

INTEGRATED MARKETING COMMUNICATION ON THE EVALUATION OF POSITIVE BRAND EXTENSION IN BANKING INDUSTRIES

A study of Brizzi Product in Malang City

By:

Ardian Wahyu Prabowo

Supervisor:

Ida Yulianti, SE, MM.,MBA

Abstract

This research aims to examine the influence of the four Integrated Marketing Communication that consist of Advertising, Sales Promotion, Events and Experiences, Personal Selling on the evaluation on Positive Brand Extension either partially and simultaneously on Brizzi consumers in Malang city. The type of research is explanatory research. This research was conducted in Malang city. There are 100 questionnaires distributed to every consumer who has used or brought Brizzi. The sampling technique was purposive sampling and the research instruments were tested using the Validity Test and Realibility Test. The data analysis testing used Multiple Regression Analysis. The hypothesis testing used was T-Test and F-Test. The results of the data analysis showed that all of variables in Integrated Marketing Communication has influence toward among four variables of Integrated Marketing Communication. Advertising variable has dominant influence toward Positive Brand Extension partially and simultaneously. The results from this study can be applied in marketing strategy of banking industries and all interested parties for retaining and maximizing Integrated Marketing Communications to get a positive extension effects in the eyes of consumers and potential consumers.

Keywords: Integrated Marketing Communications, Positive Brand Extension, Brizzi, BRI

BACKGROUND

Nowadays the development of bank industries in Indonesia is tight. The emergence of several new banks in this industry make the higher competition that encourage all of the bank should provide the best service in order to fulfill

customer's satisfaction. Bank Indonesia (BI) as the central and the biggest bank in Indonesia has fully autonomous in formulating and implementing each of its task and authority of each banking industries in Indonesia as stipulated in the

Act. External parties are strictly prohibited from interfering Bank Indonesia's implementation of its tasks, and Bank Indonesia has the duty to refuse or disregard any attempt of interference in any form by any party. For instance unique status and position are necessary so that Bank Indonesia can implement its role and function as monetary authority more effectively and efficiently (BI 2015). Meanwhile BI (Bank Indonesia) implies a new policy to decrease circulation of small change, in order to decrease inflation. All of banks in Indonesia should create a program that support BI policy such as implementing E-Money program. For instance, BRI (Bank Rakyat Indonesia) released a new product called Brizzi as their E-Money program. BRI collaborates with a lot of companies in order to use Brizzi card for their transaction. Transaction is conducted based on chip technology with a maximum balance of Rp.1,000,000. To build up the business project and marketing accomplishment, it requires Integrated Marketing Communication. Kotler, Keller argued that Marketing Communication are the means by which firms attempt to inform, persuade, and remind consumers-directly or indirectly-about the products and brands that they sell. Marketing communications perform many functions for consumers. Consumers can be told or shown how and why a product is used, by what kind of person, and where and when; consumer can learn about who makes the product and what the company and brand stands for; and consumers can be given an incentive or reward for trial or usage' (Kotler, Keller, 2012: 496). As a new strategy of brand extension, Brizzi needs a strategy to catch up larger market. A company using brand extension hopes to

leverage its existing customer base and brand loyalty to increase its profits with a new product offering. (Investopedia:2015). Brand Extension, described as the "use of established brand names to enter new product categories or classes", has become a subject of increasing interest to scholars in marketing and information systems disciplines because it represents an efficient strategy for firms to leverage online brand value. (Song, 2012). In the perspective of building positive brand extension, a company should be able to increase consumers' awareness and win over the consumers' attention. Integrated Marketing Communication is indicated as a tool to make positive brand extension. The purpose of positive Brand Extension is to create a positive view of new brand in consumer mind. Based on that condition, this research is conducted to analyze the influence of Integrated Marketing Communication toward Positive Brand Extension using a case study in BRI Malang. Thus, this research is to measure every Integrated Marketing Communication variables related to Brand Extension. Therefore, the author is interested in conducting a study of "Integrated Marketing Communication on The Evaluation of Positive Brand Extension in Banking Industries (A case study of Brizzi Product of Bank Rakyat Indonesia Bank in Malang City) .

LITERATURE REVIEW

According to Kottler and Keller (2012:496), Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers, directly or indirectly, about the products and brands that they sell. In a sense, marketing communications represent the

“voice” of the brand and are a means by which it can establish a dialogue and build relationship with consumers. According to Kotler & Keller (2012:496), IMC component consist of six component:

1. Advertising

According to Kotler and Keller (2012:526) Advertising is a key component of promotion and is usually one of the most visible elements of an integrated marketing communications program. *Advertising is paid, non personal communication transmitted through media such as television, radio, magazines, newspapers, direct mail, outdoor displays, the Internet, and mobile devices.* Advertising can be a cost efficient element of an IMC program when being used to reach a large number of people via television, magazines, outdoor displays, or online ads. In addition, advertising can build brand equity by creating a brandimage and brand association through the execution of advertising into the minds of consumers. Advertising consist of :

- Print and broadcast ads
- Packaging-outer
- Packaging inserts
- Motion Pictures
- Brochures and booklets
- Poster and leaflets
- Directories
- Reprints of ads
- Billboards
- Display signs

- Point-of-purchase displays
- Audiovisual material
- Symbols and logos
- Videotapes

2. Sales Promotion

According to Kotler and Keller (2012:543) A key ingredient in marketing campaigns, consist of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion such as :

- Contents, games, sweepstakes, lotteries
- Premium and gifts
- Sampling
- Fairs and trade shows
- Exhibits
- Demonstrations
- Coupons
- Rebates
- Low-interest financing
- Entertainment
- Trade-in allowances
- Continuity programs
- Tie-Ins

3. Events and Experiences

According to Kotler and Keller (2012:549) Company-sponsored activities and programs designed to create daily or special brand-related interactions, the objective of this component is to identify with a particular target market

or life style, increase awareness of company product name, create or reinforce consumer perceptions of key brand image associations, enhance corporate image dimensions, create experiences and evoke feelings, express commitment to the community or on social issues, entertain key clients or reward key employees, and to permit merchandising or promotional opportunities.

- Sports
- Entertainment
- Festivals
- Arts
- Causes
- Factory Tours
- Company Museums
- Street activities

4. Public Relations

A variety of programs designed to promote or protect a company's image or its individual products. According to Kotler and Keller (2012:551) The wise company takes concrete steps to manage successful relations with its key publics. Most companies have a public relations department that monitors the attitudes of the organization's publics and distributes information and communications to build goodwill. The best PR department spend time counseling top management to adopt positive programs and to eliminate questionable practices so that negative publicity does not arise in the first place. They apply the following five key functions. Press relations, Product publicity,

Corporate Communications, Lobbying, Counseling and there is component on Public Relations :

- Press kits
- Speeches
- Seminars
- Annual reports
- Charitable donations
- Publications
- Community relations
- Lobbying
- Identify media
- Company magazine

5. Personal Selling

Kotler and Keller (2012:496) argues that personal selling is face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders. Including :

- Sales presentations
- Sales meetings
- Incentive programs
- Samples
- Fairs and trade shows

HYPOTHESES

H1 : There is a significant influence among Advertising (X_1), Sales Promotion (X_2), Events and Experiences (X_3), Personal Selling (X_4) and Positive Brand Extension (Y) simultaneously.

H2 : There is a significant influence between Advertising (X_1), Sales Promotion (X_2), Events and Experiences (X_3), Personal Selling (X_4) and Positive Brand Extension (Y) partially.

RESEARCH METHODS

The type of this research is quantitative methods which using quantitative analysis. According to Sugiyono (2008:13) explains that quantitative methods are research methods that are based on the philosophy of positivism, is used to examine the population or a particular sample, the sampling technique is generally carried out at random, using a data collection instrument of research, data analysis is a quantitative or statistical aim to test the hypotheses that has been established. This research as a part of explanatory research examining the relationship between IMC (Intergrated Marketing Communication) and Positive Brand Extension. According to Ferdinand (2006:5) explanatory research is research that aims to explain the relationship between two variables, in which one variable influences the other variables. The research instrument uused was a questionnaire. The questionnaire were distributed to the 100 respondents in the Malang city. Item questions in the questionnaire measured by using a Likert scale. Instrument research test conduct with validity and realiability test, to see that the items in the questionnaire are valid and reliable . Classical assumption test also use in this research to see whether the data are normally distributed or not and to know there is a multicollinearity and heterosdascity or not. A Multiple Linear Regression was applied to analyze the data in order to determine the significance of independent variable toward dependent variable partially.

RESULTS AND DISCUSSIONS

The data obtained found that from 120 respondents there are 59% male and 41% female. Most of respondent are among 21-

25 years old and earn income between Rp. 1-3 Millions.

Instrument Research Test

Validity Test of Variable

Item	Corrected total item correlation	sig.	Critical Value	Explanation
X _{1.1}	0.798	0.000	0.3	Valid
X _{1.2}	0.800	0.000	0.3	Valid
X _{1.3}	0.818	0.000	0.3	Valid
X _{1.4}	0.799	0.000	0.3	Valid
X _{1.5}	0.658	0.000	0.3	Valid
X _{2.1}	0.808	0.000	0.3	Valid
X _{2.2}	0.886	0.000	0.3	Valid
X _{3.1}	0.845	0.000	0.3	Valid
X _{3.2}	0.876	0.000	0.3	Valid
X _{3.3}	0.827	0.000	0.3	Valid
X _{4.1}	0.841	0.000	0.3	Valid
X _{4.2}	0.911	0.000	0.3	Valid
X _{4.3}	0.758	0.000	0.3	Valid
Y ₁	0.816	0.000	0.3	Valid
Y ₂	0.841	0.000	0.3	Valid
Y ₃	0.819	0.000	0.3	Valid

Y ₄	0.815	0.00	0.3	Valid
Y ₅	0.741	0.00	0.3	Valid

Source: Processed primary data

Reliability Test

Technique of reliability test is by using the coefficient value of Cronbach Alpha reliability is more than 0.6 then the variable can be said as reliable.

N o.	Variable	Cronbach Alpha	Explanation
1	Advertising (X ₁)	0,835	Reliable
2	Sales Promotion (X ₂)	0,600	Reliable
3	Events and Experiences (X ₃)	0,803	Reliable
4	Personal Selling (X ₄)	0,787	Reliable
5	Positive Brand Extension (Y)	0.865	Reliable

Source: Processed primary data

Classical Assumption Test

Classical assumptions test is to determine the condition of the existing data used in this research. In normality test, from the calculation, it is obtained that the value of sig. is 0.979 or more than 0.05, so the of H₀ is accepted and normality assumption is fulfilled. Multicollinearity test shows also shown below.

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1		
X1	.552	1.811
X2	.713	1.403
X3	.604	1.656
X4	.535	1.870

Source: Processed Primary Data

Multicollinearity test can be done by comparing VIF values (Variance Inflation Factor) with number of 10. If VIF value > 10 then there was multicollinearity.

Regression Equation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.823	1.227	1.486	.141
	X1	.339	.069	.379	.494
	X2	.570	.156	.247	.366
	X3	.343	.106	.239	.325
	X4	.267	.116	.179	.230

Source: Processed Primary Data

$$Y = 0,379 X_1 + 0,247 X_2 + 0,239 X_3 + 0,179 X_4$$

From the equation above, it can be interpreted as follows:

□ Positive Brand Extension will increase 33% if BRI Malang improve their advertising.

□ Positive Brand Extension will increase 57% if BRI Malang develop their sales promotion.

□ Positive Brand Extension will increase 34% if BRI Malang create more Events and Experiences.

□ Positive Brand Extension will increase 26% if BRI Malang enlarge their Personal Selling.

Based on that interpretation, it can be known that Advertising, Sales Promotion, Events and Experiences, Public Relations,

and Personal Selling were positive influence toward Positive Brand Extension. In other words, the increasing of Advertising, Sales Promotion, Events and Experiences, Public Relations, and Personal Selling increase then will be followed by the implement of Positive Brand Extension.

Correlation and Determination Coefficients (Adj.R²)

Model	R	R Square	Adjusted R Square
1	.831	.691	.678

Source: Processed Primary Data, 2015

The results of Adj.r (determination coefficient) is 0,678. It means that 67,8% of variable Positive Brand Extension will be influenced by the independent variables, that is Advertising (X1), Sales Promotion (X2), Events and Experiences (X3), and Personal Selling (X4). While the remain of 32,2% variable Positive Brand Extension will be influenced by others variables that were not discussed in the research.

F test / Simultaneous

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	685.955	4	171.489	53.102	.000 ^a
	Residual	306.795	95	3.229		
	Total	992.750	99			

a. Predictors: (Constant), X4, X2, X3, X1

b. Dependent Variable: Y

Source: Processed Primary Data, 2015

Because F calculation > F Table that was 53.102 > 2,467 or value of Sig. F (0,000) < $\alpha = 0.05$ then the regression analysis was significant. It means that independent variable consist of Advertising, Sales Promotion, Events and Experiences, Personal Selling, significantly influence the dependent variable of Positive Brand Extension simultaneously.

T-Test / Partially

t test was used to know whether each independent variable partially influenced significantly to the dependent variable. Also can be said that if the significance of t calculation < 0,05

- t test between X₁ (Advertising) with Y (Positive Brand Extension) showed t calculation = 4.943, While the significance of 0,000. Therefore Advertising has significant influence toward Brand Extension partially. Positive Brand Extension can be influenced significantly by Advertising or by increasing Advertising then Positive Brand Extension will increase significantly.
- t test between X₂ (Sales Promotion) with Y (Positive Brand Extension) showed t calculation = 3.661 While the significance of 0,000. Therefore sales promotion has significant influence toward Brand Extension partially. Positive Brand Extension able be influenced significantly by Sales Promotion or by increasing Sales Promotion then Positive Brand Extension will increase significantly.

- t test between X_3 (Events and Experiences) with Y (Positive Brand Extension) showed t calculation = 3.251. While the significance 0,002. Therefore Events and Experiences has significant influence toward Positive Brand Extension partially. Positive Brand Extension can be influenced significantly by Events and Experiences or by increasing Events and Experiences then Positive Brand Extension will increase significantly
- t test between X_4 (Personal Selling) with Y (Positive Brand Extension) showed t calculation = 2.300. While the significance 0,024. Therefore Personal Selling has significant influence toward Positive Brand Extension partially. Brand Extension can be influenced significantly by Personal Selling or by increasing Personal Selling then Positive Brand Extension will increase significantly.

Discussion

From the research, it can be seen that all of the independent variables have positive influence toward Positive Brand Extension. This realize that BRI Malang, as one of the big companies which engages

in the banking industries, requires integrated marketing communications to introduce their new product. This result consistent with another journal, entitled “The importance of marketing strategy: Gaining the competitive edge with Integrated Marketing Communications (IMC)” (Chen:2006), found that there is no doubt that marketing activities help and maintain competitive advantage and also move business forward. Chen (2006) expanded on the theory launch planning involves both strategic and tactical decisions. In the launch process, marketing communications refer to all of the information and attitude efforts expended to influence product adoption, including product attribute expressions and strong persuasion attempts. Existing literature clearly supports the positive relationship between effective marketing communications and new product success. Positive Brand Extension needs a good marketing strategy, which is in this case Integrated Marketing Communication is the marketing strategy to improve the positive brand extension. There is suggest strategy to improve Integrated Marketing Communication :

a. Advertising

Advertising is a key for the company to inform product knowledge, especially a new product which needed a positive image on the consumer perceptions. If BRI want to improve the advertising of Brizzi card, they can focus on logos, Poster and Brochure. BRI has to improve more on the brochure and posters and may release the others way such as:

- Giving some positive pamphlets (inform event promo, discount, etc)

- Release advertising via electronic media (radio, tv, sms)

- Promoting the product on the public street (ex: digital screen, banner)

b. Sales Promotion

Free administration on the product and the discount for using the product is the power of attraction, but there are several strategies to improve Sales Promotion of Brizzi product such as :

- The companies can give free Brizzi card as a reward for the loyalty customer.

- Giving lottery for the loyalty customer.

- Continuity discount program on favorite place that collaborate with BRI to use Brizzi card.

c. Events and Experiences

Sport, Shopping, Entertainment and Bazaar event are the right way to introduce new product. Especially on entertainment, shopping and bazaar events that supporting by the product. But, the company has to improve more on the sport events because in this time, the company only give sponsorship on the sport event in several campus. There are several strategies to improve Events and Experiences on Brizzi product:

- Give more sponsorship on the sport event in town.

- Supporting the local football team, as we known Malang society have a big effort on local football team (Arema).

- Create bazaar event on the shopping place that having special offer if customer use Brizzi card.

d. Personal Selling

The personal selling via sales promotion team, such as Bri-links agent or students that helps company to support Positive Brand Extension of this product. But, the company has to give more attention more on the personal selling team. Because they are not the company's employee. There are several way for increase personal selling strategy:

- Giving a beneficial training for the personal selling team

- Giving big reward for Personal Selling team who can get the highest sales volume.

- Recruiting student as BRI agent when have an event in the campus, because that known well the condition of market.

Conclusions

The research examines the influence of Integrated Marketing Communication variables toward Positive Brand Extension. In this research, the independent variables are Advertising (X_1), Sales Promotion (X_2), Events and Experiences (X_3), and Personal Selling (X_4). While the dependent variable are Positive Brand Extension (Y). Based on the multiple linear regression analysis, can be conclude that :

1. The simultaneous influence of each independent variable of Integrated Marketing Communication (Advertising, Sales Promotion, Events and Experiences, and Personal Selling) to Dependent variable of Positive Brand Extension was analyzed by F test. So it can be concluded that the independent variables of Integrated Marketing Communications has

influence toward dependent variable of Positive Brand Extension simultaneously.

2. The partial influence of independent variable of Integrated Marketing Communication (Advertising, Sales Promotion, Events and Experiences, Personal Selling) to dependent variable of Positive Brand Extension was analyzed by t-test. Based on the t-test result, the independent variables of Integrated Marketing Communication has influence toward dependent variable of Positive Brand Extension partially.

Suggestions

Based on the conclusion above, it can be given several suggestions that expected will bring benefits for the company and other parties. While the suggestions were:

1. Advertising needs more improvement, may BRI spread a lot of Brizzi pamphlets, promoting more on the public street, and releasing via electronic media.
2. BRI can give free Brizzi card, provide lottery, and makes continuity discount program to keep the Sales Promotion on the track.
3. Sport entertainment like sport event in town and supporting local football team is several ways to enlarge Events and Experiences because BRI Malang just focus on sport event on the campus.
4. Adding more EDC facilities to another food place or few canteen on the campus and build more relation with another institutions.

5. A lot of Personal Selling team isn't BRI employee, so the company have to give more attention to giving some beneficial training for the team and offering big reward for the best team.

REFERENCES

- Aaker, David and K.L Keller, 1989, Journal of Marketing, Consumer Evaluations of Brand Extension, 27-41
- Anwar, Sanusi, 2011, Metodologi Penelitian Bisnis, Jilid 1, Salemba Empat. Jakarta
- Bath, Sobodh and S.K. Reddy, 2001, Journal of Business Research, The Impact of Parent Brand Attribute Associations and Affect On brand extension, evaluation, 111-122
- Bank Indonesia, 2014, *Peraturan Perbankan*, viewed at March 2015, www.bi.go.id/en/Default.aspx
- Boush DM, Loken BA, Process Tracing Study of Brand Extension Evaluation. J Mark Res 1991;28, February:16-28
- Bank Rakyat Indonesia 2014, *Brizzi*, accessed at March, 2015, <http://www.bri.co.id/articles/89>
- Broniarczyk SM, Alba JW, The Importance of The Brand In Brand Extension, J. Mark Res 1994;31 (May):214-28
- Chen, Chien and Chang Shen, 2006, Industrial Marketing Management, Marketing Communication Strategies in support of Product launch: An emperical study of

- Taiwanese high-tech firms, vol: 36, 1046-1056
- Csikosova, Adriana and Maria Antosova, 2014, *Procedia Social and Behavior, Strategy in Direct and Interactive Marketing and Integrated Marketing Communication* 1615-1619
- Ferdinand, Augusty, 2006, *Metode Penelitian Manajemen*, Semarang: Badan Penerbit Universitas Diponegoro
- Hair, Joseph & Tatham R.L, (1998). *Multivariate Data Analysis*. Fifth Edition, Prentice Hall, Upper Saddle River, New Jersey
- Imam, Ghazali, 2011, *Aplikasi Analisis Multivariate dengan program IBM SPSS19*, Badan Penerbit UNDIP, Semarang
- Investopedia 2014, accessed at March 2015, (<http://www.investopedia.com/terms/b/brand-extension.asp>)
- Kim, C. K., Lavack, A. M., & Smith, M. (2001), Consumer Evaluation of Vertical Brand Extensions and Core Brands, *Journal of Business Research*, 52(3), 211-222
- Kotler, Philip and K.L Keller, 2012, *Marketing Management*, 14th, ed, Pearson Education, Inc., New Jersey
- Lamb, W, Charles, Hair, F. Joseph, and McDanieln Carl, 2011, *Marketing*, 11 th. ed, South-Western Cengage Learning, Mason
- Loken B, John RD, Diluting Brand Beliefs: When Do Brand Extensions Have a Negative Impact? *J Mark* 1993;57 (July):71–84
- Malholtra, N.K & Birks, D.F. 2003. *Marketing Research: An Applied Approach*. London ;Orientation. Prentice Hall
- Pauwels, Koen and Selin Erguncu, 2013, *Research of Marketing, Winning Hearts Minds and sales:How marketing communication enters the purchase process in emerging and mature markets*, Vol : 30, 57-68
- Sekaran, Uma (2003), *Research Methods For Business: A Skill Building Approach*, New York-USA: John Wiley & Sons Ltd
- Song, Peijian and Chang Zeng, 2012, Elsevier, *Online Information product design: The influence of Product integration on Brand Extension*, vol: 54, 826-837
- Sugiyono, 2009, *Metode Penelitian Bisnis : Pendekatan Kuantitatif, Kualitatif, dan R&D*, Alfabeta, Bandung