Exposure to Starbucks Advertisements on Facebook Affecting Taiwanese Customers' Perception of Starbucks' Brand Equity and Purchase Intention

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Abstract

This survey research aimed to investigate the relationships among Starbuck advertisement on Facebook, brand equity of Starbuck, and their purchase intention among Taiwanese customers of Starbucks. One hundred and sixty-six Taiwanese customers who were current Starbuck customers participated in the questionnaires, and the data was analyzed by Spearman Correlation and Regression Analysis. The sample was selected using purposive sampling and convenience sampling. The findings of the research are as follows: (1) Starbucks advertisement on Facebook was positively correlated with the customer's brand equity in the low level. Brand loyalty and brand awareness were significant positive predictors but not brand association and perceived quality. (2) The brand equity of Starbucks significantly influenced customer's purchase decision. The most influential factors affecting their purchase decision were brand loyalty and brand association, respectively. (3) Exposure to Starbucks advertising on Facebook was positively correlated with purchase intention at a significance level of 0.05.

Keywords: Starbucks, social media, Facebook advertisement, media exposure, brand equity, purchase intention

Introduction

This research focuses on how a global international brand, Starbucks, influenced Taiwanese people's brand equity and purchase intention to through Facebook advertisement. This study uses survey to collect Taiwanese customers' opinions toward Starbucks Ads via Facebook. In addition to analyzing how Starbucks implemented its Starbucks marketing strategy through Facebook in Taiwan, the research also used survey to understand how Starbucks used it to influence consumers' perceived brand equity and their purchase intentions.

According to TWNIC, (2019) found that the generation Y, who was born between the 1980s and 1990s, used the internet service for social communication in Taiwan Internet Report of 2019. And, it is up to 97.5 of generation Y used various social networking in their daily life. The most used social media in Taiwan is Facebook. Starbucks uses the social media, Facebook, to communicate with the customers in Taiwan. From Stephen and Galak (2012), companies divided media into three types: Paid, owned, and earned respectively. However, paid media has limited attention from consumers and requires continuous payment of money to maintain it.

According to Colicev, Malshe, Pauwels, & O'Connor (2018) found that winning media participation affects brand awareness and purchase intentions. As for owning the media, it improves brand awareness and customer satisfaction. Starbucks cannot only establish its own brand image by winning the media on Facebook and owning the media, it can also increase its consumers' willingness to buy and sell the product by interacting with consumers.

Past studies have found that there are nearly 60% of users have increased their willingness to actively search for brand information and products after contacting Facebook video Ads (Liu, 2019), but very limited studies have examined how product advertisement on social media especially via Facebook increase brand equity of the product and customer purchase. With the research on how global brand like Starbuck implement marketing communication strategies through Facebook advertising and its implication of advertising on the Taiwan customers' brand equity and purchase intention will certainly enable other global and national brands to recognize the crucial impact of Facebook advertising to create brand equity of local Taiwanese customers, which directly shaped their purchase intention. Practitioners in the marketing communication and related

fields can use these findings to implement their media planning of their global communication campaign.

Research Objectives

1. To examine the relationship between exposure to Starbuck advertisement on Facebook and the brand equity of Starbucks as perceived by Taiwan customers.

2. To examine the influence of brand equity of Starbucks on the customers' purchase intention among Taiwan customers.

3. To examine the relationship between exposure to Starbucks advertisement on Facebook and the customers' purchase intention among Taiwan customers.

Literature Review

Brand equity

Keller (1993) defined brand equity as refers to consumer's knowledge, experience, and feeling toward the product or brand, which is shaped how the company interact with the consumers and the extent to which consumer understand the identity, meaning the brand as well as how the company promote engagement, relationship, and response with consumer. Based on Keaton (2019) and Keller (1993), this study examined brand equity of Starbucks which composed of 4 constructs as follows: (1) Brand awareness refers to consumers' knowledge of the brand and its popularity; (2) Brand association refers to any thoughts that consumers associate in memory when they see the brand. It includes feeling, experience, evaluation and brand positioning. These ideas may come from consumers' daily life experiences, advertising campaigns, or sharing with friends and family; (3) Brand loyalty refers to consumers' psychological response to brand preference, which reflects consumers' trust and dependence on the brand; (4) Perceived quality refers to consumers' more subjective judgments based on their own purpose and demand for the product or service.

Theory of Reasoned Action (TRA)

According to Fishbein & Ajzen (1975), the Reasoned Action (TRA) proposed that there is a relationship between attitudes and behaviors in human behavior, and individual's attitude can predict individual's behavior intentions. There are two key factors that can shape behavior, including attitude and subjective norms. Attitude refers to how people feel about behavior, such as positive, neutral, or negative. As for the subjective norms refer to the social pressure when an individual performs or does not perform the behavior. The pressure may come from the expectations of the general public, or from friends or family (Ajzen, 2006). Purchase intention was defined as a measure of the strength of one's intention to perform a specific behavior or make the decision to buy a product or service.

Transactional Model of Communication

Don (2019) claimed that "The transactional model of communication is two-way and interactive. In the transactional model, both parties are both sender and receiver. It happens in real-time and, generally, they must both be present, even if it's via technology such as Skype."

Transactional Models include three factors: Social context, cultural context, and relational context. The Transactional Model can be used to analyze the interaction between Starbucks and fans on the fan page of Facebook, and how to use posts to attract fans to leave comments or share. And, it will help them to gain media spreads and increase the exposure of their posts on Facebook (Transactional model of communication, 2018).

Research Framework
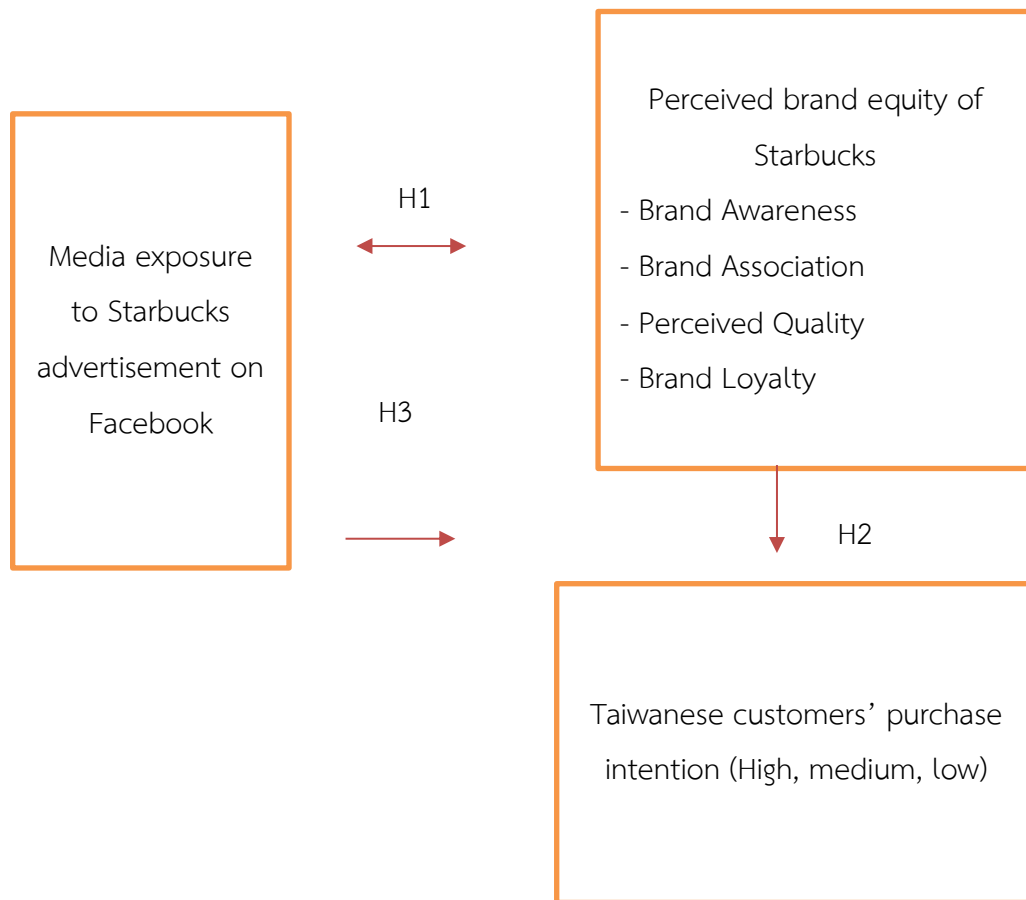
Research Hypotheses

H1: Media exposure to Starbucks advertisement on Facebook is positively related to Starbucks brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty) as perceived by Taiwanese customers.

H2: The customer's brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty) significantly influences purchase intention among Taiwanese customers.

H3: Media exposure to Starbucks advertisement on Facebook is significantly influences purchase intention among Taiwanese customers.

Research Methodology

4.1 Research Design

The purpose of this research is to examine whether the exposure to Starbucks' social media advertisement in Facebook significantly affect customers' brand equity and consumers' purchase intention of Starbuck products. Haizhong, et al, (2008) indicated that we can use Regression analysis to examine the global enterprise how to build its own brand. In this study, the researcher will examine brand equity of customer as promoted by Starbucks in Facebook advertisement, including brand awareness, brand association, perceived quality and brand loyalty. The variables that were investigated included the exposure of Starbucks advertisement via Facebook, customers' brand equity and purchase intention.

4.2 Population and Sampling method

The study focused on the impact of Starbucks' Facebook Ads on consumers. So, the respondents were Starbucks consumers who have used Facebook at least six months. The sample was selected using purposive method and convenience sampling from April 18th to 25th, 2021. The study examined the exposure of these samples to Starbucks' Facebook advertising frequency and its impact on their Starbucks brand equity and their purchase intention.

4.3 Research Instrument

The purpose of this questionnaire is to examine, customers' frequency of media exposure on Facebook, perceived brand equity toward Starbucks in Taiwan and consumers' purchase intention as well as the influence of brand equity on customer purchase intention for Starbucks products. The questionnaire design is divided into four sections: Demographic Information of users, frequency of media exposure to Facebook advertisement of Starbuck (1 question using nominal scale), and Taiwanese customer's perceived brand equity of Starbuck (18 questions using interval scale), and their purchase Starbucks products (5 questions using interval scale). The customer-based brand equity was adopted from Sullivan & Artino (2013) to examine the 5 dimensions of customer-based brand equity, including brand awareness, brand association, brand quality, brand loyalty using 5 point-likert scale, arranging from (5) strongly agree, (4) agree, (3) neutral, (2) disagree and (1) strongly disagree, respectively.

To test the reliability of the instrument, the survey was tested and found that the survey has the overall Cronbach alpha of 0.932. The cronbach alpha of brand equity was 0.932 and the cronbach alpha of customer purchase intention was 0.871 for. In addition, each dimension of brand equity also has cronbach alpha higher than .60, having .610 for brand awareness, 0.649 brand association, 0.827 for perceived quality, and 0.90 for brand loyalty. Thus, the instrument was considered to be reliable.

4.4 Data Collection

This study collected total 166 Chinese respondents via online Google form from January 2019-March 2020. The questionnaire was translated into Chinese and do back translation in to English. Respondents filled out the questionnaire in a language that is convenient for answering, to reduce the gap in the answer caused by the language barrier and increase the accuracy of the questionnaire response.

4.5 Data analysis

The independent variable of Hypothesis1 is exposure to advertisement of Starbucks and the dependent variable is brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty). Spearman Correlation was used to test hypothesis 1.

The independent variable of Hypothesis 2 is brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty) and the dependent variable is intention to purchase the brand Starbucks.

The independent variable of Hypothesis 3 is exposure to advertisement of Starbucks and the dependent variable is intention to purchase the brand Starbucks. Simple Regression was used to test hypothesis 3. Regression analysis was used to test both hypothesis 2 and hypothesis 3.

Research Findings

5.1 Descriptive findings

The descriptive analysis showed that most of the respondents were female (67.5%, n = 112) and male (32.5%, n = 54). Majority of the respondents aged 21-25 years old (25.9%, n = 43), 31-35 years old (21.1%, n = 35), 36-40 years old (18.7%, n = 31), 26-30 years old (16.9%, n = 28), more than 40 years old (15.1%, n = 25), respectively. Majority of the sample have completed bachelor degree (65.7%, n = 109), and they were

employees of private enterprise (58.4%, n = 97) and students (15.8%, n = 26). And, majority of the respondents earned 20,000 - 30,000 NTD (27.1%, n = 45), 30,000 - 40,000 NTD (27.1%, n = 45), less than 20,000 NTD (19.3%, n =32), 40,000 - 50,000 NTD (15.1%, n = 25), and more than 50,000 NTD (11.4%, n = 19, respectively.

The survey results showed that most of the respondents exposed to Starbuck advertisement at least once per month (95.2%, n = 158). Only 4.8% of respondents have never been exposed to Starbucks advertisements on Facebook, respectively. We found out that the majority of the respondents perceived features of the image of Starbucks (36.7%, n = 61) the most, followed by seasonal limited products (27.1%, n = 45), stylish product design (19.3%, n =33), brand concepts (16.3%, n = 27), and others (0.6%, n = 1). For consumers, the brand image is the most eye-catching features of Starbucks advertisement, there are 36.7% of the samples.

From the descriptive findings revealed that the respondents perceived the brand equity at the high level (Mean = 3.93, SD = 0.443) and had high purchase intention (Mean = 3.85, SD = 0.549). When examining each factor of brand equity, the sample had high perceived quality (Mean= 4.05, SD = 0.482), followed by brand awareness (Mean = 4.01, SD = 0.521), brand loyalty (Mean = 3.93, SD = 0.443), brand association (Mean= 3.88, SD = 0.468), respectively.

5.2 Hypotheses Findings and Testing

H1: Media exposure to Starbucks advertisement on Facebook is positively related to Starbucks brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty) as perceived by Taiwanese customers.

As shown in Table 1, Spearman correlation analysis revealed that respondents' exposure to Starbucks advertisement on Facebook was positively correlated with the customer's brand equity at the low correlation (r^2= 0.216[**], p=0.005*<0.05).

When examining each construct of brand equity, the consumer's brand loyalty (r^2= 0.300, p=0.001**<0.05) and brand awareness (r^2= 0.179*, p=0.021<0.05) were positively related with the Facebook advertisement of Starbuck at the medium and low correlation, respectively.

Table 1: Spearman correlation analysis on the relationship between media exposure to Starbucks advertisement and perceived brand equity of Starbuck

Spearman correlation analysis						
		Brand awareness	Brand association	Perceived quality	Brand loyalty	Brand equity
Frequency of exposure to Facebook advertisement of Starbucks	Correlation Coefficient	1.000	.179*	.133	.105	.300**
	Sig. (2-tailed)	.	.021	.087	.177	.000

Note: p*< 0.05 (Sig.), n= 166

H2: The customer's brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty) significantly influences purchase intention among Taiwanese customers.

As shown in Table 2, Regression analysis revealed that respondents' brand equity of Starbucks significantly influenced customer's purchase decision (Beta= 0.847, p =0.000 < 0.05).

When examining each construct of brand equity in Table 3, the most influential factors are brand loyalty (Beta= 0.592**, p=0.001<0.05), and brand association (Beta= 0.217**, p=0.001<0.05). But, the perceived quality (Beta= 0.137, p=0.17>0.05), and brand awareness (Beta = 0.133, p=0.087>0.05) are not significantly related with purchase intention among Taiwanese customers.

Table 2: Regression analysis the influence of brand equity to customer's purchase decision

Regression Analysis Table								
		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	-.283	.203		-1.392	.166	-.685	.119
	Brand equity	1.050	.051	.847	20.442	.000	.949	1.151
a. Dependent Variable: Purchase decision, F= 417.876, p=0.001< 0.05, df= 1								

H3: Media exposure to Starbucks advertisement on Facebook significantly influences purchase intention among Taiwanese customers.

As shown in Table 3, Regression analysis revealed that that respondents' exposure to Starbucks advertisement on Facebook that was positively correlated with the customer's purchase intention (Beta= 0.291*, p= 0.000<0.5).

Table 3: Regression analysis on the influence of media exposure to Starbucks advertisement on the perceived purchase decision of Starbucks

Regression Analysis Table							
	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
(Constant)	3.372	.129		26.061	.000	3.117	3.628
Frequency of exposure to Facebook advertisement of Starbucks	.147	.038	.291	3.898	.000	.072	.221
a. Dependent Variable: Purchase decision							
R^2 = 0.326**, p< 0.05, F= 15.193, df= 1, p*< 0.05 (Sig.)							

Conclusion of the Study

The findings of the three hypotheses confirmed the impact of the exposure rate of the advertisements will affect consumers' brand equity and purchase intention, depending upon the frequency of the respondents' exposure to Starbucks advertisements on Facebook. The results of the questionnaire show that Taiwanese consumers will indeed be affected by their Facebook ads, which will affect their brand equity and purchase intentions for Starbucks.

In addition, we further analyzed the frequency of exposure to Facebook advertisements and the factors of Starbucks brand equity (i.e., brand awareness, brand association, perceived quality, and brand loyalty). The study found that the higher consumers' exposure to Facebook advertisements, the higher consumers' brand equity. And the brand loyalty and brand awareness of Starbucks are influenced the most by

frequency of exposure to Facebook Ads. It means that a brand can through the posts or advertisements on Facebook to increase their brand loyalty and awareness.

The results also showed that Starbucks brand equity has a positive correlation with consumers' purchase intentions. Brand loyalty has the greatest influence on consumers' willingness to buy the Starbucks products. The status of the brand loyalty questionnaire showed that consumers are highly loyal to the Starbucks brand, shown in the following statements, "When I am buying coffee, I will choose Starbucks."; "Although Starbucks products are more expensive than other chain coffees, I will also buy Starbucks products."; "When Starbucks launches a new product, I will buy the product to support Starbucks." and "I will continue to buy Starbucks products."

This study supported several important theories. Firstly, this study supported Keller' Brand Equity Model, Keller (1993) claimed that the higher the consumer's awareness and brand image of the brand, the higher the consumer's association with the brand. Hypothesis 1 results suggested that Starbucks increases the consumers' brand equity by the advertising on Facebook. Among the factors of brand equity, brand loyalty and brand association have the greatest influence in this study.

Secondly, this study supported the assumption of transactional model which posited that two-way and interactive communication between sender and receiver in real-time via technology can promote effective communication. Yet, the communication will be transactional or not depending upon the social context, cultural context, and relational context. Hypothesis 2 results showed that Starbucks has a two-way transactional model of communication by promoting online interaction with consumers through the media of Facebook, which can generate brand equity significantly, especially brand loyalty and brand association.

The reason is because the contents in forms news and activities could promote sharing moments and relational connection via Facebook of Starbuck, consumers are not only the receivers of the messages, but also the senders of the messages. Thus, the transactional model of communication has created a relational connection between the Starbuck and the customers, generating the brand equity, which is can defined as consumer's knowledge, experience, feeling toward the product or brand which is shaped how the company interact with the consumers, and the extent to which consumer understand the identity, meaning the brand as well as how the company promote

engagement, relationship, and response with consumer (Keaton, 2019; Keller, 1993).

This study highlights the impact of social media, Facebook, to create relational connection with Taiwanese customer to create brand equity of Starbuck, because Facebook advertisement can create brand loyalty and brand association, which make Taiwanese related with American global brand. However, hypothesis 2 still found further that the Facebook advertisement did not significantly create brand awareness and perceived quality because Taiwanese customers might perceive that Starbuck is an American global brand which has high price when compared with other local products which offered similar products. Their perception was caused by the assumption of Reasoned Action which addressed the impact of attitude and subjective norm on human behavior as posited by Fishbein & Ajzen (1975).

Nevertheless, this study confirmed the impact of Facebook Ads on customers' purchase intention, which coincided with the assumption of Theory of Reasoned Action (TRA), which proposed that there is a relationship between attitudes and behaviors in human behavior, and individual's attitude can predict individual's behavior intentions. There are two key factors that can shape behavioral intention, including personal attitude and subjective norms. Attitude refers to how people feel about behavior, such as positive, neutral, or negative. As for the subjective norms refer to the social pressure when an individual performs or does not perform the behavior.

The pressure may come from the expectations of the general public, or from friends or family (Ajzen, 2006). Purchase intention was defined as a measure of the strength of one's intention to perform a specific behavior or make the decision to buy a product or service. Hypothesis 3 results suggested that since Taiwanese customers that brand association and brand loyalty are two outcomes which Facebook advertisement can create in the mind of the Taiwanese customers, because Starbuck can make the customers remember the unique brand positioning well and can promote impressive experiences in the services, which gradually develop into preference and trust which is brand loyalty, resulting in customers' purchase intention. This study coincided with study of Colicev, Malshe, Pauwels, & O'Connor (2018) and Liu (2019).

Recommendations for Future Application

In the results of Hypothesis 1, respondents' exposure to Starbucks ads on Facebook is partially related to the customer's brand equity. Factors such as brand equity, brand loyalty and brand awareness are most affected by Facebook advertising. These companies can create Ad posts that entice users to comment and share, gain earned media spread and brand awareness, and use the posts to engage with users and increase brand loyalty.

In the results of Hypothesis 2, the respondents' Starbucks brand equity significantly influenced customers' purchasing decisions. And examining each structure of brand equity, the most influential factors are brand loyalty and brand association. Through Facebook advertising, it can help companies to enhance brand equity, such as increasing user comments and maintaining relationships with each other through advertising posts. Also publishing advertising posts related to the brand image will attract more people who love the brand. Then, it will increase their willingness to buy products.

In the results of Hypothesis 3, respondents' Starbucks ad exposure on Facebook is positively correlated with customers' purchase intention. When consumers are exposed to more relevant brand advertisements, it will greatly increase their purchase intention.

Therefore, companies can increase their exposure on Facebook through Facebook Ads posts, and make product promotion or lottery posts to attract consumers to leave messages or share, to increase the exposure of their advertisements.

Recommendations for Future Research

For future research, this study can provide other brands how Starbucks influence consumers' brand equity and purchase intentions through Facebook Ads and posts. And what are the key factors affecting consumers' brand equity, which can provide the brand to focus on strengthening and promoting this part of marketing. In addition to the quantitative analysis data of the questionnaire, it is recommended that if the researcher wants to further understand the motives and reasons of consumers buying the brand's products, they can choose 5 to 10 interviewees after collecting the questionnaire.

Future research might analyze what kind of posts will influence consumers' purchase intention the most, and whether it will increase customer satisfaction or not. In addition, in this study, the main brands analyzed are internationally well-known brands. It is recommended that if researchers want to understand the influence of smaller brands

on social media, they may need to pay attention to this selection of interviewees. To know what social media is the most used by them, and to design the questionnaire for them.

Limitations of the Study

In addition to the results collected and analyzed in this study, there are still some limitations of the research to provide reference. The limitations of the research are as follows:

1. In this study, the main purpose of this study is to explore whether Internet users in Taiwan will be affected by Facebook advertising and their brand equity and purchase intentions. Therefore, in the research group, Taiwanese users who have used Facebook as the sample of the questionnaire survey are not representative of other countries with different cultures and languages. It is recommended to extend to other cultures for research in the future and use this culture on the Internet. The habits of roads and social platforms are listed as research factors.

2．In addition, in the analysis of social platforms, it is mainly based on Facebook, which is most commonly used by Internet users in Taiwan, and does not extend to other social platforms, such as Instagram, Line and YouTube. It is recommended to extend the discussion on the influence of other social platform advertisements on brand equity and purchase intention, and further explore the important factors affecting brand communities**.**

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