The Influence of Brand Equity on Word of Mouth (WOM) with Esteem Needs as a Mediation Variables

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Abstract: The increasing purchase intention of consumers in Indonesia, especially in the automotive sector, can be seen from the increasing number of sales centers for two-wheeled and four-wheeled transportation equipment in Indonesia and big cities like Bali that offer famous brands such as Harley Davidson motorcycles. Harley Davidson is able to keep their brand equity in the minds of the public by producing quality motorcycles that meet consumer expectations. The purpose of this study was to explain the effect of brand equity on word of mouth (WOM) with esteem needs as a mediating variable (Studies on PT. Mabua's Harley Davidson Motorcycle in Badung Regency). This research was conducted in the city of Badung, the sample size obtained using a purposive sampling method of 160 respondents. The data analysis technique used is Path Analysis. The results showed that brand equity had a positive and significant effect on word of mouth (WOM). Brand equity has a positive and significant effect on the esteem needs of consumers. Esteem needs have a positive and significant effect on word of mouth (WOM). Esteem needs mediate the positive influence of brand equity on consumer word of mouth (WOM) on Harley Davidson motorcycles in Badung Regency. Recommendations that can be recommended as a Harley Davidson motorcycle manufacturer, PT. Mabua in Badung Regency must maintain the quality of its products in terms of prices that have not experienced a significant increase from before, there are discounts or free attributes and genuine variations of Harley Davidson that are sold to consumers. Maintaining the prestige of Harley Davidson motorcycles in terms of design that carries classic and luxurious themes, safety and comfort provided to consumers. Implementing a word of mouth (WOM) marketing strategy to win the competition, such as word of mouth (WOM) marketing by word of mouth regarding advantages and modern technology to create experiences.

Keyword: brand equity, esteem needs, word of mouth

1. Introduction

In the current era of globalization, the introduction and development of technology has an effect on the change and orientation of the character of the community, especially those living in metropolitan cities. It is marked by the increasing variety of community activities that change the needs and lifestyle of the people. This development gave rise to a new era in the business world, so that each company would compete in various ways to defend and seize the market (Eros, 2016). Consumers will be more selective in buying products because of the many products that offer various advantages of each product (Saadia, 2013). Therefore, companies must be able to create strategies in influencing consumer purchasing decisions in order to be able to develop their business and win the competition from other products. This is in line with the statement of the definition of purchasing decisions according to Eko and Budi (2013) which states an integration process that combines attitudes of knowledge to evaluate two or more alternative behaviors, and choosing one of them.

The increasing purchase intention of consumers in Indonesia, especially in the automotive sector, can be seen from the increasing number of sales centers for two-wheeled and four-wheeled transportation equipment in Indonesia and big cities like Bali that offer well-known brands. Eros (2016) states that Harley Davidson is a motorcycle brand that has become a well-known brand among the public, especially its users. Manufacturers from Milwaukee, United States, this quality product is issued and has become a legend around the world.

Harley Davidson in the automotive world does not develop on its own, but many competing brands in the 'big' motorbike class are a challenge for this company, such as the Ducati, BMW, Triumph, Victory, MV Agusta brands and several Japanese manufacturer brands such as Yamaha, Honda, Kawasaki and Suzuki also produce large engine capacity motorcycles. These Harley Davidson competitors are actually engaged in the Sport motorbike segmentation, but they also issued touring motorbike variants and there are even some manufacturers issuing products that are similar to Harley Davidson. The public still knows Harley Davidson as the best and king in its class, even though it is among the big names of its competitors, Harley Davidson is able to keep their brand equity in the minds of the public by producing quality motorbikes and according to consumer expectations. The classic impression and the inherent power of the 800 cc "to 1, 600 cc" engine are the hallmarks of Harley Davidson and strengthen its position as the Pioneer of the world's first 'big' motorcycle. Harley Davidson's consistency is what keeps consumers loyal to their products and forms a strong brand image in society.

The consumer perspective assesses that technological advances and the expansion of corporate networks make consumers have more alternative choices, not only those produced by domestic producers but also from abroad (Parisa, 2014). Trends that develop in a country are easily accessed by consumers from other parts of the world so
that it has the potential to generate a demand for a product that is more than ever before. This is further facilitated by the existence of trade agreements between countries that make it easier for consumers to obtain foreign products because they are also marketed in their own countries (Rahmawati et al., 2007). The trend of the flood of foreign products in other markets also occurs in Indonesia. In fact, some Indonesian consumers perceive that foreign products often have various advantages over domestic products. Although in terms of quality, domestic products are sometimes able to compete with imported products, the pleasure of following the latest trends makes consumers hunt for imported products (Sreejesh, 2015).

Needs to be a luxury item and how lifestyle of most residents in the city of Badung is already a necessity experienced by each consumer, this remarkable phenomenon, has occurred from the first until today. This situation makes every producer of luxury and classy products enliven the market in Bali, especially Badung Regency with the aim of being able to increase revenue through the sale of the products offered.

Trisnawati et al., (2012) state that consumers buy Harley Davidson motorbikes, apart from their own experiences, they are also influenced by the opinions or recommendations of other consumers who have bought or used Harley Davidson motorbikes, known as word of mouth (WOM). According to Widjaja (2016) Word of mouth is the act of consumers providing information to other (interpersonal) non-commercial consumers, both brands, products and services. Word of mouth can affect several conditions such as awareness, perception, attitude, intention and behavior. This explains that word of mouth communication can affect several conditions such as awareness, expectations, perceptions, attitudes, desire to act and behavior. The behavior referred to here is consumer behavior in making purchases that begins with consumer interest in a product or service (Eriza, 2017).

Word-of-mouth communication, is basically a message about a company's products or services, or about the company itself, in the form of comments about product performance, friendliness, honesty, speed of service and other things that are felt and experienced by someone that is conveyed to people others (Rumahak and Rahayu, 2016). Sometimes a consumer trusts the recommendations and comments of someone who has already bought more than the advertisement. This is as stated by Torlak et al (2014) that word of mouth is more effective than other communication methods and more on target.

Widjaja (2016) states that word of mouth as a marketing communication by word of mouth is a communication process in the form of providing recommendations both individually and in groups of a product or service that aims to provide personal information that is related to brand equity. Kevin (2014) states that the strength of a brand lies in its ability to attract consumers to buy the products they want. Brand is important for a company to show the value of the product offered to the market, but a brand is meaningless if it does not have strong equity for the market (Johan, 2010). Kotler and Keller (2012: 263) state that brand equity is the added value provided to products and services. Brand equity can be reflected in the way consumers think, feel, and act in relation to brands, as well as in the price, market share and profitability that brands provide to companies.

Eros (2016) states that as one of the stages in the hierarchy of brand communication (hierarchy of branding), brand equity or better known as brand equity is related to word of mouth which plays an important role in developing marketing strategies, because brand equity concerns reputation and credibility, brand which then becomes a “guideline” in word of mouth as a marketing strategy so that consumers want to try or use a product or service so that it creates a certain experience (brand experience) which will determine whether the consumer will become a brand loyalist or just an opportunist (easy to move to other brands). Brand equity is a representation of the overall perception of a brand and is formed from information and knowledge of that brand. Brand equity is related to attitudes in the form of beliefs and preferences for a brand. Consumers who have positive brand equity for a brand are more likely to make purchases (Rahmawati et al, 2007).

Word of mouth as a marketing strategy is related to esteem needs along with the increasing credibility of the Harley Davidson brand. Consumers have a tendency to form a brand image or create an image, create an image about a brand, or a company based on the inferences they form from marketing stimuli or environmental stimuli. The use of a Harley Davidson motorcycle is considered to increase the esteem needs of consumers. Consumers esteem needs are consumers’ desires to be valued and respected by others when shopping for a product. For some groups, vehicles are not only a means of transportation. Through the vehicle ridden, it is able to provide a reflection of the person's figure and self-actualization in the surrounding community. They are willing to spend money to get these vehicles even though they are priced very expensive by the manufacturer (Eros, 2016). In addition, consumers esteem has also been treated as an important outcome because it is closely related to human psychological health and is widely believed to consist of more than perceived competence, and this leads to a relative level of evaluative and cognitive beliefs (Deviana, 2014). There are three indicators in the variables used (Harmancioglu et al., 2009) in (Deviana, 2014), namely: always wanting to be respected by others, seeking self-respect and prioritizing relationships with others.

Harley Davidson must be aware of the importance and strategic importance of the brand, brand equity is something that is always considered and measured regularly, because brand equity can be considered as an additional cash flow obtained through associating the brand name with the product / service it is based on (Eko and Budi, 2013). Strong brand equity can lead to high consumer / potential consumer purchase interest through word of mouth marketing strategies (Andrie and Harold, 2013). In choosing a brand, consumers will choose a particular brand that reflects or strengthens their identity in order to be accepted in a particular community or to increase the person's individual prestige. Kuenzel and
Halliday (2008: 293) state that people usually go beyond their own identity to develop social identity. In a marketing context, customers do this by identifying and associating with brands that reflect and reinforce their identity. Harley Davidson brand motorbikes, for example, people choose Harley Davidson because it provides prestige and good quality in terms of comfort, design, endless appeal, large cc power and engine durability that makes people feel an increase in self-esteem, or level. Gensi when riding a Harley Davidson brand motorcycle.

Harley Davidson is able to create pride and increase the self-confidence of the rider. Coupled with this is the typical Harley Davidson model with a slightly lower frame design and a wider steering handlebar known as the chopper design, which was originally designed to comfort riders across long-distance routes and minimize vibrations. However, it turns out that the chopper design also forms the esteem needs of the users and gives the impression that the riders are people who have their own tastes because they are different from motorbike users in general (Eros, 2016).

PT. Mabua Harley-Davidson Badung Bali is an authorized dealer for motorbike sales products and Harley Davidson merchandise. Located on Ngurah Rai By-Pass road, No. 120 AB, Kuta Bali, which handles sales for the Indonesian territory throughout the island of Bali. PT. Mabua Harley-Davidson Badung Bali sells Harley Davidson motorbikes of various types and prices, starting from 2012 Sportster Seventy-Two, 2013 Dyna Switchback, 2013 Street Glide, 2013 Road Glide, and many other variants. Rates are priced starting at 250 million to 1, 3 billion rupiah. PT. Mabua Harley-Davidson Badung Bali also provides after sales services such as official Harley Davidson workshops and is handled by professional and certified technicians from HDMC (Harley Davidson Motorcycle Company), which is the holding company in the United States. Guarantee service, and service on site (SOS) mobile unit in the form of mobile service that is willing to be called to the location desired by consumers. The unique thing about this company is the rental service for consumers who don't own a motorbike but want to feel the sensation of riding a Harley Davidson.

This phenomenon illustrates the tendency of consumers to buy Harley Davidson motorbikes because they drive based on the Harley Davidson brand symbol. Consumers use product status as a symbol to communicate to reference groups whose responses are very important for product users (Yunghki, 2010). People in Indonesia, especially Bali, both in urban and rural areas, are very consumptive and prestigious people who give a very big role in terms of their purchase intention, especially people in urban areas who also have higher prestige, so that the more expensive the products sold, the more people buy. No wonder Indonesia, especially Bali, is one of the main export destinations for products from abroad, because Indonesians are crazy about foreign products based on prestige in society. Seeing the formation of brand equity and the esteem needs of using Harley Davidson which is quite expensive, made researchers interested in examining this phenomenon with consumer purchase intention.

2.1 Literature review

2.1 Consumer Behavior

Mangkunegara (2011: 21) states ”Consumer behavior is defined as the act of individuals who are directly involved in obtaining and using economic goods and services, including the decision-making process that precedes and determines these actions”. Consumer behavior (consumer behavior) is a process that happens to consumers when deciding to buy, what you bought, where, when, and how to buy it, so that it can be concluded that consumer behavior is a continuous process (continuous). Suprapti (2010: 68) states that consumer behavior describes a continuous process, starting from when the consumer has not made a purchase, when making a purchase, and after the purchase occurs so that the relationship between one stage and another describes the approach to the decision-making process by consumers.

2.2 Buying Intention

Pavlou (2003) defines purchase intention as the desire of consumers to behave in a certain way that aims to own, dispose of, and use goods or services. Purchase intention is often referred to as the conative component of the attitude relating to the possibility of consumers buying certain products. Suprapti (2010: 71) also explains that purchase intention is a behavior that appears in response to an object that shows a consumer's desire to make a purchase. Purchase intention is closely related to consumer purchasing decisions, intention is used to predict a person's tendency to do or not buy behavior. According to (Kotler, 2009 :: 195), intention is a strong tendency or desire in individuals to perform certain behaviors. Intention is an indication of how strong an individual's desire to manifest a behavior is, in other words, the stronger the individual's desire is, the more likely the behavior will be manifested.

2.3 Types of Purchasing Behavior

Consumer decision making will vary depending on the type of purchase decision. Purchases that are complicated and expensive will involve more considerations that are required by the purchase (Kotler, 2009: 221).

2.4 Word of mouth (WOM)

Word of mouth or what is known as word of mouth communication is a communication process that is often carried out by humans as social creatures. Communication through word of mouth can be the most valuable medium for promoting the products and services of a company. Kotler and Keller (2012: 274) explain that word of mouth is verbal communication involving customers so that customers choose to talk to others about products, services, and brands. Meanwhile, according to Schiffman and Kanuk (2008: 437) oral communication is a process where someone (opinion leader) informally influences the actions or attitudes of others.

Another opinion regarding word of mouth (WOM) according to Tjipoto (2011: 236) is a phenomenon of
conversation from one individual to another or chain communication that spreads so quickly that it is conveyed by word of mouth in a marketing context which means "WOM is the oral, non-commercial communication between a receiver and a communicator about a brand, a product or a service offered for sale (WOM is direct non-commercial communication between the receiver and the communicator.

2.5 Brand

The American Marketers Association (Kotler and Armstrong, 2012 : 112) defines a brand as a name, term, sign, symbol, or design, or a combination thereof, which is intended to identify goods or services or sales groups and to differentiate them from competitors' goods and services. According to the Trademark Law No. 15 of 2001 article 1 paragraph 1 a mark is a sign in the form of an image, name, word, letters, numbers, color arrangement, or a combination of these elements which has distinctive power and is used in trading activities of goods and services.

2.6 Equity Brands (Brand Equity)

According to Aaker (1997) brand equity is a series of assets and liabilities associated with a brand, name, symbol, which increase and decrease the value that a product and service provides to the company or the company's customers. Kotler (2009: 87) states that brand equity is the added value provided to products and services. This value can be reflected in the way consumers think, feel, and act on the company's brand, price, market share and profitability.

2.7 Esteem Needs (Self-esteem)

Esteem needs or self - esteem is the perception of others, opinions that are valued, respected, admired, or famous (Kuenzel and Halliday, 2008: 294). According to Kuenzel and Halliday (2008: 294), the source of esteem needs causes people to associate themselves with prestigious brands to increase their self-esteem.

3. Research methods

This research is quantitative descriptive. Quantitative descriptive research is research conducted to determine the value of the independent variable, either one or more (independent) variables without making comparisons or linking with other variables. The scope of this research focuses on p engaruh brand equity of the word of mouth (WOM) with esteem needs as a mediating variable. This research uses quantitative and qualitative data types. Sources of research data are secondary sources and primary sources. The data collection techniques used were observation, questionnaires and interviews.

3.1 Research Object

The research was conducted in Badung Regency. This location was chosen because Badung Regency is the city center with a very fast growth in the economic sector of the community, a dense population and the largest population in Bali Province. In addition, technically, Badung Regency fulfills the category considered effective in conducting relevant research, considering that in terms of income, residents who live and work in Badung have the highest average UMR income, namely Rp. 2, 500, 000 excluding other income (allowances, bonuses, 13th salary) for civil servants and the highest income for entrepreneurs compared to other regions.

3.2 Population and Sample

Population is a collection of all elements that have a number of general characteristics, consisting of sets for marketing research purposes (Malhotra, 2008: 164). In this study, the population is all consumers who have purchase intentions of Harley Davidson motorbikes in Badung Regency, whose number is unknown.

The samples in the study were members of the IMBI, HOG, Goldwood, and Pemecutan Riders communities. This is because the characteristics of respondents who have a high level of activity and are difficult to ask for information. The exclusivity of members of the Harley-Davidson brand community makes it difficult to access data from respondents. Roscoe's theory in Sekaran (2003) suggests several rules in determining sample size, including; the sample size should not be below 30, in multivariate studies the sample size should be 5-10 times the number of indicators used. To obtain valid results from the questionnaire, it is necessary that the number of samples of respondents taken to fill out the questionnaire can be determined at least (5-10) x the number of variables studied. In this study, 16 indicators were used so that the number of respondents used as samples in this study were: Number of samples = Number of indicators X 10 = 16 X 10 = 160 respondents. The research location is located where community members usually gather, namely at Br. Kayumas, Renon, and Pemecutan Field. The sampling technique used non-probability sampling with purposive sampling technique based on sample criteria; respondents have a minimum education level of high school, and have been a member of the Harley Davidson Club Indonesia (HDCI) for more than six months.

4. Results and Discussion

4.1 Effect of Brand Equity on Word of Mouth (WOM)

The results of the analysis of brand equity data have a positive effect on word of mouth (WOM). It can be seen that a good brand equity on a Harley Davidson motorcycle will have a positive influence on word of mouth (WOM) on a Harley Davidson motorcycle. Mabua in Badung Regency. Therefore, consumer attitudes and actions towards a brand quality are largely determined by brand equity to give a positive impression on consumer word of mouth (WOM) regarding Harley Davidson motorbikes. The results of this study are in line with Widjaja's research (2016) that brand equity has a positive influence on consumer word of mouth (WOM). Sudomo (2014) found that applied brand equity is able to have a positive and significant impact in creating a word of mouth marketing strategy. This was also revealed by Eriza (2017) that the
application of brand equity can create a significant positive impact on the word of mouth marketing strategy. The same thing was stated by Torlak et al. (2014) brand equity in a product has a positive influence on word of mouth marketing strategy.

4.2 The Effect of Brand Equity on Esteem Needs

Based on the results of data analysis, it is known that brand equity on esteem needs has a significant positive effect. This implies that the higher the brand equity on a Harley Davidson motorcycle will have a positive impact on the esteem needs of consumers to buy it. Brand equity as an added value given the bike a Harley Davidson motorcycle that reflects the brand Harley Davidson and its profitability. The results of this study are supported by research by Deviana (2014) which states that brand equity has a positive influence on the esteem needs of consumers. Brand equity of a product has a significant positive effect on esteem needs (Johan, 2010). Kuang et al., (201) stated that esteem needs will be significantly influenced positively by brand equity in a product. Torlak et al. (201) proved that brand equity in products will increase the esteem needs of consumers.

4.3 The Effect of Esteem Needs on Word of Mouth (WOM)

Based on the results of data analysis, it is known that esteem needs for word of mouth (WOM) has a significant positive effect. This implies that the higher the esteem needs of consumers has a positive impact on word of mouth (WOM) on Harley Davidson motorcycles. Esteem needs are seen from the perceptions of others who respect, have confidence, like to be respected, admired, or feel famous, people will try to satisfy themselves with Harley Davidson motorcycles so that they have a positive influence on word of mouth (WOM) about Harley Davidson motorcycles. The results of this study are supported by research by Widjaja (2016) which proves that a person's self-esteem or esteem needs has a significant positive impact in implementing a word of mouth marketing strategy. Torlak et al. (201) stated that esteem needs has a significant positive role in the marketing strategy of word of mouth. Rahmawati et al. (2007) explained that the relationship between esteem needs and the marketing strategy of word of mouth has a significant positive effect.

4.4 The Role of Esteem Needs Mediates the Influence of Brand Equity on Word of Mouth (WOM)

Based on the results of data analysis, it is known that esteem needs can positively mediate the effect of brand equity on word of mouth (WOM). This means that the higher the esteem needs of consumers will provide good brand equity in the eyes of consumers which will have a positive impact on the word of mouth (WOM) of Harley Davidson motorcycles. Consumers who have esteem needs will provide an objective assessment of the brand equity of the Harley Davidson motorcycle brand which will have a strong influence on the intensity of word of mouth (WOM) of Harley Davidson motorcycles in Badung Regency. The results of this study are in accordance with Eriza's research (2017) which states that word of mouth (WOM) is very positively and significantly influenced by brand equity in a product with the role of self-esteem which is commonly referred to as the esteem needs of a consumer. Torlak et al. (201) proves the same thing, with the role of a consumer's esteem needs being able to provide a significant positive influence between brand equity relationships which will improve word of mouth marketing strategy on a product. Widjaja (2016) found a positive effect of brand equity with a word of mouth marketing strategy on products formed by mediation by consumer self-esteem or esteem needs.

5. Conclusion

Based on the discussion, it can be concluded that brand equity has a positive and significant effect on word of mouth (WOM) of consumers of Harley Davidson motorcycles, m Brand equity has a positive and significant effect on the esteem needs of consumers of Harley Davidson motorcycles, Esteem needs has a positive and significant effect on word of mouth (WOM) of consumers of Harley Davidson motorcycles, Esteem needs to mediate the positive influence of brand equity on word of mouth (WOM) of consumers of Harley Davidson motorcycles.

6. Suggestion

Suggestions that can be given by researchers are: (1) As a Harley Davidson motorcycle manufacturer, PT. Mabua in Badung Regency to increase the role of brand equity on Harley Davidson motorcycles must maintain the quality and quantity of its products that can be maintained in terms of prices that have not experienced a significant increase from before, there are discounts or free attributes and genuine variations of Harley Davidson, which is sold to consumers. These things will make Harley Davidson motorcycle consumers always make Harley Davidson king with the highest motorcycle caste. (2). S a manufacturer of motorcycles Harley Davidson, PT. Mabua in Badung Regency to increase the esteem needs of consumers on Harley Davidson motorcycles must maintain the prestige of Harley Davidson motorcycles in terms of designs that carry classic and luxurious type, safety and comfort provided to consumers that can increase consumer interest in buying Harley Davidson motorcycles regardless of the very expensive price. (3). As a Harley Davidson motorcycle manufacturer, PT. Mabua in Badung Regency in implementing a word of mouth (WOM) marketing strategy must have a certain strategy to win the competition, such as word of mouth (WOM) marketing by word of mouth regarding advantages and modern technology to create experiences that will attract attention and make people others are jealous wherever you go. This strategy will be able to win the competition in winning the hearts of consumers because consumers feel comfortable, safe and increase prestige when buying a Harley Davidson motorcycle.
References


