

Relation between Knowledge, Brand, and Intention with Purchase Decision of Beauty Clinic Franchise “Puspo Aesthetic Clinic”

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ABSTRACT

Franchise, especially in the beauty sector, is one of the business opportunities that can be done, but not many parties understand this business model so much so that marketing of the Puspo Aesthetic Clinic (PAC) care and beauty franchise has gone not as planned. The purpose of this study was to measure the extent to which knowledge, brand, and interest influence PAC franchise purchasing decisions. Data was collected using a questionnaire using a 5-point Likert scale on business actors in Banyumas Regency, Central Java Province, and prospective franchisees who came to participate in the International Franchise (IFRA) exhibition in 2019 at the Jakarta Convention Center (JCC). Structural Equation Modeling with Partial Least Square (PLS) was used to test the causal relationship between constructs. The results of the study prove that the knowledge of prospective franchisees about products and brands has a positive effect on buying interest which will encourage the purchase of PAC franchises. The managerial implication of this research is that the franchisor knows the factors that influence the purchasing decision of the PAC franchise (knowledge, brand, and interest). Based on these findings, this research provides awareness for the development of further franchise marketing research and also plans an effective and efficient marketing strategy in marketing the PAC beauty clinic franchise.

Keywords: Franchise Knowledge, Brand Purchase, Intention, Purchase Decision, Franchise Marketing.

1. Introduction

In a franchise partnership, the franchisor will be required by the franchisee to guide them in running a successful business. Not only guiding operations, but also in other business aspects such as marketing management, licensing, outlet construction, financial management, human resource management, tax management, and others. The franchisee also expects the franchisor to carry out business development so that the business run by the franchisee can be sustainable in the long term. For this reason, the franchisor needs to really understand the industry of the franchised business before partnering with the franchisee (Ministry of Commerce, 2013)

In franchising, two companies form a relationship based on a licensing agreement. In this connection, the franchisee acquires the right from the franchisor to sell its goods or services under its brand name along with business resource support in exchange for entry fees and royalty payments. Through this agreement, the franchisee can take advantage of the franchisor's business

experience and system while the franchisor can accelerate business expansion through franchisees without adding the direct burden of opening and running new outlets (Lee et al, 2021).

A preliminary study conducted at the Puspo Aesthetic Clinic Purwokerto, since 2018 has been actively marketing the franchise, only 1 franchise has been sold in the Bumiayu area, Brebes Regency. In July 2019, Puspo Aesthetic Clinic (PAC) participated in IFRA at the Jakarta Convention Center (JCC) but did not succeed in selling a single franchise even though there were 65 potential partners who asked and filled out the guest book.

The facts above indicate the need to know the relationship between knowledge and the decision to purchase a franchise and the relationship between interest and the decision to purchase the Puspo Aesthetic Clinic (PAC) beauty clinic franchise. The business phenomenon that occurs is the low number of franchise purchasing decision. Marketing department has difficulty in marketing the Puspo Aesthetic Clinic (PAC) beauty clinic franchise business.

2. Literature Review

2.1 Knowledge

There are many ways to become an entrepreneur, including setting up a new business or buying an existing and running business system, namely a franchise business system. For people who want to become entrepreneurs but do not have the knowledge and experience in business, franchising is a suitable business for them because they do not need to build a business from scratch, so the potential for failure in starting a business is very small, this is because the system has been tested and ready to be run by the buyer of the business system (Hapsari, 2008).

Several previous studies have also found that consumers' cognitive evaluations determine attitudes towards and levels of trust in a brand, and subsequent purchase intentions (Lin et al, 2014). The study conducted by Rao and Monroe (1988) explains that knowledge about the product by consumers plays an integral role during product purchasing decisions. Other studies such as (Younus et al, 2015) argue that product knowledge is the main factor in product purchasing decisions.

According to Mitchell & Boustani (1992) when consumers have little knowledge about product categories, brand names are considered relatively more important in their purchasing decisions than vice versa. In short, when consumers are unsure about a product, they base their choice on the perception of the item that is considered popular, better known, and has a stronger reputation (Lin et al, 2014)

2.2 Brand

A brand is the number of elements that can represent a brand identity, such as design, symbol, name, logo, etc. which sellers use to differentiate their products and services from those of competitors, presenting unseen quality information (Campbell, M. C. 2002). Brand recognition is the ability of prospective customers to recall a brand in a certain product group (Brand awareness) or to immediately withdraw certain brand information stored in their memory (Brand recall) (Aaker, 2004). Keller (2001) argues that Brand Recognition is the concept of the ability to distinguish a particular brand among different brands, and consists of four stages: the lowest level of non-recognition, brand awareness, and initial recall. Brand recognition acts as a product image association, increases familiarity and liking with the product, gives trust to the product and company, and includes certain products in purchase considerations. Therefore, brand recognition

associated with familiarity and closeness with products and businesses, which develops into trust in companies and products and services, has a positive effect on purchasing behavior (Aaker, 2004).

Several previous studies focusing on brand awareness show that there is a positive relationship between brand awareness and purchase decisions (Khuong & Tram, 2015; Novansa & Ali, 2017). Jung & Seock (2016), stated that increasing the level of brand awareness will increase the likelihood to consider the brand when making purchasing decisions. In a simple sense, the higher the level of awareness of a particular brand, the higher the likelihood of that brand being purchased (Ardiansyah & Sarwoko, 2020).

When a brand has low brand awareness, it is less likely to be included in consumer considerations. Without taking into account the potential customer set, the company cannot generate sales and revenue. When a brand has a positive image that distinguishes it from competitors, consumers tend to have a higher purchase intention for the brand. Such a relationship will also apply in the context of franchising as potential franchisees will seek contracts with franchises with strong brands in the hope of generating a larger amount of revenue. From the franchisee's point of view, consumers are more likely to buy products from the franchise brands they encounter most often because they perceive such frequent contact as a signal of popularity (Lee et al, 2021).

2.3 Willingness-To-Buy

Buying Interest (willingness-to-buy) is part of the behavioral component in the attitude of consuming. According to Kotler and Keller, (2009) buying interest is a consumer behavior that appears in response to objects that indicate the customer's desire to make a purchase. The decision to buy is influenced by the value of the product being evaluated. If the perceived benefit is greater than the sacrifice to get it, then the urge to buy it is higher. On the other hand, if the benefits are smaller than the sacrifices, buyers will usually refuse to buy and generally switch to evaluating other similar products. Purchase intention is the preference of consumers to buy the product or service. Elsewhere, in other words, purchase intention has another aspect that consumers will buy a product after evaluation. Many factors influence consumer intentions when choosing products and the final decision depends on consumer intentions with large external factors (Younus et al, 2015).

Purchase intention is a subjective individual will that includes the relationship between the consumers themselves and their behavior and is defined as an intermediary variable between individual behavior and attitudes (Fishbein & Ajzen, 1975). Aaker (2004) argues that the tendency of consumers to take certain actions regarding product purchases. In Korea, researchers define purchase intention as the likelihood that consumers will buy a certain product in the future (Chun et al., 2020)

Purchase intention shows the desire that will be obtained by customers of certain types of products or services in the future. According to the literature conducted previously, it shows that whenever there is an increase in purchase intention, there is a higher probability of increasing the probability of purchasing the product (Ceyhan, 2019). When a customer has a positive purchase intention, it tends to be a 'positive brand commitment' that leads consumers to make a purchase (Ceyhan, 2019). Several previous studies have stated that trust assisted by social media has a symbolic impact on consumers' purchase intentions (Ceyhan, 2019).

2.4 Purchase Decision

According to the theory, the purchase decision is a person's attitude to buy or use a product in the form of goods or services that are believed to satisfy him/herself and the willingness to bear the risks that may arise. Consumers make purchasing decisions every day. Marketers need to know what consumers consider in purchasing decisions. A process of assessing and selecting from various alternatives following certain interests by determining an option that is considered the most profitable. According to Kotler and Armstrong (2001) is a stage in the buying decision-making process when consumers buy. The decision-maker is an individual who directly looks at and uses the goods offered. Another definition of the buyer's decision about the most preferred brand. The purchasing decision is a process of making a purchase decision which includes determining what to buy or not to buy (Kotler and Armstrong, 2008). According to Kotler (2005), the purchase decision is a stage where consumers have a choice and are ready to make a purchase or exchange between money and a promise to pay with ownership rights or use of an item or service. Kotler (2005) also explains what is meant by purchasing decisions is a problem-solving process that consists of analyzing or recognizing needs and desires to behavior after purchase.

As a high-involvement purchase, the decision-making process consists of several stages and the inputs from each decision stage contribute to the outcome of the post-purchase partnership (Yeung et al, 2016). In international franchising, the cultural distance between the home country and the host country can complicate the decision-making process (Yeung et al, 2016). In the model, they recommend that consumers should go through five main stages of decision-making before making a final decision when buying an item. These are needed recognition, information seeking both internally and externally, alternative assessment, purchase and post-purchase decisions (Okay et al, 2016)

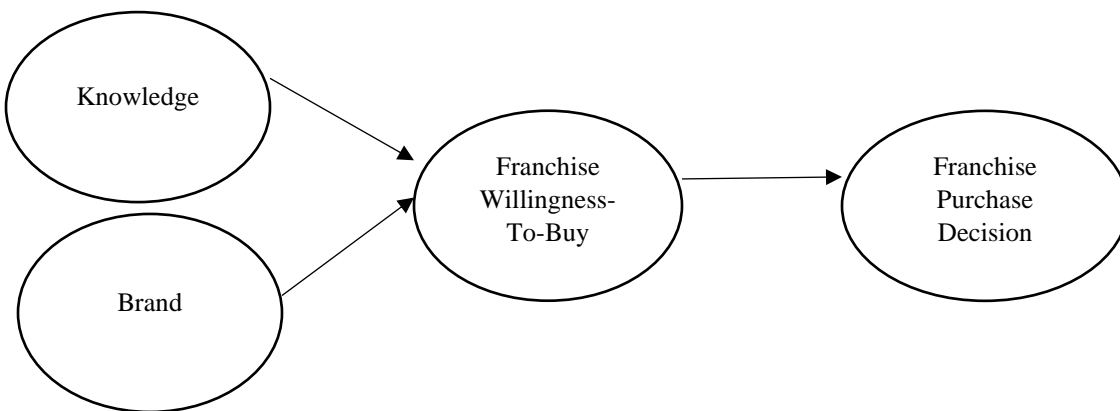
From the explanation above, hypotheses and research models were developed

The first hypothesis: Knowledge has a positive effect on interest in buying franchises

The second hypothesis: the brand has a positive effect on the interest in buying franchises

The third hypothesis: Interest in buying a franchise affects the decision to buy a franchise

Figure 1. Research Framework



3. Research Methodology

3.1 Data Collection

The target population in this study were business actors in Banyumas Regency, Central Java Province, and prospective franchisees who came to attend the International Franchise (IFRA) exhibition in 2019 at the Jakarta Convention Center (JCC) in Indonesia. The sampling technique uses the quota method, namely the distribution of the number of outlets according to the proportion. According to Suliyanto (2018) Quota sampling is a non-random sampling method based on the quota set by the researcher.

The amount of the quota is determined subjectively by the researcher with the following considerations:

- 1) Information needed for research
- 2) Characteristics of groups in the population
- 3) Researcher Ability

Table 1. *Quota Sampling* Sampling Technique

No	Population	Amount	Quota	Sample
1	KADIN	30	17%	5
2	HIPMI	50	29%	9
3	APINDO	30	17%	5
4	Prospective franchise partners	65	37%	11
TOTAL		175	100%	30

The sample size is 30 respondents. Data collection was carried out using a questionnaire.

3.2 Measurements

Measurements on each variable were adopted from several previous studies. For the knowledge variable adopted from (Lin et al., 2014). Brand variable adopted from (Lee et al., 2021). The buying interest variable is adopted from (Chun et al., 2020), and the purchase decision variable is adopted from (Okay et al., 2016). Measurements were made on a 5-point Likert scale, where 1 means “strongly disagree” to 5 means “strongly agree”, with 3 representing “neutral”.

3.3 Analysis

In this study, Cronbach's alpha was used to test the reliability of the variables (Cronbach, 1951), while the validity test used Composite Reliability (CR) and Average Variance Extracted (AVE) (Larcker, 1981). Structural Equation Modeling validity test with Partial Least Square (PLS) was used to test the causal relationship between variables.

4. Results

4.1 Respondent's Profile

Based on the 30 respondents who filled out the questionnaire, it can be seen that most of the respondents were women with a total of 19 people with 11 male respondents. It can

also be seen that the ages of 31-40 years and 41-50 years have the same number, namely 11 people and those aged 20-30 years are 8 people. Most of the respondents with the latest education were Bachelor Degree which amounted to 13 people, respondents with high school and Associate degree education levels were the same, namely 7 people and respondents with the latest education of Master Degree were 3 people. Most of the respondents were entrepreneurs, namely 14 people, 11 private-sector employees, and 5 housewives.

Table 1. Respondent Profile

Respondent Profile	Total
Gender	
- Male	11
- Female	19
Age	
- 20 – 30 years old	8
- 31 – 40 years old	11
- 41 – 50 years old	11
Latest Education	
- Highschool	7
- Associate Degree	7
- Bachelor Degree	13
- Master Degree	3
Occupation	
- Entrepreneur	14
- Private Sector Employee	11
- Housewife	5

4.2 Validity and Reliability Test

The validity and reliability test done in this study were using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted. Based on table 2, it is known that Cronbach's alpha for all variables is above 0.6, so all variables can be said to be valid (Hair et al, 2010). Composite reliability (CR) for all variables is higher than 0.7 so that the instrument reliability of all research variables is acceptable or reliable (Hair et al., 2010) and the average variance extracted (AVE) of all variables is higher than 0.7 so that the instrument reliability of all variables is acceptable. (Hair et al., 2010).

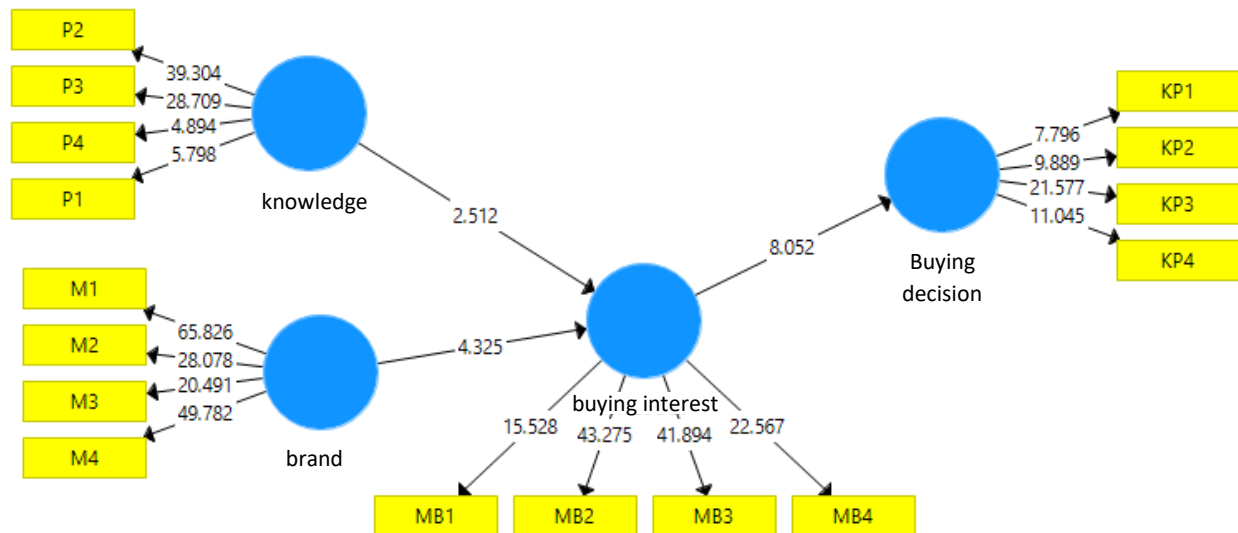
Table 2. Validity and Reliability Test Result

Variable	Cronbach Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Knowledge	0,855	0,904	0,702
Brand	0,963	0,973	0,900
Willingness-To-Buy	0,934	0,953	0,837
Purchase Decision	0,939	0,956	0,845

4.3 Finding

Hypothesis testing using SmartPLS version 3.3.3 is known as the inner model test. This test includes a test of the significance of direct and indirect effects as well as measuring the magnitude of the effect of exogenous variables on endogenous variables. Multiple linear regression analysis produces various outcomes that can be used for testing with various methods. One of them is the coefficient of determination to determine the value of the contribution of the two independent variables to the dependent and the t test for the significance of the simultaneous effect, and the t test for the significance of the effect of the independent variable. However, before that, a correlation test was conducted to ensure that there was a relationship between each independent variable and the dependent variable.

Figure 2 Hypothesis Test Result



The results of hypothesis testing can be seen in Figure 2 and Table 3

Table 3. Hypothesis Test Result

Hypothesis	T Statistic	P Values
Knowledge >> PAC Franchise Willingness-To-Buy	2,512	0,020
Brand >> PAC Franchise Willingness-To-Buy	4,325	0,000
PAC Franchise Willingness-To-Buy >> PAC Franchise Purchase Decision	8,052	0,000

The first hypothesis: Knowledge has a positive effect on interest in purchasing PAC franchises
The regression analysis carried out resulted in a P value (P value) of 0.020, which is lower than 0.050 so it can be said that knowledge has a positive effect on interest in purchasing PAC franchises. These results can be interpreted that the higher the knowledge possessed by prospective franchisees about the franchisor's products and services, the more interest they have in making franchise purchases.

The second hypothesis: the brand has a positive effect on the purchase intention of the PAC franchise

The regression analysis carried out resulted in a P value (P value) of 0.000 which means it is lower than 0.050 so that it can be said that the brand has a positive effect on interest in purchasing PAC franchises. This means that when prospective franchisees know the PAC brand well, it increases their interest in buying franchises.

The third hypothesis: Interest in buying a franchise has a positive effect on making a PAC franchise purchase decision

The regression analysis carried out resulted in a P value (P value) of 0.000 which means it is lower than 0.050 so it can be said that interest in buying a franchise has a positive effect on franchise purchasing decisions. This means that when someone's interest in the franchise is higher, the sooner someone will decide to buy a PAC franchise.

5. Discussion

The results of the variable test indicate that knowledge and brand will affect the interest in buying a franchise. The knowledge possessed by prospective franchisees of the franchisor's products, services, and the journey has a positive influence on purchase intention. This is in line with the research of Lin (2014), presenting evidence showing that knowledge uncertainty has a weak negative effect on the information search process due to increased search costs. Likewise, with a low level of knowledge, the intention to buy a certain brand will also be low. Conversely, consumers with a high level of brand knowledge can form a high intention to buy a certain brand, and the same intention to buy also motivates information seeking.

6. Conclusion

There are so many business opportunities that are open today, one of which is the franchise system which is one of the easy ways to enter the business world because it makes it easier for someone to apply the success that has been done by others. Franchise purchase decision making is driven by the interest in buying franchises which, according to researchers, is influenced by the knowledge possessed about products, services, and the franchise itself as well as the level of franchise brand recognition. From this research, it can be seen that all of these variables encourage a franchise purchase decision.

The limitation of this research is that the respondents' backgrounds are not yet diverse which can be used as development in further research. It is recommended that further researchers can explore other aspects of purchasing decisions such as financial, operational, and other support capabilities because the resulting conclusions can better identify the factors that influence franchise purchasing decisions.

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