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The influence of customer equity towards WOM behavior through purchase intention

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Abstract

Background of the study: This research was conducted in the tourism object at the Gumuk Pasir Parangkusumo. The tourist destination is one of the regional revenues that can be relied on by local governments to develop their territory. However, the level of tourist visits has not increased significantly, especially those traveling on the Gumuk Pasir Parangkusumo have not been encouraging.

Methodology: Population in this study were visitors to the tourism object Gumuk Pasir Parang kusumo Yogyakarta, 150 respondents were taken as samples. Test the validity and reliability of the data. There are four measurements to test the construct validity. Convergent validity, construct reliability, discriminate validity and extracted variants. Amos is used for data analysis and hypothesis testing.

Findings: The results of this study indicate: value equity affects the purchase intention. Brand equity has a significant positive effect on purchase intention. Relationship equity has a significant positive affects on purchase intention. Purchase intention influences WOM behavior.

Conclusions: Value equity can be formed through adequate service quality, comfort and the ability to provide reasonable prices for customers. Brand equity can be formed through increasing customer awareness of the existence of the product. Creating customer service can be done through understanding and fulfill customer needs and desires. Emotional ties are always enhanced. Customer satisfaction is always improved. Satisfied customers can disguise good information about the product.

Keywords: Brand equity; purchase intention; relationship equity, value equity; relationship equity; WOM behavior

Introduction

Word of mouth is one of the most effective strategies to influence customer behavior (Masa'deh *et al*, 2019) ^[14]. WOM is very helpful for the success of marketing activities carried out by the company. Through face-to-face interaction between individuals, it is very helpful for company promotion both directly and indirectly (Chuang, 2010) ^[3]. Through this face-to-face influence customers' decisions to buy certain products. In the face-to-face activities are usually discussed about the advantages and disadvantages of a product based on direct experience with prospective customers and customers who have used the product.

In face-to-face interactions, customers voluntarily submit information both beneficial information and information that is not profitable for the product (Sayogo Djoko, 2018) ^[21]. Information about this product is usually shared with his family, close friends, office friends or neighbors. Face to face interaction with neighbors or close friends can influence the customer's decision to buy a product (Kim, 2017) ^[10]. This interaction usually occurs during informal meetings or formal meetings. Besides the conversation also occurs in the family to decide whether or not to use a product.

Brand equity is one determinant of the success of loyalty (Kumar *et al*. 2014) ^[14]. Brands that are strong and already engraved in the hearts of customers, it is very difficult to move to competing products. Brand equity usually has an attraction for customers. Products that have high appeal are usually unique. This uniqueness is what distinguishes clearly when compared to competing products. The brand preferred by customers is a product that can meet their needs and desires (Yao and Huang, 2018) ^[28]. It is very important for businesses to understand customer tastes well and be able to provide solutions to problems faced by customers. Besides the speed and accuracy of responding to customer complaints that enter the company.

Hypothesis development

Brand equity, Value equity and purchase intention

Experience, symbols and functions are factors that can influence purchase intention (Wu, 2015) ^[26]. Customers who are accustomed to using products that have become their customers and have positive experiences about the products they buy, can lead to purchase intentions, if they will buy the goods they need. The increasingly complete and practical function of the product can also lead to buying intention for customers. Product attractiveness greatly influences customers' purchase intentions (Xiabing *et al.* 2015) ^[27]. Products that can provide high attraction tend to cause customer purchase intentions. The attractiveness of the product can be seen from the increasingly complete and useful features and added value that is beneficial to the customer.

Strong brands can be characterized by these items always present and get good reception from customers (Hongwei and Yan, 2011) ^[7]. Customers can welcome a product, usually the product has its own charm and is not owned by competing products. The form of attraction can be in the form of durability and ease of maintenance and affordable costs (Rajat Roy and Ryan Chau, 2011) ^[20]. Such products are usually preferred by customers. This passion can be seen from the willingness of customers to make repeat purchases voluntarily and recommend to friends, family, and neighbors to make purchases of the product they bought. This is a low-cost promotion and the company has absolutely no expense for activities like this.

Fostering long-term relationships is a necessity of business management (Udayana *et al.* 2019) ^[23]. This relationship is important to maintain so that customers do not switch to competing products. So that customers do not go to competing products, companies can do positive things about the product. The form can be in the form of always providing quality products and demand by customers (Dulger *et al.* 2016) ^[4]. So that customers are interested in the products offered, it is necessary to provide products that are in accordance with the needs and desires of the customer. Developing good relations with customers is an obligation for the company to develop (Poushneh and Vasquez-Parraga, 2019) ^[19]. Recommendations from customers can be used as a reference for developing relationships that are increasingly clear. Giving special rewards to high achieving customers is one form of strategy to develop relationships to be more widespread. Based on the description above, several hypotheses can be made, including:

- H1:** Increasing brand equity increases the increase in purchase intention
- H2:** The more value equity increases, the higher the increase in purchase intention
- H3:** Increasing the value of relationship equity, the higher the increase in purchase intention

Brand equity, purchase intention and WOM behavior

Dance power and unique are factors that are always considered by customers in their decision to buy a product (Lee *et al.* 2018) ^[12]. The company's job is to create

attractive products and marketing can convince customers that the product purchased is the right decision. The strategy the company can do is to set a reasonable price for the customer. This reasonable price can help middle and lower class economic customers. The price of a decent product has the potential to increase customer purchase intentions, both potential customers and actual customers (Stahl *et al.*, 2012) ^[22]. Increasing potential buyers to actual buyers can increase sales. Increased sales can benefit both the company owner and the business manager.

Customer purchase intention can be done through providing adequate information to customers. Customers usually share their views and experiences in deciding to buy a product. The influence of neighbors and close friends is very helpful to generate customer purchase intentions. The majority of customers buy products on the basis of logical and efficient considerations rather than on emotional grounds. The views of consumers who make emotional purchases are usually from high class or high-income customers. Based on the description above, several hypotheses can be made:

- H4:** Increasing the value of relationship equity, the higher the increase in purchase intention
- H5:** Increasing relationship equity increases the investment intention

Relationship equity, value equity and purchase intention

Customer satisfaction can be created if coupled with good relations with customers can be created (Vij and Farooq, 2015) ^[25]. The good relationship can be realized from always paying attention to customers. As for the forms of attention including congratulations on special customer days such as birthdays, wedding anniversaries. Besides also having to always provide quality products at affordable prices for customers. Customers who get satisfied tend to repurchase and will tell positive things to others about the quality of a product. Clarity about product information can increase customer purchase intentions (Stahl *et al.* 2012) ^[22]. In addition, goods must always be available in the market at a steady rate. Prices are reasonable and can be easily understood by the payment system.

Good experience on purchasing a product can increase customer loyalty (Mosad Zineldin, 2006; Vidal, 2012) ^[16, 24]. Loyal customers tend to inform positive things about the advantages of a product, but also voluntarily provide positive information to family, close friends and neighbors (Kim, 2017; Moorthy *et al.* 2017) ^[10, 15]. Loyal customers always follow the latest developments in excellence, uniqueness, and attractiveness of a product and are willing to provide input on the product they like. This is very important for companies to improve their products in the future for the better.

- H6:** Increasing purchase intention increases the increase in intention
- H7:** Increasing the value of equity, the higher the increase in WOM behavior

Figure 1. Model relationship between brand equity, value equity, relationship equity, purchase intention and WOM behavior.

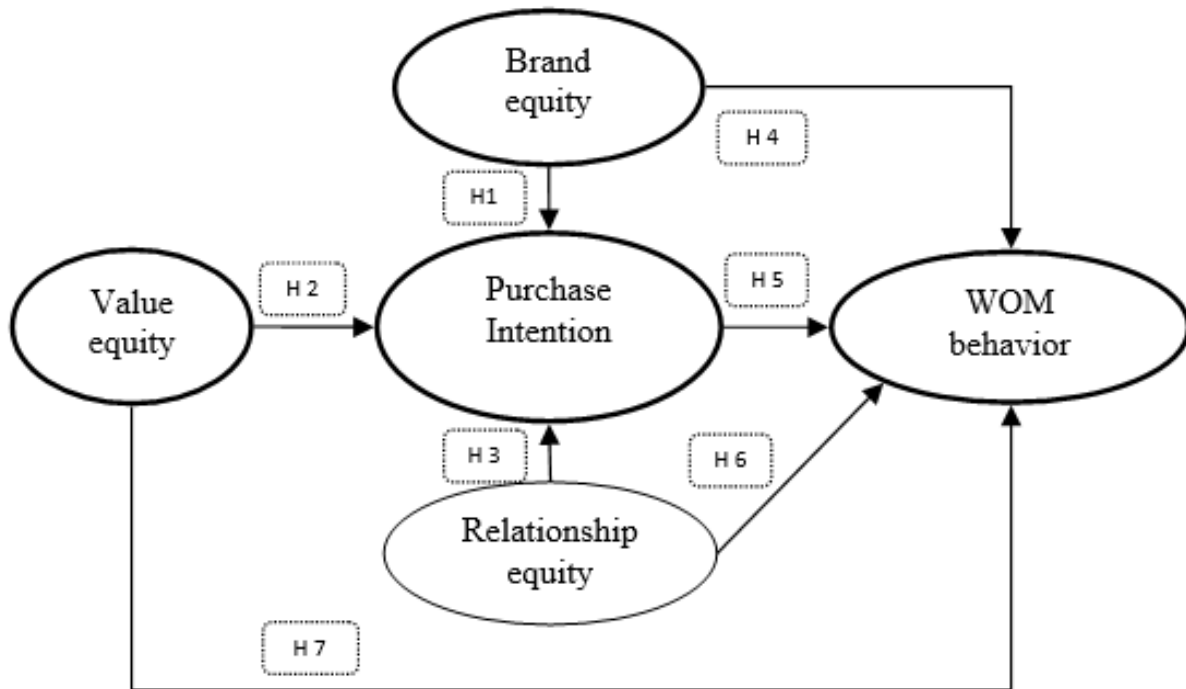


Fig 1: Research Model Based on the Development hypothesis

Method

This research was conducted on visitors to the Parangtritis Sand Dune tourist attraction. While the samples taken were 350 respondents who had enjoyed the beauty of the natural scenery. Random sampling is used for sampling techniques. Data were collected using a questionnaire. Trimming and data screening were carried out to test the consistency of respondents' answers (Ferdinand, 2006; Imam, 2011) [6, 8]. In addition, a non-response biased test was conducted between returning questionnaires on time and respondents who were not on time.

The data that has been collected is tested for validity and reliability. There are four measures of construct validity. Convergent validity, extracted variance, construct reliability

and discriminant validity by taking into account the loading factor. Data normality test is done to get the right analysis so that the conclusions to be drawn can be right. Amos is used to test models and hypotheses. A good model is a model that can meet the criteria or cut of points that have been set in the analysis of structural equation modeling (Amyx and Jarrell, 2016) [1]. Sobel test is used to test the role of mediating variables. After conducting the mediation test, there are three possibilities that are full mediation, partial mediation or non-mediation (Baron and Kenny, 1986) [2].

Results and Discussion

Hasil uji data dapat disajikan dalam table berikut

Table 1: Scale item with loading factor and reliabilities

	Coefficient alpha	Standardized loading
Value equity (Maroofi <i>et al.</i> , 2011) [13], AVE =.52.	.93	
The service we received during the location of this tourist attraction is very good		.726
The price of admission to these attractions is very affordable		.843
We feel very comfortable while in tourist attractions		.689
Brand equity (Karimi Alavijeh <i>et al.</i> , 2018) [9], AVE =.52	.93	
I am willing to volunteer to visit tourist attractions		.786
I realized the existence of a tourist attraction		.683
I received a very validating service.		.762
This tourist attraction has a uniqueness that is not shared by other attractions		.924
I am willing to volunteer to visit tourist attractions	.92	
Relationship equity (Abed and Haghghi, 2009) AVE =.58		.943
I get special treatment for my presence to visit this tourist attraction		.900
Every time and money I make myself available to visit this attraction.		
Purchase Intention (Paschal and Eid, 2011) [18], AVE=.52	.93	
I tend to go to these attractions		.849
I will recommend this attraction to my friends.		.921
I always want to get something more from this attraction		.905
WOM Behavior (Karimi Alavijeh <i>et al.</i> , 2018) [9], AVE=.51	.92	
I tell others positive things about this brand		.741
I recommend this brand to everyone		.784
I will give my friends, my neighbors, my family positive things about this brand when I decide to choose this brand.		.841

Source: Primary data processed in 2018

Table 2 can be explained that all indicators are valid and reliable. This can be seen from the loading factor values above all .5, so about the variables, the construct is all valid, this can be seen from the coefficient values of the average variance extracted (AVE). For example the variable value equity coefficient AVE =.52, the coefficient of the alphabet =.93, as well as other constructs, have passed the construct validity test. The model test is done by looking at the cut of point value that has been put in the structural equation model analysis. Chi-square = 70,429; probability =.364; df: 67; CFI =.998; AGFI = .919; GFI =.948; RMSEA =.017;

TLI =.997; CMINDF = 1,051; NFI =.958. Thus the model can be said to be feasible and can be analyzed to test hypotheses.

The results of this study indicate that Value equity, brand equity and relationship equity have a significant positive effect on purchase intention and WOM behavior. Value equity has the most dominant influence on purchase intention while brand equity has a dominant influence on WOM behavior. After conducting a mediation test, it turns out that purchase intention acts as a full variable mediation.

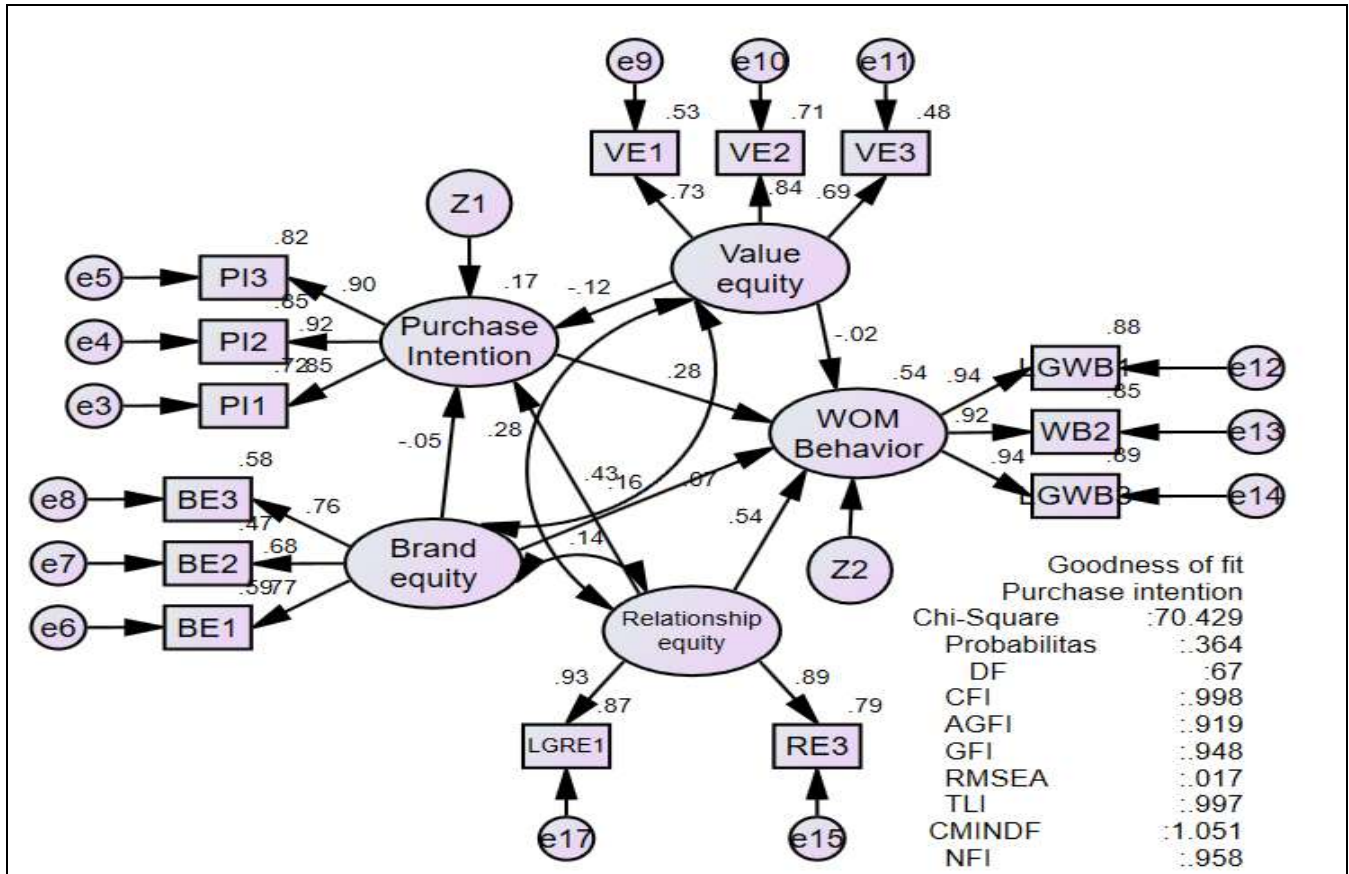


Fig 2: Final model on relationship among Brand equity, value equity and relationship equity and WOM behavior, with purchase intention as a mediating variable.

Hypothesis Testing.

Hypothesis testing is based on the processing data using the Structural Equation Model, and the regression value is shown in Figure 2. The analysis results show that brand equity does not significantly influence purchase intention

but the purchase intention has a significant positive influence on WOM behavior. To improve the WOM behavior, it is critically important for a manager to have the ability to adjust when interacting with the customers. This is because every customer has his/her own specificity or uniqueness.

Table 2: Results of hypothesis testing

Path			β	Sig	Comment	
H1	WOM Behavior	←	Value equity	-.001	.764	Rejected
H2	WOM Behavior	←	Brand equity	.011	.012**	Accepted
H3	WOM Behavior	←	Relationship equity	.034	.000***	Accepted
H4	Purchase intention	←	Value equity	-.139	.158	Rejected
H5	Purchase intention	←	Brand equity	-.057	.553	Rejected
H6	Purchase intention	←	Relationship equity	.474	.000***	Accepted
H7	WOM Behavior	←	Purchase intention	.016	.000***	Accepted

N = 160; *p<.05, ** p<.01, p<.001.

Test the important role of mediation variables.

Figure 3 analyzes and populates the purchase intention variable as a mediating variable between brand equity and

WOM behavior. Sobel test is used to test and the results are shown in Figure 3.

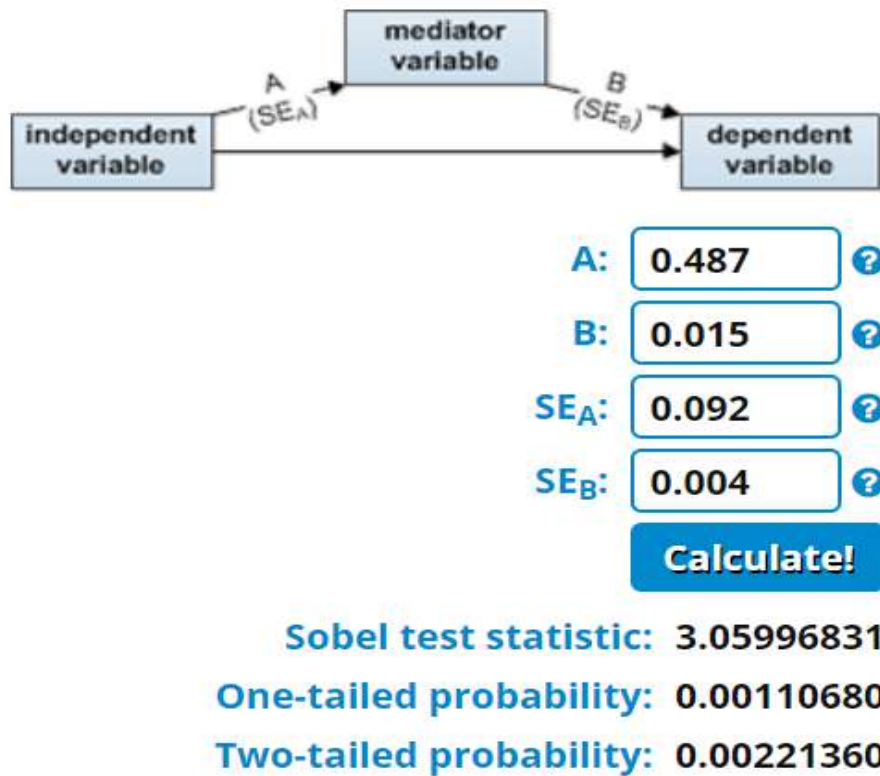


Fig 3: Can be explained that the purchase intention is a full mediating variable before the customer does the behavior to convey positive things about the Gumuk Pasir nature tourism project. It is necessary for tour managers to pay attention to meet the needs and desires of visitors. Visitors who are satisfied with the service and the visit to a tourist attraction, tends to make a return visit. In addition, these tourists will bring positive things to others about this tourist attraction.

Discussion

Value equity, has no effect on WOM behavior and purchase intention. Thus the attraction of Gumuk Pasir tourism objects still needs to be increased. Making an object from being uninterested into attracting tourists is not an easy worker, for that it requires smart work and hard work from stakeholders. In line with research conducted by (Karimi Alavijeh *et al.*, 2018) [9] found that brand strength does not directly influence purchase intention and WOM Behavior. Thus there are still more steps needed to increase purchase intentions and positive behavior from the WOM Behavior. Instead the research conducted by (Enquist *et al.*, 2015) [5] found that value equity affects the purchase intention. This means that the more attractive the tourist attraction, the more the intention of tourists to visit the object.

Relationship equity has a significant positive effect on purchase intention and WOM behavior. The importance of the management is to create an impressive positive impression on the visitors of the tourism object. If this can be fostered it can have a long-term impact and be beneficial for stakeholders. With the hope that tourists who have visited will spread potential things about Sand Dune. In line with research conducted by (Mostert *et al.*, 2017) [17] relationship equity has a significant positive effect on purchase intention. This means that the manager of the tourism object creates an atmosphere that can make an extraordinary impression after enjoying the beauty of the “Gumuk Pasir”.

Conclusion

An object is loved by tourists if the object has a uniqueness. Unique means it does not exist in other areas. The uniqueness can be a pile of sand that mounts naturally. This

natural wonder is not found in any country in the world. The attraction of nature tourism also determines the attractiveness of tourists to visit a tourist attraction. This sand gum is not made up by humans, but it naturally mounts and is very feasible to be promoted as a very promising tourist attraction.

The feasibility of the price of admission must be considered to attract tourists, especially domestic tourists, so they are willing to visit the Gumuk Pasir tourism object. Make tourists proud, after visiting this natural tourist attraction. This pride can be realized in the form of providing supporting products. For example selling t-shirts that have photos of sand dunes. So this can be an indirect promotion of potential tourists to visit.

Special awards for tourists who have visited at least 2 times the same tourism object. With the hope later, these tourists as a way of voluntary promotion and inform positive things about the natural attractions "Pasuk Gumuk". This method is very effective for conducting promotions that are almost without cost. Creating a special impression for tourists is a task for tourist managers. This is important to attract sympathetic visitors.

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Recommendation

Purchase intention can be increased by increasing attractiveness beyond the natural beauty of attractions. For example improving the quality of services including the ease and comfort of tourists when visiting. So that it can

bring the impression for visitors that a trip to Gumuk Pasir is very pleasant. The manager must be able to manage the unique attractions so that they are truly attractive and provide maximum satisfaction for the visitors. Always provide the best service to visitors.

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