THE INFLUENCE OF ADVERTISING AND BRAND EQUITY ON PURCHASE DECISION
(Case study on Jambuluwuk Batu Village Resorts and Convention Hall Guest)

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ABSTRACT

The purposes are to examine and analyse the effect of advertising on purchase decision; to examine and analyse the effect of advertising on brand equity; and to examine and analyse the effect of brand equity on purchase decision. This research used explanatory research with the quantitative approach. The variables are advertising, brand equity and purchase decision. The collection of data obtained from distributing questionnaires to 116 guests from Jambuluwuk Batu Village Resorts and Convention Hall. This research is used purposive sampling for sampling technique. This research is use path analysis method. The path analysis result showed that advertising has significant effect on brand equity; advertising has significant effect on purchase decision; and brand Equity has significant effect on purchase decision. Therefore, management of Jambuluwuk Batu Village Resorts and Convention Hall should be maintained and improved their brand through advertising indicator.

Key Words: Advertising, Brand Equity, Purchase Decision.
INTRODUCTION

Tourism in Indonesia is one of the important economic sectors in Indonesia. In 2014, tourism ranked number three in terms of the reception of foreign exchange after oil and gas commodity as well as palm oil. Seeing the positive trend of Indonesia's tourism, hospitality industry is likely to continue to be a fertile ground for investment. Growth of hotel industry cannot be separated from the development of the tourism sector.

Now hospitality industry is well developed in many big cities and tourism city. Tourism industry sector purposeful developed in many potential area in Indonesia such as Bali, Lombok, Komodo Island, Raja Ampat, and in Java island there are Jogjakarta city, Bromo montain, Baluran National Forest, Kawah Ijen, Batu Tourism City, etc. In any potential hospitality industry was build to fullfil tourist's accomodation need.

One example of that area is Batu city, because batu city surrounded by many natural and artificial objects, the tourist attractions in Batu city is growing a lot, bothits natural or artificial tourism travel. Especially since the introduction of 2010 Batu city in as Tourism City.

The hospitality industry continues to grow as seen from the numbers continue to rise. The large number of hotels built tend to target the same market, this makes the tough competition in the hospitality industry. The same market segmentation of five star hotel is resulting in intense competition among five-star hotel.

The large number of hotels in Batu city will direct and position of the hospitality industry businesses willexpand their business and grab market share. One of the most important assets to reach the market is the brand. Brand is very important for a product or service, because the brand can be a competitive advantage for the company.

According to Susanto and Wijanarko (2004:2), a strong brand is an intangible asset that is very valuable for the company and a major strategic marketing tool. It will build a strong brand loyalty and encourage their loyalty in repeating purchases.

One five-star hotel in Batu City that has a uniq style and new comers for resorts in Batu city is Jambuluwuk Batu Village Resort and Convention Hall. It has existed for more than 5 years and has more review from tourism destination site in internet, based on the data from travel.kapanlagi.com. Moreover, Jambuluwuk has a good data of guest occupancy recorded from 2010 (opening) until 2016 (6 years to go).

The employees had to work quickly, accurately but still friendly. Physical appearance of Jambuluwuk Batu Village Resort and convention hall is made in such a way to highlight the indigenous Indonesian which features traditional bungalow buildings look outside and added modern touches in, which is built on a cliff without changing of texture land with a beautiful highland scenery.

For terms of sale, Jambuluwuk using newspapers, radio, magazines on Lion Air, email blasts, website, online travel sites, banners, billboards, flyers, and brochures. The selected media is relate to the world of tourism media, because its target audience is travelers, foreign tourists, and businessmen. Based on advertising media used by Jambuluwuk. Jambuluwuk choose the advertising strategy for build a strong brand.

People nowadays are increasingly aware to use of service that have strong brand, and good review for testimonial another guest, knowing the benefit from the hotel vailability from many advertising can creat a brand equity and make guest to choose to stay at the hotel.

Based on the introduction, the formulation of the problem statement in this study are:

1. Does advertising influence brand equity?
2. Does advertising influence purchase decision?
3. Does brand equity influence purchase decision?

LITERATURE REVIEW

Advertising

Advertising is all forms of presentation and promotion of nonpersonal over ideas, goods or services made by a company (Hermawan, 2012 : 72). According to Kotler (2005:277), Advertising is defined as a form of non-personal presentation and promotion of ideas, goods, or services that require financing by sponsors. According to Kennedy and Soemanagara (2006:49), advertising is a marketing communications activity using mass media in the process for delivering his message. It can be concluded that advertising is an activity used by a person or group of people to influence or direct the thoughts of others on a specific goal by using certain media.

a. The purpose of Advertising

Advertising purposes can be classified according to their target, namely to give information, persuasion, or remind buyers, adding value and helping other businesses of the company.
Suyanto (2007:145) explained further about these goals as follows:

1) Informative Advertising
Build awareness and knowledge about products and new features from existing products, indicates changes in prices and product packaging, explains how the product, reduce consumer fears, enhancing products

2) Persuasive Advertising
It aims to form a selective request to a brand, performed on the stage of competitive brand preference by forming, encouraging consumers to do over the brand, change the perception of consumers about product attributes, persuaded consumers to make purchases now, and persuading consumers to accept the visit of a top sales company.

3) Reminder Advertising.
Aims to remind consumers on an established product that such product will probably be needed then, reminds the consumer wherea consumer can buy, make fixed considering the product despite the unseasonably, and maintaining awareness of the summit.

4) Advertising Value Adder.
Aims to add value to the brand by innovating to change consumer perceptions of product quality, improvement and strengthening of the perception of consumers. Effective product advertising will be seen more elegant, more stylish, more prestigious and possibly strong in competition.

b. Target Advertising
According to Tjiptono (1997:81), advertising activities have objectives as follows:
1) Awareness
2) Remind to use
3) Changing attitudes about the use of the product
4) Changing perceptions
5) Changing beliefs about the brand
6) Attitude Reinforcement

c. Media of Advertising
Marketers should be careful in determining media advertising, in this case the marketer must know the ins and outs of media that will be used, as each media has advantages and disadvantages of each. As outlined by Kotler (2005:289) in the following table:
1. Elektronik Media
   Radio, television, phone, internet
2. Print Media
   Newspaper, magazine, outdoor media, periodic news, brochure.

Brand equity
Kotler and Keller (2007:332) defines brand equity is the value given on the product and services. This value can be reflected in how consumers think, feel, and act against about brand, price, market share, and profitability of the firm. According to Aaker in Hasan (2009:158), Brand equity is a series of assets that are associated with a brand, which can increase the value of the product for the customer. Based on this definition can be defined that brand equity is the value of the given goods and services due to the grant of a trademark on goods and services. Brand with a high equity can create competitive advantage.

a. The dimensions of brand equity
1) Brand Awareness
   Aaker in Hasan (2009:158) defines brand awareness as the level of awareness to recognize the presence of a brand as part of its product categories. Brand awareness describes the presence of the brand in the consumer's mind, which can be decisive in some categories and usually has the role of keywords in brand equity (Durianto, 2004:6). Based on this definition, it can be deduced that brand awareness is the awareness of potential buyers to recognize or recall a brand, when they looking for and needs product or services.

2) Brand Association
   Aaker in Hasan (2009:158) defined the brand association is everything associated with the brand in memory or a set of associations that formed by consumers or formed in their mind. The association of the brand is something that deals with the recollection of a brand (Susanto and Wijanarko, 2004:132). Based on this definition can be deduced everything that directly or indirectly related in the memory of the customers towards the brand.

3) Perceived Quality
   According to Aaker in Durianto (2004:3) perceived quality is the perception of the consumer against the overall quality or excellence of a product or service that has similar expected customer need. Based on definitions, it can be concluded that the perceived quality is consumer perception is based on an assessment of the consumer against the overall quality or excellence of a product or service with respect to the mean expected by the manufacturer or the company.

4) Brand Loyalty
   Aaker in Hasan (2009:158) defines brand loyalty is a measure of the closeness of customers on a brand and positive feelings towards a brand. Brand loyalty was consistent preference on one brand exceeds than the other brand (Lamb et al,
2001:424). Based on this definition, it can be deduced that brand loyalty is the loyalty of consumers to the brand, and is not going to switch brands.

**Purchase Decision**

The Decision making processes through the purchase of all consumers in identifying problems, finding solutions, evaluate alternatives, and choosing between the options of their purchase (Mowen and Minor, 2002: 7). Tjiptono (1995: 19) stated that based on the purpose of the purchase, the consumer can be classified into two groups, is individual consumer and organizational consumers (industrial consumer, broker consumer, business consumer).

**b. The Stage of Purchase Decision of Service Consumer**

Purchasing process begins when some one gets stimulus (thought, action or motivation) who encouraged him to consider the purchase of certain goods or services. Based on Tjiptono (2014:54), it can be concluded that:

a) pre-purchase phase includes all consumer activity that occurred before transaction and use of services. This stage includes three processes, namely the identification of needs, information search and evaluation of alternatives.

b) consumption stage is the stage of the consumer decision process in which consumers buy and use the product or service.

c) after-purchase evaluation stage is the stage of the consumer decision-making process when consumers determine whether he has made the right decision.

**c. Purchase Decision Structures**

The decision to purchase is taken by the buyer who was actually a collecting several decisions. According to Kotler (2000: 109), every purchase decision has seven components structure:

1) Types of products
2) Form of the products
3) Brand Choice
4) Dealer Choice
5) The amount of purchase
6) The timing of purchase
7) Payment Methods Options

**Hypothesis**

Singarimbun and Effendi (2006:43) said hypothesis is the important part or every research must be included in. It is because hypothesis is the work instrument from theories. The conceptual model and hypothesis in this research is:

- $H_1$: Advertising influence to brand equity
- $H_2$: Advertising influence to purchase decision
- $H_3$: Brand Equity influence to purchase decision

**Figure 1: Hypothesis Model**

**Explaination**:

- $H_1$: Advertising influence to brand equity
- $H_2$: Advertising influence to purchase decision
- $H_3$: Brand Equity influence to purchase decision

**RESEARCH METHOD**

This research used explanatory research and used quantitative research. This research used Likert Scale as the measurement. This research was located in Batu City, East Java. The collection of data obtained from distributing questionnaires to 116 guests of Jambuluwuk Batu Village Resorts and Convention Hall. It got from formula samples using the formula of Machin and Champbell because the population number is unknown. This research is using purposive sampling as non probability sampling. Sample criteria in this research are:


b) The respondent should be more than 18 years old, because they have been adult and rational thought.

**RESULT AND DISCUSSION**

**Descriptive Analysis**

Guests of Jambuluwuk Batu Village Resorts and Convention Hall came from different educational background and majority of them, and had high educational background. The dominant gender was male and the highest occupation was as private employees. The highest respondents were 32 – 36 years old with the number 32 people. The highest residence respondents from Surabaya. The length of time become guest had a high frequency was become guest for two years. The intensity for stay every year had a high frequency was once every year for stay. And the
dominant reason for stay because the resorts has unique building.

Path Analysis

The results of path analysis can be seen in Table 1.

Table 1. Result of Path Analysis

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent Variable</th>
<th>Beta Coefficients</th>
<th>t_value</th>
<th>P_value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising (X)</td>
<td>Brand Equity (Z)</td>
<td>0.653</td>
<td>9.196</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Advertising (X)</td>
<td>Purchase Decision (Y)</td>
<td>0.265</td>
<td>3.313</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>Brand Equity (Z)</td>
<td>Purchase Decision (Y)</td>
<td>0.566</td>
<td>7.092</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

H1 = There is effect of Advertising on Brand Equity

The beta coefficient 0.653, it indicated that Advertising has significant effect on brand equity by t_value with the number 9.196 and the probability with the number of 0.000 (p<0.05). The decision is rejected H0. It means hypothesis, there is effect of advertising on brand equity is accepted.

H2 = There is Advertising on Purchase Decision

The beta coefficient 0.256, it indicated that Advertising has significant effect on purchase decision by t_value with the number 3.313 and the probability with the number of 0.001 (p<0.05). The decision is rejected H0. It means hypothesis, there is effect of advertising on purchase decision is accepted.

H3 = There is effect of Brand Equity on Purchase Decision

The beta coefficient 0.566, it indicates that brand equity has significant effect on purchase decision by t_value with the number 7.092 and the probability with the number of 0.000 (p<0.05). The decision is rejected H0. It means hypothesis, there is effect of brand equity on customer satisfaction is accepted.

Based on the results described previously, it can be concluded that the indirect effect between variables have greater influence than the direct effect with the percentage of 26.5%. It means that the variable brand equity more dominate to affect the decision of guest's to choose stay at Jambuluwuk Batu Village Resorts and Convention Hall. Brand have a power to deliver a full sensory and emotional experience, it is not enough to present a product or service in an advertising visually. Therefore, the guests satisfied with the overall service, provided by the hotel. So guests have ability to forming positive image from Jambuluwuk Batu, this is give positive effects for guest to stay twice more in Jambuluwuk and recommended to others. So that, for advertising and perceived quality on Jambuluwuk Batu Village Resorts and Convention Hall accordance with the expectation of hotel guests

\[ R^2_{model} = 1 - (1 - R^2_{1}) (1 - R^2_{2}) \]
\[ = 1 - (1 - 0.574) (1 - 0.414) \]
\[ = 1 - 0.2376 \]
\[ = 0.7624 or 76.24\% \]

The results of the model calculation provisions of 76.24% explained that the contribution of the structural model to describe the relationship of the three variables studied amounted to 76.24%. While the remaining 23.76% is explained by other variables not included in this research model.

1. The influence of advertising on brand equity

The result of path analysis of the positive effect of advertising on brand equity variable showed with the number of path coefficient 0.653, it indicates that advertising has significant effect on brand equity by t_value with the number 9.196 and the probability 0.000 (p<0.05). It can be inform that three indicators used in advertising variable who have the highest grand mean is electronic media indicator with 4.02. It means that the indicator of electronic media giving highest contribution in creating positive advertising for hotel guest of Jambuluwuk Batu Village Resorts and Convention Hall, advertising creates brand awareness and also build repetitive and cognitive loyalty from hotel guests.

The result of this research can be showed that advertising variable which implemented by Jambuluwuk Batu Village Resorts and Convention Hall were able to make the hotel guest known and remember Jambuluwuk Batu Village Resorts and Convention Hall brand.
The results support to Kurnyawati’s research (2014). The results of Kurnyawati’s research were similar with this research such as advertising variable has significant effect on brand awareness, brand awareness variable has significant effect on purchase decision, and advertising variable does not significant on purchase decision. The comparison between Kurnyawati’s research and this research results is in Kurniawati’s research examineabout brand awareness variable, and in this research examined brand equity variable including brand awareness, brand association, perceived quality, and brand loyalty. The participants of Kurnyawati’s research are students of Faculty Administrative Sciences (FIA) majoring Business Administration on Brawijaya University class of 2012-2013, who know the advertising of lifebuoy soap and using lifebuoy soap.

2. The Influence of Advertising on Purchase Decision

The result of path analysis, it has positiveeffect of advertising on purchase decision variable showed with the number of path coefficient 0.265. It indicates that advertising has significant effect on brand equity by t_{\text{test}} with the number 3.313 and the probability 0.001 (p <0.05). It can inform that three indicators used in the advertising variable are print mediavertising has 3.89 mean indicator, electronic media advertising has 4.02 mean indicator, and Outdoor media advertising has 3.93 mean indicator. Electronic media giving highest contribution, this makes hotel guest choose to stay at Jambuluwuk Batu Village Resorts and Convention Hall.

The result of the research showed how advertising variable influence on purchase decision for hotel guest to stay at Jambuluwuk Batu Village Resorts and Convention Hall. Hotel guests interested on advertising that they see from newspapers, billboards, and advertising on the Internet about advantages and privileges Jambuluwuk Batu Resorts and Convention Hall, and supported with attractive pictures and reviews from previous guests that stated the price offered on advertising in accordance with the expectations of hotel guests, this assured for hotel guests to use the services of Jambuluwuk and became a loyal guest, because the advertising are offered in accordance with what they expect.

This results support to Haryanti’s research (2011), the result of Haryanti’s research that similar with this research such as in houseadvertising, outdoor advertising, and specialty advertising that have significant effect on purchase decision. The comparison between Haryanti’s research and this research results are while in Haryanti’s examined about in houseadvertising variable, outdoor advertising variable, and specialty advertising variable, this research only examined advertising variable including print media indicator, electronic media indicator, and outdoor media. The research of Haryanti’s conducted on guests of Quality Hotel in Surakarta.

3. The Influence of Brand Equity on Purchase Decision

The result of path analysis of the positiveeffect of brand equity on purchase decision, showed with the number of path coefficient 0.566, it indicates that brand equity has significant effect on purchase decision by t_{\text{test}} with the number 7.092 and the probability 0.000 (p <0.05). It can be inform that it has four indicators which used in brand equity variable include brand awareness indicator, brand association indicator, perceived quality indicator, and brand loyalty indicator. Brand awareness indicator has grand mean 11.81, it means that the indicator of brand awareness giving highest contribution in creating positive brand equity for hotel guest of Jambuluwuk Batu Village Resorts and Convention Hall. Brand has an equity if consumer recognize and remember a brand in one product/service category who have better than others products/service. Created Brand awareness made consumers understand the product category, therefore brand awareness always rated the most in brand equity and followed by brand association, perceived quality and brand loyalty. The result of the research can be seen with brand equity variable implementing by Jambuluwuk Batu Village Resorts and Convention Hall which is able to make the hotel guest recognize and remember Jambuluwuk Batu Village Resorts and Convention Hall brand.

This results are also supported by the previous research that carried out by Bonwanna, Srisuwannapa, and Nuttawut’s (2014) that brand equity affecting purchasing decision process. The similar result concluded that brand equity have a significant influence on purchase decision. The comparison between Bonwanna, Srisuwannapa, and Nuttawut’s and this research is in this research examined about advertising and brand equity influence on purchase decision but in Bonwanna, Srisuwannapa, and Nuttawut’s only examine brand equity variable without advertising variable. The research of Bonwanna, Srisuwannapa, and Nuttawut’s conducted on consumer of doughnut from the department store in Bangkok.
The results obtain from this research correspond to the researches done by Agusli and Kunto’s (2013), the result of this research is brand equity variable consist of brand awareness, brand association, perceived quality, and brand loyalty, have a significant influence on buying intention guest in Midtown Hotel Surabaya, so it can be defined as interest guests arise because experience guest to get more pleasure from hotel services. If the interest had been formed, so guest would not switch brand and repeat purchase for stay to the hotel.

CONCLUSION AND RECOMMENDATION

Conclusions
Based on the research that has been conducted by researcher, it can be concluded, as follows:
1. Advertising variable (X) has a positive and significant effect on brand equity (Z). This is proven by the probability of (0.000) < 0.05, which means there is a significant effect.
2. Advertising variable (X) has positive and significant effect on purchase decision (Y). This is proven by the probability of (0.001) < 0.05, which means there is a significant effect.
3. Brand equity variable (Z) has a positive and significant effect on purchase decision (Y). This is proven by the probability of (0.000) < 0.05, which means there is a significant effect.

It can be concluded of results from this research the effect of advertising and brand equity on purchase decision that the pointed of study, carry out that advertising creates brand awareness. It also that advertising builds repetitive and cognitive loyalty, and will have an impact on purchase decisions.

Recommendation
Based on the conclusions above, we can express some suggestions which are expected to be useful for the company as well as for others. The advice given, among others:
1. Management of Jambuluwuk Batu Village and Convention Hall should be maintained and enhanced the indicators of advertising that has significant effect on brand equity and purchase decision. Strategies that can be used by Jambuluwuk Batu Village and Convention Hall to increase advertising that has significant effect on brand equity and purchase decision areas follows; first, maximizing the electronic media, providing attractive deals offered through email blasts, always up date for the innovation of website owned by Jambuluwuk, and featuring the best photos from the hotel area to plug in the online travel sites, so that through advertising, it can build brand equity in the minds of guests that have an impact on decision of guests to stay at Jambuluwuk Batu. The second is to build brand equity. It should certainly improve services and strengthen the characteristics of Jambuluwuk Batu Village Resorts and Convention Hall which will have an impact on increase purchase decision.

2. Given the independent variable in this study is very important in influencing the Purchase Decision expected results of this study can be used as a reference for further research to develop this research by considering other variables that are other variables outside variables that are included in this study.

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