Role of Monetary Promotion as a Moderator between Intensity of Distribution Channel and Brand Equity of Hand Sanitiser

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ABSTRACT

This research examines how promotional activities act as a moderator between brand equity and intensity of distribution channel. In this research, sales promotion is the monetary promotion. By using a good sales promotion, the company will know the customer perception of the brand. Previous studies have stated that monetary promotion is a key element in a successful marketing strategy. The management of hypermarkets needs to understand the dynamic of monetary promotion and conceive new ways of organising and executing hypermarket activities that add values to customers. A total of 100 shoppers at a selected hypermarket was used as samples. This study adopted a customer-based approach to address consumer aspects affecting brand awareness, perceived quality, brand association, and brand loyalty. The unit of analysis were Indonesian consumers who are familiar with Antis brand and actively shop at Carrefour's Puri Hypermarket Jakarta, Indonesia. Data was analysed using Structural Equation Modelling-Partial Least Square (PLS-SEM) method. The results showed intensity of distribution channels had a positive significant influence on perceived quality, brand awareness, brand association, and brand loyalty. Monetary promotion did not have any association between intensity of distribution channel and perceived quality, brand awareness, and brand association.

Keywords: Brand equity, intensity of distribution channel, monetary promotion

INTRODUCTION

Modern society tends to choose instant products, such as hand sanitisers (hand washing product without using water). This product has a quick and direct effect on the consumer and it is practical.

The presence of many different brands of hand sanitisers in the market points to its popularity. One supermarket stores eight hand sanitiser brands with 24 variants which offers the customers a lot of choices.

There is stiff competition for marketers of hand sanitisers to affect their market share. The market share of Antis, a brand of hand sanitiser, is very competitive comparison based on its sales quantity and value.
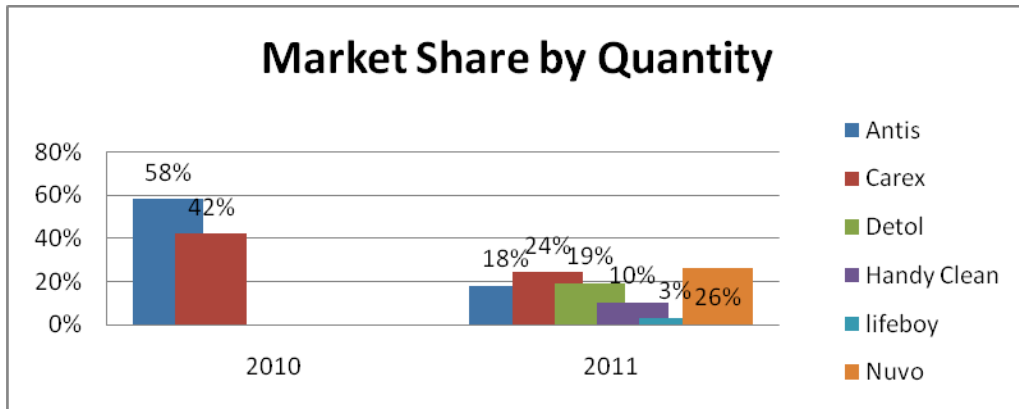

Figure 1. Market share of Antis by quantity in 2010-2011

In 2010, two brands of hand sanitiser were popular in Indonesia - Antis and Carex. Antis had a 58% share of the market. In 2011, many other players entered the market which led to a decrease in Antis's market share to 18%, Carex 24%, Detol 19%, Handy Clean 10%, Lifebuoy 3%, and Nuvo 26%.
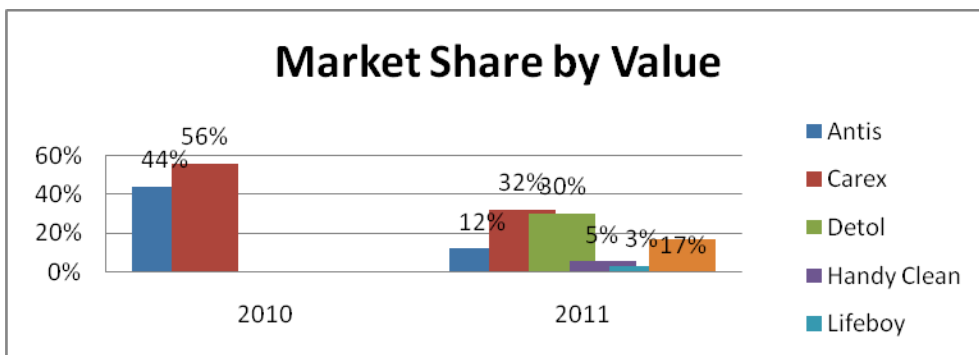

Figure 2. Market share of Antis by in 2010-2011

Companies offer many and frequent sales promotion to compete with the others (Buil, de Chernatony, & Martinez, 2013). In brief, the frequent use of price promotion has a negative impact on quality perception and brand association dimension because this tool causes consumers to think primarily about the price, and not the brand (Yoo Donthu, & Lee, 2000). Martínez and Montaner (2008) stated that monetary promotion has a negative effect on brand image. Karbasi and Rad (2014) stated monetary promotion has a significant impact on brand association, and monetary promotion has a significant positive impact on brand awareness. Despite this, the role of monetary promotion on brand equity remains unclear and scholars highlight the need to examine the contribution of these variables.

Previous studies have shown sales promotions have become a key element towards successful marketing strategy (Singh & Pandey, 2012; Yeshin, 2006). This study examines the influence of Intensity of Distribution channel towards brand equity dimensions also examines the monetary promotion as a moderator between them.

LITERATURE REVIEW

This study is an extension of previous studies which suggested that marketing managers must consider the effect of promotion activity on consumer perception about brand equity. Frequent use of monetary promotion is linked to brand equity (Guizani, & Merunka, 2011; Joseph & Sivakumaran, 2009; Palazón-Vidal & Delgado-Ballester,

2005; Yoo et al., 2000). This study also refers to previous research that channel performance contributes to brand equity (Kim & Hyun, 2011). According to Londoño, Elms and Davies (2016), brand retailer channel can strengthen or weaken the performance of both product brand and the retailer. According to Rosenbloom (2012), the role of retailer in the distribution channel is to interpret the demands of his customers and to find and stock the goods these customers *want*. Image from the store not only attracts attention, interest and contact from potential consumer but also it increases customer satisfaction. The intensity of distribution also has positive impact on brand equity dimension because the high intensity of distribution increases the opportunity for the customer to buy the product, whenever and wherever the consumer wants it (Kim & Hyun, 2011). Sales promotion supported sales increase (Belch & Belch, 2004; Buil et al., 2013). The objective of this paper is to contribute to literature by evaluating the role of monetary promotion as moderator between intensity of distribution channel and brand awareness, intensity of distribution channel and perceived quality, intensity of distribution channel and intensity of distribution channel and brand association.

Channel

Marketing channel is involves ensuring products or services are available for use or consumption. Distribution channels include distributors, wholesalers, retailers, and agents (Kotler & Keller, 2009). Marketers

use distribution channels to show, sell, or deliver physical products or services to customers or consumer. Channel strategy includes the design and management of intermediaries such as wholesalers, distributors, brokers and retailers (Keller, 2013). The purpose of channel is to communicate marketing activities (Londoño et al., 2016). A distribution channel can create channel equity through the net present value (Sullivan & Thomas, 2004). A retail channel can be a brand differentiation (Rastogi & Sharma, 2015).

Monetary Promotion

Most research examining the role of advertising and sales promotion in brand equity creation on sales promotion focuses on monetary promotion such as discount and coupon. Monetary promotion may have different effect on profitability and brand equity (Srinivasan & Anderson, 1998). Moreover, focusing on direct effects on dimension of brand equity, monetary promotion tends to have negative impact on quality perception and brand association. Therefore, many firms have not used monetary promotion as a strategy. Saeed, Ahmed and Mukhtar (2001); Kamarohim, Bojei, Muhammad and Othman (2016) report that distribution channel should create value by product and distribution strategies while relying less on promotional & pricing strategies. Consumers often use price as indicating quality of the product (Agarwal & Teas, 2002; Delvecchio, Henard, & Freling,

2006; Jørgensen, Taboubi, & Zaccour, 2003).

Brand Awareness

Aaker (2009) stated brand awareness is the ability of a potential buyer to recognise or remember that a brand is a member of some product categories. According to Salamandic, Alijosiene and Gudonaviciene (2014), brand awareness is associated with price sensitivity. Keller (2013) stated channel influences brand awareness on the purchase in which their behaviour showed and promoted a brand.

Perceived Quality

Perceived quality can be defined as customer perception on overall quality or excellence of products or services that meets their expectation (Aaker, 2009). According to Severi and Ling (2013), perceived quality is defined as overall customer's perception about the intelligence and quality of product and service. Maintaining product quality while reducing prices (Porter & Helm, 2008) is the key. Yoon, Oh, Song, Kim and Kim (2014) pointed to the case in IKEA where new prices were lowered but quality had been maintained. Erenkol and Duygun (2010) stated that quality of product is different from perceived quality as the latter is subjective assessment. A retail shopper considering a purchase is likely to calculate that value based on the price (Yoon et al, 2014). Zeithaml (1988) confirmed that perceived quality determines customer's choices.

Brand Association

According to Aaker (2009), an association related to some brands is typically associated with memory. A stronger brand association will be based on experiences. Moreover, brand association is information that is connected to brand knots in memory, which creates a brand meaning for the customer based on strength, and uniqueness of brand which is a source that creates the response of different consumers, and generate brand equity (Kumar, 2007).

Brand Loyalty

According to Aaker (2009), brand loyalty is the core of brand equity. It is related to the customer's connection with a brand. Moreover, brand loyalty measures customer's attachment to the brand. According to Pride, Ferrel, Lukas, Schembri, Niininen and Casidy (2012), brand loyalty is the attitude that is beneficial for customers. If the loyalty is strong, the customer will continue to buy the brand. Oliver (1999) stated that affective loyalty is an accumulation of a customer's favourable experiences that can generate attitudinal orientation towards the brand.

MATERIALS AND METHODS

An associative analysis method was employed in this study. This method will point out the relationship between variables and dependence level of each variable, either an independent variable, a dependent variable, or a moderating variable. The unit analysis of this study is Indonesian consumers who are familiar with Antis brand and who actively shop at Carrefour's Puri Hypermarket Jakarta - Indonesia. The biggest hypermarkets in Indonesia are found in the areas of Jabodetabek (Jakarta, Bogor, Depok, Tangerang, and Bekasi) – with Carrefour as the biggest with 42 outlets. Carrefour in Puri Hypermart Jakarta was selected as a research target questionnaires because it sells more than 5 brands of hand sanitisers but the focus is on the Antis's Brand. Data was collected using questionnaires. The questionnaire was divided into two parts: the first part contained demographic information while the second part had statements, with a choice of answers in the form of nominal scale and the responses in relation to the variables in the study. Consumers' responses to each variable of the study were measured using 5- point Likert scale with 1; indicating "Strongly Agree", while the rest "Agree", "Neutral", "Disagree" and "Strongly Disagree".

Data was analysed using SEM-PLS method. It is a causal modelling approach that aims to maximise the variance of criterion latent variables (latent variables hypothesised as the outcome of other variables) that can be explained (explained variance) by predictor latent variables (latent variables hypothesised as a determinant of other latent variables). The SEM-PLS can work efficiently with small sample sizes and complex models.
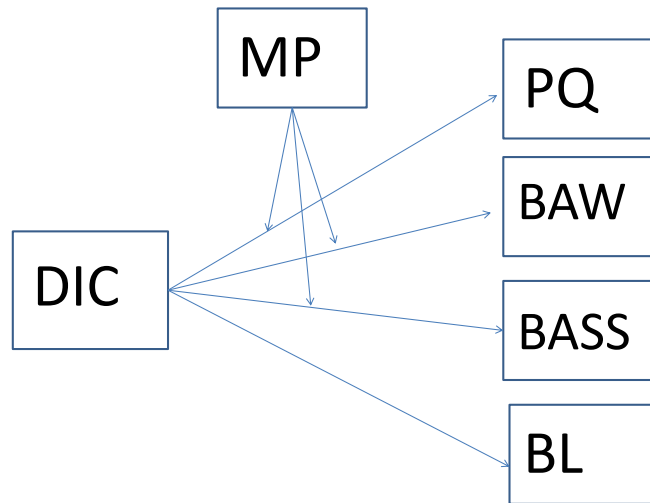
Figure 3. Framework
Variables:
DIC   : Intensity of Distribution Channel
MP   : Monetary Promotion
PQ   : Perceived Quality
BAW   : Brand Awareness
BASS   : Brand Association
BL   : Brand Loyalty

RESULTS AND DISCUSSIONS

Bases for decision making:

$T_{statustic} \geq T_{value}$, then Ho is rejected, Ha is accepted

$T_{statustic} < T_{value}$, then Ho is accepted, Ha is rejected

The research participants were customers who buy "Antis" product in Puri Hypermart Carrefour, West Jakarta. One hundred respondents were recruited via random sampling technique and data from questionnaire was analysed using structural equation modelling supported by SMART-PLS 3.0 applications. Data showed the majority of customers who buy Antis is between the ages of 21 and 30 years and are employed.

Table 1
Respondent's profile

No.	Statement	Criteria	Percentage
1.	Sex	Female	71%
2.	Age	21- 25	35%
		26 - 30	20%
3.	Occupation	Staff/employee	51%

On the basis of decision-making $T_{statustic} \geq T_{value}$, Ho is rejected and Ha is accepted. Meanwhile, $T_{statustic} < T_{value}$, which means Ho is accepted and Ha is rejected T_{value} : 1.96

Table 2
Output of total effect

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (|O/ STERR|)	P Values
(1) PQ Interaction Effect: MP (Two Stage) -> DIC -> PQ	0,132	0,090	0,122	1,082	0,280
(2) BAW Interaction Effect: MP (Two Stage) -> DIC -> BAW	0,095	0,056	0,104	0,913	0,362
(3) BASS Interaction Effect: MP (Two Stage) -> DIC -> BASS	0,050	0,022	0,110	0,450	0,653
DIC -> BASS	0,527	0,542	0,068	7,742	0,000
DIC -> BAW	0,465	0,470	0,090	5,142	0,000
DIC -> BL	0,453	0,466	0,083	5,436	0,000
DIC -> PQ	0,495	0,501	0,077	6,425	0,000
MP -> BASS	-0,117	-0,099	0,154	0,761	0,447
MP -> BAW	-0,266	-0,243	0,136	1,959	0,051
MP -> PQ	-0,107	-0,107	0,103	1,043	0,298

Intensity of Distribution Channel on Brand Awareness

The result of hypothesis testing showed the intensity of distribution channel has significant influence on brand awareness. This result proves that by distributing Antis to several stores and placing the products in a strategic location, consumers will be able to access the product due to increased awareness. This finding is in line with Kim and Hyun (2011) where channel performance positively influences brand awareness.

Intensity of Distribution Channel on Perceived Quality

The result of hypothesis testing showed intensity of distribution channel has significant influence on perceived quality. It is especially true with regards to the role of intensity of distribution channel that

has an impact on consumer confidence in Antis. These findings are in line with Kim and Hyun (2011) who found channel performance has positive influence on perceived quality.

Intensity of Distribution Channel on Brand Association

The result of hypothesis testing showed intensity of distribution channel has a significant influence on brand association. This finding is line with Kim and Hyun (2011) who showed channel performance affects brand association as in the case of Antis. In addition, survey results most respondents favoured the Antis product as they found it interesting. Kim and Hyun (2011) reported that a good store image not only attracts attention, interest, and relation between potential customers, but also increases their satisfaction and create

positive word of mouth. Hence, it can increase brand awareness, brand association, and brand loyalty.

Intensity of Distribution Channel on Brand Loyalty

The result of hypothesis testing showed intensity of distribution channel has significant influence on brand loyalty. This is in line with Kim and Hyun (2011), who observed a positive impact between channel's performance and brand awareness, brand association and brand loyalty. Aaker (2009) found strong brand equity can increase sales because they are able to create a distribution loyalty channel. With strong brand equity, distribution channel can be developed so there will be many stores which in the end will increase sales volume.

Monetary Promotion on Brand Awareness

The result of hypothesis testing showed monetary promotion has no significant influence on brand awareness. This is in contrast to the findings of Karbasi and Rad (2014) who pointed out that monetary promotion has significant influence on brand awareness.

In this research, Antis was chosen as a producer of premium brand hand sanitiser. It was the first in Indonesia's market and therefore, discounts do not change consumer's awareness or loyalty to it. In short, consumers will remain aware and conscious of Antis existence.

Monetary Promotion on Perceived Quality

The results of hypothesis testing showed monetary promotion has no significant influence on perceived quality. This finding is in contrast to that of Karbasi and Rad (2014) that monetary promotion influences perceived quality. Buil et al. (2013) however, noted a negative association between monetary promotion and perceived quality.

Consumers believe the quality of Antis product is not affected by the discounts offered. Therefore, consumers who buy Antis are not doing so because of sales promotion in the past or present. The sale prices do not reduce the quality of product as well as proves consumer loyalty.

Monetary Promotion on Brand Association

The results of hypothesis testing showed monetary promotion has no significant influence on brand association. Karbasi and Rad (2014) however, found monetary promotion has positive and significant influence on brand association. The findings of the current research are supported by Buil et al. (2013) who said that monetary promotion is not significantly associated with brand association. In contrast, brand association is influenced by consumer's perceived quality. Hence, brand association of Antis is not affected by discount because the latter can only affect sales quantity.

Table 3
Test results of moderation hypothesis

No	Hypothesis	Result
1	Monetary promotion moderates the relation between variable of intensity of distribution channel and brand awareness	Not significant
2	Monetary promotion moderates the relation between variable of intensity of distribution channel and perceived quality	Not significant
3	Monetary promotion moderates the relation between variable of intensity of distribution channel and brand association	Not significant

The interaction between intensity of distribution channel and monetary promotion does not affect dimensions of brand equity, such as brand awareness, perceived quality, and brand association. This proves that the interaction between intensity of distribution channel and monetary promotion does not strengthen each dimension of brand equity. Moreover, this research proves that discount prices support intensity of distribution channel unable to reduce or increase the value of a brand.

According to Buil et al. (2013), it is difficult to assess impact of monetary promotion on building a long-term relation of brand association and create uncertainty of product quality where the result will create negative perceptions of a product. Yoo et al. (2000) stated that frequency of using price promotion has negative influence on perceived quality and brand association because the former will lead the consumer to focus on price rather than the brand.

CONCLUSION

Based on the results and discussion on analysis of intensity of distribution channel on brand equity with monetary promotion as moderator variable on Antis product, the following can be concluded:

a) Intensity of Distribution channel has significant influence on brand awareness.

b) Intensity of Distribution channel has significant influence on perceived quality.

c) Intensity of Distribution channel has significant influence on brand association.

d) Intensity of Distribution channel has significant influence on brand loyalty.

e) Monetary promotion is not significant to brand awareness.

f) Monetary promotion is not significant to perceived quality.

g) Monetary promotion is not significant to brand association.

h) Interaction of Intensity of Distribution channel and monetary promotion is not significant to brand awareness, perceived quality, and brand association.

i) Monetary promotion does not moderate between intensity of distribution channel and brand awareness.

j) Monetary promotion does not moderate between Intensity of Distribution channel and perceived quality.

k) Monetary promotion does not moderate between Intensity of Distribution channel and brand association.

Based on the analysis of Intensity of Distribution channel on brand equity with monetary promotion as moderator variable on Antis product there are some suggestions for a further research. Sales and discounts can only stimulate short-term sales. Therefore, other strategies that offer a long term profitability should be considered, such as private events, TV advertisement, event sponsorships, and more attractive product packaging. In order to increase perceived quality of Antis, the company can provide testers in distribution channel.

LIMITATION AND FUTURE RESEARCH DIRECTION

This study has shown the link between consumer behaviour and Brand awareness, brand association, perceived quality and brand loyalty. It proposes a future research direction by adding contextual effects of intensity of distribution channel to brand awareness, brand association and perceived quality with monetary promotion as a moderator in different hypermarkets and different area. Future research can also study the dynamic effect of intensity of distribution channel using a multi-level design utilitarian and hedonic purchasing. Specifically, it can investigate the relationship between intensity of distribution channel and non-monetary promotion based on the current research model.

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