

JASMIN KOK LI CHIN

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THE ANALYSIS OF LOCAL BRAND EQUITY OF
HAIR CARE PRODUCT AND ITS IMPACT TO
CUSTOMER PREFERENCE

JASMIN KOK LI CHIN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

DECLARATION OF APPROVAL

"I / We * hereby declare that I have read this thesis and in my / our * opinion this project is sufficient in terms of scope and quality for the award Bachelor Degree of Technology Management (High Technology Marketing)

Signature :

Name Supervisor : Ir. Budiono Hardjono

Date: :

Signature :.....

Assessor name : Dr. Yusri Arshad

Date :.....

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JASMIN KOK LI CHIN

This report is submitted in partial fulfillment of the requirements for the award Bachelor
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DEDICATION OF ORIGINAL WORK

“I hereby declare that the work of this research is mine except for the quotations summaries that have been duly acknowledged”

Signature :.....
Name : Jasmin Kok Li Chin
Date :.....

Signature :.....
Name : Ir. Budiono Hardjono
Date :.....

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ABSTRACT

Branding is considered as a process involved in creating a unique name and image for a product in the customers' mind through advertising campaigns. It has important role to influence the customers in making a decision to purchase a fast moving consumer goods such as hair care products. Fast Moving Consumer Goods (FMCG) is a kind of business that are very tight in competition since there are so many brands in the similar product category. Developing the brand equity in customer's mind are becomes very important and are necessary in this high competition market. It is very important for company to create brand equity for their products and implementing marketing activities to increase customer preference on the product. The aim of this study is to find out whether the components of local brand equity has an impact on customer preference. In this study, methodology to be adopted is quantitative research. A survey was conducted and questionnaires were distributed to respondents. By conducting survey questionnaire on respondents, the result of findings can be analyzed and interpreted. The result shows that not all of the independent variables have significant relationship with dependent variable. Hypothesis tests were done by using the t tests, indicated that only one statement cannot be supported because the result was not significant. At the end, the relationship between independent and dependent variables can be shown as $y = a + bx_1 + cx_2 + dx_3 + ex_4$ whereas y is dependent variable and x_1, x_2, x_3 and x_4 are independent variables. As conclusion, by building up the brand equity of local products, company can influence their customer preference in purchasing the products of Fast Moving Consumer Goods (FMCG) especially - in this case - is hair care products.

ABSTRAK

Penjenamaan dianggap sebagai satu proses yang terlibat dalam mencipta nama yang unik dan imej untuk produk dalam minda pelanggan melalui kempen pengiklanan. Ia mempunyai peranan penting untuk mempengaruhi pelanggan dalam membuat keputusan untuk membeli barangan pengguna bergerak pantas seperti produk penjagaan rambut. (FMCG) adalah sejenis perniagaan yang sangat ketat dalam pertandingan kerana terdapat begitu banyak jenama dalam kategori produk yang sama. Membangunkan ekuiti jenama dalam minda pelanggan adalah menjadi sangat penting dan perlu dalam pasaran persaingan yang tinggi. Ia adalah sangat penting bagi syarikat untuk mewujudkan ekuiti jenama bagi produk mereka dan melaksanakan aktiviti pemasaran untuk meningkatkan pilihan pelanggan pada produk. Tujuan kajian ini adalah untuk mengetahui sama ada komponen ekuiti jenama tempatan mempunyai kesan ke atas pilihan pelanggan. Dalam kajian ini, pilihan kaedah yang akan diguna pakai adalah kajian kuantitatif. Satu kajian telah dijalankan dan soal selidik telah diedarkan kepada responden. Dengan menjalankan soal selidik kajian mengenai responden, hasil daripada penemuan boleh dianalisis dan ditafsirkan. Hasil kajian menunjukkan bahawa tidak semua pembolehubah bebas mempunyai hubungan yang signifikan dengan pembolehubah bersandar. Ujian hipotesis telah dijalankan dengan menggunakan ujian t menunjukkan bahawa hanya satu penyata tidak boleh disokong kerana hasilnya tidak menunjukkan signifikan. Pada akhirnya, hubungan antara pembolehubah bebas dan bersandar boleh ditunjukkan sebagai $y = a + bx_1 + cx_2 + dx_3 + ex_4$ di mana y adalah sebagai pembolehubah bersandar dan x_1, x_2, x_3 dan x_4 adalah pembolehubah bebas. Kesimpulannya, dengan membina ekuiti jenama produk tempatan, syarikat boleh mempengaruhi pilihan pelanggan mereka untuk membeli produk pelanggan cepat gerak (Fast Moving Consumer Goods, FMCG) terutama dalam kes ini adalah produk penjagaan rambut.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Most of the local brand are thinking of expanding their market worldwide. The important thing that is not really related to the performance but always considered by producer is its brand.

Branding is considered as a process involved in creating a unique name and image for a product in the customers' mind through advertising campaigns. Branding has important role to influence the customers in making a decision to purchase a fast moving consumer goods such as hair care products.

As a local brand, the competition is very tightly to the other brands in the similar category, either local or oversea products. How strong this local brand equity of hair care product can compete with the other brands is an interesting thing to be research.

1.1.1 Background of Study

Fast Moving Consumer Goods (FMCG) or Consumer Packaged Goods (CPG) are products that are sold quickly at relatively low cost (Fouladivanda, 2013). Hair care product are one of the local brand belongs to Fast Moving Consumer Goods (FMCG) business.

This kind of business is very tight in competition because there are so many brands in the similar product category, not only local product but also from oversea. It is interesting to know how local brand of hair care products in Fast Moving Consumer Goods (FMCG) business can compete to the other brands in the market and how it can influence the customer preferences. As a local brand, it should develop its brand equity and this can be developed by building up the performance of brand, either related or not related to its product performance.

Brand equity can be defined as a set of assets and liabilities linked to a brand's name and symbol that adds to or subtract from the value provided by a product or service to a firm and or that firm's customers (Aaker, 1996). It is very important for a company create brand equity for their products by making them memorable, easily recognizable and superior in quality and reliability.

The most important component of brand equity to be set up are brand awareness and brand image. Local brand of hair care product should build up both of them in order to be able to form its brand equity. After running for several years, researcher wants to know what are the local brand equities of hair care product and its impact on customer preference.

There are so many studies of local brands in the market but to understand how local brand products competes with others is still interesting since researcher can compare the approach between local and overseas brands when they build up their brand equities.

1.2 Problem Statement

According to Ranu (2012), Fast Moving Consumer Goods (FMCG) industry, alternatively called as Consumer Packaged Goods (CPG) industry primarily deals with the production, distribution and marketing of consumer packaged goods. FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. The absolute profit made on FMCG products is relatively small, but as they sell in large quantities, the cumulative profit on such products can be large.

According to Fouladivanda (2013), based on his research said that consumer behavior influenced by four independent variable which is brand awareness, brand loyalty, perceived quality, and brand association. Although there are quiet many studies of brand equity such as the study of brand equity on consumer buying behavior in Iran, but there are lack of studying of local brand in Malaysia as well as overseas. In this study, researcher focus on investigate what the impact of brand equity to customer preference. It focus on the local brand of Fast Moving Consumer Goods (FMCG) business in Malaysia. Hair care product are one of the local brand in Fast Moving Consumer Products (FMCG) business. This kind of business is very competitive since there are so many brands either local or oversea brands in the market. Local competition is more fragmented and local brand of hair care products preferences are weaker as compared to overseas products. Usually, overseas products have stronger brand awareness than the local one because they manage the brand very well and have a strong brand management.

As a local brand, it has to compete this competition by building up its brand awareness and brand image. Although competition is so tight but there are always opportunities to grab the customers in this business since market size of this sector is quite big. But how far local products can take this opportunity is really depend on how they build up its brand awareness and brand image.

Multinational brands usually are supported globally by their marketing efforts to grab their customers in the local market. This supports are really significant in terms of marketing activities such as an advertisement, promotion and sponsorship. On the other side, local players are very familiar with their market since cultures, customer behavior

and other characteristics of their customers are easily to understand in the perspective of local point of view. So the problem is how local player can take these advantages and implement it into their program to build up their brand equities.

1.3 Research Questions

Research questions refers to a statement about an area of concern, a condition to be improved upon, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory, or in practice that points to the need for meaningful understanding and deliberate investigation. The research questions of this project are:

- What are the components of local brand equity of hair care product that will influence the customer preference
- What are the influences of individual factors on local brand equity of hair care product toward customer preference
- What are the relationship of local brand equity of hair care product to customer preference
- What is the significant level of local brand equity of hair care product that perceived by customers
- What are the impacts of local brand equity of hair care product toward customer preference

1.4 Research Objectives

The purpose of defining the research objective is to specify the intended outcome of the research study. It refers to narrow and focus on the study. It also help to guides the information to be collected and the most important, it facilitate the development of methodology. From the research questions that have been identify, it should be emphasize on the research objectives. The objectives of this project are:

- To identify the components of local brand equity of hair care product that will influence the customer preference
- To define the influences of individual factors on local brand equity of hair care product toward customer preference
- To determine the relationship of local brand equity of hair care product to customer preference
- To investigate the significant level of local brand equity of hair care product that perceived by customers
- To measure the impacts of local brand equity of hair care product toward customer preference

1.5 Hypothesis/ Testing

Hypothesis testing refers to a procedure to deciding if a null hypothesis is should be accepted or rejected in favor of an alternate hypothesis. A statistic is computed from a survey or test result and is analyzed to determine if it falls within a present acceptance region. If it does, the null hypothesis is accepted otherwise rejected.