

THE EFFECT OF BRAND AWARENESS, PRODUCT KNOWLEDGE AND PRODUCT QUALITY ON PURCHASE DECISIONS AND ITS IMPACT ON CONSUMER LOYALTY IN MOORLIFE PRODUCTS IN BANDA ACEH CITY, INDONESIA

Masniari Sastrawati, Nurdasila Darsono and MirzaTabrani
Department of Management, Universitas Syiah Kuala, Indonesia

<http://doi.org/10.35409/IJBMER.2020.3138>

ABSTRACT

This study is to describe the effect of brand awareness, product knowledge and product quality on purchase decisions and consumer loyalty in moorlife products in banda aceh city, indonesia. The object is the moorlife products and the respondent is the user. The population in this study is moorlife users in the city of banda aceh, totaling 1.532 people. The sample taken 125 respondents to meet the requirement of structural equation model (sem), that is 5 x 25 (number of indicators). The data is analyzed using sem as a statistics technique, with amos software as a tool to test the model. The results of the study prove that brand awareness effects purchase decision, product knowledge effects purchase decision, product quality effects purchase decision, brand awareness effects consumer loyalty, product knowledge effects consumer loyalty, product quality effects consumer loyalty, purchase decisions effects consumer loyalty of moorlife product consumers in banda aceh city. This results support the previous theories that say about the causality condition related to variables. The originality lies in the form of combination of the previous causality models. The limitation lies in the number of variables and object. These findings contribute also to the managerial implications that related to the variables. It maps the condition and the solution for managers of moorlife product consumers to take the opportunity and advantage to increase their consumer loyalty in banda aceh.

Keyword: Brand Awareness, Product Knowledge, Product Quality, Purchase Decision, Customer Loyalty.

1. INTRODUCTION

The level of competition in the business world in Indonesia is very tight, because every company always strives to increase market share and reach new customers. Companies must be able to determine the right marketing strategy so that their business can survive and win competition, so that the goals of the company can be achieved. Basically the more competitors there are, the more choices for customers to be able to choose products that meet their expectations. So the consequence of these changes is that customers become more careful and smart in facing each product that is launched. Likewise happened with the packaging product companies, especially household plastic materials. With many packaging companies in Indonesia, consumers will be more selective in determining the brand of packaging products that are used as a tool to store food products, as is the case with Moorlife products.

Moorlife is a premium plastic product made from strong and durable tritan material with exposure and recognition from the FDA. Moorlife products have received recognition from the Food and Drug Administration's International Certification Agency which states that the product is safe for use in accordance with the provisions of the Food and Drug Administration (FDA), which is responsible for regulating food and supplements in the United States.

In addition, Moorlife products get ISO 9001 certification from the International Certification Agency. ISO 9001 is a certification of quality management systems that refers to the ISO (International Standard Organization) rules.

The following are other advantages of Moorlife products which have been marketed in the following Big Cities throughout Malaysia and Indonesia:

- a. Premium plastic products
- b. Food Grade Material (FDA Certification)
- c. Already getting ISO 9001
- d. High quality material
- e. Thicker than similar products
- f. Unique and attractive colors
- g. Durable and long lasting
- h. Hygienic, safe and healthy
- i. Moor Lifetime Guarantee

Moorlife products have various types of products with a wide choice of colors for family needs and lifestyle. In addition, Moorlife products are protected by Moor Lifetime Guarantee which provides extra protection for CMN products. The marketing system of Moorlife products marketed by CMN (Cleo Moorlife Novelty) is done by direct selling (direct selling), making it easier for consumers to buy the product, in accordance with the wishes of the consumer. The decision to purchase Moorlife products made by consumers is strongly influenced by several factors that are interconnected so that the authors feel interested in seeing these factors, so consumers make purchasing decisions.

According to (Robbins & Judge, 2012) suggests that "Direct marketing is a marketing system that uses an advertising medium or more in order to get a response and / or transactions that can be measured in a location. Based on that understanding, it can be concluded that direct marketing is a form of marketing interactive by using an advertising media or more to get a response or transaction that can be measured.

Consumer decisions in buying a product is a stage of the decision process where consumers actually purchase products. The process of consumer purchasing decisions is based on several stages, namely the process of problem recognition (needs), information retrieval, evaluation of alternatives, purchasing decisions, and finally post-purchase behavior. By making a purchase decision will arise loyal or not attitudes from consumers which is referred to as consumer loyalty. The problem of consumer loyalty is very important to be considered by companies in marketing. Likewise with PT. CMN is a company engaged in plastic packaging factories. One way that companies do in maintaining customers is paying attention to customer loyalty.

Consumer brand awareness is all the impressions that arise in the minds of consumers associated with their memories of a brand. (Andreasen & Kotler, 2002). The level of consumer awareness of a brand (brand awareness) is very important for companies to provide products that

are truly needed by consumers. Brand awareness describes the existence of a brand in the minds of consumers that will influence consumer perceptions and behavior. Brand awareness is also a key of brand assets or opening key to enter into other brand elements. Brand awareness describes the existence of a brand in the minds of consumers, which can be a determinant in several categories and usually has a key role in brand equity. Raising awareness is a mechanism to expand the brand market where the higher brand awareness, the more consumers recognize the product. With the brand awareness that is owned by consumers, they will be more confident about the products they will buy.

Thus, a customer who is aware of a brand will automatically be able to describe the elements of the brand without having to be helped. The highest brand awareness is indicated by the placement of the brand at the highest level in the customer's mind. Having a high brand awareness is of course the dream of all brands because it will strengthen the brand's existence in the eyes of customers.

While regarding the product knowledge that is owned by consumers of the product to be bought can also affect the purchasing decisions by consumers who can also have an impact on the level of consumer loyalty. Knowledge of products owned by Moorlife product consumers will be a source for consumers to create a sense of trust in products, with the knowledge of products consumers will know and believe that the products consumed are useful in meeting the needs so that consumers who have knowledge of these products will make a repeat purchase decision .

In summary, it can be explained about the quality of Moorlife products which are made from plastic which have advantages and disadvantages. The advantages of plastic products include: Strong, Light, Flaction, Stainless, Not Easily Broken, Easy to color so as to increase traction, Easy to form for various functions, Good heat / electric insulator. While the disadvantages include: some types of plastic can not stand heat, some types of plastic require tens to hundreds of years to decompose naturally (non-biodegradable), if not used according to its function, chemicals contained in plastic can endanger health.

The current phenomenon is that marketing that uses various media both social media and direct marketing (direct marketing) is strongly influenced by several factors. Among other things, brand awareness of consumer knowledge of the product to be bought, the quality of the product to the product they buy. The phenomenon behind this research is the tendency of people who are still unaware of the importance of brand awareness or knowing the product brand they buy, then the low knowledge of consumers or the community about products that have been purchased or in consumers and the low quality of product, so that product purchases are less helpful. Apart from these three factors, product purchase decisions made by consumers will have an impact on consumer loyalty to the products that have been purchased in this case Moorlife products marketed by the company CMN (Cleo Moorlife Novelty) with the head office in Gedangan, Sidoarjo.

2. LITERATURE REVIEW

Consumer Loyalty

Customer loyalty is the main goal of customer relationship management and describes the loyalty that is formed between customers and companies, people, products or brands. Individual market segments must be targeted in terms of developing customer loyalty. For

different reasons for loyalty must be promoted, (Upamannyu & Bhakar, 2014) found more than 50 operational definitions of brand loyalty, which could be classified as combined behaviors, attitudes and approaches in the literature. (Upamannyu & Bhakar, 2014), explain behavior loyalty has been considered as a frequency of repeat purchases, while brand loyalty attitudes include "expressing customer preferences, commitments or purchase intentions" (Upamannyu & Bhakar, 2014).

Loyalty literally means loyalty, which is someone's loyalty to an object. Moven and Minor (Mardalis, 2005), loyalty is a condition in which customers have a positive attitude towards a brand, have a commitment to the brand, and intend to continue their purchases in the future.

According to (Griffin, Phillips, & Gully, 2016) consumer loyalty is a repeat buying behavior that is consistent and shows sensitivity to various things that can change buying behavior. Another concept of customer loyalty states that the concept of loyalty is more directed towards behavior than attitude and someone loyal customer shows purchasing behavior that can be interpreted as a regular purchase pattern and for a long time, which is done by the maker units or decision makers (Griffin et al., 2016). According to (Griffin et al., 2016), there are two conditions related to loyalty, namely customer retention and total customer share.

Loyalty is seen as a close relationship between relative attitudes and behaviors that are very beneficial for marketers. Consumer loyalty is very important for a company both services and products (goods) to increase profits for a company, because if consumers are not loyal to the product of a company, then certainly they will turn to other products, to maintain consumer loyalty according to Heskett et al. (Gefen, 2002), one way to increase customer loyalty is to provide good quality services, which are expected to make customers return to transactions with the product / company maker.

At present, the climate of competition in the world of commerce is increasingly felt. On the other hand, such rapid environmental changes increasingly support the current competition. According to (Dick & Basu, 1994), one of the main objectives of marketing activities is often seen from the achievement of customer loyalty through marketing strategies (Kotler & Keller, 2018). Customer loyalty is the most important part of repeating purchases to customers (Caruana, 1999).

According to (Reichheld & W. Earl Sasser, 1990), customer loyalty has a positive correlation with business performance (Beerli, Martín, & Quintana, 2004). According to (Barroso, Armario, & Ruiz, 2004), customer loyalty not only increases value in business, but can also attract new customers (Beerli et al., 2004). In the short term, improving customer loyalty will bring profit to sales. Profit is the main motive for business consistency, because with profits, the business cycle of the variation of products and services offered and the expansion of markets served (Soeling, 2007). In the long run, improving loyalty will generally be more profitable, ie customers are willing to pay higher prices, provide services that are cheaper and are willing to recommend new customers.

Purchase Decision

Basically, a purchase decision is an act or behavior of consumers so whether or not to make a purchase or transaction, the number of consumers in making decisions is one of the determinants of achieving or not the company's goals. According to (Andreasen & Kotler, 2002)

suggested that purchasing decisions are the stage of the decision process where the consumer actually purchases the product. According to (Andreasen & Kotler, 2002) the purchasing decision process consists of five stages: recognition of needs, information seeking, evaluating alternatives, purchasing decisions, and behavior after purchase. Thus the purchasing decision can be a measure of whether or not a company's goals are achieved.

Brand Awareness

Aaker as quoted by (Retnawati, 2013) defined, brand awareness as a consumer acceptance of a brand in their minds which is shown by their ability to remember and recognize a brand back into a certain category. Efforts to achieve quality brand awareness, both in the level of recognition and recall, involve two activities, namely trying to build brand identity (brand identity) and trying to shape brand image (brand image building) in the minds of consumers (Rangkuty, 2002). While (Suyanto, 2013) stated brand awareness is the ability of brands to appear in the minds of consumers when they are thinking about a particular product and how easily the name is raised.

Based on the above opinion, it can be explained that brand awareness is basically a response or acceptance of the minds of consumers towards the brand. High and low brand awareness depends on the ability of consumers to remember and recognize a brand well in certain categories. For example when consumers think of fashion brands that quickly appear in the minds of consumers are Armani, Hermes, Louis Vuitton and so on. Or when consumers think of an airline brand in Indonesia that first appeared was PT Garuda Indonesia, then followed by other airlines.

Product Knowledge

Product knowledge according to (Sumarwan, 2011) is a collection of various information about the product. This knowledge includes product categories, brands, product terminology, product attributes or features, product prices and product trust. The meaning of product knowledge is an understanding of goods or services / services that may include after obtaining information about the company's application, functions, features, usage and support requirements. A business sales representative is an example of an individual who is usually expected to obtain sufficient product knowledge about the goods and services they are responsible for selling to consumers (Kolesnikova, 2010).

Product knowledge will be a source for consumers to create a sense of trust in products, with the knowledge of products consumers will know and believe that the products consumed are useful in meeting the needs so that consumers who have knowledge of these products will make a repeat purchase decision.

Understanding consumer knowledge is very important for marketers. Information about what to buy, where to buy, and when to buy will depend on consumer knowledge. Consumer knowledge will influence purchasing decisions and even repeat purchases. When consumers have more knowledge, they will be better at making decisions, more efficient, more appropriate in processing information and able to recall information better (Sumarwan, 2011).

Product Quality

Product is a set of physical or abstract attributes that may be accepted by the buyer as meeting their needs. Whereas according to Kotler the product is any offer that can satisfy needs and desires.

Product quality is one result of the association of brands that is directly related to the financial condition of the company. This is because the perception of the quality created by a brand provides a positive assessment of a brand and can support the brand's premium price.

Perception of quality is not only created by visible or visible brand quality such as brand reliability or performance, but is also shaped by several other dimensions such as brand associations. Besides that, the perception of good quality on a brand can create confidence in the performance of the brand, so that it will automatically be able to create high loyalty.

According to (Szymanski & Henard, 2001), product superiority is superiority or higher differentiation compared to competitor's bids. Previous research (Mcnally, Cavusgil, & Calantone, 2010) suggested that product attributes such as product quality, reliability, uniqueness and uniqueness, provide a more real picture of a company's ability to meet customer needs and differences between alternatives on attributes important attributes provide clear advantages.

Research Hypothesis

From the above condition, authors formulate the research hypothesis as follows.

- H1 : brand awareness effects purchase decision,
- H2 : product knowledge effects purchase decision,
- H3 : product quality effects purchase decision,
- H4 : brand awareness effects consumer loyalty,
- H5 : product knowledge effects consumer loyalty,
- H6 : product quality effects consumer loyalty,
- H7 : purchase decisions effects consumer loyalty

3. RESEARCH METHOD

The location of this research is carried out in Banda Aceh City. The variables are brand awareness, knowledge, product quality, purchasing decisions and consumer loyalty on Moorlife products in Banda Aceh City. Population is the total number of elements to be examined (Cooper & Schindler, 2011). However, this research does not use the entire population, because to generalize it is sufficiently represented by some members of the population called samples (Cooper & Schindler, 2011). Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics set by researchers to be studied and then conclusions drawn (Sugiyono, 2008). The population to be studied must be clearly defined before the research is conducted. While the sample is part of the number and characteristics, for example due to limited funds, energy and time, the researcher can use samples taken from that population. For that samples taken from the population must be truly representative (represent). So the population in this study is Moorlife users in the city of Banda Aceh, totaling 1.532 people. The sample is taken 125 respondents to meet the requirement of Structural Equation Model (SEM), that is 5 x 25 (number of indicators). The data is analyzed using SEM as a statistics technique, with Amos software as a tool to test the model.

4.RESULT

Analysis of the full stage of the SEM model is carried out by conducting suitability tests and statistical tests. The results of data processing for full analysis of SEM models are shown in figure 1.

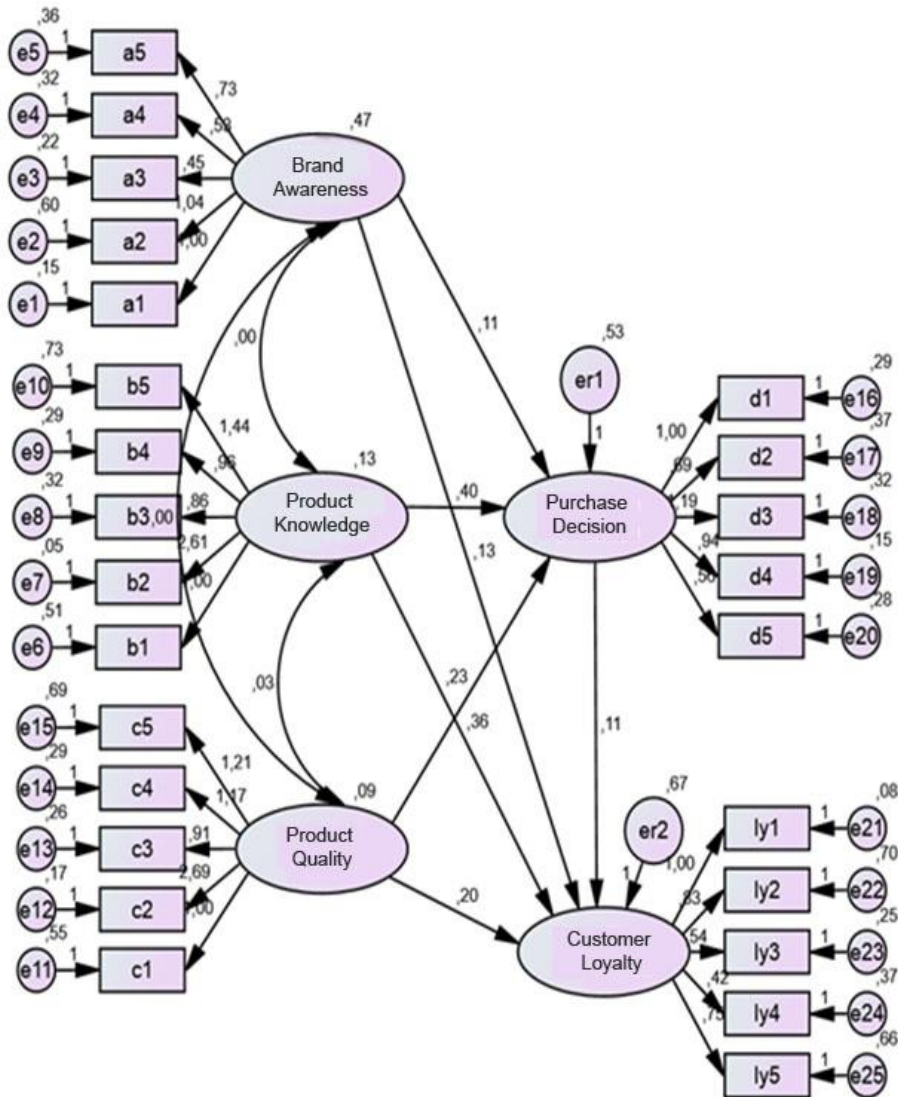


Figure 1. SEM result

H1 is accepted : The Effect of Brand Awareness on Purchase Decision

The Estimation parameters to test the effect of brand awareness on purchasing decision indicate that the CR value obtained is 4.226 and with a probability level of 0.000 at the significance level $\alpha = 5\%$. Both values meet the requirements for acceptance H1, which is a CR value of 4.226

which is greater than 1.97 and a probability smaller than 0.05. Thus it concludes that brand awareness influences the purchase decision of Moorlife products in Banda Aceh City.

H2 is accepted : The Effect of Product Knowledge on Purchase Decision

The Estimation parameters to test the effect of product knowledge on purchase decision of Moorlife products in Banda Aceh City have a CR value of 7.177 and a significant level of 0.000 at a significance level of $\alpha = 5\%$. Both values meet the conditions for acceptance H2, namely the CR value of 7.177 which is greater than 1.97 and a probability smaller than 0.05. Thus it figures that the product knowledge possessed by consumers influences the purchase decision of Moorlife products in Banda Aceh City.

H3 is accepted : The Effect of Product Quality on Purchase Decision

The estimation parameter to the effect of product quality on consumer purchase decision shows a CR value of 7.510 and a probability of 0.000. The two values meet the requirements for acceptance of H3, which is a CR value of 7.510 which is greater than 1.97 and a probability smaller than 0.05. So it describes that product quality influences the purchasing decisions of Moorlife product consumers in Banda Aceh City.

H4 is accepted : The Effect of Brand Awareness on Consumer Loyalty

The estimation parameter to test the effect of brand awareness on consumer loyalty shows a CR value of 5.204 and a probability of 0.000. Both of these values meet the conditions for acceptance of H4, namely the CR value of 5.204 which is greater than 1.97 and a probability smaller than 0.05. So it explains that brand awareness will affect the increase in consumer loyalty to Moorlife products in Banda Aceh City. With the brand awareness that is owned by consumers will have an impact on consumer loyalty in the future.

H5 is accepted : The Effect of Product Knowledge on Consumer Loyalty

The estimation parameter to test the effect of product knowledge on consumer loyalty shows a CR value of 7.360 and a probability of 0.000. Both of these values meet the requirements to receive H5, which is a CR value of 7.360 which is greater than 1.97 and a probability smaller than 0.05. Thus it indicates that the knowledge of products owned by consumers influences the loyalty of Moorlife product consumers in Banda Aceh City.

H6 is accepted : The Influence of Product Quality on Consumer Loyalty

The estimation parameter to test the effect of product quality on consumer loyalty shows a CR value of 6.452 and a probability of 0.000. Both of these values meet the requirements to accept the hypothesis of H6, which is a CR value of 6.452 which is greater than 1.97 and a probability smaller than 0.05. Thus it describes that the quality of Moorlife products has an influence on increasing consumer loyalty.

H7 is accepted : The Effect of Purchase Decision on Consumer Loyalty

The estimation parameter to test the effect of purchasing decisions on consumer loyalty shows a CR value of 4.443 and a probability of 0.000. Both of these values are obtained fulfilling the conditions for acceptance of H7, namely the CR value of 4.443 which is greater than 1.97 and the probability is smaller than 0.05. Thus it can be concluded that the purchase decision will affect the loyalty of Moorlife product consumers in Banda Aceh City.

5. CONCLUSION

The results of the study prove that brand awareness effects purchase decision, product knowledge effects purchase decision, product quality effects purchase decision, brand awareness effects consumer loyalty, product knowledge effects consumer loyalty, product quality effects consumer loyalty, purchase decisions effects consumer loyalty of Moorlife product consumers in Banda Aceh City. This results support the previous theories that say about the causality condition related to variables. The originality lies in the form of combination of the previous causality models. The limitation lies in the number of variables and object. These findings contribute also to the managerial implications that related to the variables. It maps the condition and the solution for managers of Moorlife product consumers to take the opportunity and advantage to increase their consumer loyalty in Banda Aceh.

REFERENCES

- Andreasen, A. R., & Kotler, P. T. (2002). *Strategic Marketing for Non-Profit Organizations*. United Kingdom: Pearson.
- Barroso, C., Armario, E. M., & Ruiz, D. M. (2004). The influence of employee organizational citizenship behavior on customer loyalty. *International Journal of Service Industry Management*, 15(1), 27–53. <https://doi.org/https://doi.org/10.1108/09564230410523321>
- Beerli, A., Martín, J. D., & Quintana, A. (2004). A model of customer loyalty in the retail banking market. *European Journal of Marketing*, 38(1/2), 253–275. <https://doi.org/https://doi.org/10.1108/03090560410511221>
- Caruana, A. (1999). Service Loyalty: The Effects of Service Quality and the Mediating Role of Customer Satisfaction. *European Journal of Marketing*, 36(7), 811–828.
- Cooper, D., & Schindler, P. (2011). *Business Research Methods* (11th ed.). Boston: McGraw Hill.
- Dick, A. S., & Basu, K. (1994). Customer Loyalty: Toward an Integrated Conceptual Framework. *Journal of the Academy of Marketing Science*, 22(2), 99–113.
- Gefen, D. (2002). Customer Loyalty in E-Commerce. *Journal of the Association for Information Systems*, 3, 27–51.
- Griffin, R. W., Phillips, J. M., & Gully, S. M. (2016). *Organizational Behavior: Managing People and Organizations* (12 Th Edit). Boston: Cengage Learning.

-
- Kolesnikova, N. A. (2010). Community Colleges and Economic Mobility. *Federal Reserve Bank of St. Louis Review*, 92(1), 27–53.
- Kotler, P., & Keller, K. L. (2018). *Marketing Management, Global Edition* (15th editi). Harlow, United Kingdom: Pearson.
- Mardalis, A. (2005). Meraih Loyalitas Pelanggan. *Benefit: Jurnal Manajemen Dan Bisnis*, 9(2), 111–119.
- Mcnally, R. C., Cavusgil, E., & Calantone, R. (2010). Product Innovativeness Dimensions and Their Relationships with Product Advantage, Product Financial Performance, and Project Protocol. *Journal of Product Innovation Management*, 27(7), 991–1006. <https://doi.org/https://doi.org/10.1111/j.1540-5885.2010.00766.x>
- Rangkuty, F. (2002). *Measuring customer satisfaction*. Jakarta: Gramedia Pustaka Utama.
- Reichheld, F. F., & W. Earl Sasser, J. (1990). Zero defections: Quality comes to services. *Harvard Business Review*, 68, 105–113.
- Retnawati, H. (2013). *Validitas reliabilitas dan karakteristik butir: (panduan untuk peneliti, mahasiswa, dan psikometrian)*. Yogyakarta: Parama Publishing.
- Robbins, S. P., & Judge, T. A. (2012). *Organizational Behavior* (15th ed.; S. Yagan, ed.). San Diego: Pearson.
- Soeling, P. D. (2007). Pertumbuhan bisnis dan tanggung jawab sosial perusahaan. *Jurnal Ilmu Administrasi Dan Organisasi, Bisnis & Birokrasi*, 15(1).
- Sugiyono. (2008). *Metode Penelitian Bisnis*. Bandung: Alfabeta.
- Sumarwan, U. (2011). *Perilaku Konsumen: Teori dan Penerapannya dalam Pemasaran* (R. Sikumbang, ed.). Jakarta: PT Ghalia Indonesia.
- Suyanto. (2013). *Metode Penelitian Sosial: Bergabai Alternatif Pendekatan*. Jakarta: Prenada Media.
- Szymanski, D. M., & Henard, D. H. (2001). Customer Satisfaction: A Meta-Analysis of the Empirical Evidence. *Journal of the Academy of Marketing Science*, 29(1), 16–35. <https://doi.org/https://doi.org/10.1177/009207030102900102>
- Upamannyu, N. K., & Bhakar, S. S. (2014). Effect of Customer Satisfaction on Brand Image & Loyalty Intention: A Study of Cosmetic Product. *International Journal of Research in Business and Technology*, 4(1), 296–307.