ANALYSING THE IMPACT OF BRAND EQUITY ON CONSUMER PURCHASE INTENTION OF ETUDE HOUSE COSMETIC PRODUCT IN MANADO

ANALISIS EKUITAS MEREK TERHADAP INTENSI PEMBELIAN KONSUMEN DARI PRODUK KOSMETIK ETUDE HOUSE DI MANADO

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Abstract: The high number of imported product sales have made foreign companies became more interested to enter Indonesia’s market, including the Etude House cosmetic products. In order to maintain the existence of the company, a strong brand equity should be built. Aaker’s brand equity theory is used in this research, involving brand loyalty, brand awareness, perceived quality, and brand association. The purpose of this study is to examine the impact of brand equity on consumer purchase intention. The data collection method used the non probability convenient sampling technique. A sample of 100 questionnaires were distributed to the customer of Etude House in Manado, and multiple regression analysis was used. Previous research from Jalivand, Samiei & Mahdavinia (2011) proves that all the elements of brand equity has a significant influence on consumer purchase intention in automobile industry. The findings of this research shows that simultaneously all the elements of brand equity has a strong influence on customer purchase intention. While partially only perceived quality and brand association influence customer purchase intention, whereas brand loyalty and brand awareness does not have any significant influence on customer purchase intention. Thus, Etude House should build a good relation with the customer to create strong brand loyalty and improve the product’s design to be more attractive and easy to remember by the customers.

Keywords: brand equity, purchase intention


Kata kunci: ekuitas merek, intensi pembelian
INTRODUCTION

Research Background

Globalization era and free market has open the opportunity for local and imported product to spread their business all over the world. Many business are seeking even creating some issues in order to people can create new demand and they can fulfil people needs by supplying the demands. Many companies develop marketing strategies to improve their sales and to make their brands stand out among competitive ones. For most firms, the ultimate goal of marketing success is to generate a brand, which can differentiate their companies from others. A brand is a name, a term, a symbol, or any other unique element of a product that identifies one firm’s products and sets them apart from the competition (Solomon and Stuart, 2002:270).

The term, “brand equity” became one of the most important marketing concepts since 1980s and it has been defined as a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers (Aaker, 1991:15). Aaker equates brand equity with the following elements: brand loyalty, brand awareness, perceived quality, brand association, and other proprietary brand assets.

From the ancient times, women is very concerned about their appearance. The more beautiful they are, the more confidence they gained. Furthermore, women kit such as dress, shoes or bags are becoming their tools. Consequently, woman is very concerned about types of the cosmetic that they want to use for improving their face look prettier than usual. Indonesia’s health minister defines cosmetics as a substance or preparation intended to be placed in contact with the various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and/or correcting body odours and/or protecting them or keeping them in good condition, improve body odor but is not intended to treat or cure a disease (Health Minister Permenkes, 1998). The data from the Ministry of Industry, cosmetics sales in Indonesia grew double digits per year. Nationwide sales of cosmetics increased by almost 15% from 8.5 trillion RP in 2011 to 9.76 trillion RP in 2012, and increase 15% to 11.22 trillion in 2013. Ministry of Industry predicted that Indonesian consumers will continue increase their spending on cosmetics for a couple years ahead. Strong demand of cosmetics attract imported product from foreign companies to deliver their product in Indonesia, especially for premium products. Sales of import products are raising 30% each year from 1.87 trillion RP in 2011 to 2.44 trillion RP in 2012, to 3,17 trillion RP in 2013. It proves that imported product is easily get their own market in Indonesia.

Etude House is a cosmetic brand from South Korea, made in Korea and widely available in Asia. This brand is one of the famous and favorite cosmetics brand for woman. The name of Etude House product has become popular, as they keep creating new product to fulfill customers’ needs. The marketer also realize that is not only about gaining profit from the sales volume, but it is also about creating a strong brand equity to attract the customer purchase intention.

Research Objectives

The objectives of this research that have to be achieved is to analyze the influence of :

2. Brand awareness on consumer purchase intention Etude House cosmetic product.


**THEORETICAL REVIEW**

**Theories**

**Marketing**

Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging product and services of value with others. (Kotler & Keller, 2011:216). Marketing is the process create by the society in order to fulfil each other needs and wants by offering the products and services.

**Brand Equity**

Brand equity is the existing extent literature has evaluated the brand equity from two different point of view; financial perspective and customer perspective (Lassar, Mittal & Arun, 1995). The marketing and financial values linked with a brand’s strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand associations (Pride & Ferrel, 2003:299). Brand equity contains several element that can create the value. It is anything related with the brand’s strength in the market.

**Brand Loyalty**

Aaker (1991:16) defines, brand loyalty as symbolizes a constructive mind set toward brand that leading to constant purchasing of the brand over time. The way how to measure brand loyalty according to Rundle-Thiele & Bennett (2001) were empirically researched into three major categories; multi dominan approach, behavioral approach, and attitudinal approach. A loyal customer tend to make a continous purchase of a certain product.

**Brand Awareness**

Brand awareness will be created by ongoing visibility, enhancing familiarity and powerful associations with related offerings and buying experiences (Keller, 1998:75). Indicator to measure brand awareness includes, consumer recognition, recall, top-of-mind awareness, knowledge dominance, and recalls performance of brands, as well as brand attitude (Kim Hoon et al, 2008). Through seeing anything that is linked with the certain brand, a customer can easily aware and recognize the product.

**Perceived Quality**

Perceive quality is the overall perception of customers about brilliance and quality of products or services in comparing with the rivalry offering (Aaker, 1991:85). There are several factors to be considered in order to analyze and measure perceived quality which are: reliability, serviceability, appearance, performance, and durability (Parasuraman & Berry, 1985). It is different from one another, how the customer perception of one certain product, it is depend on product’s ability to convince the customer that their product is better than the competitors.

**Brand Association**

Aaker (1991:25) believes that, brand association and brand equity are strongly interrelated to each other because brand association enhances the memorable of a particular brand. Keller (1998:78) stated that, brand association can be created via the association with attitudes, attributes and benefits respectively. Brand association is how the product can sucessfully associate their product with anything that may add some benefit to their products.

**Consumer Purchase Intention**

Consumer purchase intention is a consumer’s attitude and assessment and external factors construct consumer purchase intention, and it is a critical factor to predict consumer behavior (Fishbein & Ajzen , 1975:289). There are many product choices offers by different companies in order to fulfil people needs. The purchase intention of customers determine whether or not they will buy the product.
Previous Research

There are four journals found that related to this research, which are showing different result. The conclusion found from this several journal is that brand equity and its four elements which are brand loyalty, brand awareness, perceived quality, and brand association has an impact / influence to consumer purchase intention to buy a product in sony digital cameras, food industries, and automobile industries, but the study of automotive industries in Surabaya found that not all the elements of brand equity does influence consumer purchase intention. The result can be different it depends on the research object and research location.

Conceptual Framework

![Figure 3.1 Conceptual Framework]

Research Hypothesis

1. \(H_1\) : Brand loyalty, brand awareness, perceived quality, and brand association affect customer purchase intention of Etude House cosmetic products simultaneously
2. \(H_2\) : Brand loyalty affect customer purchase intentions of Etude House cosmetic products partially.
3. \(H_3\) : Brand awareness affect customer purchase intention of Etude House cosmetic products partially.
4. \(H_4\) : Perceived quality affect customer purchase intention of Etude House cosmetic products partially.
5. \(H_5\) : Brand association affect customer purchase intention of Etude House cosmetic products partially.

RESEARCH METHOD

Type of Research

This research is a causal type of research where it will investigate the influence of brand equity on consumer purchase intention of Etude products in Manado. Causal research is proper when the research objective is to identify variables that cause the phenomenon being predicted and understand why they cause what is being predicted.

Place and Time of Research

The study of this research is conducted in Manado. Starting from May – June 2015.
Population and Sample
The population refers to “the entire group of people, events, or thing of interest that the researcher wished to investigate”. The population of this research are the customer of Etude House in Manado. Sample is a subset of a population, it comprises some members selected from it (Sekaran & Bougie 2010:119). The sample taken for this research using non-probability accidental (convenience) sampling technique. Convenience sampling is collecting information from members of the population whose are conveniently available to provide it (Sekaran & Bougie, 2010:120). The total sample was 100 respondents which are the customer of Etude House.

Data Collection Method
Data information collected to support this research is taken from primary and secondary data. The primary data of this research are taken from questionnaire. Questionnaires are distributed to the customers of Etude House products. The secondary data is data collected by studying the relevant literature in order to obtain a theoretical overview from books, journals, and relevant literature from library and internet.

Definition of Research Variables
1. Brand Loyalty (X₁) is when customers are satisfied with one of the Etude products and tend to buy it over and over for a long period of time.
2. Brand Awareness (X₂) is when people aware or recognize the Etude brand, its name, its logo or symbol, because the more familiar the brand is, the higher the willingness of people to buy the product.
3. Perceived Quality (X₃) is how the customers assess the quality of Etude products. It would be different from one and another customers, depends on their perception.
4. Brand Association (X₄) created when people see or hear Etude product their mind will automatically think about Korean beauty, because this product was made from Korea and the stereotype of Korean woman which is they have a beautiful skin.
5. Consumer Purchase Intention (Y) occurs because of many kind of reasons that makes people have an intention / willingness to buy Etude product and become a customers of Etude.

Measurement of Research Variables
In order a respondent to measure the rating of the questionnaire, the grading point of likert scale will be used. Likert scale was associated with a statement about one’s attitude towards something.

Data Analysis Method

Validity and Reliability Test
In order to measure validity, construct validity has to be utilized and the measurement for the validity is factor analysis. Reliability test can be used as a measure that signals the consistency and stability of the instruments used in the survey when repeated measurements are made. A well known approach to measure reliability is to use the Cronbach alpha. The value of Cronbach alpha with the range of greater than 0.70 is considered acceptable and good.

Multiple Regression Analysis Model
Multiple regression analysis is the process of constructing a mathematical model or functions that can be use predict or determine one variable by another variable or other variables. The equation is:
\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \]
Whereas:
- \( Y \) : Customer Purchase Intention
- \( a \) : Intercept
- \( b_1, b_2, b_3, b_4 \) : The regression coefficient of each variable
- \( X_1 \) : Brand Loyalty
- \( X_2 \) : Brand Awareness
- \( X_3 \) : Perceived Quality
- \( X_4 \) : Brand Association
- \( e \) : error
RESULT AND DISCUSSION

Result

Validity and Reliability

All the indicators of independent variables are stated as valid, the validity test shows that the probability of correlation is less than 0.05 (5%) then the research instrument is stated as valid. For X₁, the Alpha Cronbach is 0.946. For X₂, the Alpha Cronbach is 0.744. For X₃, the Alpha Cronbach is 0.955. For X₄, the Alpha Cronbach is 0.954. For Y, the Alpha Cronbach is 0.935. In this research it shows that the Alpha Cronbach of the entire variables is higher than 0.6, therefore the research instrument is reliable.

Multiple Regression Test

Table 1. Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>4.998</td>
<td>1.570</td>
<td></td>
<td>3.184</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>Brand Loyalty</td>
<td>.154</td>
<td>.089</td>
<td>.169</td>
<td>1.728</td>
<td>.087</td>
</tr>
<tr>
<td></td>
<td>Brand Awareness</td>
<td>.057</td>
<td>.080</td>
<td>.074</td>
<td>.709</td>
<td>.480</td>
</tr>
<tr>
<td></td>
<td>Perceived Quality</td>
<td>.247</td>
<td>.098</td>
<td>.289</td>
<td>2.515</td>
<td>.014</td>
</tr>
<tr>
<td></td>
<td>Brand Association</td>
<td>.356</td>
<td>.103</td>
<td>.373</td>
<td>3.444</td>
<td>.001</td>
</tr>
</tbody>
</table>

a. Dependent Variable : Y

The equation is as follows :

\[ Y = 4.998 + 0.154X_1 + 0.057X_2 + 0.247X_3 + 0.356X_4 + e \]

1. If the others are constant, an increase of Brand Loyalty (X₁) will result in an increase Consumer Purchase Intention (Y).
2. If the others are constant, an increase Brand Awareness (X₂) will result in an increase of Consumer Purchase Intention (Y).
3. If the others are constant, an increase of Perceived Quality (X₃) will result in an increase of Consumer Purchase Intention (Y).
4. If the others are constant, an increase of Brand Associations (X₄) will result in an increase of Consumer Purchase Intention (Y).

Table 2. Result of R and R²

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of The Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.815</td>
<td>.664</td>
<td>.649</td>
<td>1.43325</td>
</tr>
</tbody>
</table>

a. Predictors : (Constant) X₁, X₂, X₃, X₄
b. Dependent Variable : Y

The R number 0.815 explains that the relationship between variables is strong. R Square explains that 66.4%, variable y influenced by X₁,X₂,X₃,X₄. The rest 33.6% influenced by the other factors.

Classical Assumption Test

The tolerance value of brand loyalty is 0.369, brand awareness is 0.323, perceived quality is 0.269, brand associations 0.302 which are more than 0.10 while the VIF value of brand loyalty is 2.712, brand awareness is 3.092, perceived quality is 3.718, and brand associations is 3.315, all of the value are less than 10,
means that all of the variables is free from multicollinearity. The pattern of the dots is spreading and do not create a clear pattern, so the dots is spreading around above and below 0 (zero) in the Y axis. This is proved the model is free from heteroscedasticity. By using Kolmogorov-Smirnov test, it shows that the sig. value is 0.679, which is >0.05. It proves that the data is normally distributed.

### Hypothesis Testing

#### Table 3. F-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>384,851</td>
<td>4</td>
<td>96,213</td>
<td>46,837</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>195,149</td>
<td>95</td>
<td>2,054</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>580,000</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable : Customer Purchase Intention  
b. Predictors : (Constant), Brand Association, Brand Loyalty, Brand Awareness, Perceived Quality.  

*Source : Processed Data, 2015*

As shown, F value is 46,837 with the level of sig. 0.000. The degree of freedom 1 (numerator) is 4, and degree of freedom 2 (denumerator) is 95, then F<sub>table</sub> is 2.47, H<sub>0</sub>/H<sub>1</sub> can be accepted if the number of F<sub>count</sub> > F<sub>table</sub> = 46,837 > 2.47, or the sig. p < 0.05. Therefore, in this case H<sub>1</sub> is accepted, means that independent variables simultaneously influence the dependent variable.

#### Table 4. T-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T</th>
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</tr>
</thead>
<tbody>
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<td>1,570</td>
<td></td>
<td>3,184</td>
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<tr>
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<td></td>
<td>.356</td>
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<td>.373</td>
<td>3,444</td>
<td>.001</td>
</tr>
</tbody>
</table>

*Source : Data Processed, 2015*

1. Brand Loyalty (X<sub>1</sub>) and Purchase Intention (Y)  
The table above shows t<sub>count</sub> < t<sub>table</sub> = 1,728 < 1,985. Because the amount of t<sub>count</sub> is smaller than t<sub>table</sub>, then H<sub>0</sub> is accepted, and H<sub>1</sub> is rejected.

2. Brand Awareness(X<sub>2</sub>) and Purchase Intention (Y)  
The table above shows t<sub>count</sub> < t<sub>table</sub> = 0.709 < 1,985. Because the amount of t<sub>count</sub> is smaller than t<sub>table</sub>, then H<sub>0</sub> is accepted, and H<sub>1</sub> is rejected.

3. Perceived Quality (X<sub>3</sub>) and Purchase Intention (Y)  
The table above shows t<sub>count</sub> > t<sub>table</sub> = 2.515 > 1,985. Because the amount of t<sub>count</sub> is larger than t<sub>table</sub>, then H<sub>0</sub> is rejected, and H<sub>1</sub> is accepted.

4. Brand Association (X<sub>4</sub>) and Purchase Intention (Y)  
The table above shows t<sub>count</sub> < t<sub>table</sub> = 3.44 > 1,985. Because the amount of t<sub>count</sub> is larger than t<sub>table</sub>, then H<sub>0</sub> is rejected, and H<sub>1</sub> is accepted.

### Discussion

Brand equity is one of the strongest factors that influence consumer when it comes to making a purchase intention. Based on the research result proves that the four elements of brand equity; brand loyalty, brand awareness, perceived quality, and brand association does influence consumer purchase intention simultaneously. Brand Loyalty is found does not have any impact to consumer purchase intention of Etude House product in Manado. The result shows that people in Manado are not significantly a loyal customer to Etude House. This condition might be because Etude House is considering new in cosmetics industry, so that people can not consider themselves as a customers who uses Etude in a long period of time, or remembering the cosmetics and skin care product have a lot of types and variants, so many people are using different cosmetics brand to fulfill
their needs. Brand Awareness is also found does not have any impact to consumer purchase intention of Etude House product in Manado. People are not really aware of Etude House brand, and they are not significantly gain their purchase intention to Etude House product because of brand awareness. This condition might be because there are many other cosmetics product that already popular and has been exists way before Etude House. Perceived quality is found significantly impact customer purchase intention, which means that the customer of Etude House product in Manado are easily add the value of Etude House based on their perception. It found that the intention of the customer in Manado to buy products from Etude House influenced by the perceived quality. Brand association is significantly influence customer purchase intention, which means that Etude House products brand association is successfully attached in people’s mind. Etude House customer in Manado is significantly intent to purchase the products by the brand association variable. In this case, Korean fever that has been existed in Manado was used as the strength of almost Korean cosmetic companies. As long as the paradigm of “white girls is more beautiful than those who does not” exists, this products can maintain their existence in cosmetic industry in Manado.

Comparing with the findings of previous research from Jalilvand, Samiei & Mahdavinia (2011) shows that brand loyalty, brand awareness, perceived quality, and brand association does impact consumer purchase intention of automobile industry in Iran, while the other research from Santoso & Cahyadi (2014) found that only brand association and brand loyalty which have a significant influence on consumer purchase intention of ABC in Surabaya. In accordance, this research also found only perceived quality and brand association that influence customer purchase intention. The result might be different depends on the object and location of the research.

CONCLUSION AND RECOMMENDATION

Conclusions
There are five constructive findings in this research, which are listed as follow :

2. Brand loyalty does not affect consumer purchase intention of Etude House product
3. Brand awareness does not affect consumer purchase intention of Etude House product partially
5. Brand association does not affect consumer purchase intention of Etude House product partially.

Recommendation
Therefore, the several recommendations given are :

1. Etude House still have few loyal customers who are willing to keep using Etude House product for a long period of time, even though the result shows that brand loyalty does not impact customer purchase intention significantly. Thus, Etude House should build a good relationship with their customers and make sure to keep the customer loyal to them. Etude House should not only focus on getting new customers instead of maintain the old one as well.
2. Brand awareness also is an important factor to grab the customer retention and keep the old one, unfortunately the brand awareness of Etude House is not significantly influence the purchase intention. This study can help Etude House to fix their brand awareness, so that the potential buyer could be more aware to the brand, they could recognize and recall it easily.
3. As for the strengtgh, Etude House have already made a good effort for the perceived quality and brand association. Therefore, sustainability for the strength components need to be implemented in order to keep the existing and acquire a new customer.
REFERENCES


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