0.1290	2.0233	0.0440	<i>Significant</i>
<i>Marketing Capability -&gt; Competitive Advantage -&gt; Brand Loyalty</i>	0.4250	0.3320	0.1587	1,8764	0.0609	<i>Not Significant</i>

*Source: Results of bootstrapping method analysis of Smart PLS Program, 2024*

### **The Influence of Brand Reputation on Brand Loyalty through Competitive Advantage of Tomoro Coffee**

The results of the study indicate that there is a positive and significant influence of Brand Reputation (X2) on Brand Loyalty (Y) through Competitive advantage (Z) which can be confirmed. This is proven by the t-statistics value of 2.0233 and P-Value of  $0.0440 < 0.05$ , so that the hypothesis stating Brand Reputation has a significant influence on Brand Loyalty through Competitive advantage as a mediator which can be accepted. Thus, through the influence of mediating variables, it can be concluded that Brand Reputation affects Brand Loyalty not only directly, but also through its influence on Competitive advantage. This proves that Competitive advantage acts as a mediator in the relationship between Brand Reputation and Brand Loyalty. So it can be concluded that high Brand Reputation can increase Competitive advantage which will simultaneously also increase Brand Loyalty.

### **The Influence of Marketing Capability on Brand Loyalty through Competitive Advantage of Tomoro Coffee**

The results of the study indicate that there is an insignificant influence of Marketing Capability (X1) on Brand Loyalty (Y) through Competitive advantage (Z). This is evidenced by the t-statistics value of 1,8764 and P-Value  $0.0609 > 0.05$ , so the hypothesis that Marketing Capability has a significant effect on Brand Loyalty through Competitive advantage as a mediator cannot be accepted. From these results, it can be concluded that Marketing Capability does not have a significant impact on Brand Loyalty through Competitive Advantage as a mediator. This means that even though a company has strong marketing capabilities, it does not directly or through its competitive advantage contribute significantly to consumer loyalty to the brand.

## CONCLUSION

### Conclusion

Based on the analysis of the research results and discussions that have been described previously, the results of this study can be concluded that Marketing Capability has a positive and significant effect on Tomoro Coffee's Competitive Advantage. Brand Reputation has a positive and significant effect on Tomoro Coffee's Competitive Advantage. Competitive Advantage has a positive and significant effect on Tomoro Coffee's Brand Loyalty. Marketing Capability has a negative and insignificant effect on Tomoro Coffee's Brand Loyalty. Brand Reputation has a positive and significant effect on Tomoro Coffee's Brand Loyalty. Brand Reputation has a significant effect on Brand Loyalty through Competitive Advantage as a mediator for Tomoro Coffee. Marketing Capability has an insignificant effect on Brand Loyalty through Competitive Advantage as a mediator for Tomoro Coffee. The implications of this study can also encourage Tomoro Coffee or other business actors to improve their performance measurements related to marketing capability, brand reputation, competitive advantage, and brand loyalty. By better understanding how the variables these are interconnected and contribute to business success, Tomoro Coffee can identify areas where they need to focus to improve their overall performance. Strong brand reputation and good marketing capability and gain sustainable competitive advantage. have an important role in helping businesses to maintain and increase brand loyalty in today's business market.

### Suggestion

The researcher also suggests that the opportunity can be used to explore broader topics from the variables that have been studied in this study or to complete the shortcomings in this study. The researcher also hopes that further research can increase the number of variables observed or add other variables that have not been studied, because there are still many variables related to brand loyalty so that the results obtained are more accurate.

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