

THE 12TH MALAYSIA - INDONESIA INTERNATIONAL CONFERENCE ON
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Borderless Economy: Opportunities and Challenges
for Businesses in Southeast Asia

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Faculty of Economics of Universitas Bengkulu
13 - 14 October 2011

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Consumers' Perception and Brand Image in Creating Brand Loyalty

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Abstrack

The purpose of this research is to determine consumers' perception and brand image in creating brand loyalty of Honda motorcycles consumers in Bengkulu. The data is taken from 200 questioners the interviews using non probabilistic sampling method. Data is analyzed by multiple linear regressions.

Equation of regression shows that independent variables of consumers' perception and brand loyalty are 0.406 and 0.367 respectively. It means that both variables have influence on customer loyalty. Consumers have a good perception and image on creating product loyalty of Honda motorcycles.

Based on the results, Honda should enhance the brand image activity because this activity is controlled by the company itself. Honda could used some programs to increase brand loyalty such as reducing carbon emission, put famous model on advertising, bonus and rewards for customers.

Keywords: Consumers' perception, brand images, brand loyalty

1. Introduction

Brand image is associated to a brand. Consumers remember the brand of a product based on their experience on using the product. The more the association of brand connected, it is stronger on creating the brand image of a product. It is became reason for customer to make second buying and become loyal to that product (Durianto et. Al, 2001). Consumers who regularly used a certain product are tended to have consistency on image of a product (Rangkuti, 2002). Image is created from perception that formed for long time. After perception process stage, it continues on consumers' participation stage. The level of participation of consumers affected the perception and memory function of the consumers' brain (Mowen, 1995).

One of motorcycle manufacturers in Indonesia is PT Astra International with their product name's Honda. Brand of Honda motorcycles are the most favorite vehicles and reason for switching the choices of public transportation. The image created by the company are environment friendly, economies, high quality, and easy to maintain. The most important reason is economies' vehicle. Based on preliminary research, a consumer just consumes 2 liters gasoline for 2 days return on 150 km long. It is cheaper than you take public transportation in Bengkulu. This research aims to determine whether consumers' perception and brand image influence on creating of brand loyalty of Honda motorcycle riders in Bengkulu city.

2. Literature Review

2.1. Brand Loyalty

In term of marketing, brand loyalty means that consumers committed on repetitive buying for same product or service or other positive attitude such as word-of-mouth marketing. Consumers' loyalty on a product cannot build in short time and it is based on experience of the consumers itself. If they expectation is satisfied, therefore they will decide to do repetitive buying the same product in the future. According to Kotler (2002:446), brand loyalty is a determined a product compare to other product, the brand is assumed as the most important asset for every product. According to Aaker in Philip (2006), brand loyalty is a measurement of connectivity of consumers to a brand. This measurement could explain about the possibility of consumers loyal to other brand, especially if there is a significant changing on other brand.

In creating brand loyalty, company must work hard time to time to give best brand experience and consistence from the initial interaction to other interactions. Even there is a threat from competitor the chance for switching the loyalty is lower.

Schiffman and Kanuk in Fajriati and Zatul Farrah (2005) mention that there are several factor that influence the creating of brand loyalty. They are perceived product superiority, personal fortitude, bonding with the product or company, and consumers' satisfaction. According to Marconi in Fajriati and Zatul Farrah (2005) factors affecting the loyalty of a brand are value, image, comfort, and how easy to get the product, satisfaction, services, and brand guarantee for the product.

Some advantages of brand loyalty of a product for company are reducing marketing expenses, increasing sales, attracting new consumers, and providing time to respond on competitor threat. According to Giddens in Fajriati and Zatul Farah (2005), brand loyalty increases the sales volume, the power of company to set the optimal product price, and reduce sensitivity of consumers on other competitors' offers.

2.2. Consumers' Perception

Consumers' perception is a subjective action which depends on experience and stimulus received. Swasta and Irawan (1990:165) define that perception is a process where consumers realized and interpreted their environment aspects. According to Kotler (2001:48), perception is a process that experienced by someone in choosing, giving argument, and interpreting the information to create meaningful description of their environment. Kotler divides perception into three processes; selective attention, selective distortion, and selective memory. First, selective attention is inability of someone to distill incoming stimulant such as advertisement, therefore, it need to determine which stimulant should give more attention. Second, selective distortion is someone intention to change the information into personal value and interpreted it by using the way that agree to their pre conception. Third, selective memory is intention to remember good attributes of a product what they like and forget the good attributes from the competitor products. Stimulant and consumer characteristics are factors that influence the consumers' perception (Sutisna in Bram, 2008). While stimulant characteristics could be from sensory elements such as smell, taste, vision, or hearing, consumers' characteristics are ability to recognized the stimulant, threshold level, sublimit perception adaptation level, stimulant generalization, perceptual selection, and attention. According to Nasution (2001:461) factors affecting the consumers perception are needs and desire when they were making transaction with the marketing, past experiences on consuming the same product from competitors, friends experiences, and delivering information trough advertisement and marketing team.

2.3. Brand Image

According to Keller (2003), brand image is perception of brand on memory of consumers, way of thinking of a product in their mind even the product is not in front of them. Brand image could drive negative or positive things on a product. Schiffman and Kanuk state that positive brand image could help consumers to refuse activity provided by competitors and vice versa.

Rangkuti (2002) stated that consumers who likely use a certain brand tend to be consistence on image of a product. In other word, positive brand image could lead consumers to be loyal on one brand. Therefore, it is important for the company to build brand image that they created in order to lead consumers toward positive perception.

Mowen (1995) mentions that brand image have the same pattern with the perception processed; it builds for gradually time to time. Factors that create brand image can be from quality, accountability, usefulness, services, risks, price, and image on the product itself. Maulana (2009) proposes that marketing communication is the newest factor should consider on creating brand image. Based on previous background and literature reviews, this research hypothesis is

H_a : *It shows that consumers' perception factors and brand image influence the brand loyalty.*

3. Research Method

Survey is conduct as research method. Accidental sampling method applies to samples from 1 January 2010 till 1 February 2010 in certain locations most of them are parking lot where it is possible to find research samples. Before the respondents filled-out the questionnaires, they are given a briefing about research indicators in order to lead their answers representing the indicators that the researchers need. 200 out of 201 questionnaires are appropriated become source of research data.

In this research, the independent variables are consumers' perception and brand image, while the dependent variable is brand loyalty. Variable of consumers' behavior defines as a process when consumers realize and interpreted their environmental aspects. Indicators of this variable are customer services, price, product quality, spare parts availability, after sales services, and easy to set and used. Variable of brand image defines as formed image from a product brand that could lead the consumers to decide a repetitive buying. Indicators of this variable are quality, policy of maintenance and services, packaging design, event or promotion at display outlet or public areas such as mall and parks. Variable dependent of brand loyalty is defined as a loyalty of consumers to commit on buying a certain brand with recurring cycles. Indicators of this variable are liking of the brand, word-of-mouth, repetitive buying, and image and trade mark of the company. Likert scale is used on scoring of answers from the data of the questionnaires; 1 for absolutely agree, 2 for agree, 3 for neutral answers, 4 for disagree, and 5 for absolutely disagree. Class interval are calculate by deducting the highest score (5) with the lowest score (1) and divided with number of scales (5).

Research data had to be tasted first by validity test in order to assess the research instrument. Validity test is reflected by calculation of correlation between score items with the total scores. Coefficient from every variable is compared to the r table. If r calculation is smaller than r table, it can conclude that the instrument is not valid. Based on validity test on 200 respondents with their answers, the results show that all variables are valid on 5% significant level.

The instrument also is tested by reliability test. Reliability test is indicated how is consistency of measurement if other research is conducted for the same symptoms. Value of Cronbach Alpha determines the reliability test. If the value is lower than 0.6, it indicates that reliability of the question item is not appropriate. Based on test of reliability, the value of Cronbach Alpha for consumers' perception is 0.720, brand image is 0.681 and brand loyalty is 0.804. Therefore, it can be assumed that three variables are reliable.

The data will be analyzed using multiple regressions. The equation is $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2$. Y is dependent variable of brand loyalty, β_0 is Constanta, β_1 is regression coefficient of consumer perception on brand loyalty, β_2 is regression coefficient of consumer perception on brand loyalty, X_1 is consumers' perception, and X_2 is Brand Image.

F test applied to determine that independent variables simultaneously influence on dependent variables. Next step is tested the data with t test in order to determine partially the significances level of regression coefficient with 95% significant confident level. The hypothesis is accepted if t test result I bigger than t table or calculation of probability is lower than 0.05 alpha probability.

4. Research Finding

PT Astra Honda Motor (PT AHM) is leader of motorcycles industry in Indonesia. Its majority shares are belongs to PT Astra International. This day, PT AHM only assembly the spare parts imported from Japan in form of CKD (Completely Knock Down). There are three types of motorcycles; Bebek type, Sport type, and Scooter type. 60% respondents are male, others are women. 35% of them in the age range of 19-25 years. Indeed, the samples are taken from the parking lot or area in the campuses. 70% of respondents have the motorcycle for the first time and 85.5% of them have no motorcycle other but Honda Brand.

Based on answers given by respondents, they are analyzed in order to get explanations on the questions. Respondents give respond of average 2.18 on consumers' perception variable, 2.38 for variable of brand image, and 2.42 for brand loyalty variable in average. This research applies multiple regressions by using SPSS for data processes in order to determine the influence of consumers' perception and brand image (independent variables) on brand loyalty (dependent variable). Summary of regression model shows that R value is 0.705, it means that among variables has strong relationship meanwhile R^2 is simultaneous influence of coefficient value between predictor on dependent variable. R^2 value is 0.697, it means that 69.7% of dependent variable could be explained by the independent variables, others 30.3% are explained by other variables that cannot identify in this research. From the results of regression, it applies to the regression equation, and the equation is:

$$Y=0.406X_1+0.367X_2$$

The equation of regression shows that independent variable on consumers' perception is 0.406 and on brand image is 0.367. It shows us that variable of consumers' perception and brand image has positive influence on consumer loyalty for Honda brand. It explains that consumers have good perception and image on Honda brand products.

Based on t test result, it shows that t test significance value <0.05 , therefore it can be concluded that factors of consumers' perception and brand image partially has influence on brand loyalty. It means that H_1 is accepted.

Output of ANOVA test shows that F calculated is 97.451 with sig level of 0.000. It can be concluded that there is significant correlation or influence between consumers' perception and brand image on brand loyalty. In other word, H_1 is accepted.

Honda has produced more than 250.000.000 units of motorcycles. Honda is successful on its achievement to become a leader on their industry. In order to attract consumers to buy their products, Honda gives image that its product can reduce the consumption of gasoline. It predicts that the image will create positive brand image on consumers' perception. Positive consumers' perception and brand image will build the loyalty of consumers on products. This loyalty gives a lot of advantages for Honda from marketing and production division such as reducing cost of advertising and other costs.

Based on survey of 200 Honda motorcycle riders which have been assembly from 2005 can be found the characteristic of respondents consist of sex, age, education, job, and number of motorcycles per respondents (Honda brand and other brands). More males ride motorcycle than female. 19.5% respondents have 2 motorcycles, and 10.5% respondents have 3 motorcycles. It shows that consumers of Honda brand are loyal.

Variable of consumers' perception consists of questions about prices, salesman services, re-sale prices, spare parts availability, maintenance and quality of Honda, show that respondents have positive perception with 2.18 on average from their answers. However, Honda needs to improve their quality of product in order to increase the price level of re-sales. Re-sales price shows the average on 2.42.

Respondents give opinions on brand image. Indicator on question of "Honda design" gets value on 2.68 on average. The implication is Honda has to improve their design in order to compete with competitors. This could be the weakness of Honda in consumers' opinion and it can be dangerous for Honda. However image of economical motorcycle gets positive response from respondents.

For variable of brand loyalty, the data shows that 2.42 on average indicates that loyalty of consumers in the high interval. It can be inferred from the question of “you will not choose other brand even you have more money” which has value of 1.64 that the loyalty has been grow. It should be maintain by the company because according to Darmadi in Philip (2006), there are several potential things that given by the brand loyalty on company is:

1. Reducing marketing expenses. It is easy to keep the consumers by reducing marketing expenses than to attract new consumers. Marketing expense is reduced since loyalty on brand is increased.
2. Increasing sales volume. Strong loyalty on a brand will increase the sales volume and self confidence of sales force to market their products.
3. Attract new consumers. Satisfied customers are often recommended the brand to their family and friends.
4. Giving the time to response the competitors. If one of competitors develop their products, loyal consumers will give the time for the company to re-new their products by adjustment and neutralized it.

This research aims is to analyze the influence of consumers perception and brand image on creating of brand loyalty of consumers of Honda motorcycles. Indicators that build the variable of consumers perception is prices, salesman services, higher re-sales prices than other, spare parts availability, maintenance and quality. For variable of brand image, quality, maintenance and service policies, packaging design, event, store promotion, promotion in public area, and other activities of below the line is taken as the indicators. Meanwhile, brand loyalty is measured by the indicators of liking of the brand, word-of-mouth, and experiences and product reputation.

Multiple regressions result shows that, in general, consumers' perception and brand image have positive influence on brand loyalty. This test results mean that in economy term that variables of consumers perception and brand image has positive influence on creating consumers loyalty. In order to support the answers of respondents by filled-out the questionnaires, researchers applied the interviews on eight respondents by asked the five questions that has been design in advance.

5. Conclusion

Based on the research findings, it can conclude that:

1. Variable of consumers perception and brand image have positive influence on variable of brand loyalty. It is supported by the positive result on those two variables.
2. Influence of consumers' perception and brand image variables on brand loyalty can be drawn from the multiple regressions coefficient for each variable 0.406 and 0.367 respectively. It is also supported by the R^2 value of 0.97, brand loyalty is influenced by variable of consumers' perception and brand image of 69.7% while other 30.3% is influenced by other factors that could not identify by this research.
3. Result of hypothesis testing by using t test shows that sig. value $t < 0.05$, therefore it can be conclude that factors on consumers perception and brand image are considered partially influence on brand loyalty. Result on simultaneously test of consumers' perception and brand image variables on Honda motorcycle influence the brand loyalty of consumers in Bengkulu city. It is supported by the F value on 97.51 by sig. level of 0.000. It can be conclude that there is a significant correlation between consumers' perception and brand image n brad loyalty. It means that hypothesis is accepted.

6. Suggestion

Honda motor Company should always keep the brand image that they offer to the consumers. Variable of brand image is manageable variable by the company. Creating and developing positive brand image could be reached by smart marketing program on their products, unique products and more features, that could differentiated the product from its competitors. It can be done by creating a motorcycle with environmentally friend machines and reduce carbon emission waste, creating advertising by using famous models, giving bonuses or gift as compliment to consumers. By giving they more, consumers have positive image on Honda brand and could lead to create their loyalty on the brand.

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