FMCG Product Endorser Advertising Variable Affect the Purchase Decisions and Brand Loyalty in the Community in the Korwil Jember

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ABSTRACT

Objective – The purpose of this study to determine Endorsers of FMCG effect on Buying Decision and Brand Loyalty in Society in Korwil Jember. Phenomena of this study is the purchasing power of people in the district of Korwil Jember decisions. The purchase and brand loyalty FMCG products with their advertising endorser in television.
Methodology/Technique – This study used purposive sampling to gather information in the district of Situbondo, with a sample of 126 respondents and data measured with SEM (Structural Equation Modelling).
Findings – By knowing the quality of the product, usually bring an attitude like the product so that brand loyalty will be achieved. If a customer has made a purchase decision, and loyal to a brand, it is likely that consumers would recommend the product to others.
Novelty – The study tests the Endorser effect in the context of Indonesia with original data.
Type of Paper: Empirical

Keywords: Advertising Endorser; FMCG Products; Purchase Decisions and Brand Loyalty
JEL Classification: M31, M37.

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1. Introduction

1.1 Background

The emergence of brand products for every day needs to make the public, especially communities in Situbondo must be selective in choosing her let alone the emergence of advertising, Advertising Companies increasingly prevalent in Indonesia as the development of technology and globalization, very dense business cycles. Advertising companies are required to think fast, smart, innovative, and creative for clients that are being addressed are satisfied and the agency will receive the benefits of his works. Creative Advertising industry can be defined as a collection of advertising economic activity associated with the creation or use of knowledge and information to be processed into things that appeal to those who saw, read or hear. The advertisement is a communication process that has a very important force as a marketing tool very helpful in

selling goods, providing services and ideas through certain channels in the form of persuasive information. Wright (1978).

Creative Advertising industry can be defined as a collection of advertising economic activity associated with the creation or use of knowledge and information to be processed into things that appeal to those who saw, read or heard. advertising as a form of presentation and promotion of ideas, goods or services by non-personal certain links that require payment. Kotler (2002).

Support of the endorser will determine an ad that will be aired because endorser is the person providing encouragement or reinforcement to choose a decision to act as an actor/actress in advertisements, and act as a spokesperson for the company. Celebrities will provide benefits to the company because celebrities have popularity, talent, charisma, and credibility of those four elements, then the credibility is the most important for consumers. Endorser credibility describes consumers' perception of its expertise and knowledge about the advertised product and endorser trust (honesty about the product being advertised). Endorser serves only as an actor paid advertising is expensive, so its credibility is not in doubt.

An endorser is private (movie stars, entertainers or athletes) were known by the public because of its ability in a specific field that can support the product being advertised. Endorser has the power to stop (stopping power) they can draw attention to the advertising message in the midst of much other advertising (Belch and Belch, 2004). Fast Moving Consumer Goods (FMCG) is a product sold quickly and at relatively low cost (Amarnath & Vijayudu, 2009). Despite the advantages of FMCG products is relatively small, but generally, FMCG company sells in large quantities so that the cumulative profit earned on these products is very large (Brierley, 2002). Fast Moving Consumer Goods (FMCG) is also a product which has a turnover quickly, and relatively low cost. FMCG products have a relatively short shelf life because it is quickly broken. FMCG product categories generally cover a wide range of consumer products are often purchased include toiletries, soaps, cosmetics, toothpaste, razors, and detergent, as well as non-durables such as glassware, lamps, batteries, products made from paper and plastic goods. FMCG also includes pharmaceuticals, electronic goods, food & beverage packaging, although these are often categorized separately.

1.2 Problem Statement

Based on the survey conducted by research firm Kantar Worldpanel to 7 thousand households for 70 categories of FMCG products (products of food and non-food) every week in Indonesia, about trends in consumer behavior Indonesia, there are four types of customer loyalty in Indonesia, which is 100% loyal, shifting loyalty (loyalty between two preferred brand), Split loyal, and Switcher (who like mutually brand).

Consumers communities in the Korwil Jember district is one area that his community is one of the regions of the consumers of its 'busiest'. During the year, consumer communities in the district Situbondo shop more than 50 times, or about 5 times a month or almost a week. It shows how FMCG market conditions in Indonesia, advertising endorser is one of the media consumers in making purchasing decisions FMCG products in the Korwil Jember.

2. Literature Review

2.1 Advertising

Big Indonesian Dictionary (KBBI). Advertising is news or messages to encourage, persuade the general public to be interested in the goods and services offered; notification to the audience about the goods or services sold, installed in the mass media (such as newspapers and magazines) or in a public place.

Explaining advertising as a form of presentation and promotion of ideas, goods or services by non-personal certain links that require payment (Kotler, 2002).

Wright (1978) argued about advertising that advertising is a communication process that has a very important force as a marketing tool that is very helpful in selling goods, providing services and ideas through certain channels in the form of persuasive information.

2.2 Endorser

Shimp (1993) is a supporter of the ad, also known as commercials in support of product advertising. Shimp also divides endorser into 2 (two) types, namely: Typical-Person Endorser is ordinary people who are not well-known to advertise a product. Celebrity Endorser is the use of famous people (Public Figure) in favor of an ad.

2.3 FMCG

Fast Moving Consumer Goods (FMCG) is a product sold quickly and at relatively low cost (Amarnath & Vijayudu, 2009). Despite the advantages of FMCG products is relatively small, but generally, FMCG company sells in large quantities so that the cumulative profit earned on these products is very large (Brierley, 2002).

FMCG products have a relatively short shelf life as a result of high consumer demand or products with rapid deterioration condition. According to Brierley (2002), the following are the main characteristics of FMCG:

From a consumer perspective:

1. Frequency of purchase of the product
2. Lower product prices
3. Limitations in the choice of similar products

From the manufacturers perspective:

1. Strong consumer demand
2. Lower margin contribution
3. An extensive distribution network

2.4 Purchase Decision

Machfoedz (2005) argues that decision-making is a process of assessment and selection of the various alternatives according to specific interests by setting an option deemed most favorable. The assessment process usually begins with identifying key issues affecting the destination, compiling, analyzing, and selecting the various alternatives and make a decision that is considered the most good. The final step of the process is an evaluation system to determine the effectiveness of the decisions that have been taken.

According Dharmestha and Handoko (2008: 110) argues that: "The decision to purchase a real process in the purchase, whether to buy or not".

2.5 Factors Influencing Purchase Decision

The purpose of marketing activities is influencing buyers to be willing to buy goods and services companies (in addition to other items) at their time of need. It is very dependent for marketing managers to understand the "why" and "how" the consumer behavior so; so that the company can develop, price, promote and distribute its products well. By studying consumer behavior, the manager will know a new opportunity that comes from unmet needs and then identifies to conduct market segmentation (Sofjan, 2008).

The introduction of the consumer is a business or activities of collecting, analyzing data/information about the profile of the consumer. Consumer profile includes information about what to buy that is the object, the reason why the purchase is made which is the operation of purchase, object and objective the purchase was included in the motif of purchase, while who the buyer or organization to purchase include the behavior of buyers, and the operation or how the purchase is made, included in the custom of the buyer as stated by Sofjan, (2008).

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2.5 Brand Loyalty

Aaker (1997) defines brand loyalty (brand loyalty) as a measure of the customer relationship to a brand. This size is able to give an idea of whether or not a customer might switch to another brand offered by competitors, particularly if on the brand found the change, both regarding price or other attributes. A customer who is very loyal to a brand will not easily move their purchases to other brands, no matter what happens with the brand. When the customer loyalty to a brand increases, the vulnerability of the customer group of threats and attacks competitor's brand products can be reduced. Thus, brand loyalty is one of the core indicators of brand equity are clearly related to sales opportunities, which means that also guarantees the company's profit in the future.

According to Mowen and Minor (1995) Brand loyalty is defined as the degree to the which a customer holds a positive attitude toward a Brand, has a commitment to it, and intends to continue purchasing it in the future As such, brand loyalty ls Directly influenced by the customer satisfaction dissatisfaction with the brand that had the sense that brand loyalty is defined as the degree to which a customer has a positive attitude toward a brand, has a commitment and are likely to continue to purchase products with a particular brand in the future. Thus, loyalty to the brand is directly affected by the satisfaction / dissatisfaction of customers towards a particular brand.

3. Research Methodology

This type of research is explanatory research with studies that investigate and test hypotheses dependent and independent variables.

According to Umar (1999) explanatory research (explanatory research) is research that aims to analyze the relationships between one variable with another variable or how a variable affects other variables.

According Singarimbun and Effendy (1995) explanatory research (explanatory research) is an explanatory research that highlights the causal relationship between the variables of research and testing hypotheses that have been formulated previously.
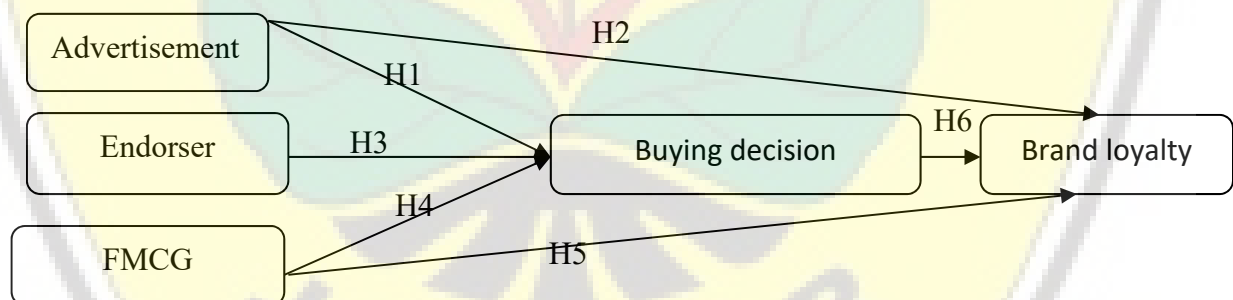

Figure 1. Conceptual Framework

3.1 The Data

A study requires data analysis and interpretation aims to answer research questions in exposing certain social phenomena. The method chosen to analyze the data must match the pattern of research and variables to be studied. In this study, Structural Equation Modeling (SEM) of a statistical software package AMOS used in model development and testing hypotheses. Hair et al. (1998) provides guidelines to consider whether or not to modify the model by looking at the amount of residuals generated by the model. Safety limits for the residual amount is 5%.

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5.2 Population and Sampling Method

The population is a group of complete elements, usually a person, an object, a transaction or event in which we are interested to learn or become the object of research (Kuncoro 2003).

The sample is representative of the population or sample. Representation by population sample in the study is an important requirement to generalize. The sample in this study are representative of the population to make a decision to buy FMCG products in the former Karisidenan Besuki. The sampling technique used in this research is purposive sampling that researchers have certain considerations in sample collection (Arikunto, 2000). Terms used in this study is that consumers purchase decision maker FMCG products, User FMCG products in Situbondo regency, age (minimum 18 years) and ad FMCG product endorser.

4. Results

Endogenous variables = endogenous variables exogenous variables + + error

Table 1. Structural Equation

No.	Structural equation Model
1.	$Y_1 = \gamma_{1.1} X_1 + \gamma_{1.2} X_2 + \gamma_{1.3} X_3 + \text{\C}_1$
2.	$Y_2 = \gamma_{2.1} X_1 + \gamma_{2.2} X_2 + \gamma_{2.3} X_3 + \text{\C}_2$
3.	$Y_2 = \gamma_{2.1} X_1 + \gamma_{2.2} X_2 + \gamma_{2.3} X_3 + \beta_{2.1} Y_1 + \text{\C}_2$

Where:

γ, β (Gamma, Beta) *path* coefficients of each variable
γ Relations exogenous variables directly to the endogenous variables
β: Direct link endogenous variables to exogenous variables
X 1: Advertising
X 2: Endorser
X 3: FMCG
Y 1: Decision purchases
Y 2: Brand loyalty
$\text{\C}$: *(MeasurementError)* error rate

5. Discussion

This hypothesis gives the meaning that the variable rent FMCG Product Endorser Buying Decision Against Influential and Brand Loyalty In Communities in Situbondo has an influence on purchasing decisions and brand loyalty, because the quality of a good endorser will foster consumer interest towards the product being advertised. Endorser must be concise and clear so as to include things that are important for quality products. By knowing the quality of the product, usually bring an attitude like the product so that brand loyalty will be achieved. If a customer has made a purchase decision, and loyal to a brand, it is likely that consumers would recommend the product to others.

5.1 Characteristics of Respondent

Terms used in this study is that consumers purchase decision maker FMCG products, User FMCG products in Situbondo regency, age (minimum 18 years) and ad FMCG product endorser.

5.2 Testing Hypotheses

This last step is to interpret and modifications for models that do not qualify tests which are carried right. Hair et al. (1998) provide guidelines to consider whether or not to modify the model to see the residual amount generated by the model. Safety limits for the residual amount are 5%. If the residual amount is greater than 5%of all residual covariance generated by the model, then began to consider a modification. If found that the residual value of the generated models large enough (i.e.> 2.58) then the other way to modify is to consider adding a new channel to the estimated model. Good models have standardized residual variance is small. Residual value greater than 2.58, interpreted as statistically significant at the 5% level.

6. Conclusion

Suggested for further research, is expected not only television media are investigated. As well as other ad variables are also worth doing the research, such as the effectiveness of advertising and others. In addition, the number of selected populations probably should be determined in a larger number again, for example by selecting the population across the provinces in Indonesia. Research can also be done by selecting the mix of other communication or by following the promotional activities undertaken by Unilever itself.

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