

Antecedents and Consequences of Brand Equity on Repurchase Intention of Beauty Salon Consumers

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ABSTRACT

This study aims to obtain empirical evidence of the effect of brand equity antecedents and consequences on repurchase intention at beauty-salon business in Bali, Indonesia. The sampling technique used in this research is purposive sampling and obtained as many as 120 respondents. The data analysis technique used in this research is Structural Equation Modeling (SEM) based on component or variance, namely Partial Least Square (PLS). The results of this study found that brand association, brand awareness, and brand image had a positive and significant effect on brand equity, brand awareness had a positive and significant effect on brand image, and brand equity had a positive and significant effect on repurchase intention. These results indicate that when the company is able to create brand associations, brand awareness, and a positive brand image, it will be able to form better brand equity so that later it can increase consumer intention to repurchase a brand.

Keywords: Antecedents, Brand Equity, Consequences, Repurchase Intention.

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I. INTRODUCTION

The developments of the time with increasingly advanced technologies resulted in needs of today's society increasing. People are not only thinking about the need for clothing, food, and shelter, but people have started thinking about other needs, such as the need for appearance, beauty, and so on.

The problem of one's appearance is a part of human life that must be considered. This is related to the existing phenomenon, that some people think that a woman has perfection if she has a beautiful face, smooth and smooth skin, and shines, with a beautiful and slim body. This assumption developed as a result of the proliferation of advertisements, news, films, soap operas, infotainment, articles, and photos in the media which often show the perfect face and body shape.

Women's need for health and beauty facilities is currently increasing, because women have realized the importance of body health and take care of it so that it looks beautiful and healthy. This condition among others causes the growth and development of services engaged in the beauty industry.

Beauty treatments carried out by women still use traditional ingredients such as making face masks from fruits. Currently, there are beauty salons and beauty clinics where you can beautify yourself. The difference between beauty clinics and beauty salons is that beauty clinics use medical personnel (general practitioners/specialist doctors) while beauty salons whose staff are beauticians are beauticians.

The growth of the beauty industry, especially beauty salons in Denpasar City, is currently very advanced and fast. This is marked by the emergence of beauty salons as a means to meet the needs of the community. As time goes on, the need for beauty changes dynamically into a lifestyle. Taking care of beauty is no longer needed by young people only, but from

teenagers to the elderly as well (Dwipayani & Rahyuda, 2016). Building a brand into a strong brand and can be trusted by the public takes time also good strategies. Brands can increase purchase intention (Aina, 2017).

Purchase intention can be used to analyze consumer behaviour. Before buying, customers will look for information about a product. Consumers will judge based on the information they have and get. Furthermore, consumers evaluate and make purchasing decisions (Bougenville & Ruswanti, 2017).

Every company will try to attract the attention of consumers in various ways. The strategy used by Beauty salons to increase consumers' repurchase intentions is using a promotion, namely through advertising media. The promotional media carried out by Beauty salons include banners, radio advertisements, calendar advertisements, billboards, and most recently using Instagram (Alwi *et al.*, 2016). According to Dharmayana & Rahanatha (2017), brand with a high level of brand equity will result in higher purchase intentions (Soewartini *et al.*, 2017). Brands association are information nodes that contain brand meaning in consumers' minds (Gordon *et al.*, 2016). Brand associations and brand equity are related to each other because brand associations increase the recall of certain brands (Kim & Yoo, 2019; Shah *et al.*, 2016; Ameliawaty & Halilah, 2018). Brand awareness generates brand equity in four different ways, firstly it creates a brand in consumers' memories, secondly, it gives a sense of familiarity to the brand in consumers' minds, thirdly it gives a sense of trust in the brand, and fourthly it provides sufficient reason to consider the brand.

Brand equity is one of the main factors that influence purchase intentions (Pertiwi & Sukawati, 2017). Companies will benefit from repurchases made by consumers (Kumar &

Bansal, 2017). In this study there is a scientific novelty, namely, there has been no research on beauty products at Beauty salons specifically, especially in the variables of brand equity and repurchase intentions. In addition, the scientific novelty in this research is the incorporation of two research models from Sasmita & Suki (2015) and Alhaddad (2015) integration into the model and no one has used the combination of these two models.

A. Hypothesis

H1: Brand association has a positive and significant effect on brand equity.

H2: Brand awareness has a positive and significant effect on brand equity.

H3: Brand awareness has a positive and significant effect on brand image.

H4: Brand image has a positive and significant effect on brand equity.

H5: Brand equity has a positive and significant effect on repurchase intention.

II. METHODOLOGY

Based on the problems studied, this research is classified as associative (relationship) research, because this study aims to examine the relationship between variables, namely brand equity and the relationship and influence between brand equity on repurchase intentions. Sample size = number of indicators $\times$ 5 = $24 \times 5 = 120$ people. The method of collecting data in this study was through surveys, interviews, and questionnaires. In this questionnaire the closed statement uses a Likert scale. This study uses Partial Least Square (PLS)

III. RESULTS AND DISCUSSION

A. Hypothesis Test

a) Effect of brand association on brand equity

The path coefficient value obtained is positive, namely 0.154 with t-statistic = $2.482 > t\text{-table} = 1.65787$ and p-values = $0.013 < 0.05$, so H1 is accepted. This means that brand associations directly have a positive and significant effect on brand equity in Beauty salons. The results of this study are in line with Sasmita & Suki (2015).

When a brand is able to create positive brand associations in the minds of consumers, then consumers will be able to more easily process and retrieve the information provided by the brand (Jin *et al.*, 2019). This tends to be able to expand the brand effectively because the public as consumers have a positive brand association with a brand. In other words, the more positive the brand association, the more likely it is to increase brand equity (Meilani *et al.*, 2020).

b) Effect of brand awareness on brand equity

The path coefficient value obtained is positive, namely 0.512 with t-statistic = $6.491 > t\text{-table} = 1.65787$ and p-values = $0.000 < 0.05$, so H2 is accepted. This means that brand awareness directly has a positive and significant effect on brand equity in Beauty salons. The results of this study are in line with Khan *et al.* (2016).

Brand awareness is related to the ability of potential buyers to recognize and remember that a brand is a member of a

particular product category. Therefore, it is important for a company to increase its brand awareness which is the main determining factor in the brand equity model. Brand awareness itself is the accessibility aspect of brand equity related to how quickly consumers can retrieve brand elements stored in their memory. When a brand is able to create brand awareness in the minds of consumers, then the brand will be able to enter the minds of consumers and be easily remembered by consumers. In simple terms, when a product is able to create positive brand awareness in people's minds, it tends to increase brand equity.

c) The effect of brand awareness on brand image

The path coefficient value obtained is positive, namely 0.713 with t-statistic = $10.310 > t\text{-table} = 1.65787$ and p-values = $0.000 < 0.05$, so H3 is accepted. This means that brand awareness directly has a positive and significant effect on brand image in Beauty salons. The results of this study are in line with Świtłała *et al.* (2018).

Brand awareness is an important thing that must be considered by a company. It is very important that the brand comes to the minds of consumers when they think of a product category. The consequence of a high level of brand awareness will place the brand in the consumer's mindset and ultimately into the consumer decision-making stage. In addition, brand awareness will be able to influence decisions about brands in a series of considerations, even though there is no important brand associated.

When the company is able to create high brand awareness in the minds of consumers, it will create a positive brand image because the brand is able to create brand awareness. Simply put, when a company is able to make consumers have brand awareness in their minds, they tend to be able to improve the brand image of the product. Companies with a positive brand image are preferred and trusted by the public.

d) The effect of brand image on brand equity

The path coefficient value obtained is positive, namely 0.317 with t-statistic = $4.780 > t\text{-table} = 1.65787$ and p-values = $0.000 < 0.05$, so H4 is accepted. This means that brand image directly has a positive and significant effect on brand equity in Beauty salons. The results of this study are in line with research conducted by Sasmita & Suki (2015), The company creates a strong brand image so that the message conveyed by the product or service through its image can be accepted by various parties so that it can provide more value for the company. Companies should pay attention to increasing brand value in the development of brand image. When the company is able to create a positive brand image, then this tends to affect the brand equity.

e) The effect of brand equity on repurchase intention

The path coefficient value obtained is positive, namely 0.846 with t-statistic = $21.627 > t\text{-table} = 1.65787$ and p-values = $0.000 < 0.05$, so H5 is accepted. This means that brand equity directly has a positive and significant effect on repurchase intentions at Beauty salons. The results of this study are in line with Pitaloka & Gumanti (2019).

According to Shah *et al.* (2016) states that research in consumer behavior illustrates that brand equity is the main element that directly influences purchase intention or brand purchase. Brand associations affect the basis of buying interest in a brand because it helps consumers gain views of

the brand, can generate reasons to buy, and create positive attitudes. Repurchase intention is one of the five components of behavioral intention. There are three types of repurchase intentions: trial purchases, repeat purchases, and long-term commitment purchases (Goh *et al.*, 2016). When a brand is able to create brand equity for its consumers, this will tend to influence consumer interest in making repeat purchases. The better the brand equity created, the higher the consumer's desire to make repeat purchases.

B. Research Implication

This research can provide benefits both directly and indirectly to interested parties. For Beauty salons, this research can provide valuable input and become one of the evaluation materials to be able to increase consumer interest in making repurchases by paying attention to brand associations, brand awareness, brand image, and brand equity, so that in the future there will be more positive brand associations, brand awareness, brand image, and brand equity created will be able to increase consumer interest in repurchasing at Beauty salons. Thus, Beauty salon will be able to retain its customers. For other parties, this research can be used as material for consideration and evaluation as well as a reference for further researchers who will conduct research on the same study in the future.

IV. CONCLUSION

Beauty salon businesses are advised to always pay attention to what factors can influence consumer intentions to repurchase so that later Beauty salons can maintain customer loyalty. It is also recommended for Beauty salons to always pay attention to and improve brand associations, brand awareness, brand image, and positive brand equity so that later consumers will decide to be interested in repurchasing products or services offered by Beauty salons. This will later create customer loyalty that can support the company's success in achieving company goals.

Further research is recommended to expand the research area to other districts and provinces so that the research results can be more generalized. In addition, further researchers are advised to add other variables, especially other factors that can influence repurchase intentions, such as customer satisfaction, brand attitude, brand awareness, and promotions that were not used in this study.

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