Pertanika J. Soc. Sci. & Hum. 27 (T): 1 - 10 (2019)

PERTANIKA JOURNALS

SOCIAL SCIENCES & HUMANITIES

Journal homepage: http://www.pertanika.upm.edu.my/

The Effect of Brand Equity and Perceived Value to Marketing Mix

Faransyah Jaya*, Muhtosim Arief, Pantri Heriyati and Dyah Budiastuti

Department of Management, BINUS Business School, Bina Nusantara University, Jakarta, 11530, Indonesia

ABSTRACT

This paper aims primarily at examining the effect of brand equity and perceived value on marketing mix. The paper is written based on empirical survey with the active participations of 256 respondents who are considered as film viewers in Indonesia. Based on structural model testing with Structural Equation Modeling, one of major findings revealed from this study showed that brand equity and perceived value had significant and positive effect on marketing mix. The finding implies that it is crucial for the Indonesian film production companies to collaborate these variables to enable attracting film viewers to cinema.

Keywords: Brand equity, Indonesia film viewers, marketing mix, perceived value

INTRODUCTION

Indonesia is a big market for film industry with the total population of 260 million people across the country (Worldometers, 2017). In 2016, one single Indonesia film recorded the highest number of 6,858,616 ticket sold. But on the other hand, one film just reached as low as 600 tickets sold (Filmindonesia, 2017) which raises the question to the writer regarding this big gap between both films. Film production companies must understand factors that affect movie sales and determinant factors that attract people to come to cinema and watch the films (Mohammadian & Habibi, 2012). What marketing strategy could help the companies in reducing investment risk from film production and whether production company brand has something to do with it. Previous papers concluded that brand equity and perceived value affect marketing mix (Cobb-Walgren et al., 1995; Ravald & Grönroos, 1996; Yoo et al., 2000). This paper is to emphasize on how brand equity and

ARTICLE INFO

Article history:
Received: 6 January 2018
Accepted: 8 August 2018
Published: 29 April 2019

E-mail addresses:
coachfaran@coachfaran.com (Faransyah Jaya)
muhtosim.arief@gmail.com (Muhtosim Arief)
pheriyati@binus.edu (Pantri Heriyati)
dbudiastuti@binus.edu (Dyah Budiastuti)
* Corresponding author

ISSN: 0128-7702
e-ISSN: 2231-8534

© Universiti Putra Malaysia Press

perceived value of Indonesia film viewer affect the marketing mix dimensions such as product, price, place, and promotion. Previous research regarding Indonesian film industry are very limited especially in the area of marketing. This paper will contribute to existing literature as well as providing practical implications for Indonesian film production companies.

LITERATURE REVIEW

Marketing Mix

Marketing mix is set of controllable marketing tools that any company could implement to market their product and influence the demand (Javad et al., 2014). More particularly, there are four dimensions of film marketing mix which are product, price, distribution and promotion (Mohammadian & Habibi, 2012). Product as dimension of marketing mix is one of film's components offered in cinema which are production team (film director, film actor, and film producer), genre, film budgets, music and film nomination and film awards achieved in film festivals. Price is described as the money that customers pay in exchange of service or product based on the value they receive. In film industry, price is the cinema ticket and cost relate to the film being watched. Price fairness for consumers develops based on their perception and will be a proper predictor for their purchase decision (Mirabi et al., 2015).

Consumers use price as indicator of product quality or benefits that makes price positively related to perceived quality. Price has positive relation to brand equity by increasing perceived quality (Yoo et al., 2000). Place or distribution is location of the cinema that shows the film based on the schedule (Mohammadian & Habibi, 2012). Cinema location is important to attract an audience who prefers willingly to reach cinema with minimal cost and time. Promotion describes as direct and indirect communications between individuals, groups, and organizations as customers to get informed and motivated toward buying company's products or services. Production company utilize promotion as an important tool to introduce film to film viewers. Type of promotion used in film marketing mix are word of mouth, movie reviews, movie posters, television, radio, press and Internet commercials (Mohammadian & Habibi, 2012). Implementation of promotion in the real world is also called advertising. It helps company to create awareness of potential consumer which leads to decision of buying the product. Advertising can affect perceived quality of a brand and influence usage experience of consumer (Cobb-Walgren et al., 1995; Mirabi et al., 2015). In reality, advertising is not cheap, and people have lost their trust to media even tough amount of advertising is related positively to brand awareness as part brand equity (Yoo et al., 2000; Cobb-Walgren et al., 1995).

Theory supporting marketing mix is Relationship Marketing Theory with objective of developing long term relationship with the consumer or in this research called film viewers. Ravald and Grönroos (1996) defined relationship marketing as a way to establish, maintain,

and enhance relationships with customers and other partners to seek profit so that the objectives of the parties involved were achieved. Establishment of relationship by film production company and film viewers will attract and build long term potential revenue especially in film industry which production company's business is to produce film continuously and attract the same film viewers to come and see the film in cinema.

Brand Equity

Yoo et al. (2000) stated that marketing mix such as price and promotion influenced by brand equity. Brand equity is knowledge and experience of the consumer that creates value for the firm as well as for the customer. In film industry, the brand is production company name which film viewers check the production company before they select the film title. High brand equity means consumers with highly positive and strong relation to the brand will perceive the brand has high quality and develop loyalty to the brand. There are four dimensions to measure brand equity which are brand image, brand awareness, perceived quality and brand loyalty (Khan et al., 2015). Brand image as dimension of brand equity is defined as perception and belief of consumer about the particular brand (Khan et al., 2015). People's experiences, perceptions, beliefs, feelings and knowledge develop brand image of the brand (Soltani et al., 2016). Brand image includes knowledge, customer opinions and physical and non-physical characteristics of the product; the image that customers grant to a product (Li et al., 2011). By knowing the brand image, consumers are able to recognize a product, evaluate the quality, reduce purchase risks, and attain the satisfaction. Knowledgeable consumers have high chances of being loyal (Khan et al., 2015).

Brand awareness as dimension of brand equity define as the ability of a consumer to recognize and to recall a specific brand in different situations. Brand awareness help consumers to recognize a brand from another brand and help them in the process to make purchase decision. Product with higher brand awareness will have better quality assessment and higher market share. Brand recall and brand recognition are parts of brand awareness. Brand recall happens when consumers can recall a brand name exactly after seeing a product category. Brand recognition means consumers are able to identify a brand name when there is a brand cue. According to Chi et al. (2009), brand awareness influences purchase decision through brand association, thus product with positive brand image will help the marketing purposes.

Perceived quality as dimension of brand equity can be defined as consumers perception of quality in general or superiority of a product or service based on their expectation in comparison with the alternatives. Perceived quality is based on key dimensions that consists of product specification such as reliability, performance and brand (Mirabi et al., 2015). Brand with high perceived quality means that consumers with long-term experience related to the brand able to recognize

the differentiation and superiority of the brand itself (Yoo et al., 2000). Factors such as previous experience of consumers, level of education, perceived risk, and situational variables for example consumer purchase purpose, purchase situation, time pressure, and social background will affect perceived quality (Khan et al., 2015). In the process of purchasing, consumers are always influenced by their preferences and perception such as product quality, price and styles before deciding to purchase the product (Saleem et al., 2015).

Brand loyalty as dimension of brand equity can be defined as the attitudes of consumer related to brand preference of a product. Consumers with brand loyalty will have repurchase commitment and most likely will not make a switch to another brand (Khan et al., 2015; Yoo et al., 2000). Indicator of brand loyalty are repurchase rate, consumers satisfaction, and repurchase commitment in the future (Chi et al., 2009). Theory that supports brand equity with relation to film industry is theory of relational cohesion that emphasizes the emotional or affective factors in commitment formation (Lawler & Yoon, 1996). This theory explores how people exchange become committed to their relationship with positive emotions and develop perceptions of the relation as a cohesive unit.

Based on literature above, first hypothesis is developed that brand equity has impact on marketing mix.

H1: Brand equity has impact on marketing mix

Perceived Value

According to de Matos and Rossi (2008) consumers perceived value is consumer's overall assessment of a product based on their perceptions of what is received and what is given. Perceived value is a trade-off between of what a consumer gets such as quality, convenience, volume and what a consumer gives such as money, time, and efforts. Consumers seek this value before they decide to purchase a product. This valuation process is very subjective, individual, and varies among consumers. Consumers could evaluate the same product differently on different situation such as in the film industry (Ravald & Grönroos, 1996). Perceived values affect marketing mix and have several dimensions such as perceived price value, emotional value, functional value, social value, and logical value (Akdeniz, 2012; Ravald & Grönroos, 1996; Soltani et al., 2016). Perceived price value as perceived value dimension is how much value for consumer come from the product. Emotional value as perceived value dimension is the value of a consumer emotional based on the service experienced, includes consumer feeling or emotional conditions that developed based on consumption experience. Functional value of product quality as perceived value dimension is a value judged by consumer in related to product superiority and perfection. Functional value as perceived value dimension involves operational areas of service. Perceived desirability is one of the characteristics of the product or service as part of the functional value.

Perceived social value as perceived value dimension is how much the product can connect consumer to their social group. The logical value as perceived value dimension includes quality of service and price of the product. Theory that supports perceived value is Consumption Value Theory (Aulia et al., 2016). This theory believes that consumption value is based on the customer decision or choice whether to buy or not to buy and to choose between two products or one specific brand over another.

Based on literature above, second hypothesis is developed that perceived value has impact on marketing mix.

H2: Perceived value has impact on marketing mix

MATERIALS AND METHODS

Online survey was used for the purpose of this study with particular reference to use the Likert scale questionnaire. There were a total of 305 respondents asked to participate to complete the questionnaire and 256 completed all the questions, with a response rate of 84%. Data collected was analyzed using Structural Equation Modelling Partial Least Square (PLS-SEM) so researchers could examine a series of dependence relationship simultaneously and testing multiple equations involving dependence relationship (Hair et al., 2010). The result of Outer model, convergent validity and composite reliability is provided in Table 1 and PLS-SEM is provided in Figure 1.

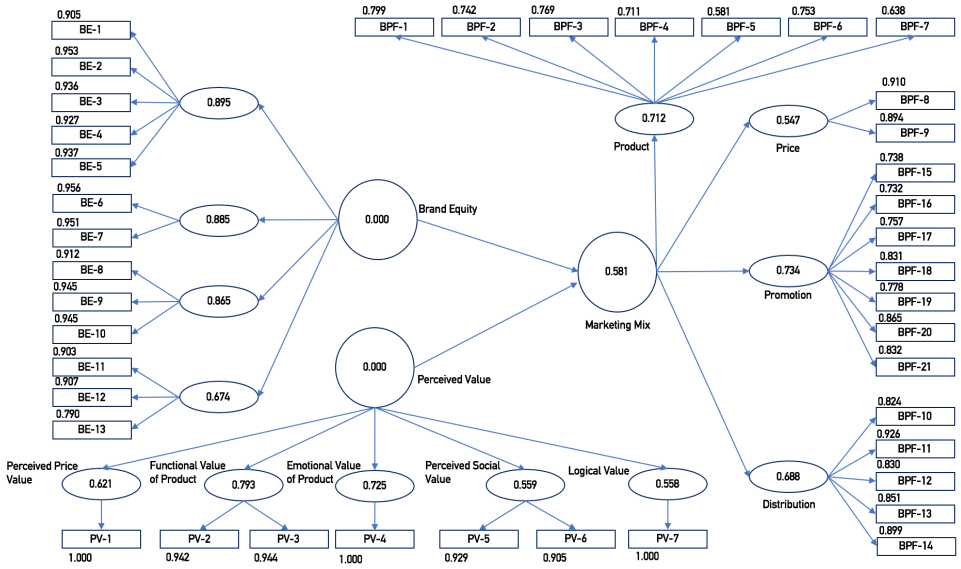

Figure 1. PLS-SEM results

Table 1

Loading factors

Code	**Dimension of Brand Equity**	**Value**	**AVE**	**Indicator of Brand Equity**	**Value**
BE-1	Brand Image	0.946	0.895	Experience	0.905
BE-2				Perception	0.953
BE-3				Belief	0.936
BE-4				Feeling	0.927
BE-5				Opinion	0.937
BE-6	Brand Awareness	0.941	0.885	Brand Recall	0.956
BE-7				Brand Recognition	0.951
BE-8	Perceived Quality	0.93	0.865	Consistency	0.912
BE-9				Performance	0.945
BE-10				General Perception	0.945
BE-11	Brand Loyalty	0.821	0.674	Repurchase rate	0.903
BE-12				Satisfaction	0.907
BE-13				Repurchase Commitment	0.79
Code	**Dimension of Perceived Value**	**Value**	**AVE**	**Indicator of Perceived Value**	**Value**
PV1	Perceived price value	0.788	0.621	Price Value	1
PV2	Functional value of product quality	0.891	0.793	Product superiority	0.942
PV3				Overall production	0.944
PV4	Emotional value of the product	0.851	0.725	Emotional evaluation	1
PV5	Perceived social value	0.559	0.559	Acceptance from social environment	0.929
PV6				Influence from social environment	0.905
PV7	Logical Value	0.558	0.558	Quality of the price	1

Table 1 *(Continued)*

Code	Dimension of Marketing Mix	Value	AVE	Indicator of Marketing Mix	Value
BPF-1	Product	0.844	0.712	Production Team: Producer	0.799
BPF-2				Production Team: Writer	0.742
BPF-3				Production Team: Director	0.769
BPF-4				Production Team: Actor	0.711
BPF-5				Genre	0.581
BPF-6				Music	0.753
BPF-7				Nomination and Award	0.638
BPF-8	Price	0.74	0.547	Cinema Ticket	0.91
BPF-9				Cost related	0.894
BPF-10	Place / Distribution	0.829	0.734	Cinema Location	0.824
BPF-11				Easiness	0.926
BPF-12				Comfort	0.83
BPF-13				Availability	0.851
BPF-14				Accessibility	0.899
BPF-15	Promotion	0.857	0.688	Word of Mouth	0.733
BPF-16				Movie Reviews	0.732
BPF-17				Movie Posters	0.757
BPF-18				Television	0.831
BPF-19				Radio	0.778
BPF-20				Press	0.845
BPF-21				Internet Commercials	0.832

RESULTS AND DISCUSSIONS

Based on Table 2, it is found that H1 was accepted with brand equity to marketing mix score was 3.138176 and H2 also accepted with Perceived Value score of 15.446414. The result shows that both brand equity and perceived value have impact toward marketing according to Indonesia film viewers. Promotion with score 0.857 is the most important part of the marketing mix followed by product 0.844, place/ distribution 0.829 and price 0.74. Price rank last since ticket price is already set by the

cinema. Under promotion, press media is still leading with score of 0.845 as the most indicator that impact film viewers to see the film. Interestingly, internet commercial 0.832 showed up number two and surpass TV 0.831 and Radio 0.778. It seems that marketing trend using online platform is increasing. Film Producer 0.779, director 0.769 and music 0.753 are the top three ranks under product as indicator for film viewers to select the film which means Indonesia film viewers make those three indicators as important before they choose the film title. Easiness to come to cinema 0.926 also influences film viewers to see the film under place/distribution dimension of marketing mix which means production company needs to select the right cinema location for their film so their target market can come to cinema to see the film. Brand equity of the production company is also important. Production company image score of 0.946 means that perception (0.953) from film viewers regarding image of the company is very important. Brand recall (0.956) means film viewers need to be educated regarding the company name and if they are satisfied (0.907) after seeing the film, they will remember the name of production company and their perceived quality, thus developing brand loyalty for their future film production. Perceived value for film viewers is also important since they seek for functional value of product quality (0.891) of the film. Emotional value (0.851) is next important indicator for film viewers so they get emotional value after seeing the film. Perceived price value (0.788) also means price value is important to Indonesia film viewers and continued by perceived social value (0.559) and logical value (0.558). The result showed interesting finding that acceptance from social environment (0.929) somehow important for Indonesia film viewers.

Table 2
Hypotheses result

Brand Equity to Marketing Mix	3.138176
Perceived Value to Marketing Mix	15.446414
Based on T-Table 1.96	
H1: Brand equity has impact toward Marketing Mix	Accepted
H2: Perceived Value has impact toward Marketing Mix	Accepted

CONCLUSION

Production companies must be able to collaborate brand equity, perceived value and marketing mix to be able to attract film viewers to cinema and watch the film. To be able to do that production company

need to able to manage available marketing budget especially when the competition with others Indonesia films. Production company must be able to develop marketing mix that combines right product (producer, director and music), with the right promotion (press and internet commercials), distributes to the right cinema location based on target market, and develops ticket price promotion. Included in the marketing mix implementation, production company needs to increase their brand image, brand awareness, perceived quality and thus brand loyalty. Production marketing strategy must be able to convince Indonesia film viewers for value of the film that they will see in cinema such as quality of the film, emotional film viewers, price value, social value and logical value. With the right combination of marketing mix strategy, strengthen production company brand equity and convincing perceived value of the film to Indonesia film viewers, production company should be able to attract film viewers to cinema and see the film.

There are several discussions that should be interesting for further research such as price promotion, internet commercials, acceptance from social environment and film quality. First, price promotion with other brand to reduce price or increase benefit from the price that Indonesia film viewer pay is not common for Indonesia film, yet. Second, the important of internet commercial to promote film also an interesting discussion whether the behavior changes because of the new generation of film viewers. Third, how production company can utilize the acceptance from social environment of Indonesia film viewers. Lastly, quality of Indonesia film if compared to Hollywood films with high budget and how the production company can come up with the strategy to overcome perceived quality.

REFERENCES

Akdeniz, A. A. (2012). Effect of perceived values on the brand preference and the purchase intention. *European Scientific Journal, 8*(17), 1-17.

Aulia, S. A., Sukati, I., & Sulaiman, Z. (2016). A review- consumer perceived value and its dimension. *Asian Journal of Social Sciences and Management Studies*, *3*(2), 150-162.

Chi, H. K., Yeh, H. R., & Yang, Y. T. (2009). The impact of brand awareness on consumer purchase intention - the mediating effect of perceived quality and brand loyalty. *The Journal of International Management Studies*, *4*(1), 135-144.

Cobb-Walgren, C. J., Ruble, C. A., & Donthu, N. (1995). Brand equity, brand preference, and purchase intention. *Journal of Advertising, 24*(3), 25-40.

de Matos, C. A., & Rossi, C. A. V. (2008). Word-of-mouth communications in marketing: A meta-analytic review of the antecedents and moderators. *Academy of Marketing Science*, *36*, 578-596.

Filmindonesia. (2017). Perolehan penonton [Acquisition of movie viewer]. Retrieved April 1, 2017, from http://filmindonesia.or.id/movie/viewer/2007-2018#.XJn78aAxXIU

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis.* Harlow, England: Pearson New International Edition.

Javad, M., Ruhollah, N., & Mansuri, M. (2014). Investigate and priority of (4P) factors on costumer decision for marketing strategy. *Journal of Current Research in Science, 2*(5), 592-595.

Khan, N., Rahmani, S. H. R., Hoe, H. Y., & Chen, T. B. (2015). Causal relationships among dimensions of consumer-based brand equity and purchase intention - fashion industry. *International Journal of Business and Management*, *10*(1), 172-181.

Lawler, E. J., & Yoon, J. (1996). Commitment in exchange relations: Test of a theory of relational cohesion. *American Sociological Review, 61*(1), 89-108.

Li, X. Y., Wang, X., & Cai, Y. J. (2011). Corporate, product, and user-image dimensions and purchase intentions: The mediating role of cognitive and affective attitudes. *Journal of Computers*, *6*(9), 1875-1878.

Mirabi, V., Akbariyeh, H., & Tahmasebifard, H. (2015). A study of factors affecting on consumers purchase intention. Case study: The agencies of Bono Brand Tile in Tehran. *Journal of Multidisciplinary Engineering Science and Technology*, *2*(1), 267-273.

Mohammadian, M., & Habibi, E. S. (2012). The impact of marketing mix on attracting audiences to the cinema. *International Business and Management, 5*(1), 99-106.

Ravald, A., & Grönroos, C. (1996). The value concept and relationship marketing. *European Journal of Marketing, 30*(2), 19-30.

Saleem, A., Ghafar, A., Ibrahim, M., Yousuf, M., & Saleem, N.A. (2015). Product perceived quality and purchase intention with consumer satisfaction. *Global Journal of Management and Business Research: E Marketing, 15*(1), 21-27.

Soltani, M., Esfidani, M. R., Jandaghi, G., & Soltaninejad, N. (2016). The effect of service quality on private brand image and purchase intention in the chain stores of ETKA. *World Scientific News, 47*(2), 202-216.

Worldometers. (2017). Indonesia population. Retrieved April 1, 2017, from http://www.worldometers.info/world-population/indonesia-population/?hc_location=ufi

Yoo, B., Donthu, N., & Lee, S. (2000). An examination of selected marketing mix elements and brand equity. *Journal of the Academy of Marketing Science*, *28*(2), 195-211.