The Influence of Customer Value, Integrated Marketing Communication and Customer Trust on Brand Equity: A Study on Green Cosmetic Product in Bandung, Indonesia

Ivan Diryana

Student of Padjajaran University, Bandung, Indonesia.
Address: Bojong Koneng Atas 62C,
E-mail: ivandiryana@gmail.com
Indonesia

Yuyus Suryana Sudarma

Professor of Padjajaran University, Bandung, Indonesia.
E-mail: yuyus_suryana@fe.unpad.ac.id
Indonesia.

Diana Sari

Associate Professor of Padjajaran University, Bandung, Indonesia.
E-mail: diana.sari@fe.unpad.ac.id
Indonesia

Erie Febrian

Associate Professor of Padjajaran University, Bandung, Indonesia.
E-mail: erie.febrian@fe.unpad.ac.id
Indonesia

Abstract:

Green product encounters problems on its sales because its price is more expensive than conventional products. On the other hands, the concern on environment and the knowledge about environment preservation do not trigger the people to purchase green product. Brand equity is one of the marketing variables which is able to motivate the consumers to pay more. However, brand equity of green product tends to be low even if the manufacturers of green product, especially green cosmetics have cost more to the marketing campaign. Besides, customer value of green product definitely gives more benefits than the conventional products. The present research takes 400 respondents who stay in Bandung and have used green cosmetics. The result shows that there is a significant relation between the observed variables and brand equity.

Keywords: Customer Value, Integrated Marketing Communication, Customer Trust, Brand Equity

1. Background:

To overcome the problems of environment nowadays, some industries begin to move towards the development of green product. However, according to Joel Makower (2011) "green productis less concerned by the people". Green product only can get 1% of market share for each category. "One of the causes why green product is less concerned is because the customers feel unwilling to pay green product which is more expensive than the conventional one" (Gan, Wee, Ozanne, Kao, 2008).The research conducted by Juwaheer, Pudaruth and Noyaux (2012) investigate the relations between marketing strategy and purchasing on Mauritius' customers. The research examines some hypothesis; one of them is the relation between customers' beliefs and behaviors on green consumption. The result shows that there is a positive relation of customers'beliefs towards green consumption, but its relation is considered low.Pooley dan O'Connor (2000) state that "by providing information about environmental issues does not mean that it will raise pro-

environmental awareness, the research also claims that the key of environmental education lies on affective domain".

In Indonesia, on the other hands, the survey conducted by AC Nielsen shows that 66% respondents have high concern on the environment, 69 % more concerned on global warming, 72 % more concerned on water scarcity, and 80 % more concerned on water pollution. (*Marketing Magazine*, 2011). However, the research result done by Synovate shows the consumption of green product is still low in Indonesia. Besides, the initial research result in Bandung reveals that 82% respondents feel worried about environmental issues, 84% knows about the importance of preserving the nature and 82% cares about environment preservation. However, only 42% showing their willingness to pay more for green product.

In fact, the concern on environment and the knowledge about environment preservation are not completely translated to be willingness to purchase green product. One of the factors why green product is difficult to compete is its price which is more expensive than the conventional product. Thus, to solve the problem, theory which is related to brand equity will be investigated because the high brand equity can lead customers to pay more. In correlation with the more expensive product price, according to Veloutsou, Christodoulides and Chernatony (2013), based on their research, it is stated that "the willingness to pay premium price can be one of the parameters of brand equity". "Brand equity can raise customers' willingness to pay more". (Yoo, Donthu, Lee. 2000).

2. Review of Related Literature:

2.1 Customer Value:

The concept of customer value is the decision taking and the significant action which should show the company's priority related to the customer's satisfaction. Kotler (2012:46) defines "Customer Value as a tradeoff among customers' perspectives on quality, product usefulness, and sacrifice done through paid sacrifice". Customer value also can be seen as a reflection of quality, usefulness, and sacrifice given to get a product or a service.

In a study, Wang, Yonggui, Hing Po lo, Renyong Chi., and Yongheng Yang, (2004:312) "divide dimension of customer value to be functional value, economical value, emotional value, and sacrifice value". If those four components can run well, then the customer value will increase which can improve the customer's satisfaction. The four components will be significant elements and those are believed to be able to get the customer's satisfaction if the company works better in managing the activity of customer orientation.

2.2 Integrated Marketing Communication:

Jones and Schee, (2008:65) state that "integrated marketing community represents the combination of direct marketing, advertisement, promotion, and public relation". According to Kotler (2012:557) "integrated marketing community is a concept which becomes the basis of the company to integrate and coordinate carefully from some communication channels to deliver a clear and a consistent message". The definition by Kotler (2012:557) is quite wide so that it can also cover some "marketing communication from word of mouth to internet media and social media in which the media is frequently used nowadays". According to Shimp (2008:437) "integrated marketing community is the process of planning, creating, integrating, and implementing from some forms of marketing communication which is delivered continuously to the target and the aspirant customers. Moreover, according to Morissan (2010:67), it is stated that "marketing communication is a form of communication addressed to empower marketing strategy in order to achieve wide segmentation".

According to Keller (2008) in Kotler (2012:496), the marketing communication which is compiled well has

these criteria: coverage, contribution, commonality, complementarity, versatility, and cost.

In this research, the variable of integrated marketing communicationwill use the criteria of Keller as the dimension by deleting cost criteria because that criteria is used well for the company, not for the customer.

2.3Customer trust:

According to Sidersmukh, Singh, and Sabol (2002:15-37) "customer trust is the expectation owned by the customer that the service provider can be relied on and can be expected to provide a service as they promise". According to Chen and Chang (2013:63-82), "Customer trust (green trust) is the availability to rely on product, service, or brand as the belief or expectation which is the result of credibility, worthiness, and the capability of the product regarding to its performance on environment". Yu-Shan Chen and Ching-Hsun Chang (2013:63-82) "combine some literatures related to green marketing and relationship marketing to be a new managerial framework from customer trust (green trust)".

Based on the aforementioned explanation, it can be stated that customer trust is the expectations had by customers that the other party or the objects can be trusted or relied on in fulfilling their promises in which it is the result of capability, worthiness, and integrity of the other party. The trust also depends on customer knowledge in which the customer can predict whether the object or the other party can be trusted or not if the customer has sufficient knowledge.

The factor which makes someone's trust towards others consist of three components according to Mayer, R.C., Davis, J.H., Schoorman, F.D. (1995)Ability, Benevolence, Integrity. While, according to Mitchell (2001:104) Customer trustconsists of: integrity, worthiness, reliability and satisfaction. Customer trust is integrity, worthiness, and competency. Based on those theories and compatibility with the research object, thus this research utilizes dimension of capability, worthiness, integrity, and competency.

2.4Brand Equity:

As explained previously, one of the problems of green product is its price which is more expensive than the conventional one. Veloutsou, Christodoulides and Chernatony (2013:238-248), based on their research, it shows that "the willingness to pay premium price can be one of the parameters of brand equity". According to David A. Aaker (2009:534) "brand equity is a set of brand asset and passive regarding to a brand, either its name or its symbol which increases or decreases the value given by a product or a service to the company or to the customer of the company".

Keller (2001) proposes "the concept of brand equity based on the customer in which brand equity can be viewed from customer perspective". According to Keller (2001) "brand equity is the differential influence from brand insight which affects the customer response towards the marketing attempt of the brand in which the brand insight is created by brand image and brand concern". By paying attention on the compatibility of brand equity theory indicator of Aaker and Knapp (2000), and the conducted research object, therefore the indicator used in this research is Brand Loyalty, Brand Awareness, Brand Association, and Quality Perspective.

2.5Relation among Variables:

According to Chang and Chen (2012:518), "one of the main elements of green marketing is credibility, decreasing risk perspective to the customers will help decreasing the mistrust and increasing the customer trust". Kumar and Purwar (2013:79) "show the significant relation between trust and entire brand equity". Chen (2010:307-319) "proves the influence of environment trust towards environmental brand equity".

According to Soyez (2012:623-646), "Customer value is a construction, which is similar to Customer value, depends on customer perspective". "Customer value is a significant factor for customer trust" (Kim, Shin, dan Lee, 2009:283-311). "Customer value affects green environment trust" (Chen and Chang 2012:502-520). "Green customer value positively has a relation with trust" (Rizwan, Ahmad, Mehboob, 2013:208-219). Dehghanan and Ghasem Bakhshandeh (2014:1349-1357) also express that "there is a relation between customer value and trust".

Furthermore, the relation between customer value and brand equity can be seen from the relation investigated by Baldauf, Cravens, and Binder (2003:220-236). Baldauf et.al (2003:220-236) state that "customer value and brand equity have positive relations". Netemeyer, Krishnan, Pullig, Wang, Yagci, Deam, Ricks, Wirth, (2004:209-224) assert that "product quality, value perspective, uniqueness, and willingness to pay premium price are the cores of brand equity based on customer perspective".

Keller (2001:465) reveals that "brand equity based on customer is from familiarity; power and association are more concerned than brand". According to Keller (2001:465), "marketing communication is the representative of a brand voice and used by company to create a dialogue with customer regarding to the offered products". Marketing communication can be the motivation in creating strong brand equity.

Based on the above explanation, it is known that there is a relation between variables in this research, so that the research paradigm can be seen from Figure 1.
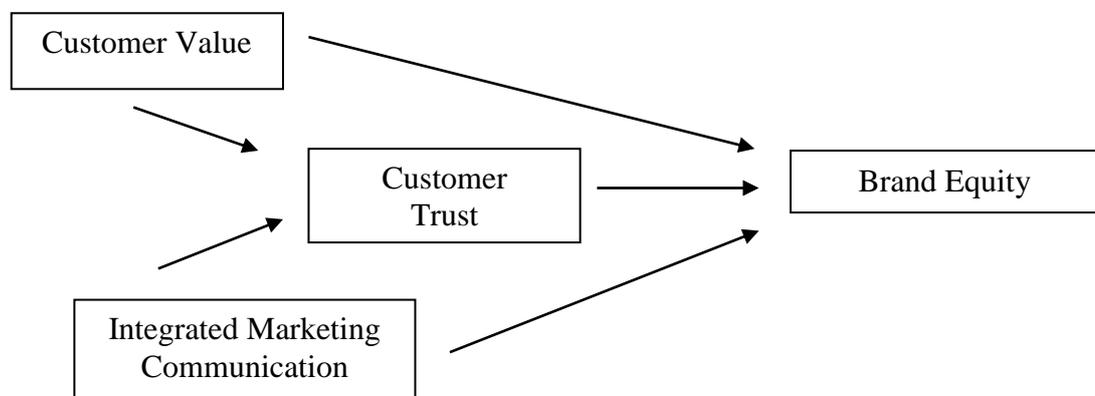

Figure 1. Research Framework

2.6Hypotheses:

Based on the research framework shown in form of research paradigm, then the research hypotheses are as follows:

1.1.1. There is an influence of green environmental customer value towards green environment trust.
1.1.2. There is an influence of integrated marketing communication towards green environment trust.
1.1.3. There is an influence of green environmental customer value towards Brand equity.
1.1.4. There is an influence of integrated marketing communication towards Brand equity
1.1.5. There is an influence of green environment trust towards Brand equity.

3. Research Method:

Nowadays, there are some green products sold in the market, but some of them are also greenwashing products. Hence, this research uses green cosmetic as the research object, so that the targeted population of this research are all customers of green cosmetic in Bandung. The process to select the total of population element should be enough so that in investigating the sample, the researcher can generalize the natures and

the characteristics by using sampling method. The reason why sampling method is chosen is because in a research which involves a hundred or even a thousand elements, it is impossible to collect the data or test all elements.

For the infinite population, the total of minimum sample can be obtained by using Cochran formula (1963) which its trust level is 95%

$$n_0 = \frac{z^2 pq}{e^2} = \frac{(1,96)^2(0,5)(0,5)}{(0,5)^2} = 385 \text{ respondents}$$

Z_2 = normal curve score (1- α)
e = the expected precision level
p = the estimated proportion from population event
q = 1-p

Thus, the minimum sample used in this research is 385 respondents which are made to be 400 respondents. The 400 respondents obtained from infinite population. Infinite population makes the sample framework cannot be formed from all population which its data are expected to get. Hence, to make the sampling is still in probability sampling, so that it uses work sampling method.

Work sampling method is a methodology approach which has been standardized to estimate accurately the precision percentage from working time spent by workers (Robinson, 2009:43).

4. Analysis:

4.1Assumption Test:

After the questionnaire is considered valid and reliable, then the questionnaire is shared to the department store in Bandung which has green cosmetic outlet. The data collection is done based on the result hours of work sampling. After getting 400 respondents, then the data are analyzed by using SEM method. The analysis using SEM should fulfill some requirements which are as follows. The size of the sample is bigger than 200, while the normality assessment can be seen in Table 1.

Table 1. Assessment of normality (Group number 1)

Variable	Min	max	skew	c.r.	kurtosis	c.r.
BE4	2,000	10,000	,294	2,397	-,309	-1,260
BE3	2,000	10,000	,149	1,213	-,355	-1,449
BE2	3,000	15,000	,219	1,790	-,142	-,581
BE1	2,000	10,000	,282	2,300	-,189	-,770
CT1	2,000	5,000	-,146	-1,190	-,237	-,970
CT2	1,000	5,000	-,206	-1,683	,107	,436
CT3	2,000	5,000	-,044	-,357	-,435	-1,775
CT4	2,000	5,000	-,075	-,611	-,472	-1,926

Variable	Min	max	skew	c.r.	kurtosis	c.r.
IMC1	2,000	5,000	-,204	-1,668	-,220	-,898
IMC2	2,000	5,000	-,097	-,792	-,544	-2,221
IMC3	8,000	20,000	-,110	-,897	-1,169	-4,772
IMC4	2,000	5,000	-,210	-1,713	-,189	-,770
IMC5	2,000	5,000	-,004	-,029	-,737	-3,007
IMC6	4,000	10,000	,067	,543	-,519	-2,117
CV1	4,000	15,000	-,385	-3,144	,184	,750
CV2	2,000	10,000	-,491	-4,008	,487	1,988
CV3	2,000	10,000	-,470	-3,841	,439	1,791
CV4	10,000	25,000	,042	,342	-,992	-4,049
Multivariate					4,308	1,605

Based on normality assessment, it shows the normal data because it has lower c.r multivariat than 2,58. The result of the analysis also reveals that one datum can be categorized as outlier because p1 and p2 are < 0.05, but the removal towards outlier data cannot be processed because some data have information which can affect the research result. The result of determinant of sample covariance matrix is0.123 which means that there is no multicolinearityand singularity.
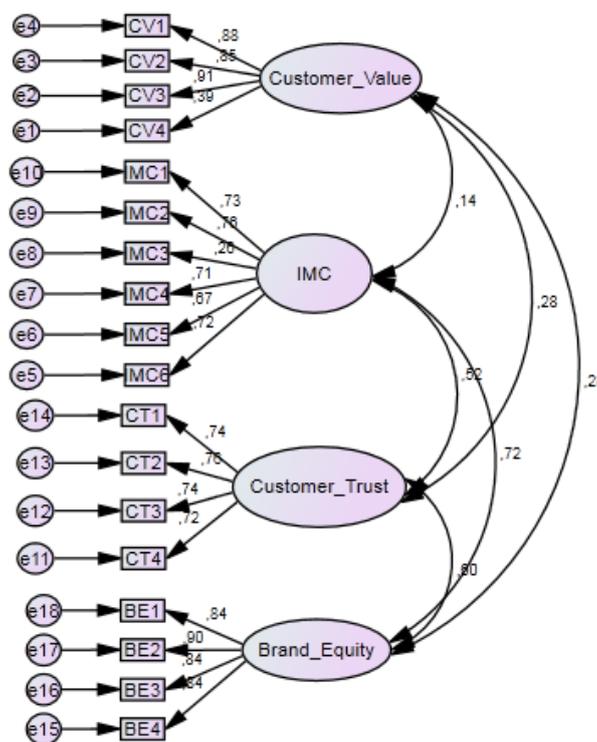

Figure 2. Confirmatory Factor Analysis

The above picture shows that almost all factors has loading factor above 0,3, except for KPT3. According to Hair (2007:116), 0.3 is the minimum score for loading factor. While, according to Field (2000:637) loading

factor should consider the sample size. According to Stevens in Field (2000:637) for the size of sample 300, the loading factor should be better if it is above 0,298 and for the size of sample 600, the loading factor can be above 0,21. Based on those considerations, even if KPT3 has loading factor below 0,3, but because its sample size is 400, therefore it is still inserted to the next calculation.

4.2 Structural Equation ModelingAnalysis:

This analysis examines the causality relation among variables which are covered in research model. Structural Equation Modeling (SEM) analysis is done by using two assessments: model compatibility test and causality test. The result of data processing for complete model analysis of SEM is shown in Figure 3.
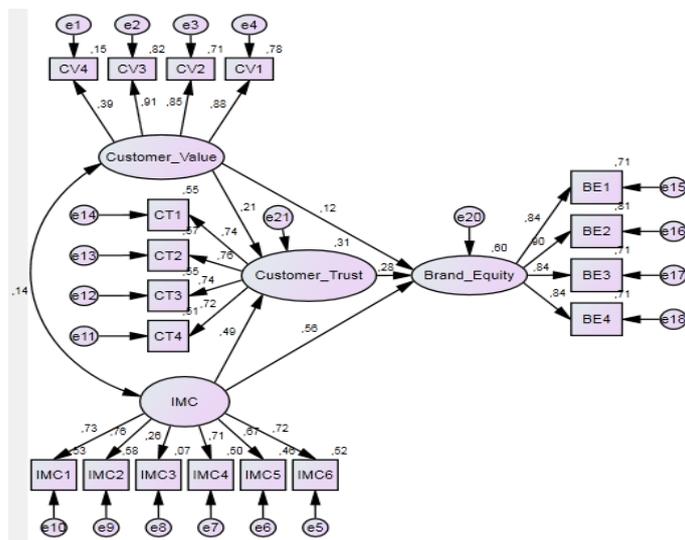

Figure 3. The Analysis Result of Structural Equation Modelling

The result of Goodness of Fit of the above structural model is: CMIN = 234,912, while the score of P is significant which is below 0,005. However, by concerning on the sample size which is so huge in this research, then it is difficult to get the insignificant P score. CMIN/DF = 1,821 is still below 2. GFI is 0,953. AGFI is 0,938. TLI = 0,985. CFI = 0,987. RMSEA = 0,032.Based on the criteria, it can be stated that the structural model is good and acceptable.

4.3 Hypothesis Test:

The hypothesis test is done by analyzing the score of C.R (Critical Ratio) and the score of P value, then compared to the statistic limitation which has been required: above 2,0 for CR score and above 0,05 for the score of P value.

Table 2. Regression Weights: (Group number 1-Default model)

			Estimate	S.E.	C.R.	P	Label
Customer_Trust	<---	Customer_Value	,065	,018	3,607	***	par_15
Customer_Trust	<---	IMC	,278	,036	7,695	***	par_16
Brand_Equity	<---	Customer_Trust	,588	,118	4,994	***	par_17
Brand_Equity	<---	IMC	,676	,073	9,299	***	par_18
Brand_Equity	<---	Customer_Value	,080	,029	2,779	,005	par_19

Table 2 shows that there is a significant relation of customer value towardscustomer trust, IMC towards customer trust, customer trust towards brand equity, IMC towards brand equity and customer value towards brand equity. The analysis result reveals that the influence of customer value towards brand equity is 0,181. The influence of integrated marketing communicationtowards brand equity is 0,691. The influence ofcustomer trust towardsbrand equity is 0,276.

5. Conclusion:

Based on the analysis results regarding to Implication of Customer value and Integrated marketing communication towards Customer trust and its Influence towards Brand equity of Green cosmetics in Bandung, Indonesia (A Survey on Green Cosmetic Product Customer), it can be concluded as follows:

1.2. Based on the hypotheses test of the influence of customer value towards customer trust, it is obtained that customer value has positive and significant influences towards customer trust.

1.3. Based on the hypotheses test of the influence of integrated marketing communication towards Customer trust, it is obtained that integrated marketing communication has positive and significant influences towards customer trust.

1.4. Based on the hypotheses test of the influence of customer value towards brand equity, it is obtained that customer value has positive and significant influences towards brand equity.

1.5. Based on the hypotheses test of the influence of integrated marketing communication towards brand equity, it is obtained that integrated marketing communication has positive and significant influences towards brand equity.

1.6. Based on the hypotheses test of the influence of customer trust towards brand equity, it is obtained that customer trust has a significant influence towards brand equity of green cosmetic customers.

Based on the result of the research, it shows that the way to improve the brand equity of green product is by putting extra concern on integrated marketing communication because it has big influence while keeping the customer trust towards green product which can contribute to the environment preservation.

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