

The Effect of Brand Equity and Perceived Value to Marketing Mix

Faransyah Agung Jaya¹, Mts. Arief², Pantri Heriyanti³, Dyah Budiastuti⁴

^{1,2,3,4} Binus University, Jl. Kebon Jeruk Raya No. 27 Kebon Jeruk Jakarta Barat

¹coachfaran@coachfaran.com; ²pheriyati@binus.edu; ³dbudiastuti@binus.edu; ⁴marief@binus.edu

ABSTRACT

This paper aims primarily at examining the effect of brand equity and perceived value on marketing mix. The article is written based on the empirical survey with the active participation of 256 respondents who are considered as film viewers in Indonesia. On the basis of structural model testing with Structural Equation Modeling, one of the major findings revealed from this study shows that brand equity and perceived value are positively and significantly affect 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 the cinema.

Keywords

Marketing mix, Perceived value, Brand equity, Indonesia, Film viewers.

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

Introduction

Indonesia is a big market for the film industry with a total population of 260 million people across the country (Worldometers, 2017). Accordingly, on the one hand, film production could attract the big market, for example in 2016, one single Indonesia film attained the highest number with 6,858,616 of ticket sold, but on the other hand, one film just reached as low as 600 tickets sold (Film Indonesia, 2017). Indeed, with the big potential market, Indonesian film production companies need the right marketing formula to attract film viewers coming to the cinema. In this context, film production firms need to consider the factors that influence film revenue and the deciding factors that bring customers to theatres (Mohamadian & Habibie (2012)). In turn, an appropriate marketing strategy could help in reducing risk from film production as well as increase film brand image on the parts of film viewers.

In this research, Chen et al., (2015) state how the attitudes and beliefs of consumers about the specific brand reflect the brand's image. Previous researchers assert that brand equity and perceived value have a significant effect on marketing mix (Cobb-Walgren, et al., 1995; Yoo, et al., 2000; Ravald & Gronroos, 1994). In this article, the focus is emphasised on how the brand equity and perceived value of film viewer affect the marketing mix dimensions, including product, price, place, and promotion. As previous research on these marketing variables in the Indonesian film industry setting is still very limited that this paper provides a significant contribution to the existing literature as well as providing practical implications for the Indonesian film industry

Literature Review

Marketing mix

A collection of controllable marketing tools is referred to as a marketing mix, which any company can implement in selling its product and impacting the demands (Mehrabi, et al., 2014). More particularly, there are four dimensions of

marketing mix, including product, price, distribution and promotion (Mohamadian & Habibie, 2012). The product dimension of marketing mix is one of the components of film offered in cinema such as production team (which includes director, film star, and producer), budgeting, film genre, music, and nomination and awards won in film festivals. Price is described as the money traded in regards to the offered service or commodity towards the consumers, or the benefits they earned from the trade. In the film industry, price is the cinema ticket and cost related to watch the film. Price fairness for consumers will be developed based on their perception and will be a proper predictor for their purchase decision (Mirabi et al. (2015)).

When purchasing, price becomes a factor as consumers will link the price set to the quality of the product, affecting the perceived quality. Hence, with the increase of perceived quality, the brand equity positively justifies the price (Yoo, et al., 2000). Place or distribution is the location of the cinema that shows the film based on the schedule (Mohamadian & Habibie, 2012). To the audience who has easy access with a low expense and minimal waste time, they are more willing to see films in the cinema instead of those who live far. Promotion is very important for the production company to introduce the film to moviegoers. The act of communicating with individuals, groups and organisations, either directly or indirectly, with the purpose of informing and encouraging others in purchasing the goods or services from the company is known as promotion. Within films, the most used kinds of promotion are media exposure (television, radio, press, commercials), posters, and word of mouth (Mohamadian & Habibie, 2012). Meanwhile, Cobb-Walgren et al. (1995) stated that promotion influence brand equity. Advertising, being a part of the promotion process, is an effective method due to its ability in generating recognition in the minds of prospective buyers in deciding on whether to purchase the product or not. This is because advertising influences a brand's perceived quality, as well as affecting the experience that will be faced by buyers (Cobb-Walgren, et al., 1995). An investment made in advertising is highly linked to perceived quality due to its contribution in making greater mark

equity. Therefore, it is crucial as a large volume of advertisement is positively linked to brand recognition and partnerships, contributing to higher market value (Yoo, et al., 2000).

Advertising is considered to be significantly effective as it affects consumer behaviours (Mirabi, et al., 2015). However, in reality, not only does advertisement is expensive but many people have also lost faith in it; media advertising . Theory related to marketing mix is Relationship Marketing Theory. The main focus in implementing a relationship marketing is to form a long-term connection with the consumers, who are the moviegoers. Relationship marketing is as a way to create, sustain and strengthen relationships with the consumers and other related partners, while simultaneously fulfilling the interests of the involved parties (Ravald and Gronroos, 1994) . Establishment of relationship by the film production company and film viewers will attract and build long term potential revenue especially in the film industry which production company product is produce film and hoping film viewers will come and see the film in the cinema.

Brand Equity

It is stated that marketing mix affects brand equity, such as price and promotion. At the same time, market awareness and understanding that generates value from the consumers to both the company and its consumers are referred to brand equity (Yoo et al., 2000) . In the film industry, the brand is the production's company name which film viewers check the production company before they select the film title. For a brand to have high brand equity, consumers need to have a strong and positive association for the brand, while also viewing it as being high quality, hence resulting in brand loyalty. To measure brand equity, there are four dimensions which are; brand image, brand awareness, perceived quality and brand loyalty. To define a brand image, it is by determining the attitudes and expectations of consumers towards the brand (Chen et al., 2015). People's views, attitudes, values, thoughts, experiences and awareness construct a brand image (Soltani, et. al., 2016). Similarly, Guo Li et al. (2011) state that brand image involves awareness, viewpoints, along with physical and non-physical features of the product. Due to this, consumers are able to assess the product's quality, recognise, minimize buying losses and gain gratification through the brand's image uniqueness .

It is known that brand awareness becomes a deciding factor for consumers in their purchasing process. A better-quality rating and greater market share would be given for goods with greater brand awareness. This will allow a greater possibility for well-informed consumers to be loyal (Chen, et al., 2015) .

In addition, brand awareness consists of brand recall and recognition. Hence, it is deemed to be successful when consumers are able to recognize and differentiate the brand. Brand recall is explained to be a quick response in mentioning the product and its name, whereas brand recognition is the ability in differentiating the products from others. As a result, marketing is affected by a positive brand image, as well as the purchasing factor through brand affiliation (Chi, et al., 2009).

To define perceived quality, it is when consumers' mindset on the particular product or service quality to be superior and better as compared to other available substitutes. Mirabi, et al. (2015) mention that product specification, which constructs perceived quality, consists of reliability, performance and brand. Yoo et al. (2000) explain that when a brand possesses a high perceived quality, consumers come to understand the distinction and dominance due to being exposed by the brand in an extended period. Factors such as past experience, level of education and perceived risk and environmental factors such as purchase intention, buying circumstance, time constraint and social context from customers can influence perceived quality (Chen, et al., 2015). Perceived quality becomes an essential factor when consumers are deciding their purchase as they are often affected by their tastes and interpretation. Until buying the items, consumers have certain expectations of the items' quality, price and styles (Saleem, et. al., 2015) .

When consumers are fully committed in their preferred brand choice, they are least likely to change to another brand, and this shows their brand loyalty. It would also increase the possibility in them repurchasing the product, as well as for potential consumers (Chen, et al. 2015). Similarly, brand loyalty also allows a frequent purchase and avoids consumers to shift to other brands (Yoo, et. al., 2000) . Indicator of brand loyalty is repurchase rate on the same brand, consumers satisfaction, and repurchase commitment in the future, Chi et al. (2009). A theory that supports brand equity related to the film industry is the theory of relational cohesion emphasises the emotional/affective factors in commitment formation (Lawler & Yoon, 1969). This theory examined how the exchange between individuals resulted in relationships. It also shows how the greater equality of power on couples within the same networks build positive emotions, as well as creating a view on the relationship as a cohesive entity . The theory supports that company's production should develop a good relationship with film viewers so every time they produce a film, they will be able to sell the ticket easier. Based on the literature above, first hypotheses develop:

H1: Brand equity has an impact on marketing mix

Perceived Value

Film viewers for Indonesian films for non-popular films are meagre. The gap between the lowest number of tickets sold and the highest is very significant. Film viewers perceived value is believed to be one of the factors that cause it. According to Matos and Rossi (2008), a consumer would make a purchase if it provides a benefit or can be utilised in other ways, which results in customer-perceived value. This value is dependent on consumers' expectations of what is earned and offered, a trade-off between advantages or gains such as efficiency, comfort, volume, as well as costs or gives such as money, time, efforts . The value that consumers seek when purchasing a product is very much subjective among individuals. Furthermore, on numerous occasions, consumers can judge the same product differently. (Ravald & Gronroos, 1994) . It happens in the film industry that film viewers perceived value is on a film basis. Ravald and Gronroos (1994) suggested that perceived value relates to marketing mix and have three dimensions which are

emotional, functional and logical. When consumers have received a product or a service, they would then have an emotional evaluation which refers to emotional value. Emotional value is influenced by their consumption experience. The functional value refers to the operational area for the product or service, whereby consumers' expected desirability is one of the characteristics in this value. Perceived value is significantly affected by the emotional, functional and social value. The logical value refers to the quality of service and price offered, whereas social value is when a relationship between an individual and their social environment is based on acceptance and desire. (Soltani, et. al., 2016).

Similar dimension of perceived value also suggested by Akdeniz (2012) that perceived price value, functional value of product quality, emotional value of the product, and perceived social value. Perceived price value is how much value comes from the product to the consumer. Functional value of product quality is value judged by the consumer is related to product superiority and perfection. Emotional value of the product is how much the emotions will value the product and perceived social value is how much the product can connect the consumer to their group. A theory that support perceived value is Consumption Value Theory (Aulia, et. al., 2016). Consumers' decision on making a

purchase, and choosing the product or service from a particular brand or another is referred to the theory of consumption value. If the production company can increase the positive perception of the perceived value of the film, the film viewers will strongly influence to see or buy the ticket of the film in the cinema. Based on the literature above, second hypotheses develop:

H2: Perceived value has an impact on marketing mix

Materials And Methods

For this study, an online survey of particular reference to the Likert scale questionnaire was used. A total of 305 respondents were asked to participate yet only 257 completed all the questions, with a response rate of 84%. The data collected was evaluated using Structural Equation Modelling Partial Least Square (PLS-SEM) in order for the researcher to concurrently investigate a set of dependency relationships and evaluate several equations concerning dependence relationships (Hair et al, 2010).

Results And Discussions

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
Code	Dimension of	Value	AVE	Indicator of	Value

	Marketing Mix			Marketing Mix	
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

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

Hypothesis 1 was accepted with brand equity to marketing mix score is 3.138176, and H2 also accepted with Perceived Value score 15.446414. The result shows that both brand equity and perceived value has an impact on marketing, according to Indonesia film viewers. Promotion with score 0.857 is an essential part of the marketing mix followed by product 0.844, place/distribution 0.829 and price 0.74. Price rank last since the ticket price is already set by the cinema. Under promotion, press media is still leading with a 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 an indicator for film viewers to select the film which means Indonesia film viewers make those three indicators as vital before they choose the film title. Easiness to come to cinema 0.926 also influence film viewers to see the film under place/distribution dimension of marketing mix which means production company need to select the right cinema location for their film so their target market can come to the cinema to see the film. Brand equity of the production company also important. Production company image score 0.946 means that perception (0.953) from film viewers regarding the image of the company is very important. Brand recall

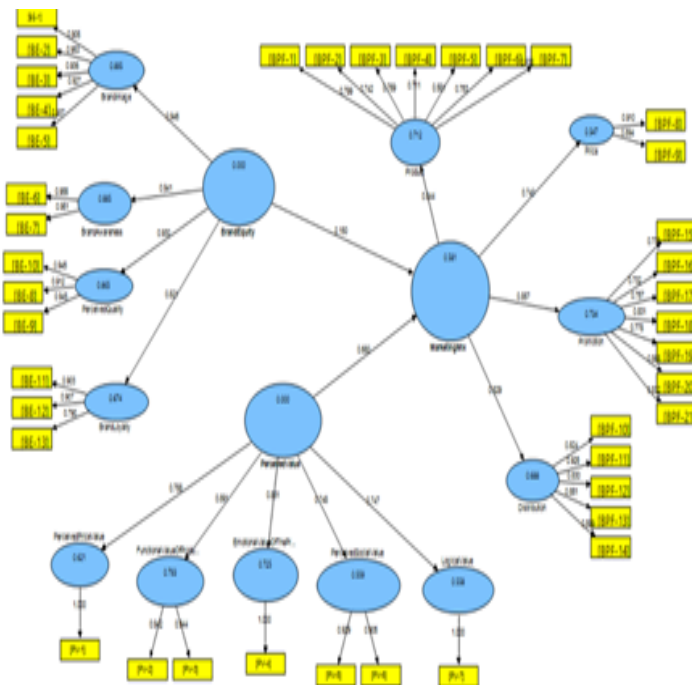


Figure 2. Loading Factors

(0.956) means film viewers need to be educated regarding the company name and if they satisfy (0.907) after seeing the film, they will remember the name of the production company and their perceived quality, thus develop brand loyalty for their future film production. Perceived value for film viewers is also vital since they seek for functional value of product quality (0.891) of the film. Emotional value (0.851) is the next important indicator for film viewers, so they get the 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 an interesting finding that acceptance from social environment (0.929) somehow necessary for Indonesia film viewers.

Conclusions

Production companies must be able to collaborate brand equity, perceived value and marketing mix to be able to attract film viewers to the cinema and watch the film. To be able to do that production company need to able to manage the available marketing budget, especially when the competition with other Indonesia films. The production company must be able to develop a marketing mix that combines right product (producer, director and music), with the right promotion (press and internet commercials), distribute to the right cinema location based on the target market, and develop ticket price promotion. Includes in the marketing mix implementation, production company need 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 the 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 convince perceived value of the film to Indonesia film viewers, the production company should be able to attract film viewers to the cinema and see the film.

There are several discussions that would be interesting for further research, such as price promotion, internet commercials, acceptance from the social environment and film quality. First, price promotion with other brands to reduce the price or increase benefit from the price that Indonesia film viewer pay is not common for Indonesia film, yet. Second, the importance of internet commercial to promote film also is an interesting discussion of whether the behaviour 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, the quality of Indonesia film if compare to Hollywood films with a high budget and how the production company can come up with the strategy to overcome perceived quality.

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