

Research.

## THE CORRELATION ANALYSIS BETWEEN BRAND EQUITY AND THE CUSTOMER DECISION BUYING AN AUTOMOTIVE PRODUCT

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**Abstract.** *Some reasons have made the customer buying an automotive product, and one of it is a brand. Brand image is the power increasing the total sales of automotive products in Indonesia, so that more aspects affecting the power of the brand image need to be analyzed. This research is different with the previous one. It aims to recognize the effect of brand equity (brand awareness, brand association, quality perception, and brand loyalty) upon the consumer decision buying Toyota Kijang Innova which is one of the family premium high involvement products at Auto 2000 – Yasmin Branch in Bogor. This research has applied a descriptive quantitative approach refers to a survey upon 85 respondents as the customers of Auto 2000 Yasmin Branch in Bogor. Data analysis has implemented a multiple linear analysis using SPSS 16.0. The result of this research has identified partially that only the variable of brand loyalty has significantly affected the customer decision, though simultaneously all the dimensions of brand equity have affected the customer decision buying the product. Furthermore, the result can be used as a basic of marketing strategy regarding a high involvement product.*

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**Keywords:** brand equity, loyalty, and buying decision.

### INTRODUCTION

The development of automotive industries especially cars in Indonesia has been affected by the economics improvement of the people. Based on the value, people in Indonesia are not only interested in the function of a car, but also social life prestige. A car having a social and economics value has made the customer more selective buying the related car. Brand image has been a high involvement factor for the customer to consider whether to buy it or not. It is the symbol of the customer experience (Ghodeswar, 2008) and the value promised by the company (Knapp, 2001) which is going to be accepted by the customer.

Brand equity of Toyota Kijang Innova has made people choosing it refers to the family vehicle top sales, and that is why the writer is interested in doing a research on it. Brand equity is a set of valuable assets attached on a certain kind of product / car promising a guarantee for the customer to buy and gain a profit. The product which has a good brand equity will be positively recognized by the customer because of the quality of the product. Positive recognition of the customer will create the customer loyalty related to a certain brand. Aaker (1997) described that brand equity consists of some primary elements; brand awareness; brand association; perceived quality and brand loyalty.

A brand having a strong image from a customer will make the customer obviously buying it. A brand is recognized and associated good in the customer mind will establish a brand loyalty and will support the company to gain more profit due to a sales increasing. Therefore, in order a brand can support a maximum effort to influence the decision of the customer to buy the product, it should have had some elements of good brand equity. The process of a selection of some alternatives products to be purchased and dealt with by a customer has been started from a new product to the existing products that have

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been recognized by the people to meet their needs and desires refers to Schiffman and Kanuk (2008) which is the customer decision.

Eventhough the customers of Toyota Kijang Innova in Indonesia have been quite huge, but since 2010 to 2015 the sales had been decreasing. One of the brand data survey in Indonesia which is TBI (Top Brand Index) has indicated that Toyota Kijang Innova sales since 2011 to 2015 had been decreasing from 28% to 12.1 % (<http://www.topbrand-award.com>, 2015). This condition indicated that competitive brands of automotive products in Indonesia has evolved very much, so that a research about the product related to the brand equity has to be done in order to develop a brand to being a superior competitive one in the future market. Based on some problem factors related to the brand and customer decision refers to Toyota Kijang Innova, this research has studied the correlation of some variables creating brand equity of Toyota Kijang Innova upon the customer decision buying it at AUTO 2000 Taman Yasmin Bogor Branch.

## **LITERATURE REVIEW**

### **Brand Market**

A brand has been a very important thing dealing with a competitive market. A brand is recognizable refers to the name, symbol, mark, design or combination of them indicating a company or a product identity being recognized easily by the customer which is different from other competitors. (Kotler, 2008). A product having a strong brand image has a strong equity in the customer mind which is a value added of the product and being able to compete in the market either with similar or different one. A brand image refers to the success of marketing due to a good marketing management.

Marketing is a serial of communication activities done by a company or producer to transmit the value of the product which is able to meet the customers need resulting the loyalty of the customers and the profit for the company. Kotler and Keller (2016) described marketing is a managerial process to meet the customer need and requirement thru a creation, distribution, communication an extraordinary value of the product and as an exchange actions by keeping a good relationship between the customers and the producers to get the profit. Moreover, Assauri (2004) defined marketing management is an activity of analyzing, planning, coordinating and controlling related to the design and launching of the product, communicating, promoting and distributing the product, pricing and transaction, in order to satisfy the customer along with a long term achievement of the company. Good marketing program will create a strong brand image and competitive.

### **Brand Equity within the Buying Decision.**

Equity or brand capability providing a value added of a certain product for the customers and company which is brand equity. Kotler (2008) agreed with the aforementioned definition by determining that a strong brand has represented a group of customers loyalty, so that brand equity of several products has formed a specific meaning of the product in the customer mind which is affecting the customer decision to buy the product or a branded one in the market.

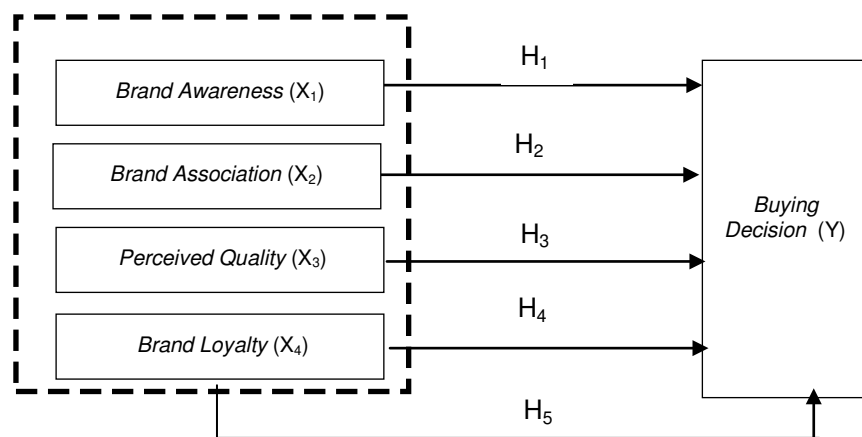
Knapp (2001) defined brand equity is brand totality and perception, covering quality aspect relatively on a product or a service, financial performance of the company, customers loyalty, and appreciation overall on a brand. Brand equity development should have to follow some important grouping steps. Aaker in Durianto et. al. (2004) described that brand equity can be developed based on the five categories which is: "brand awareness, brand association, perceived quality, brand loyalty, and other proprietary brand asset". The aforementioned understanding has concluded that brand equity is a set of intangible assets which has been formed due to public trust upon a product of the company so that it could increase or decrease the value of the related product.

Brand awareness can be identified according to the customer behavior showing that they recognize or recall the brand of the product. Aaker (1997) described brand awareness is customer's ability to recognize and remember the brand and its category in the market. Furthermore, this kind of ability can be categorized starting unrecognizable brand, recognizable (the lowest level of brand awareness), ability to recall the brand when the customer needs the product which is the top of mind of the customer because the related brand is always on the customers' mind either when they need it or do not need it.

Brand Association is wellknown as various ideas related to the customer's perception about a brand / product. Aaker in Durianto, et.al (2004) described that brand association is related to any memories, recognition, ideas and experiences attached to the customers about the product creating a certain value of it or brand image. The third element establishing brand equity is the quality image which is in accordance with an applicable quality standard. Aaker (1997) described that quality image is objective and different from one to another. Several recognizable dimensions forming a perceived quality according to Garvin in Durianto, et. al. (2004) are performance, service, durable, reliable, and characteristic of the product, and in compliance with the price and result. Moreover, the idea relating to the quality of a product refers to emotional attached between the customer and the product resulting the loyalty of the customers which is the fourth element of brand equity being studied within this research. Several researchers have defined a loyalty is a strong connection between a customer and a product/brand that can keep on a long-term transaction. (Aaker, 1997; Oliver, 1999, Durianto,et. Al., 2004, Kotler and Keller, 2009)

Every customer will do some efforts to make a decision to search, buy, use various brand of a certain product. Schiffman and Kanuk (2008) defined that buying decision is a selection of an alternative products meeting the customer needs. Furthermore, Tjiptono (2011) described that buying decision is an action being done by an individu related directly to getting, using and selecting the product or service which is a decision making process. Referring to the aforementioned definition, it can be concluded that buying decision is a process of getting, using, and selecting a product chosen to meet the customer's requirement.

Several research has been done by the previous researchers about the connection between brand equity variable and brand decision indicating that both are having a positive connection which is independent variable and dependent variable. (Gobel, 2012; Daeng Jintu, et.al. 2013; Tundoong and Mandey, 2014; Hamidi, et. al., 2014; Sigiuro, et. al. 2016). Previous research has determined brand equity which is brand awareness, brand association, perceived quality and loyalty either partially or simultaneously has affected buying decision. Based on the theory and previous researches, this research has been designed a framework of theoretical idea refers to picture 1.



Picture 1. Conceptual Design

## Hypothesis

Based on the theory and previous research, the following hypothesis are as follows:

- H<sub>1</sub> : Brand awareness has positively affected the customer decision buying Toyota Kijang Innova.
- H<sub>2</sub> : Brand association has positively affected the customer decision buying Toyota Kijang Innova.
- H<sub>3</sub> : Perceived Quality has positively affected the customer decision buying Toyota Kijang Innova.
- H<sub>4</sub> : Brand loyalty has positively affected the customer decision buying Toyota Kijang Innova.
- H<sub>5</sub> : Brand equity consisting of brand awareness, brand association, perceived quality and brand loyalty has simultaneously affected the customer decision buying Toyota Kijang Innova.

## RESEARCH METHOD

Research method has applied descriptive quantitative method analysis describing the effects of brand equity variable upon the buying / purchasing decision and the calculation has applied software statistics SPSS 16.0. The respondents participating in this research are 85 customers of AUTO 2000 dealer Taman Yasmin. Data collection has applied a survey. Analysis step consists of validity analysis and questionnaires reliability, classical assumption test (multicollinearity test, autocorrelation test, heteroskedasticity test and normality test) and multiple linear regression.

Further test had determined a set of classical assumption test and multiple linear regression are determinant coefficient, t test and F test. Determinant coefficient ( $R^2$ ) measuring the capability of independent variables (brand awareness, brand association, perceived quality and brand loyalty) which is describing dependent variable (buying decision). T test is figuring out the effect of the correlation of the hypothesis and F test to identify a simultaneous effect of all independent variables upon dependent variable. Description of operational variables are on the table 1 as follows;

Table 1. Operational Variable

Variable	Indicator
Brand Awareness (X <sub>1</sub> )	1. Customer capability to recognize the logo 2. Customer capability to recall the variant model 3. Customer capability to recall an advertisement.
Brand Association (X <sub>2</sub> )	1. Innovation of model and technology design 2. Fuel cost savings 3. Company credibility
Perceived Quality (X <sub>3</sub> )	1. Product quality 2. Comfortable level 3. Product quality comparing to the other one.
Brand Loyalty (X <sub>4</sub> )	1. Loyal to consume the brand 2. Recommend the brand 3. Re using the brand on the other occasion.
Buying Decision (Y)	1. Buying Persistence 2. Buying Consideration 3. Attribut compliance to the needs and the requirements

## DESCRIPTION

The respondents of this research are users of Toyota Kijang Innova who have bought it at the dealer of AUTO 2000 Yasmin from 2012 to 2014. The participants are 85 respondents based on gender; 68 male respondents (80%) and 17 female respondents (20%). Mostly the respondents are around 31 – 40 years old which is 34 respondents (42.35%). Majority they are business people which is 38 respondents (44.70%) and they are senior high school graduated 37.64% and university graduated 31.67%.

The responses of the respondents about brand equity and buying decision are on the table 2. At average the highest grade of the responses are on the item of customer ability to recall the product / brand ( $X_{11}$ ), company credibility ( $X_{23}$ ), comfortable level ( $X_{32}$ ) and buying recommendation the product ( $X_{42}$ ). Nevertheless, buying decision indicator which is the buying consideration ( $Y_2$ ) having the highest value of 4.11 (64.70% agree) at average. Referring to the table 2, it explains that the respondents have recognized the brand of Toyota Kijang Innova and believed that the company is able to satisfy and to comfort them. Furthermore, 57.64% respondents have agreed to recommend the brand of Toyota Kijang Innova to other people who need a car. It is brand loyalty since they are going to consider Toyota Kijang Innova to purchase.

Table 2. Average of the responses and percentage of the evaluation

No	Variable	Indicator	Means of The Respondents Response	The Highest Percentage Value
1	Brand Awareness ( $X_1$ )	$X_{11}$	4.3	57.64% agree
		$X_{12}$	3.78	76.47% agree
		$X_{13}$	3.72	68.23% agree
2	Brand Association ( $X_2$ )	$X_{21}$	3.78	76.47% agree
		$X_{22}$	3.34	54.11% agree
		$X_{23}$	4.42	44.70% not agree
3	Brand Quality ( $X_3$ )	$X_{31}$	4.05	76.47% agree
		$X_{32}$	4.27	67.05% agree
		$X_{33}$	3.61	65.88% agree
4	Brand Loyalty ( $X_4$ )	$X_{41}$	3.67	69.41% agree
		$X_{42}$	3.9	57.64% agree
		$X_{43}$	3.43	50.58% agree
5	Buying Decision (Y)	$Y_1$	3.80	61.17% agree
		$Y_2$	4.11	64.70% agree
		$Y_3$	4.00	67.05% agree

Validity test has been done to measure the compliance of the questionnaire. The result of validity test is on the table 3 indicating all the items to measure the variables being used in this research are having a coefficient correlation which is bigger than  $r_{table}$  or valid. The result of reliability test is on the table 3 which is indicating that all the variables are having cronbach alpha coefficient more than 0.60, it means that the indicator of all the variables on the questionnaire are reliable. Therefore, the questionnaire is applicable to measure the correlation of the variables evaluated.

Table 3. Result of Validity and Reliability Test

No	Variable	Indicator	Validity Test (R <sub>calculate</sub> )	Criteria	Cronbach Alpha	Criteria
1	Brand Awareness (X <sub>1</sub> )	X <sub>11</sub>	0.343	Valid	0.683	Reliable
		X <sub>12</sub>	0.655	Valid		
		X <sub>13</sub>	0.521	Valid		
2	Brand Association (X <sub>2</sub> )	X <sub>21</sub>	0.374	Valid	0.643	Reliable
		X <sub>22</sub>	0.588	Valid		
		X <sub>23</sub>	0.431	Valid		
3	Brand Quality (X <sub>3</sub> )	X <sub>31</sub>	0.616	Valid	0.791	Reliable
		X <sub>32</sub>	0.690	Valid		
		X <sub>33</sub>	0.597	Valid		
4	Brand Loyalty (X <sub>4</sub> )	X <sub>41</sub>	0.665	Valid	0.728	Reliable
		X <sub>42</sub>	0.432	Valid		
		X <sub>43</sub>	0.595	Valid		
5	Customer Decision (Y)	Y <sub>1</sub>	0.614	Valid	0.799	Reliable
		Y <sub>2</sub>	0.713	Valid		
		Y <sub>3</sub>	0.611	Valid		

Table 4 has indicated that the result of classical assumption test of all the data are having normal scatters and are not having multicollinearity result which is not any autocorrelation has happened but the data are within the criteria of homoxedasticity. Good regression model is when a homoxedasticity has happened or heteroxedasticity has not occurred.(Ghozali, 2005). Furthermore, the data received are going to be used in the multiple regression test and the result is on the table 5.

Table 4. Analysis of Classical Assumption

No	Classic assumption test	Result	Criteria
1	Normality test (Kolmogorov-Smirnov Test)	Z = 1.094 Asymp. Sig (2-tailed) 0.183 (>0.05)	Normal distribution
2	Multicollinearity (Nilai VIF)	Brand Awareness = 1.232 Brand Association = 1.251 Perceived Quality = 1.412 Brand Loyalty = 1.392	None of multicollinearity happened (1-10)
3	Autocorrelation test	Durbin-Watson = 2.021 (du = 1.747-2.253)	None of autocorrelation happened
4	Heteroskedasticity	Brand awareness = 0.558 (>0.05) Brand association = 0.589 (>0.05) Perceived Quality = 0.899 (>0.05) Brand loyalty = 0.846 (>0.05)	Homoskedastisitas

Regression analysis has been used as a supporting analysis to measure the effect of independent variables which are brand awareness, brand association, perceived quality and brand loyalty against the dependent variable which is the buying decision. Based on the table 5, it indicates multiple linear regression equations as follows;  $Y = 5.472 - 0.016 (X_1) + 0.121 (X_2) - 0.086 (X_3) + 0.569 (X_4)$ . The value of regression coefficient has indicated that when the variables of brand awareness, brand association, perceived quality and brand loyalty are equal to 0, so that, the buying decision to buy Toyota is 5.472. The negative coefficient of this research refers to brand awareness and perceived quality which are going to make the buying decision appeared which is a

negative correlation pattern, but brand association and loyalty are going to give a positive correlation (straight comparison) against the buying decision.

Table 5. Result of Regression and Determinant Analysis

No	Analysis	Result	Comment
1	Multiple linear regression	$Y = 5.472 - 0.016 (X_1) + 0.121 (X_2) - 0.086 (X_3) + 0.569 (X_4)$	There is a positive correlation pattern on the variable $X_4$
2	Determinant coefficient	$R = 0.606$ $R^2 = 0.368$	33.6% of the equations model of the research can describe the correlation among the variables.

The determinant coefficient value ( $R^2$ ) indicating nearly to one has identified that the independent variables have provided almost all the information required to predict the dependent variables. The result of determinant calculation is 0.368 (table 5), it explains that the effect of independent variables upon the dependent variables described by the equations model is 36.8% and 66.4% which have been affected by other factors which are not included within the regression model which is price variable.

Table 6. Result of t-test and F-test

No	Correlation model	t-test	Criteria	F test	Criteria
1	Brand Awareness-> Buying Decision	-0.147	No significant effect (Sig. 0.884>0.05)	11.638 (sig. 0.00<0.05)	Simultaneous effects of all independent variables upon dependent variable.
2	Brand Association-> Buying Decision	1.194	No significant effect (Sig. 0.512>0.05)		
3	Perceived Quality-> Buying Decision	-0.658	No significant effect (Sig. 0.512>0.05)		
4	Brand Loyalty-> Buying Decision	5.685	Significant effect (0.000<0.05)		

T-test has been done to figure out each effect or partially effect of the independent variables (brand awareness, brand association, perceived quality, brand loyalty) have happened upon the dependent variable (buying decision), but F statistics test has indicated simultaneous effects between dependent variables and independent variables. The result of regression analysis has explained that all independent variables have significantly affected the dependent variable. That result is in line with the research of Hanggadikha (2010), Daeng Jintu, et.al. (2013) and Hamidi, et. al. (2014) determined that four elements of brand equity which are brand awareness, brand association, perceived quality and loyalty altogether have affected the buying decision. Therefore, the fifth hypothesis ( $H_5$ ) has determined that brand awareness, brand association, perceived quality and brand loyalty simultaneously have significantly affected the decision to buy Toyota Kijang Innova at Auto 2000 Yasmin and it has been proven.

Though, there have been the effects of all the elements of brand equity upon buying decision, partially the result on the table 6 has indicated that only brand loyalty has positively affected the buying decision. Based on the result of the research, it is figured out that brand loyalty is the most important element affecting the buying decision, nevertheless, when the other elements of brand equity are negative or are not identifying a significant statistics result but brand loyalty is still affecting it. Brand loyalty is indicating how far the customer has obtained a positive attitude about a product, and has got a commitment to a certain product and the intention to buy it further more. (Mowen and Minor, 2002). Such the commitment can support the product to compete in a competitive market and to achieve the profit.

## CONCLUSION

The three elements of brand equity which are brand awareness, brand association and perceived quality do not have any positive effect upon the buying decision, nevertheless, only customer loyalty has affected it. It explains that the customers of Toyota Kijang Innova do not need to seek further more about the product either its quality or brand because they have been affected by the brand loyalty. Eventhough, the study has indicated that all the elements of brand equity which are brand awareness, brand association, perceived quality, and brand loyalty have been positively affected the buying decision. So that, further study about the characteristic of the respondents should have to be done either internal or external factors which can affect the result of the study.

Further research can study more about the loyalty of the customer automotive or high involvement product by adding some variables which figuring out the behaviour of customer loyalty. The practical experts can use this research to define another promotion action related to the loyalty of automotive customers especially Toyota Kijang Innova customers such as a membership and special club arrangement.

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