

The Impact of Product Attributes, Price, Place, Advertising, and Sales Promotion: A Case of Kids Shampoo in Indonesia

Adelina Proboyo^{1*} and Bram Imantaka Kusuma²

^{1,2}Faculty of Business and Economics, Petra Christian University
Jl. Siwalankerto 121-131, Surabaya 60236, Indonesia

*Corresponding author, email: adelina@petra.ac.id

Abstract

Kids shampoo has been the main driver of growth for the slow-growing baby and child hair care industry in Indonesia. Knowing this phenomenon, Company A launched Product X, a kids shampoo product, in 2016. The purpose of this research is to analyze the impact of elements of marketing mix (intrinsic and extrinsic product attributes, place, price, advertising, and sales promotion) on purchase intention. There are 109 valid questionnaires were collected through online questionnaires and then analyzed using multiple linear regression and gap analysis. The result shows that intrinsic and extrinsic product attributes, sales promotion, and place influenced purchase intention significantly, while price and advertising were not significant. From the gap analysis, the perceived performance of Product X on four significant elements was lower than the expectation.

Keywords: kids shampoo; marketing mix; purchase intention; gap analysis.

1. Introduction

Around 4.5 million new babies, a number equal to 85% population of Singapore's population, were born in Indonesia every year (The Jakarta Post, 2015). Aside from that, there are also increasing numbers of middle-class parents in Indonesia. In 2017, the middle-up class occupied 66.31% of the total population in Indonesia, and the numbers are expected to grow even more in the future (Yasmin, 2017). These middle-class parents want to give the best products to their children, and they are willing to spend more money to get better quality products (Setyanti, 2015). As a result of this condition, baby and child-specific products are predicted to continue growing in the future. From 2010 to 2015, the sales of baby and child-specific products grew by 97.2%, from IDR 1,326.2 billion to IDR 2,615.3 billion. The sales are expected to grow even further and reach IDR 3,772.7 billion in 2020 (Euromonitor International, 2016).

Within the category of baby and child-specific products, the sales of hair care products have always been lower than those of baby and child-specific products. From 2010 to 2015, the sales of hair care increased at a CAGR of 12.5% while the sales of baby and child products grew at a CAGR of 14.5%. Furthermore, hair care products are expected to grow even slower with a CAGR of 4% to 2020, while the baby and child products will grow at a CAGR of 7.6%. Not only that, hair care was the second slowest growing category in 2010-2015 and it is expected to continue becoming the second slowest until 2020

among other categories within the baby and child-specific products (Euromonitor International, 2016).

Looking at this slower growth prospect, it is essential for the producers of baby and child hair care products to know the sales driver to make a better business decision. In 2015, the penetration of toddler and kids shampoo increased from 65.5% to 67.1%, while the penetration of baby shampoo decreased from 80.0% to 72.9% (Kantar Worldpanel, 2016). This data shows that the driver of the growth in baby and child hair care industry comes from toddlers and kids shampoo.

Company A, a well-known multinational company, holds the most significant market share of baby care products in Southeast Asia (Thakral, 2017). Unfortunately, it cannot dominate the market in Indonesia and can only occupy third place in baby and child-specific products. In 2015, Megasari Makmur PT was the market leader with 24% market share, followed by PZ Cussons Indonesia PT with 23% (Euromonitor International, 2016).

Looking at the prospect of toddlers and kids shampoo as well as the competition in the market of baby care products in Indonesia, company A decided to launch Product X, a shampoo for daughters aged 3-7 years old, in 2016 (Company A, 2016). Since Product X is new, it is crucial to know the behavior of the customers on this new product. According to Morwitz (2012), purchase intention has been used by most studies to measure the demand for new products. The studies are used to know whether there are enough consumers who will buy the new product and if there

are, how to fully utilize the elements of marketing mix to maximize sales. Realizing the importance of company A to have the right marketing strategy, by creating the right product, setting the right price, choosing the right distribution channels, and communicating the values through effective integrated marketing communications to influence the purchase intention, the researchers decide to analyze the impact of elements of marketing mix on purchase intention of Product X.

In 1964, McCarthy introduced the concept of marketing mix, which consisted of product, price, place, and promotion (4Ps). Marketing mix is a set of marketing tools that are used by companies to get the response that they want from the target market, including influencing the purchase intention of their target market (Kotler & Armstrong, 2014). Although the concept was first introduced long time ago, recent journals and textbooks still use the concept of marketing mix to explain purchase intention (Santoso & Sungkari, 2013; Kotler & Armstrong, 2014; Kotler & Keller, 2016; Mahmoud, Ibrahim, Ali, & Bledy 2017).

Two out of four variables in marketing mix can be broken down into smaller components. First is the product concept. Olson and Jacoby (1972) categorized product into intrinsic and extrinsic attributes. Intrinsic attributes are related to the physical composition of the product, e.g. fragrance, while extrinsic attribute involves non-physical product attributes, e.g. brand name, price, and packaging (Olson & Jacoby, 1972; Olson, 1972; Espejel, Fandos, & Flavian, 2007; Jimenez-Guerrero, Gazquez-Abad, Huertas-Garcia, & Mondejar-Jimenez, 2012). In this research, price will not be covered under extrinsic product attributes since it has been covered under price variable.

The second variable is promotion. There are eight promotional tools, i.e., advertising, sales promotion, events and experiences, direct and database marketing, public relations and publicity, personal selling, online and social media marketing, and mobile marketing (Kotler and Keller, 2016). However, company A only uses advertising and sales promotion nationwide to support Product X. The advertising media of Product X is television, YouTube, and Facebook and the sales promotion tools are price discount, digital photo contest, and point-of-purchase display (Company A, 2016).

Up until now, previous research on marketing mix and purchase intention have generally been done on 4Ps level. Most research used product, price, place, and promotion as the independent variables to know the impact of those 4Ps on purchase intention (Santoso & Sungkari, 2013; Mahmoud, Ibrahim, Ali,

& Bledy, 2017). In this case, the researchers believe that using the 4Ps only as the independent variables will not give detailed information on which specific elements that influence purchase intention, especially when product and promotion have some components inside them. Thus, this research will integrate all possible detailed elements of marketing mix instead of the general 4Ps. This research will analyze the impact of intrinsic and extrinsic product attributes, place, price, advertising, and sales promotion on the purchase intention of Product X.

In addition to knowing the significant factors, a gap analysis is vital to be done. As far as the researchers' knowledge, there has been no research that does a gap analysis on this new product, while, according to Parasuraman, Zeithaml, and Berry (1985), comparing the actual performance with the expected performance is very important in evaluating service quality. Thus, aside from knowing the significant factors, the researchers will conduct a gap analysis on the significant factors to compare the customers' perception of Product X's performance and their expectation on ideal kids shampoo. The gap analysis will show whether the performance of Product X has fulfilled the expectation of the customers on ideal kids shampoo or not. With gap analysis, Company A will be able to identify which aspects of marketing mix that need to be improved in order to become the ideal kids shampoo. When the product meets the expectation, it will be easier for Company A to become the market leader in Indonesia.

2. Literature Review

2.1 Purchase Intention

According to Schiffman and Kanuk (2004), purchase intention is about consumers' interest in a particular product so that they are willing to look for information about that product. Furthermore, according to Warshaw and Davis (1985), purchase intention is a plan to buy products in the future. It represents the desire of the consumers to buy products from a particular brand (Rana, S. M. S., Osman, A., Othman, Y. H., 2015).

Ferdinand (2006) mentions that purchase intention can be identified through three things: transactional, preferential, and explorative intention. Transactional intention means that the customers have the intention to buy a particular product. Preferential intention means the tendency of customers to have first preference for a particular product. Last, explorative intention means the willingness of customers to find information about the product they are interested

in. These three aspects will be used to measure purchase intention.

2.2 Marketing Mix

Marketing mix is “a set of marketing tools that work together to satisfy customer needs and build customer relationships” (Kotler and Armstrong 2014, p. 27). Marketing mix consists of 4Ps: Product, Price, Place, and Promotion (McCarthy, 1964). Corporations need marketing mix to build a relationship with customers and allocate resources wisely (Low & Tan, 1995; Coviello, Brodie, & Munro, 2000).

2.3 Intrinsic Product Attributes

Intrinsic product attributes are attributes that are related to the physical composition of the product, such as the ingredients of the shampoo. Intrinsic product attributes are product-specific, disappear when they are consumed, and cannot be changed without changing the physical aspect of the product (Olson, 1972; Fandos & Flavian 2006; Espejel, Fandos & Flavian, 2007; Jimenez-Guerrero, Gazquez-Abad, Huertas-Garcia, & Mondejar-Jimenez, 2012). Intrinsic product attributes are the internal characteristics of the product, which gives benefits to the customers (Jimenez-Guerrero, Gazquez-Abad, Huertas-Garcia, & Mondejar-Jimenez, 2012; Kotler & Armstrong, 2014).

Concerning Product X as a kids shampoo, intrinsic product attributes refer to the benefits given by the ingredients of the shampoo. Lonial and Zaim (2000) mention that there are twelve product attributes for a shampoo, but only four of them are relevant to Product X. Those four attributes are providing brightness, fragrance, and vitamins, as well as softening hair (Company A, 2016).

If the intrinsic product attributes are useful for consumers, they will be more eager to buy the product (Wang & Yu, 2016). Previous research by Fandos and Flavian (2006) and Kolopita and Soegoto (2015) show that intrinsic product attributes affect customer purchase intention. Thus, the researcher proposed the following hypothesis:

H1: Intrinsic product attributes have a significant impact on purchase intention.

2.4 Extrinsic Product Attributes

Extrinsic product attributes are product-related attributes which are not related to the physical aspect of the product, e.g., brand name, price, and packaging (Olson, 1972; Fandos & Flavian, 2006; Espejel, Fandos & Flavian, 2007; Jimenez-Guerrero, Gaz-

quez-Abad, Huertas-Garcia, & Mondejar-Jimenez, 2012). As mentioned earlier, price will not be included under extrinsic product attribute since it has been measured independently under “Price” variable.

According to American Marketing Association, a brand is a “name, term, symbol, or design, or a combination of them, intended to identify goods or services of one seller or group of sellers and to differentiate them from those competitors.” (Kotler & Keller, 2016, p. 322). All baby and childcare products of Company A are named with the parent brand (Company A, 2015). According to Aaker (1996) and Wang and Yu (2016), if a company uses a familiar brand for its products, the brand name should be memorable, well-known, and have a positive brand image.

Packaging is the container or wrapper of a product whose primary function is holding and protecting the product. Packaging is the product’s first encounter with the customers, and thus, aside from protecting the product, good packaging attracts attention and influences product choice (Kotler & Armstrong 2014; Kotler & Keller 2016). There are six indicators to evaluate packaging, i.e. form, size, color, material, graphics, and flavor (Smith, 2006). Since Product X is a shampoo product, flavor is not relevant, and thus, it will be excluded for the research.

According to Richardson et al. (1994) and Lee and Lou (1996), consumers often use extrinsic product attributes in making a purchase decision. Since intrinsic product attributes are internal characteristics of the product and they can only be evaluated until the product is consumed or used, consumers tend to rely more on extrinsic product attributes on initial purchase situations (Idoko, Nkamnebe, Ireneus & Okoye, 2013, Espejel, Carmina & Flavian, 2007). Concerning the brand name, customers will choose a brand whose name they are aware of (Adamu & Bambale, 2016). Not only that, customers will most likely choose a brand that is popular and has positive brand image, since they believe that a popular and positive brand image will have right quality product (Shrum, Lowrey, Luna, Lerman, & Liu, 2012; Kotler & Armstrong, 2014; Farooq, Habib, & Aslam, 2015).

Moreover, packaging has a functional and visual purpose that attracts customers to the product (Farooq, Habib, & Aslam, 2015). As packaging is the first thing that the customers see before buying a product, the purchase intention will be higher if the customers like the visual of the packaging (Deliya & Parmar, 2012). Thus, the following hypothesis is formulated:

H2: Extrinsic product attributes have a significant impact on purchase intention

2.5 Price

In the traditional marketing mix, price is one of the most investigated elements due to its role in generating revenue for the companies (Keller, 2003). According to Kotler and Armstrong (2014), price is the amount of money that the customers give up in exchange for the benefits of a product or service. In this case, having a competitive price is essential, since customers always evaluate the price of a product by comparing it with the price of other products (Bachriansyah, 2011; Wardani, 2015). However, this does not necessarily mean that the product must be the cheapest in the market. The price still needs to match with the benefits given by the product so that the customers will think that the product offers better value for money (The Chartered Institute of Marketing, 2015). Furthermore, price should be set right so that the target market will think that the price is affordable (Prabowo, 2016).

Based on those authors, the researcher concludes that there are three ways to measure price. First, comparing the benefits with the price. Second, the affordability of the price. Third, the competitiveness of the price. These indicators are the same as in the research by Bachriansyah (2011) and Wardani (2015).

When customers feel that the price of a product fits them, their purchase intention will increase (Kotler & Armstrong, 2008). Previous research by Kolopita and Soegoto (2015) and Susanto, Natalia, and Siaputra (2016) show that when a customer feels that the price of a product is affordable and competitive as well as matches with the benefit of the product, the purchase intention will be higher. Accordingly, the researchers formulate the following hypothesis:

H3: Price has a significant impact on purchase intention

2.5 Place/Distribution

Place or distribution channel is about how the company makes “a product or service available for use or consumption by the consumer” (Kotler & Armstrong, 2014, p. 363). The goal of the distribution channel is to attract customers with its easy-to-get image (Tjiptono & Chandra, 2005). A company needs to ensure that the product is available at the right place, at the right time, and in the right quantity (The Chartered Institute of Marketing, 2015). According to Fadhilah (2013), there are three indicators to evaluate effective distribution channel, which are the number of stores, reachability of the stores, and stock level.

When the distribution channel is sufficient so that the customers can get the product quickly, the

buying intention of customers will increase (Tjiptono & Chandra, 2005; Kawuriyan, 2009). Based on this, the following hypothesis is proposed:

H4: Place has a significant impact on purchase intention

2.6 Advertising

Advertising is any paid form of mass promotion to inform the customers about the functional and emotional values of a product (de Chernatony, 2010; Kotler & Keller, 2016). Advertising is a tool in reaching potential customers, creating product awareness, and influencing customers’ attitude and buying behavior (Kumar & Raju, 2013). In the case of Product X, the advertisement is in the form of a commercial video on TV, Facebook, and Youtube (Company A, 2016).

To evaluate advertising in the form of a commercial video, Siddiqui (2014) suggests six indicators. Those indicators are product quality, product availability information, content credibility, advertising repetition, advertising appeals, and endorser. Product X does not use any endorser, and thus, endorser will be excluded in this research (Company A, 2016).

When an advertisement can show that a product is valuable, the purchase intention on that product will increase. Previous researches by Siddiqui (2014) and Veronika (2016) have also proved that effective and attractive advertising can affect purchase intention. Following that, the following hypothesis is formulated:

H5: Advertising has a significant impact on purchase intention

2.7 Sales Promotion

Sales promotion is a short-term incentive tool to encourage the purchase of a product (Kotler & Keller, 2016). Different from advertising that provides a reason to buy, sales promotion provides an incentive to buy. According to Alvarez and Casielles (2005), sales promotion can increase sales significantly in a short period since it is intended to have a direct impact on buying behavior.

There are thirteen consumer promotion tools, namely samples, coupons, rebates, price packs, premiums (gifts), frequency programs, contests/sweepstakes/games, patronage awards, free trials, product warranties, tie-in promotions, cross-promotions, and point-of-purchase display (Kotler & Keller, 2016). Furthermore, a temporary price discount can also be considered as a sales promotion tool, as it is also an incentive tool to attract purchases (Darke & Chung, 2005). In this case, the sales promotion of Product X

consists of price discount, contest, and point-of-purchase display (Company A, 2016).

Based on the definition itself, it is evident that sales promotion is created to encourage purchase. Research by Rizwan, Irshad, Ali, Nadir, and Ejaz in 2013 shows that sales promotion causes customers to purchase goods that they are not intended to buy before. That is why the following hypothesis is proposed:

H6: Sales promotion has a significant impact on purchase intention

2.8 Gap Analysis

To improve the performance of Product X, doing a gap analysis on significant elements of marketing mix is essential to be done. For this analysis, the following hypothesis is developed:

H7: There is a significant difference between customers' expectation on ideal kids shampoo and perceived performance of Product X.

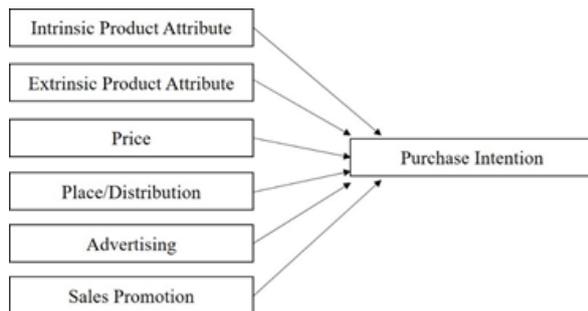


Figure 1. Conceptual Framework

3. Methods

3.1 Data Collection Methods and Process

The data collection method was a survey method using online questionnaires. In this case, Company A divided the distribution of Product X into five main areas: (1) Sumatera, (2) Greater Jakarta Area, (3) West Kalimantan, East Kalimantan, South Kalimantan, West Java, (4) North Sulawesi, Central Sulawesi, South Sulawesi, Papua, Central Java, Bali, Nusa Tenggara, East Java. Following this division, the questionnaires were distributed randomly to customers of Product X in those five areas.

3.3 Sampling

Online questionnaires were distributed to respondents who had ever bought Product X, had ever used Product X for her daughter, had ever watched Product X's advertisement, and had known Product

X's sales promotion tools (discount, contest, and in-store display). One hundred nine data were gathered and analyzed for this research. Profile of respondents could be seen in Figure 2 and 3.

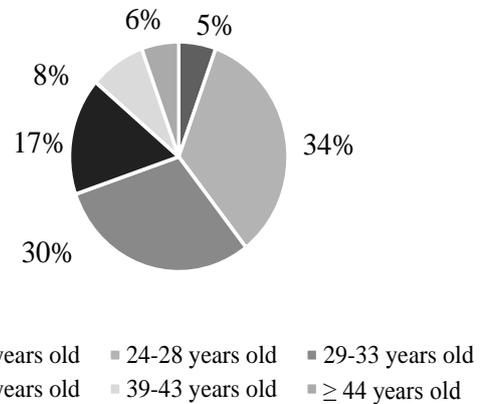


Figure 2. Age of Respondents

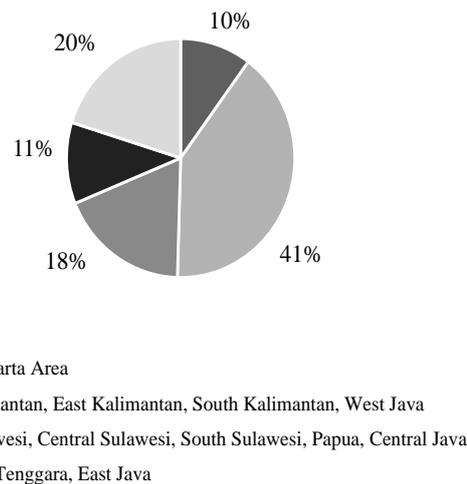


Figure 3. Domicile of Respondents

3.3 Measures

A five-point Likert scale was used to measure customers' expectations on ideal kids shampoo and customers' perceptions of Product X. The operationalization of each variable was listed in Table 1.

The data would be processed statistically using validity and reliability test, BLUE standard assumption tests, multiple linear regression analysis, and gap analysis using paired sample t-test. Multiple linear regression analysis was used to know the impact of marketing mix elements on purchase intention, while gap analysis using paired sample t-test was used to check the significant difference between customers' expectation and perceived performance. The significance level used was 5% (Bryman, 2012).

Table 1. Indicators of Variables

Variables	Indicators
Intrinsic Product Attributes	Provide brightness
	Soften hair
	Provide fragrance
	Provide vitamin
Extrinsic Product Attributes	Memorable brand name
	Well-known brand name
	Positive brand image
	Packaging form
	Packaging size
	Packaging color
	Packaging material
	Packaging graphics
Price	Worthiness compared to benefits
	Affordability
	Competitiveness
Place	Number of stores
	Reachability of stores
	Stock level
Advertising	Showing product quality
	Showing how easy to get the products in stores
	Content credibility
	Advertising repetition
	Advertising appeals
Sales Promotion	Price discount
	Contest
	Point – of – purchase display
Purchase Intention	Preferential intention
	Transactional intention
	Explorative intention

4. Results

4.1 Multiple Regression Analysis

Validity and reliability test showed that all items in the questionnaire were valid and reliable. The values of corrected item-total correlation were above the benchmark r-value of 0.1882, and all values of Cronbach’s Alpha were above 0.7. Furthermore, the data also passed normality, multicollinearity, and heteroscedasticity test. The value of Z-kurtosis and Z-skewness was -0.4859 and -0.5498. Both values were within the range of -1.96 and 1.96, which meant that the residuals were normally distributed. For multicollinearity, all VIF values were below ten and the Tolerance values were above 0.1, and thus, there was no multicollinearity. Using Glejser test for heteroscedasticity test, it was found that the significance values of all independent variables were above 0.5, meaning the residuals in the model were free from heteroscedasticity.

Based on the result of multiple linear regression analysis in Table 2, 67.9% of the variation in purchase

intention can be explained by intrinsic and extrinsic product attributes, price, place, advertising, and sales promotion.

Table 2. Adjusted R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835 ^a	.697	.679	.25793

Table 3. t-Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.253	.311		-.814	.417
INTRINSIC	.385	.073	.377	5.297	.000
EXTRINSIC	.217	.085	.195	2.558	.012
PRICE	-.054	.059	-.057	-.909	.365
PLACE	.122	.048	.176	2.544	.012
ADVERTISING	.050	.067	.053	.750	.455
SALESPROMOTION	.316	.064	.321	4.931	.000

Based on the result of t-test in Table 3, intrinsic and extrinsic product attributes, place, and sales promotion influence purchase intention significantly. On the other hand, price and advertising do not influence purchase intention significantly.

4.2 Gap Analysis

Based on the result of multiple regression analysis, only four elements of marketing mix were significant in influencing purchase intention: intrinsic product attributes, sales promotion, extrinsic product attributes, and place. The gap analysis using paired sample t-test would be done on these four elements to check whether there was a significant difference between the expectation and the perceived performance. The following hypotheses were formulated concerning the gap analysis:

H7a: There is a significant difference between customers’ expectation on ideal kids shampoo and perceived performance of intrinsic product attributes.

H7b: There is a significant difference between customers’ expectation on ideal kids shampoo and perceived performance of sales promotion.

H7c: There is a significant difference between customers’ expectation on ideal kids shampoo and perceived performance of extrinsic product attributes.

H7d: There is a significant difference between customers’ expectation on ideal kids shampoo and perceived performance of place.

Table 4. Paired Samples t-Test

Independent Variable	Significance	Mean E	Mean P
Intrinsic Product Attribute	0.000	4.5986	4.2500
Sales Promotion	0.000	4.3517	4.0367
Extrinsic Product Attribute	0.013	4.3612	4.2661
Place	0.000	4.3394	3.8930

Table 4 shows that for all four factors, there is a significant difference between the consumers' expectation on ideal kids shampoo with the perceived performance of Product X.

5. Discussion

The highest impact on purchase intention came from intrinsic product attribute with the coefficient of 0.385. Internal research by the company showed that Indonesian mothers concerned about the cosmetic function of kids' care products, e.g. the ability of the products to make their children look better (Company A, 2016). As a result, the ability of Product X in giving that cosmetic function is essential to influence the intention to buy Product X.

Sales promotion had the second-highest impact on purchase intention with a coefficient of 0.316. This is aligned with the internal research done by the company, which showed that the performance of baby and kids care category was mostly driven by sales promotion (Company A, 2014). When the sales promotion is attractive, the purchase intention will be higher.

Extrinsic product attribute influenced the purchase intention with a coefficient of 0.217. Parents always want the best for their children and popular and positive brand name ensure excellent product quality. As a result, the brand name holds a vital influence on purchase intention of baby and kids products.

Last but not least, place influenced purchase intention by 0.122. The result is aligned with internal research by company A in 2014. The research showed that the availability of the products held an essential role in baby and kids care industry. Indonesian mothers do not mind to switch to other brands if the preferred brand is not available in the shop. As a result, distribution channels have a significant impact on purchase intention in baby and kids care products.

The significance value of price was above 0.05, and thus, price did not have a significant impact on purchase intention. According to Euromonitor International (2016), parents are willing to spend extra money to get the best products for their children. As a

result, price is not significant in influencing the purchase intention of Product X.

Besides price, advertising also did not have a significant impact on purchase intention. Based on the internal research conducted by company A, advertising is only useful to create brand awareness through its extensive coverage and it is not effective in stimulating the purchase intention of Product X. Furthermore, Indonesian mothers are not engaged in advertising.

Based on the paired sample t-test, there was a significant difference between the expectation on ideal kids shampoo with customers' perception of Product X. First, there was a significant difference between expectation and perceived performance for intrinsic product attributes. Judging from the mean, the expectation of intrinsic product attributes (4.5986) was higher than the perceived performance (4.2500). Looking more deeply on each indicator (Figure 4), Product X had performed quite well. The most important factor for intrinsic product attributes was providing fragrance, and Product X scored the highest on that aspect. However, the performance on intrinsic product attributes still needs to be improved so that it can fulfill the expectation.

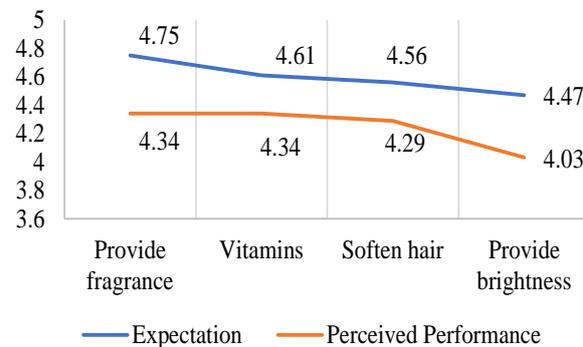


Figure 4. Intrinsic Product Attribute

Second, the paired sample t-test on sales promotion also showed that there was a significant difference between expectation and perceived performance. The expectation mean was 4.3517, while the mean of perceived performance was 4.0367. Looking at each indicator (Figure 5), customers think that attractive discount was the most important sales promotion tool. Unfortunately, Product X had the lowest score on this tool, among other sales promotion tools. Product X had the best performance on the contest, while it was the second most important tool for the customers. Looking at this, Company A needs to work more effectively in utilizing the sales promotion tools, by giving more price discount, since it is the most essential tool for customers.

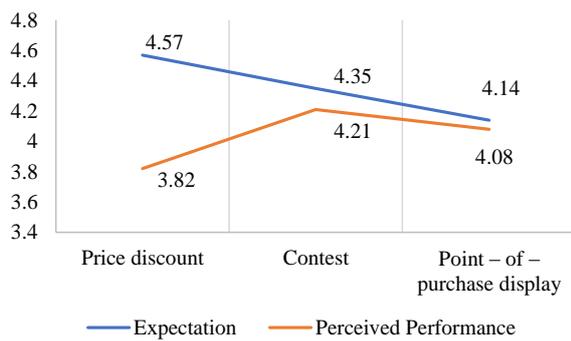


Figure 5. Sales Promotion Tools

For extrinsic product attributes, there was a significant difference between the expectation and the perceived performance. For brand name, Product X's brand has exceeded the expectation of being well-known and memorable brand. However, Product X's positive brand image was still below expectation while in fact, having positive brand image was the most essential aspect for the customers. This might be because a recent health issue on another product under the same brand so that it influences the overall brand image.

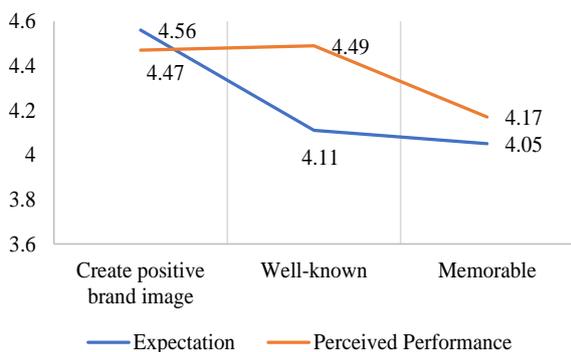


Figure 6. Brand Name Indicators

For packaging, Product X needs to improve a lot on the graphics, size, and form. Those three aspects are the most important things for customers. However, the perceived performance of Product X on those three aspects was still far below the expectation.

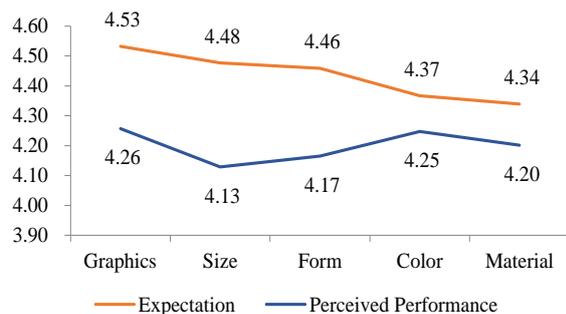


Figure 7. Packaging Indicators

Last but not least, there was also a significant difference between expectation and perceived performance on place aspect. Similar to intrinsic product attributes, Product X had the highest score on number of stores and that aspect was indeed the most critical aspect for place. However, the performance was still far below the expectation (4.50 vs. 3.97). The same thing applies to the second indicator of place. The gap between the expectation and the perceived performance was huge (4.31 vs 3.80). This result might be because Product X is still not widely available in convenience stores, e.g. Alfamart (Company A, n.d.). Considering that the coverage of Alfamart is very wide up until residential areas, the unavailability of Product X in those stores will affect the customers' perception of the number of stores and reachability of Product X.



Figure 8. Place Indicators

6. Conclusions

The potential in toddlers and kids shampoo industry has led Company A to launch Product X in 2016. Considering that Product X is a new product in a new category, the research aims to know what factors influence the purchase intention of this new product. Not only that, the research also wants to know whether the perceived performance of Product X has fulfilled the expectation of the customers on ideal kids shampoo.

The result of the research showed that only four elements of marketing mix influenced purchase intention significantly. The highest impact was from intrinsic product attributes, followed by sales promotion, extrinsic product attributes, and place. Price and advertising were proven not to give any significant influence on purchase intention.

From the gap analysis of the four significant elements, there was a significant difference between the expectation and the perceived performance. In most cases, the perceived performance of Product X was lower than the expectation.

Based on the result of the multiple regression and the gap analysis, there are several recommendations for Company A as the producer of Product X. For intrinsic product attributes, Company A should focus on improving all attributes, starting from fragrance, followed by vitamins, hair softener, and brightness. Company A can adjust the composition of the ingredients to find the right proposition.

For sales promotion, Company A should consider giving price discount more often, since it is the most essential tool for the customers. The big gap between the expectation and the perceived performance shows that the customers think that the price discount of Product X is not attractive at all.

For extrinsic product attributes, Company A has done pretty well on the aspect of a brand name. However, it still needs to increase its positive image, since positive brand image is crucial for the customers. For the packaging, Company A should focus on the graphics, size, and form of Product X.

Lastly, Company A should also distribute Product X to more channels so that the customers can find the products easily in various stores. The company might want to distribute the products to convenience stores, such as Alfamart and Indomaret, considering their comprehensive coverage in Indonesia. Furthermore, Company A should improve its supply chain management so that the stocks of Product X will always be available in stores.

Despite the insightful findings, this research also has some limitations that can be improved by further research. In this research, only nationwide promotional tools were used since the researcher wanted to cover respondents all over Indonesia. However, there are two more promotional tools used for Product X, i.e. events and experiences (princess hairdo) and personal selling (Company A, 2016). Previous research by Astuti (2013) and Villamor and Arguelles (2014) found that these two tools had a significant impact on purchase intention. Thus, future research might want to add those two tools and check whether they affect purchase intention of Product X or not. Furthermore, brand trust was also proven to have a significant impact on purchase intention of baby care products (Aydin, AR & Taskin, 2014). Thus, further research may want to add brand trust as additional factor that might influence purchase intention of Product X.

References

- Aaker, D., 1996. *Building Strong Brands*. New York: Free Press.
- Adamu, U., and Bambale, E., 2016. The Effect of Brand Name on Consumer Purchase Intention in Kano Metropolis: A Conceptual Model. *International Journal of Management and Commerce Innovations*, 32(1): 58-63.
- Alvarez, B., and Casielles, R., 2005. Consumer evaluations of sales promotion: the effect on brand choice. *European Journal of Marketing*, 39(1/2): 54-70.
- Amelia, L.R., Kusumawati, A., and Mawardi, M. K., 2015. The Influence of Marketing Mix Variables on Purchase Decision and Customer Satisfaction (Case study of Customer of Vitiara Rent Car Malang). *Jurnal Administrasi Bisnis*, 28(2).
- Asmed, Y. 2009. Pengaruh Persuasi Iklan Televisi Dan Kemasan Terhadap Minat Beli Konsumen: Studi Kasus Produk Mie Sedap Instan Pada Warga Kepuh RT 45 RW 11 Kelurahan Klitren Kecamatan Gondokusuman Yogyakarta. *Undergraduate thesis*. Universitas Sanata Dharma Yogyakarta.
- Astuti, P. 2013. Pengaruh Event Marketing Terhadap Keputusan Pembelian Produk Rokok Envio Mild: Survei Pada Konsumen Bisnis Mitra Usaha PT. Djarum di Kab. Bandung. *Undergraduate thesis*. Universitas Pendidikan Indonesia.
- Aydin, G., AR, A. A., and Taskin, C. 2014. The Role of Brand Trust on Parents' Purchase Intentions of Baby-Care Products. *Dogus Universitesi Dergisi*, 15(2): 165-180.
- Bachriansyah, R.A. 2011. Analisis Pengaruh Kualitas Produk, Daya Tarik Iklan, Dan Persepsi Harga Terhadap Minat Beli Konsumen Pada Produk Ponsel Nokia (Studi Kasus Pada Masyarakat di Kota Semarang). *Undergraduate thesis*. Universitas Diponegoro.
- Bryman, A. 2012. *Social Research Methods*. 4th Edition. New York: Oxford University Press.
- Company A. (2014). Brand Power Study.
- Company A. (2015). Product Knowledge.
- Company A. (2016). Brief on Product X.
- Company A. (n.d.). Sales Cube.
- Cooper, D., and Schindler, P. 2014. *Business Research Methods*. 12th Edition. New York: McGraw-Hill.
- Coviello, N., Brodie, R., and Munro, H. 2000. An Investigation of Marketing Practice by Firm Size. *Journal of Business Venturing*, 15: 523-545.
- Creswell, J. 2003. *Research design: Qualitative, quantitative and mixed methods approaches*. 2nd Edition. Thousand Oaks: SAGE Publications.
- Darke, P., and Chung, C. 2005. Effects of pricing and promotion on consumer perceptions: it depends on how you frame it. *Journal of Retailing*, 81(1): 35-47.

- de Chernatony, L. 2010. *From brand vision to brand evaluation: The strategic process of growing and strengthening brands*. 3rd Edition. Butterworth Heinemann.
- Deliya, M., and Parmar, B. 2012, June. Role of Packaging on Consumer Buying Behavior–Patan District. *Global Journal of Management and Business Research*, 12(10): 49-68.
- Euromonitor International. 2016. *Baby and Child-Specific Products in Indonesia*. Passport.
- Espejel, J., Fandos, C., and Flavian, C. 2007. The role of intrinsic and extrinsic quality attributes on consumer behavior for traditional food products. *Managing Service Quality*, 17(6): 681-701.
- Fadhilah, A.P. 2013. Analisis Pengaruh Produk, Harga, Promosi Dan Saluran Distribusi Terhadap Keputusan Pembelian Konsumen. *Undergraduate thesis*. Universitas Diponegoro.
- Fandos, C. and Flavian, C. 2006. Intrinsic and extrinsic quality attributes, loyalty and buying intention: an analysis for a PDO product. *British Food Journal*, 108(8): 646-662
- Farooq, S., Habib, S., and Aslam, S. 2015, December. Influence Of Product Packaging On Consumer Purchase Intentions. *International Journal of Economics, Commerce, and Management*, 3(12): 538-547.
- Ferdinand. 2006. *Metode Penelitian Manajemen*. Semarang: Badan Penerbit Universitas Diponegoro.
- Idoko, E., Nkamnebe, A. D., Ireneus, N. C., and Okoye, V. I. 2013. Effects of Intrinsic and Extrinsic Product Cues on Consumers' Purchase Intention: A Study of Alcoholic Beverage Consumers in A Developing Country Metropolitan City. *Journal of Arts, Science & Commerce*, 4(3): 1-11.
- Jimenez-Guerrero, J. F., Gazquez-Abad, J. C., Huetas-Garcia, R., and Mondejar-Jimenez, J. A. 2012. Estimating consumer preferences for extrinsic and intrinsic attributes of vegetables. A study of German consumers. *Spanish Journal of Agricultural Research*, 10(3): 539-551.
- Kantar Worldpanel. 2016. AP Household Panel Data Q4, 2015.
- Kawuriyan, R.R.S. 2009. Pengaruh Strategi Marketing Mix Terhadap Minat Pembelian Konsumen (Studi Pada Netbook "Acer Aspire One"). *Undergraduate thesis*. Universitas Sebelas Maret Surakarta.
- Keller, K. L. (2003). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*. 2nd Edition. Upper Saddle River, New Jersey: Pearson Education, Inc.
- Kolopita, D., and Soegoto, A. 2015. Analisis Atribut Produk Dan Harga Terhadap Minat Beli Mobil Suzuki Ertiga Di Kota Manado. *Jurnal EMBA*, 3(2): 12-24.
- Kotler, P., and Armstrong, G., 2014. *Principles of Marketing*. 15th Edition. Upper Saddle River, New Jersey: Pearson Education.
- Kotler, P., and Keller, K., 2016. *Marketing Management*. 15th Edition. Essex: Pearson.
- Kumar, Dr. D. P. & Raju, K. V. (2013). The Role of Advertising in Consumer Decision Making. *IOSR Journal of Business and Management*, 14(4): 37-45.
- Larissa, E.A. 2016. Pengaruh Atribut Kemasan Terhadap Minat Beli Konsumen (Studi Empiris Pada Konsumen Mie ABC Cup Di Kota Surakarta). *Undergraduate thesis*. Universitas Muhammadiyah Surakarta.
- Lee, M., and Lou, Y. C. 1996. Consumer Reliance on Intrinsic and Extrinsic Cues in Product Evaluations: A Conjoint Approach. *Journal of Applied Business Research*, 12(1): 21-29.
- Lonial, S., and Zaim, S., 2000. Investigating Of Product Attributes And Their Affect On Overall Satisfaction. *International Joint Symposium on Business Administration: Challenges For Business Administrators In The New Millennium*: 553-564.
- Low, S. P., and Tan, M. C. S. 1995. A Convergence of Western Marketing Mix Concepts and Oriental Strategic Thinking. *Marketing Intelligence & Planning*, 13(2): 36-46.
- Mahmoud, T. O, Ibrahim, S. B., Ali, A. H., and Bledy, A. 2017. The Influence of Green Marketing Mix on Purchase Intention: The Mediation Role of Environmental Knowledge. *International Journal of Scientific and Engineering Research*, 8(9): 1040-1048.
- Morwitz, V. 2012. Consumers' Purchase Intentions and their Behavior. *Foundations and Trends in Marketing*, 7(3): 181-230.
- McCarthy, E. J., 1964. *Basic Marketing*. Illinois: Richard D. Irwin.
- Mirabi, V., Akbariyeh, H., and Tahmasebifard, H. 2015. A Study of Factors Affecting on Customers Purchase Intention Case Study: the Agencies of Bono Brand Tile in Tehran. *Journal of Multidisciplinary Engineering Science and Technology*, 2(1): 267-273
- Olson, J.C., 1972. *Cue Utilization in The Quality Perception Process: A Cognitive Model and an Empirical Test*. (AAI7315844). Dissertations, Purdue University
- Olson, J.C., and Jacoby, J., 1972. *Cue utilization in the quality perception process*, in Venkatesan, M.(Ed.), SV – Proceedings of the Third Annual

- Conference of the Association for Consumer Research, Association for Consumer Research, Chicago, Illinois: 167-179.
- Parasuraman, A., Zeithaml, V.A., Berry, L.L., 1985. A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4); 41-50.
- Prabowo, I.J.K.G., 2016. Pengaruh Citra Merek, Kualitas Produk, Persepsi Harga Dan Word Of Mouth Terhadap Minat Beli (Studi pada Mahasiswa Fakultas Ekonomi UNY pengguna iPhone). *Undergraduate thesis*. Universitas Negeri Yogyakarta.
- Rahim, A., Safin, S. Z., Kheng, L. K., Abas, N., and Ali, S. M., 2006. Factors Influencing Purchasing Intention of Smartphone among University Students. *Procedia Economics and Finance*, 37: 245-253.
- Rana, S. M. S., Osman, A., and Othman, Y. H. 2015. Factors Affecting Purchase Intention of Customers to Shop at Hypermarkets. *Mediterranean Journal of Social Sciences*, 6(3): 429-434.
- Richardson, P. S., Dick, A. S., Jain, A. K. 1994. Extrinsic and Intrinsic Cue Effects on Perceptions of Store Brand Quality. *Journal of Marketing*, 58(4): 28-36.
- Rizwan, M., Irshad, Q., Ali, K., Nadir, M., and Ejaz, M. 2013. Impact Of Sales Promotional Tools On Purchase Intention. *International Journal of Management Sciences and Business Research*, 2(1): 36-49.
- Santoso, A., and Sungkari, H.S., 2013. The Analysis of The Impact Of Marketing Mix Toward Software Purchase Intention In Relation To Software Piracy In Indonesia. *Journal of Business Strategy and Execution*, 6(1): 58-70.
- Schiffman, L. and Kanuk, L. L. 2004. *Perilaku Konsumen* (7th ed.). Jakarta: Indeks.
- Setyanti, C. A. (2015, September 10). Faktor Pertimbangan Orang Tua Saat Beli Produk untuk Bayi. *CNN Indonesia*. Retrieved August 28, 2019, from <https://www.cnnindonesia.com/gaya-hidup/20150908123941-277-77310/faktor-pertimbangan-orang-tua-saat-beli-produk-untuk-bayi>
- Shrum, L., Lowrey, T., Luna, D., Lerman, D., and Liu, M., 2012. Sound symbolism effects across languages: Implications for global brand names. *International Journal of Research in Marketing*,: 1-5.
- Siddiqui, A. (2014). TV Ads Impact on Consumer Purchase Intention. *International Conference on Marketing*. Institute of Business Administration Karachi.
- Smith, P. (2006). *Marketing Communications: an Integrated Approach*. 4th Edition. London: Kogan Page.
- Susanto, O., Natalia, M., and Siaputra, H. 2016. Pengaruh Bauran Pemasaran (Produk, Harga, Lokasi, Dan Promosi) Terhadap Minat Beli Konsumen Pada Hotel Budget Di Kawasan Surabaya Pusat. *Journal Hospitality dan Manajemen Jasa*, 4(2): 93-108.
- Thakral, R. (2017, February 2). Winning Over Moms: The Most Sought After Demographic Online. *E-Commerce*. Retrieved February 1, 2018, from <https://ecommerceiq.asia/southeast-Asia-mom-babies-online/>
- The Chartered Institute of Marketing. (2015). *Marketing and the 7Ps: A summary of marketing and how it works*. Retrieved September 10, 2019, from <https://www.cim.co.uk/media/4772/7ps.pdf>
- The Jakarta Post. (2015, September 29). *Indonesia's annual births nearly equaling Singapore's population*. Retrieved February 1, 2018, from <http://www.thejakartapost.com/news/2015/09/29/indonesia-s-annual-births-nearly-equaling-singapore-s-population.html>
- Tjiptono, F., and Chandra, G. 2005. *Manajemen Kualitas Jasa*. Yogyakarta: ANDI.
- Veronika. 2016. Pengaruh Iklan Dan Brand Image Terhadap Minat Beli Konsumen, Dengan Brand Image Sebagai Variabel Mediasi, Kasus Calon Konsumen Shampoo Dove di Pusat Perbelanjaan: Gardena Department Store & Supermarket Yogyakarta. *Undergraduate thesis*. Universitas Sanata Dharma Yogyakarta.
- Villamor, A., and Arguelles, R., 2014. Personal Selling and Social Media: Investigating Their Consequences to Consumer Buying Intention. *International Conference on Business, Management, and Corporate Social Responsibility*: 41-44.
- Wang, E., and Yu, J., 2016. Effect of product attribute beliefs of ready-to-drink coffee beverages on consumer-perceived value and repurchase intention. *British Food Journal* 118 (12): 2963-2980.
- Wardani, H.S. 2015. Pengaruh Kualitas Produk Dan Harga Terhadap Minat Beli Konsumen Muslim Pada Jaizah Boutique Tlogosari Semarang. *Undergraduate thesis*. Universitas Islam Negeri Walisongo.
- Yasmin, P. A. (2017, December 10). Mengintip Peluang Bisnis Produk Bayi di Tahun Depan. *detikfinance*. Retrieved January 31, 2018, from

https://finance.detik.com/berita-ekonomi-bisnis/d-3762808/mengintip-peluang-bisnis-produk-bayi-di-tahun-depan?_ga=2.56132075.172916329.1512315667-1209600160.1512315666

Yoebrilanti, A. 2014. Pengaruh Promosi Penjualan Terhadap Minat Beli Produk Fashion Dengan Gaya Hidup Sebagai Variabel Moderator (Studi Kasus Pada Jejaring Sosial). *Undergraduate thesis*. Universitas Widyatama.