

ANALYZING BRAND EQUITY ON PURCHASE INTENTION THROUGH BRAND PREFERENCE OF SAMSUNG SMARTPHONE USER IN MANADO

ANALISA EKUITAS MEREK TERHADAP INTENSI PEMBELIAN MELALUI PREFERENSI MEREK PADA PENGGUNA SMARTPHONE SAMSUNG DI MANADO

by:
Angelina M. Emor¹
Sifrid S. Pangemanan²

^{1,2,3}*Faculty of Economics and Business,
International Business Administration (IBA) Program
University of Sam Ratulangi Manado*

email: ¹angelinamonicae@gmail.com
²sifridp_s@unsrat.ac.id

Abstract: Consumers nowadays tend to value a product from its brand. Strong brand equity brings positive effect to the product. Thus, it is assumed that brand equity affects preference and purchase intention as well. Samsung has become popular in the Smartphone market these years. Currently, Samsung holds the place at the top of Android-based Smartphones globally. This research wants to study about the effect of brand equity on purchase intention through brand preference of Samsung Smartphone users in Manado. The method used is Path analysis. This study collects 200 data sample of population who are users of Samsung Smartphone in Manado. The conclusion of this study is that brand equity has positive significant effect on Brand Preference, Brand Equity has positive significant effect on Purchase Intention, and Brand Preference has positive significant effect on Purchase Intention. This indicates that in order to stay as a leader in the industry, the management must keep on improving their brand equity, be aware of global changes, and create technology that is more sophisticated in order to support the brand. Thus, Samsung will always gain customer preference and intention to purchase.

Keywords: brand equity, brand preference, purchase intention

Abstrak: Konsumen saat ini memiliki kecenderungan menilai produk dari merek. Ekuitas merek yang kuat membawa efek positif pada produk. Dengan demikian, diduga ekuitas merek mempengaruhi preferensi dan juga intensi membeli konsumen. Samsung saat ini populer di pasar *Smartphone*. Samsung menempatkan posisinya di bagian atas *Smartphone* berbasis Android global. Penelitian ini bertujuan untuk mengetahui pengaruh Ekuitas Merek terhadap Intensi Pembelian melalui Preferensi Merek pada pengguna *Smartphone* Samsung di Manado. Metode yang digunakan adalah Analisis Jalur. Penelitian ini dikumpulkan dari 200 sampel data populasi orang yang menggunakan *Smartphone* Samsung di Manado. Kesimpulan penelitian ini adalah Ekuitas Merek berpengaruh positif signifikan terhadap Preferensi Merek. Ekuitas Merek berpengaruh positif signifikan terhadap Intensi Pembelian, dan Preferensi Merek berpengaruh positif signifikan terhadap Intensi Pembelian. Hal ini menunjukkan bahwa untuk tetap sebagai pemimpin dalam industri ini, manajemen sebaiknya terus meningkatkan ekuitas merek. Sadar perubahan dalam kehidupan global dan menciptakan teknologi yang lebih canggih untuk mendukung merek. Dengan demikian, Samsung akan selalu mendapatkan preferensi pelanggan dan niat untuk membeli.

Kata kunci: ekuitas merek, preferensi merek, intensi pembelian

INTRODUCTION

Research Background

Brand is the essential or basis part of marketing, that always been emerging important issue. The American Marketing Association defines brand as: 'a name, term, sign, symbol or design, or a combination of these, that identifies the goods or services of one seller or group of sellers and differentiates them from those of the competition. Strong brand can increase customer's trust in the product or service purchased and enabling them to better visualize and understand intangible factors. Brand equity refers to the incremental utility or value added to a product from its brand name (Chen and Chang, 2008). Understanding brand equity is about understanding customer value within a particular situational context and level of co-producing value. It is therefore important for brand managers and market researcher to know how their brand contributes to the overall product experience (Christodoulides, 2009).

Brand equity creates several benefits, which : brand equity allows the company to charge a higher price for products; creates higher gross margin; provides power with retailers and wholesalers; capture additional retail shelf space; serves as weapon against consumers switching due to sales promotions; prevents erosion of market share. (Clow and Baack, 2010:278). It is important for a company to manage and maintain its brand equity well.

People nowadays tend to value a product from its brand. Strong brand equity brings positive effect to the product. Thus, it affects preference and purchase intention as well. Preference of a brand will base on how customer perceived its equity. However if a brand equipped with well-maintained equity it will affect customer preference significantly. The intention to purchase a brand lay on how well the equity grows and maintained. The better it improved then customer will develop trust and loyalty that stay on purchasing a certain brand.

Smartphone or "smart phone" literally means mobile phone that equipped with more advanced capability and connectivity than the basic feature in basic phone. Samsung however remained the leader of the worldwide smartphone market. Smartphone users, especially in Manado tend to look forward to better and newer type of smartphone. With the more sophisticated application adjusting the technology improvement that just got better each day. It is important that Samsung not only maintain on its quality but also its brand equity which the core to keep their customer loyal to them. Therefore, studying the effect of brand equity on purchase intention and preference is important. The research focuses to find the effect of brand equity on purchase intention and brand preference in order to maintain strong brand in market that grow and keep customer.

Research Objectives

The objectives of this research are to describe the effect of:

1. Brand equity on brand preference
2. Brand equity on purchase intention
3. Brand preference on purchase intention

THEORITICAL FRAMEWORK

Theories

Marketing

Marketing is the process by which capture value from customer in return. Companies reap the rewards of creating superior customer value. By creating value for customer, they in turn capture value from consumers in form of sales, profits, and long-term customer equity. (Kotler et al., 2009: 239)

Brand Equity

Brand equity is a set of characteristics that are unique to a brand. In essence, brand equity is the perception that a good or a service with a given brand name is different and better. Brand equity creates several benefits. Brand equity allows the company to charge a higher price. The company will retain a greater market share than would otherwise be expected for an undifferentiated product. Brand equity is a source of channel power as the company deals with retailers. This power, in turn, leads to an improved position in term of shelf

space and displays. Brand equity also influences wholesalers by affecting what they stock and which brands they encourage their customer to purchase. Wholesaler often will stock several brands but place greater emphasis on high-equity brands. Brand equity is a strong weapon that might dissuade consumer from looking for a cheaper product or for a special deals or incentives to purchase another brand. Brand equity prevents erosion of a products market share, even when there is a proliferation brands coupled with endless promotional maneuvers by competitors. (Clow and Baack, 2010:315)

Brand Preference

Brand preferred is a consumer buying a product is buying it for its function, performance, utility & nevertheless he/she is buying for its image & status. (Terpstra and Sarathy, 1997:23)

Purchase Intention

Purchase intention is Behavioral intention is defined as a mental state that reflects a person plan to engage in some action within a specified period of time. Intention is thus assumed to be the immediate antecedent of behavior. (Moradi and Zarei, 2011)

Conceptual Framework

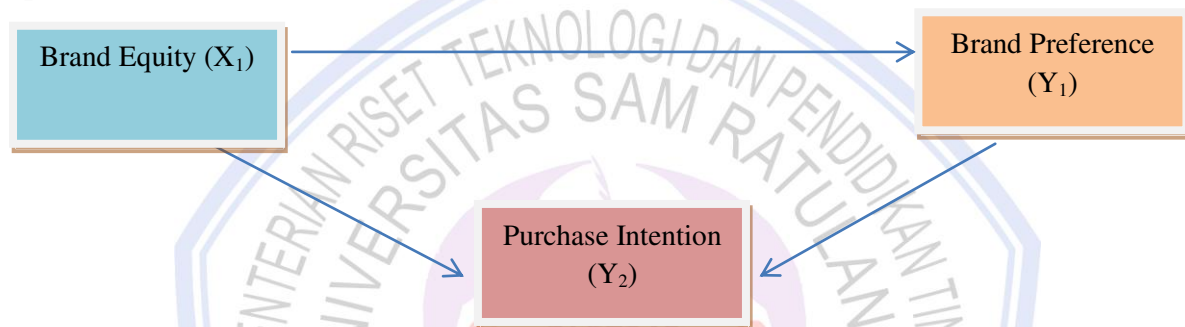


Figure 1. Conceptual Framework
Source: Theoretical Review

Research Hypothesis

Therefore hypothesized that:

- H1: Brand equity affects brand preference
- H2: Brand equity affects Purchasing intention
- H3: Brand preference affects Purchasing intention

RESEARCH METHOD

Type of Research

The type of this research is Causal Research. Causal research is a study in which the researcher wants to delineate the cause of one or more problems. (Sekaran and Bougie, 2009:110)

Place and Time of Research

This research taken place in Manado city, North Sulawesi. Moreover, the time of the research start from gathering, conducting, and concluding the data took two months; January to February 2014.

Population and Sample

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran and Bougie, 2009:262). Hair et al., 2010:112 stated that sample is a small number of members of the target population from which the researcher collects data. This research took sample from 200 user of Samsung smartphone who lived in Manado.

Data Collection Method

Primary data is information collected specifically for a current research problem or opportunity (Hair et al, 2010:26). To collect the primary data, researcher survey by direct interview with a number of respondents, questionnaire that will distribute to respondents at the same time. The respondents are not related and willingly to fill the questionnaire. Secondary data refers to data gathered for some other purpose than the immediate study (Hair et al, 2010:50). To collect secondary data, researcher browses information through internet, marketing books and marketing journals.

Measurement Research Variable

The measurement used Likert scale. A Likert scale asks respondents to indicate the extent to which they either agree or disagree with a series of statement about a subject. This scale initially had five scale descriptors: Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree. (Hair, et al. 2010:162)

Data Analysis Method

Validity and Reliability Test

The reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in instrument. In other words, the reliability of a measure is an indication of the stability and consistency with which the instrument measure the concept and helps to assess the "goodness" of a measure (Sekaran and Bougie, 2009:158). Validity refers to the test of how well an instrument that is developed measures the particular concept it is intended to measure (Sekaran and Bougie, 2009:161). Thus, test measure used Cronbach's alpha and employed in computer software so called SPSS.

Path Analysis

Path analysis is statistical technique used primarily to examine the comparative strength of direct and indirect relationships among variables. A series of parameters are estimated by solving one more structural equations in order to test the fit of correlation matrix between two or more causal models, which are hypothesized by the researcher to fit the data. Path analytic methods : One of the primary goals of social scientific research is to understand social systems through the explication of causal relationships. However, given the complexity of social life, disentangling the interrelationships among variables is often a difficult task. Path analysis is a methodological tool that helps researcher using quantitative (correlational) data to disentangle the various (causal) processes underlying a particular outcome. The path analytic method is an extension of multiple regression analysis and estimates the magnitude and strength of effects within a hypothesized causal system. In addition, path analysis can be used to test the fit between two or more causal models, which are hypothesized by researcher to fit the data. (Lleras, 2005 :111)

RESULT AND DISCUSSION

Result

Validity and Reliability

The validity test by using Pearson correlation shows that all of the variables with 3 indicators each, in the study which are brand equity, brand preference, purchase intention is greater than 0.400 so the instruments is valid. The reliability test by using value of Alpha Cronbach is more than 0.80, means that the research is reliable where Alpha Cronbach should be more than 0.6.

Path Analysis

Table 1. Sub Structure 1 Path Analysis Result

Variable Y	Variable	Beta Coefficient	t count	Prob.	Sig
$Y_1 =$ Brand Preference	Brand Equity (X_1)	0.727	14.920	0.000	Significant
Simultaneous determination (R_{square})= 0,529					
F count = 222.593					
Simultaneous Correlation (R) = 0,727					
F probability = 0,000					

From data processed with SPSS 22.0 to the sub structure 1 above, the result are the following:

A. Simultaneous Test

The base to do the test is by seeing the probability value (sig) F where the value must < than 0.05 then the variable Brand equity (X_1) contribute simultaneously to variable Brand Preference (Y_1). From table in ANOVA value F for sub Structure 1 is 222.593 with probability value (Sig)=0.000. Because of the probability value is < than 0.05 so the variable Brand equity (X_1) contribute simultaneously significant to variable brand preference (Y_1), then the individual test can be proceed.

B. Simultaneous Contribution

The value of R show 0.727 this means that in this research variable Brand equity (X_1) fully contribute to variable Brand Preference (Y_1) with 72.7%

C. Structural Equation

Sub structure 1 change to $Y_1 = 0.727X_1 + e_1$.

D. The effect of Brand Equity to Brand Preference

The base to do the test is by seeing the probability value where the value must < than 0.05 then the variable Brand equity (X_1) affect variable Brand Preference (Y_1) significantly. Based on data processed the value of Path coefficient (Beta) from table, the coefficient value is 0.727 with significant value as much as 0.000. Because of the significant value is < than 0.05 so the variable Brand equity (X_1) affect positive significant to variable brand preference (Y_1).

Table 2. Sub Structure 2 Path Analysis Result

Variable Y	Variable	Beta Coefficient	t count	Prob.	Sig
$Y_2 =$ Purchase Intention	Brand Equity (X_1)	0.620	11.121	0.000	Significant
Simultaneous determination (R_{square})= 0,384					
F count = 123.677					
Simultaneous Correlation (R) = 0,620					
F probability = 0,000					

Source: Data Processed, 2014

From data processed with SPSS 22.0 to the sub structure 2 above, the result are the following:

A. Simultaneous Test

The base to do the test is by seeing the probability value (sig) F where the value must < than 0.05 then the variable Brand equity (X_1) contribute simultaneously to variable Purchase intention (Y_2). From table in ANOVA value F for sub Structure 2 is 123.677 with probability value (Sig)=0.000. Because of the probability value is < than 0.05 so the variable Brand equity (X_1) contribute simultaneously significant to variable Purchase intention (Y_2), then the individual test can be proceed.

B. Simultaneous Contribution

The value of R show 0.620 this means that in this research variable Brand equity (X_1) fully contribute to variable Purchase Intention (Y_2) with 62.0%

C. Structural Equation

Sub structure 1 change to $Y_2 = 0.620X_1 + e_2$

D. The effect of Brand Equity to Purchase Intention

The base to do the test is by seeing the probability value where the value must < than 0.05 then the variable Brand equity (X_1) affect variable Purchase intention (Y_2) significantly. Based on data processed the value of Path coefficient (Beta) from table, the coefficient value is 0.620 with significant value as much as 0.000. Because of the significant value is < than 0.05 so the variable Brand equity (X_1) affect positive significant to variable Purchase intention (Y_2).

Table 3. Sub Structure 3 Path Analysis Result

Variable Y	Variable	Beta Coefficient	t count	Prob.	Sig
$Y_1 =$ Purchase Intention	Brand Preference(Y_1)	0.744	15.688	0.000	Significant
Simultaneous determination (R_{square})= 0,554					
F count = 246.113					
Simultaneous Correlation (R) = 0,744					
F probability = 0,000					

Source: Data Processed, 2014

From data processed with SPSS 22.0 to the sub structure 3 above, the result are the following:

A. Simultaneous Test

The base to do the test is by seeing the probability value (sig) F where the value must < than 0.05 then the variable Brand preference (Y_1) contribute simultaneously to variable Purchase intention (Y_2). From table in ANOVA value F for sub Structure 2 is 246.113 with probability value (Sig)=0.000. Because of the probability value is < than 0.05 so the variable Brand preference (Y_1) contribute simultaneously significant to variable Purchase Intention (Y_2), then the individual test can be proceed.

B. Simultaneous Contribution

The value of R show 0.744 this means that in this research variable Brand preference (Y_1) fully contribute to variable Purchase Intention (Y_2) with 74.4%

C. Structural Equation

Sub structure 1 change to $Y_2 = 0.744Y_1 + e_3$

D. The Effect of Brand Preference to Purchase Intention

The base to do the test is by seeing the probability value where the value must < than 0.05 then the variable Brand equity (X_1) affect variable Purchase intention (Y_2) significantly. Based on data processed the value of Path coefficient (Beta) from table, the coefficient value is 0.744 with significant value as much as 0.000. Because of the significant value is < than 0.05 so the variable Brand preference (Y_1) affect positive significant to variable Purchase intention (Y_2).

Path Final Model

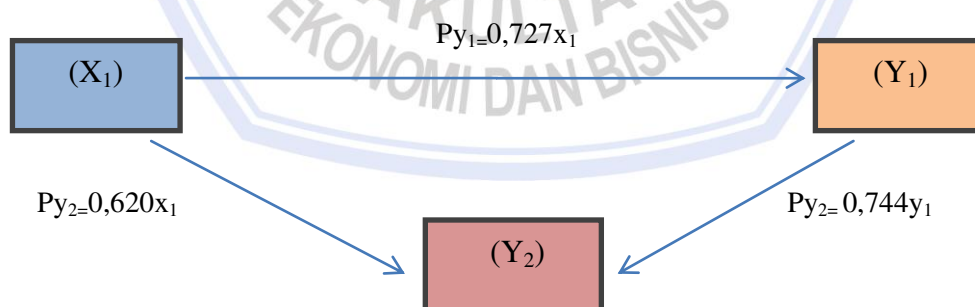


Figure 2. Path Final Model
Source: Data Processed, 2014

Discussion

Brand Equity and Brand Preference

Based on the result where brand equity has positive significant effect on brand preference. Brand equity that covering consumer perceptions, brand awareness, brand association, and perceived quality are about how consumer perceived a brand that shown by experience and knowledge about brand itself. Chen and Chang (2008) found the effect of brand equity on brand preference and purchase intentions, also shows moderating effects of switching cost on the relationship between brand equity and purchase intention. The better the

performance of brand equity in customer perceptions improve the preference of brand as well. Customer-based brand equity has been thought of as a prerequisite to brand preference, which in turn affects consumers' intention to purchase. Brand equity can be built by creating positive brand evaluations with a quality product, by fostering accessible brand attitudes to have the most impact on consumer purchase behavior, and by developing a consistent brand image to form a relationship with the consumer. The better the performance of brand equity in customer perceptions improve the preference of brand as well. By increasing factors influencing brand equity, it may improve it preference in customers mind.

Brand equity has a positive effect towards purchase intention. Besides affecting preferences, brand equity is one major factor affecting purchase intention. Awareness of a brand is the first step to attract customer to purchase. When customer are well aware a brand then it is easier for them to decide which purchase they should make. Consumers will buy a familiar and well know product. Then, the higher the brand awareness, the higher the purchase intention. The research conducted by Moradi and Zarei (2011) indicated that brand equity positively influences consumer's brand preference and purchase intention. It conclude that the amount of brand loyalty, perceived quality, brand association and brand awareness indicate brand equity.

Results show that brand equity influence consumer's brand preference and purchase intentions. As well as the quality that they perceived from a brand, the intention to purchase is drawn to certain brand that has strong brand equity. When customers decide to make purchase they will seek first with the one who manage their brand well. Strong brand equity allows the companies to retain customers better, service their needs more effectively, and increase profits. Brand equity can be increased by successfully implementing and managing an ongoing relationship marketing effort by offering value to the customer, and listening to their needs. Jalivand et al (2011) research reveals that brand awareness, brand association, brand loyalty, and perceived quality have a significant impact on consumers' intention to purchase products. The paper suggests that marketers should carefully consider the brand equity components when designing their branding strategies. Therefore, managing brand equity is important to attract customer attention in order to make purchase. Brand preference has significant affect on purchase intention. Preference of a brand, more likely make purchase. When customer stated their preferences the purchase will be likely predicted by the amount of preferences.

CONCLUSION AND RECOMMENDATION

Conclusion

1. Brand equity has direct effect toward brand preference. The Samsung smartphone user in Manado makes their preference of a certain brand through what shown in its equity. The awareness, association, and value that they perceived are the most significant factor that determined the preferences of customer.
2. Brand equity is greatly effect to customer of Samsung smartphone's purchase intention. Samsung users in Manado sees Samsung as brand that they aware easily, memorable, and the quality that they perceived from it make Samsung smartphone their choice in making purchase of a smartphone.
3. Brand preference itself has a positive significant effect onward purchase intention. That seems Samsung users in Manado make their purchase based on their preference of a brand. There are so many type of new smartphone brand in the market but the preference that has build to Samsung brand make them prefer to even choose Samsung smartphone as their need in communication.

Recommendations

There are some constructive recommendations that can be concluded from the overall research, which are listed as follow:

1. The relationship of each variables that be used in this research were good and each one of them show significant and positive effect. From the technology development and the ease of getting information, people have become more aware with the development through many ways of information. This should be support by having sophisticated devices as well. Then in other words, in order to keep their place in the market, to survive from every challenge, to remove the competitors and followers also to keep their brands well in the customer's mind, they should keep in improving their brand equity. Aware the changes in global

life can be the base that can always remind them to fulfill this purpose. Since brand equity, and brand preference hold likely the same influence in customers purchasing intention, they should manage it as well. Thus, Samsung will able to be one of the invincible brands in market place.

2. For further research, another variable besides perceived value might be utilize to see the effect of brand equity, brand preference and purchase intention, for example advertisement and social enterprise. Future research could also take more specific sample like better group of age match the generation, occupation and interest. Then, use the combination of quantitative analysis method such as analysis factor or regression will be great for more understanding of customer purchase intention.

REFERENCES

- Chen,C.F., and Chang, Y.Y., 2008. Airline Brand Equity, Brand Preference, and Purchase Intentions - The Moderating Effects of Switching Costs. *Journal of Air Transport Management*, 14(2008).
http://www.researchgate.net/publication/228426603_Airline_brand_equity_brand_preference_and_purchase_intentions--The_moderating_effects_of_switching_costs. Accessed on January 22nd 2014. Pp. 40-42.
- Christodoulides,G., 2009. Consumer Based Brand Equity Conceptualization & Measurement: A Literature Review. *Journal of Market Research*,39. <http://core.ac.uk/download/pdf/9598321.pdf>. Accessed on March 18th 2014. Pp. 1-39.
- Clow, K.E., and Baack, D., 2010. *Integrated Advertising, Promotions, and Marketing Communications*. Global Edition. Pearson Prentice Hall., United States of America.
- Hair, J.F., Wolfinbarger, M., Ortinau, D.J., Bush, R.P., 2010. *Essentials of Marketing Research*. Second Edition. McGraw Hill/Irwin., New York.
- Jalivand, M.R., Samiei, N., Mahdavinia, S.H., 2011. The Effect of Brand Equity Components on Purchase Intention: An Application of Aakers Model in Automobile Industry. *International Business and Management*. <http://www.cscanada.net/index.php/ibm/article/view/j.ibm.1923842820110202.016/1601>. Accessed on March 7th 2014. Pp. 149-158.
- Kotler, P., Keller, K.L, Ang, S.H., Leong, S.M., & Tan, C.T., 2009. *Marketing Management*. 5th Edition. Pearson., Singapore.
- Lleras, C. 2005. Path Analysis. In K. Kempf-Leonard eds., *Encyclopedia of Social Measurement* (Vol.3). Academia Press, New York.
<http://www.google.co.id/url?sa=t&rct=j&q=path+analysis+laderas&source=web&cd=3&cad=rja&uact=8&ved=0CDQQFjAC&url=http://www.researchgate.net/publications/PublicPostFileLoader.html%3Fid%3D5510e70cef9713545e8b45d8%26key%3D14fa9b69-7777-4a38-aea7-334da7d90269&ei=DAPMVZXGOeKzmwWo4ICQDw&usg=AFQjCNHAEW6enc9MSxXNm4HSLr7vqITUIQ&bvm=bv.92765956.d.dGY>. Accessed on January 17th 2015. Pp. 25-30.
- Moradi, H., and Zarei, A., 2011. *The Impact of Brand Equity on Purchase Intention and Brand Preference - The Moderating Effects of Country of Origin Image*. *Australian Journal of Basic and Applied Sciences*, 2011. <http://ajbasweb.com/old/ajbas/2011/539-545.pdf>. Accessed on February 27th 2014. Pp. 539-545.
- Sekaran, U., and Bougie, R., 2009. *Research Methods of Business: A Skill Building Approach*. Fifth Edition. John Willey and Sons Ltd., United Kingdom.
- Terpstra, V., and Sarathy, R., 1997. *International Marketing*. 8th Edition. The Dryden Press., Orlando.