

The effect of rebranding on brand equity and consumer preferences at ACE Hardware Indonesia

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Abstract

Brand identity transition is a crucial strategy for companies to maintain market relevance, but studies on its impact on consumer preferences as direct outputs are limited. This study aims to analyze the effect of PT Aspirasi Hidup Indonesia Tbk's rebranding from ACE Hardware to AZKO on brand equity and consumer preferences, to address the research gap regarding consumer behavior following the brand transition. Using a quantitative approach, data were collected from 151 respondents in the Greater Jakarta area via purposive sampling. Data analysis was carried out using the Structural Equation Modeling (SEM) method based on SmartPLS 4.1.1.6. The results show that rebranding has a positive and significant effect on brand equity and consumer preferences. The key findings of this study reveal that rebranding has a stronger influence on consumer preferences ($\beta=0.673$) than on brand equity ($\beta=0.618$). The novelty of this research lies in proving that the new philosophy of "AZKO" succeeds in creating emotional relevance that accelerates the shift in consumer preferences in the younger generation, beyond just a change in visual identity. In practical terms, the study provides guidance for retail managers on how to release international licenses by building a strong local identity without losing valuable assets in consumers' minds.

Keywords: Rebranding, Brand Equity, Consumer Preferences, Brand Identity, Retail.

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INTRODUCTION

Branding activities are a vital strategy for companies to build an image and enhance the "brand strength" of their products or services in a competitive market (Batara & Susilo, 2022). In Indonesia's home appliance retail sector, ACE Hardware has maintained stable market dominance, with a brand index that far outpaced its competitors during 2020–2024.

Table 1. Brand Index Comparison

No.	Brands	Year				
		2020	2021	2022	2023	2024
1	ACE Hardware	44.9%	53.8%	57.7%	54.7%	52.9%
2	AJBS	6.1%	5.6%	4.0%	-	3.9%
3	Building Depot	18.3%	16.8%	16.3%	12.8%	14.4%
4	Partner 10	18.1%	12.9%	12.1%	13.9%	17.9%

Source: Top Brand Award (2020–2024)

However, a strategic transformation occurred on December 31, 2024, where PT Aspirasi Hidup Indonesia Tbk decided not to renew the license of ACE Hardware International Holdings, Ltd, and completely rebranded to AZKO starting January 1, 2025 (Merry, 2022). This change in name and visual identity was made to escape licensing obligations and dependence on imported products, while introducing a new "A to Z" philosophy that is more collaborative and comprehensive.

While rebranding is often an effective tactic to revitalize an image, this move carries a significant risk to the value of assets ingrained in consumers' minds. Previous research by Fitri and Hamid (2020) and Harahap and Rinaldi (2024) has confirmed that planned changes to logos and brand identities can significantly increase brand equity. However, such studies tend to focus on aspects of brand image and equity in general, while the direct impact on consumer preferences, a key variable in the purchasing decision-making process, is rarely explored in depth. There is a real research gap in understanding how the transition from established global brands to new local identities directly affects consumer choice tendencies amid fierce retail competition.

This study explicitly aims to analyze and demonstrate the causal relationship between rebranding strategies and brand equity and consumer preferences, using a case study of ACE Hardware's transition to AZKO. The contribution of this study is expected to expand the theoretical framework of brand management, particularly regarding the role of consumer preferences as a direct outcome of rebranding, and to provide practical guidance for retail managers on managing the transition of brand identity without losing relevance in customers' eyes.

Customer-Based Brand Equity is created from consumers' knowledge and positive perception of a brand (Putri et al., 2021). In the context of rebranding, changes to the visual identity and brand message serve as a new signal for consumers to evaluate the brand's quality and value. If the transition is managed well, the rebranding will strengthen positive associations and increase overall brand equity. Based on previous research that showed a positive correlation between identity renewal and brand value, a hypothesis was proposed:

H1: Rebranding has a positive and significant effect on brand equity.

Consumer preferences reflect a map of increased satisfaction and an individual's tendency to choose a brand over other alternatives (Nadja & Halimah, 2023). Through the Hierarchy of Effects stage, a communicative rebranding strategy can shift consumer attitudes from mere awareness to liking and, finally, to choosing the brand. Assuming that AZKO's new identity provides stronger emotional relevance, a hypothesis is proposed:

H2: Rebranding has a positive and significant effect on consumer preferences.

RESEARCH METHOD

This study uses a conclusive-causal quantitative approach to test the influence of variables through objective statistical data. The selection of this method is in line with the study's purpose, which is to establish the causal relationship between rebranding, the independent variable, and brand equity and consumer preference, the dependent variables. The sampling technique used was purposive sampling with a total of 151 respondents. The respondent criteria are consumers in the Greater Jakarta area aged 17-55 years who know of or have shopped at ACE Hardware/AZKO. The total number of 151 respondents was considered adequate for the SEM-PLS analysis. According to the rule of thumb in SEM, the minimum sample size is 10 times the number of structural paths or indicators in the most complex constructs (Hair, 2014). With the model having two main structural pathways (H1 and H2), the sample size of 151 respondents has far exceeded the minimum threshold, thus providing sufficient statistical power for model testing. Primary data was collected through an online questionnaire (Google Forms) using a four-point Likert scale: 1 (strongly disagree) to 4 (strongly agree). The use of this even scale aims to avoid respondents' tendency to choose neutral answers (central tendency bias), thereby yielding more decisive data for analysis. Data analysis was carried out using variance-based Structural Equation Modeling (SEM) method with SmartPLS 4.1.1.6 software. Although this research model is relatively simple, SEM-PLS was chosen over multiple linear regression for its ability to handle latent variables measured by multiple indicators simultaneously. SEM-PLS is superior in minimizing measurement error and does not require the assumption of strict data normality, which is often difficult to meet in consumer behavior data.

Table 2. Research Constructs

Yes	Variable	Indicator	References
1	Rebranding (RB)	RB1= Knowing the change of the name of ACE Hardware to AZKO.	(Putri et al., 2021)
		RB2= Brand identity feels more modern.	
		RB3= AZKO's new name sounds more interesting.	
		RB4= Logo & slogan give a newer image to the brand.	
		RB5= Logo & slogan are more in line with the times.	
		RB6= The new logo looks more modern and memorable.	
		RB7= The new slogan is easy to understand and reflects the company's values.	
2	Brand Equity (BE)	BE1= Product quality is superior to other retailers.	(Putri et al., 2021)
		BE2= The price of the product is proportional to the benefits obtained.	
		BE3= Provides better value than competitors.	
		BE4= Has a uniqueness that distinguishes it from other retailers.	
		BE5= The new identity makes the brand more memorable.	
3	Consumer Preferences (CP)	CP1= Aware of the existence of AZKO after the rebranding.	(Nadja & Halimah, 2023)
		CP2= Know the benefits and types of AZKO products.	
		CP3= Liked the new identity of the AZKO brand.	
		CP4= Prefer to shop at AZKO rather than similar stores.	
		CP5= Have the intention to shop at AZKO in the future.	
		CP6= Have made a real purchase after rebranding.	

Source: Processed Data (2025)

RESULTS AND DISCUSSION

Result

This study involved 151 respondents who were dominated by women (57%) and young age groups (Generation Z and millennials) between 17 and 35 years old at 76.1%. The distribution of domicile is concentrated in the Greater Jakarta area, with the largest share of respondents from Depok (31.8%) and Jakarta (26.5%). From an economic perspective, the majority of respondents have incomes in the lower-middle range (below Rp6,000,000) and spend at AZKO with a moderate frequency, 1-5 times a year.

Table 3. Respondent Demographics

Respondent Criteria	Number of Respondents
According to Gender	86
Women	65
Male	21
According to Age	
17–25 years old	73
26–35 years old	42
36–45 years old	26
46–55 years old	10
According to the Residence	
Depok	48
Jakarta	40
Bogor	26
Bekasi	23
Tangerang	14
According to the Type of Employment	
Private Employees	73
Student/Student	58
Civil Servant	12
Entrepreneurship	7
Housewives	1
According to the Monthly Income	
<IDR 3,000,000	55
IDR 3,000,000–IDR 6,000,000	54
IDR 6,000,000–IDR 10,000,000	31
>Rp10,000,000	11
According to Shopping Frequency at AZKO / ACE Hardware	
1–2 times a year	61
3–5 times a year	60
More than 5 times a year	18
Never Have You Ever	12

Source: Processed Data (2025)

Validity Test Results

According to Ramadhani and Yuliana (2023) and Justiana and Yuliana (2024), validity testing is required to ensure that the questionnaire used for each variable is valid. Convergent validity testing, performed using alternative measures, aims to identify measures that show a positive correlation among comparable constructs (Alfian et al., 2024; Yuliana et al., 2024). To meet the validity value requirements (or the value in question in the context of the study), outer loading and Average Variance Extracted (AVE) values are required or required (Sherlyta et al., 2024). The processing of the research data then produces these values.

Table 4. Validity Test

Variable	Indicators	Loading Factors
Brand Equity	BE1	0,775
	BE2	0,860
	BE3	0,851
	BE4	0,859
	BE5	0,792
Consumer Preference	CP1	0,755
	CP2	0,686
	CP3	0,811
	CP4	0,723
	CP5	0,736
	CP6	0,700
Rebranding	RB1	0,656
	RB2	0,741
	RB3	0,773
	RB4	0,762
	RB5	0,802
	RB6	0,823
	RB7	0,796

Source: Processed Data (2025)

All indicators in this research model were declared valid because they had an outer loading value above the threshold of 0.5 and an Average Variance Extracted (AVE) value above 0.5 (Yuliana et al., 2023; Ningsih et al., 2023). Although several indicators have values below the ideal standard of 0.7, such as CP2 (0.686), CP6 (0.700), and RB1 (0.656), these indicators are retained because they are considered capable of explaining construct variants to a substantial extent (Firdaus & Yuliana, 2024). The highest consistency was observed in the Brand Equity variable, with all indicators reaching the ideal value (>0.7), so this model is suitable for proceeding to the Average Variance Extracted (AVE) testing stage to strengthen the evidence of convergent validity. (Khoiroh et al., 2023).

Reliability Test Results

Reliability testing is the next step, carried out using SmartPLS 4.1.1.6 with the PLS algorithm. To measure the reliability of each variable, Cronbach's Alpha and composite reliability are used, as listed in Table 5 below.

Table 5. Reliability Test and Average variance extracted (AVE)

	Cronbach's Alpha	rho_A	Composite Reliability	Average variance extracted (AVE)
Brand Equity	0,886	0,891	0,916	0,686
Consumer Preference	0,831	0,838	0,876	0,542
Rebranding	0,882	0,887	0,908	0,542

Source: Processed Data (2025)

Based on the test results in Table 5, the research instrument was deemed to have excellent reliability, as the Composite Reliability values for all variables ranged from 0.876 to 0.916, well above the 0.7 threshold. This achievement proves that the questionnaire is reliable and that the respondents' answers are consistent. The validity of the instrument was also confirmed with the (Marianti et al., 2023; Ningsih et al., 2023; Khoiroh et al., 2023) Average Variance Extracted

(AVE) value of each variable exceeding 0.5 (0.542–0.686), so that the data was declared valid and feasible for further analysis.

Hypothesis Test Results

Table 6. Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistic (O/STDEV)	P values	Hypothesis Results
Rebranding->Brand Equity	0,618	0,622	0,051	12,189	0,000	Accepted
Rebranding->Consumer Preference	0,673	0,681	0,045	15,014	0,000	Accepted

Source: Processed Data (2025)

The results of the hypothesis test showed that Rebranding had a positive and significant effect on Brand Equity ($\beta=0.618$; $p=0.000$) and on Consumer Preference ($\beta=0.673$; $p=0.000$). Since the P-Values in both relationships are 0.000 (less than 0.05) and the path coefficient value (Original Sample) is positive, it can be concluded that Rebranding is empirically proven to have a significant and one-way impact in increasing Brand Equity and Consumer Preference, so the two hypotheses proposed in this study are accepted (supported).

Table 7. Determining Coefficient

	R-square	R-square adjusted
Brand Equity	0,381	0,377
Consumer Preference	0,453	0,449

Source: Processed Data (2025)

Based on the results of the Coefficient of Determination test listed in the table, the R-square value for the Brand Equity variable was 0.381, and Consumer Preference was 0.453. This indicates that the independent variable of Rebranding is able to explain the variability of Brand Equity of 38.1% and Consumer Preference of 45.3%, while the rest (61.9% and 54.7%, respectively) are influenced by other factors outside of this research model. Overall, these results show that Rebranding has a fairly moderate influence, with a stronger impact on the formation of consumer preference than on brand equity.

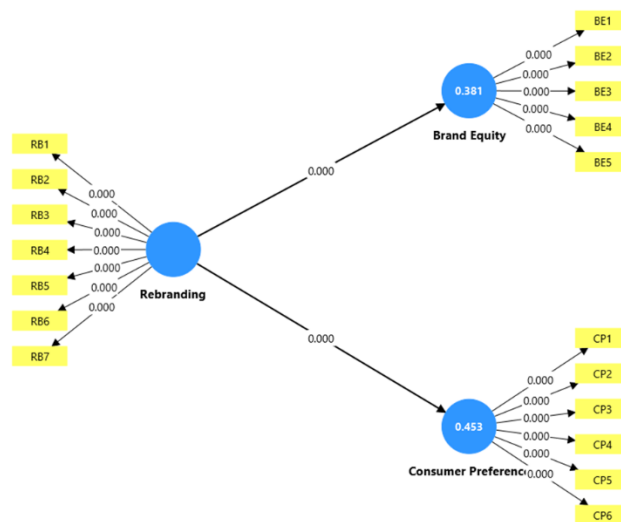


Figure 2. Test Results with SmartPLS Analysis Tool
Source: Processed Data (2025)

Discussion

The findings of this study provide an in-depth understanding of the effectiveness of ACE Hardware's transformation into AZKO. Empirically, rebranding proved to be a positive stimulus that not only maintained the value of the old brand but also revitalized consumer perception. The global licensing strategy, replaced by AZKO's local identity, proved capable of strengthening brand equity ($\beta=0.618$). This shows that the valuable assets that ACE Hardware has built over 29 years are successfully transferred to a new identity through strong visual elements and "A to Z" philosophy. In accordance with the Customer-Based Brand Equity (CBBE) theory, this success occurred because AZKO was able to maintain the impressions of quality (perceived quality) and value (perceived value) that had been attached to customers' minds. The main novelty of this study is the finding that rebranding has a stronger influence on consumer preferences ($\beta=0.673$) than brand equity. This phenomenon can be explained by the profile of respondents, who are predominantly younger (ages 17–35 years). For this segment, the change of identity to AZKO is not just a change of logo, but the creation of a new emotional relevance. From the perspective of the Hierarchy of Effects theory, AZKO's strategy, which embodies a collaborative spirit, has successfully triggered a quicker shift from the direct awareness stage to the preference stage. This new identity provides a new "reason" for consumers to choose the brand amid fierce tooling retail competition, going beyond just a technical assessment of product quality. This proves that targeted rebranding can significantly change consumers' personal tastes and purchase intentions.

CONCLUSION

This research has demonstrated that the identity transformation from ACE Hardware to AZKO is an effective strategic step to maintain brand value and guide consumer behavior. The results of the analysis show that rebranding has a positive and significant effect on brand equity and consumer preferences. The key finding was that rebranding had a stronger impact on the formation of consumer preferences ($\beta=0.673$) than on brand equity ($\beta=0.618$), especially among younger consumers in the Greater Jakarta area.

Theoretically, this study contributes to the brand management literature by expanding the understanding of the direct outputs of rebranding strategies. The validation of the CBBE model in this local context confirms that the release of global licenses, followed by the construction of a strong local identity, can transfer valuable assets (brand equity) from the old brand to the new identity without eroding credibility with customers. This study demonstrates that rebranding plays a crucial role in shaping preferences that extend beyond perceptions of quality. This suggests that identity changes that introduce new emotional relevance and philosophies can accelerate consumer decision-making within the Hierarchy of Effects framework.

For practitioners and managers in the retail sector, the results of this study offer practical guidance in managing the brand transition in the momentum of value communication from Rebranding should not be managed as a mere visual change but should be used as a momentum to communicate new values (such as the collaborative spirit "A to Z" at AZKO) in order to win consumer preferences. Targeting the younger generation is advisable because, given the strong influence of rebranding on the preferences of Generation Z and millennials, retail companies should keep their visual identities up to date to remain relevant to the market's dynamic tastes.

This study has limitations: a sample size of 151 respondents and limited coverage in Greater Jakarta, so generalizations of the results to the national level must be made with caution. In addition, a moderate R-squared value suggests the presence of other factors influencing brand equity and preference. The researcher is further advised to expand the demographic reach to other major Indonesian cities and to consider adding supporting variables, such as brand trust or service quality, to refine this research model.

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