UNIVERSITY OF INDONESIA

The Effectiveness of Localized Advertisement Communicating Word Of Mouth Referral Marketing Strategies for Global Consumer Goods in Indonesia.
Case Study: 'Unilever 1000 sunlight agent program' TV commercials (Vary series 2008-2009)

THESIS

The Purpose of This Research is to Fulfill One of the Requirements
To Achieve The Master Degree In The Graduate Program
The Department of Communication
The Faculty of Social and Political Science
The University of Indonesia

NESIA ISRILMIRANTIE
0706185585

Thesis advisor: Drs. Eduard Lukman, M.A.

DEPARTEMENT OF COMMUNICATION
THE FACULTY OF SOCIAL AND POLITICAL SCIENCE
GRADUATE PROGRAM
COMMUNICATION MANAGEMENT
THE UNIVERSITY OF INDONESIA,
JAKARTA, INDONESIA
JUNE 2009

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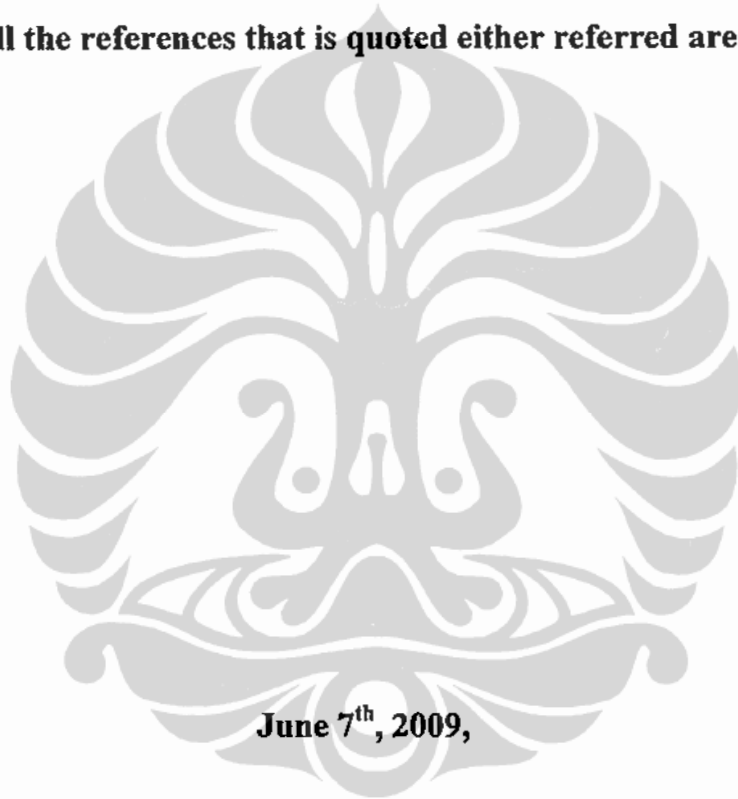
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ORIGINALITY STATEMENT PAGE

This Thesis is original,

and all the references that is quoted either referred are true.

June 7th, 2009,

NESIA ISRILMIRANTIE

0706185585

FOREWARD

My gratefulness to Allah SWT that I managed to finish this Thesis on time, titled" The Effectiveness of Localized Advertisement Communicating Word Of Mouth Referral Marketing Strategies for Global Consumer Goods in Indonesia. Case Study: 'Unilever 1000 sunlight agent program' TV commercials (Vary series 2008-2009)".The purpose of this research is to fulfill one of the requirements to achieve the Master degree in the Graduate Program of Communicating Management of The Department of Communication of The Faculty of Social and Political Science, The University of Indonesia. Hopefully this English Thesis of mine can be useful not only to the University of Indonesia community, but also be a motivator and stimulator to oters to write Thesis in English, and produce a better one.

I realized, how helpful every detail of help from every one in accomplishing this Thesis making, with the guidance and all the help from vary people that is involved in this Thesis process, by that I want to refer my thank blessing to:

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14. Dennis Boerhan for accompanying me in chatting and supporting everytime I need mental support when I'm tired or down.

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I dedicate this Thesis to my parents as a Reward to them for being the best parents any child could ever have, and also as a prove of achievement, for all their motivation and challenge all these time. To you my beloved parents that I respect and appreciate so much; Ir. Susanto Soekardi M.Phil and Elly Mariam, B.Sc. I want to say thank you for all the mental support, the financial support, the spiritual support, the inspiration to be the best and extraordinary. Love u both.

Finally I hope this Thesis could be useful to all.

Contact the writer at:apucia17@yahoo.com.
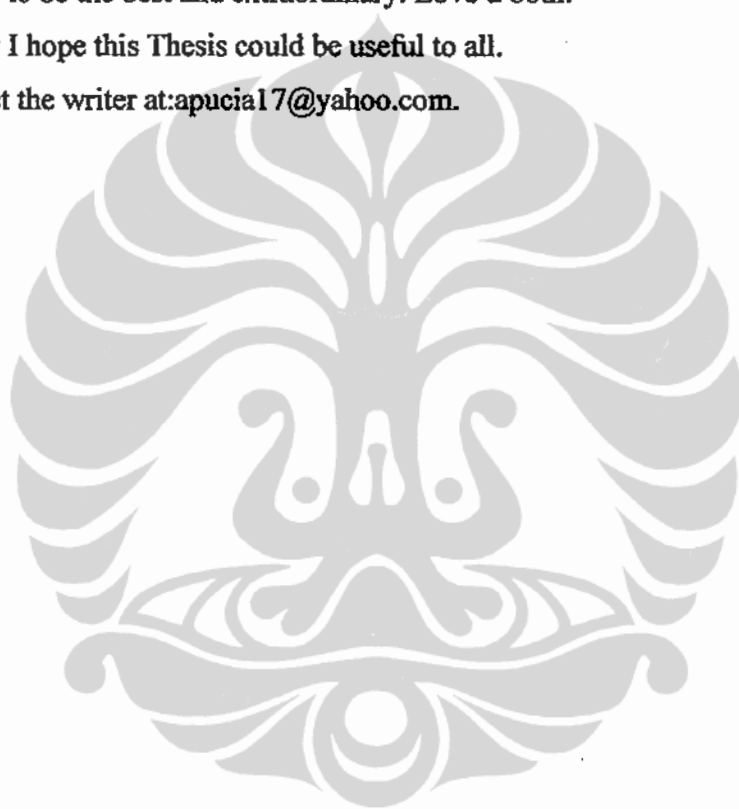
Jakarta, June 7th 2009

Writer,

Nesia Isrilmirantie Susanto

ABSTRACT

NESIA ISRILMIRANTIE
COMMUNICATION MANAGEMENT
The Effectiveness of Localized Advertisement Communicating Word Of Mouth Referral Marketing Strategies for Global Consumer Goods in Indonesia.
Case Study: 'Unilever 1000 sunlight agent program' TV commercials (Vary series 2008-2009)

The focus of the study is advertising effectiveness of the localized advertisement in communicating a WOM referral marketing strategy that is adapted by the local culture and custom way of communicating of Indonesian people. Besides that it consumer word of mouth activity is also conducted to the consumer's pre-purchasing thinking and also the product involvement.
Since the focus of the research is a product of a multinational company with a global-localized vision, it is interesting discover their localized approach in adjusting with the local culture in their marketing strategy planning.
The variables that are included in this research are advertising effectiveness, pre-purchasing thinking, product involvement, and consumer WOM (word of mouth).
This research is a quantitative uses path analysis to measure the effect between the advertisement effectiveness and the consumer WOM (word of mouth), pre-purchasing thinking, and product involvement.

Keywords: advertising effectiveness, Indonesian culture, path analysis, WOM.

HALAMAN PENGESAHAN

Tesis ini diajukan oleh   :
Nama   : Nesia Isrilmirantie
NPM   : 0706185585
Program Studi   : Ilmu Komunikasi
Kekhususan   : Manajemen Komunikasi
Judul Tesis   :

The Effectiveness of Localized Advertising in communcating Word of Mouth Referral Marketing for Global Consumer Goods In Indonesia.
Case Study: "Unilever 1000 Sunlight Agent Program' TV commercials (Vary Series 2008-2009)

Telah berhasil dipertahankan di hadapan Dewan Penguji dan diterima sebagai bagian persyaratan yang diperlukan untuk memperoleh gelar Magister Sains pada Program Studi Ilmu Komunikasi Program Pascasarjana, Fakultas Ilmu Sosial dan Ilmu Politik, Universitas Indonesia.
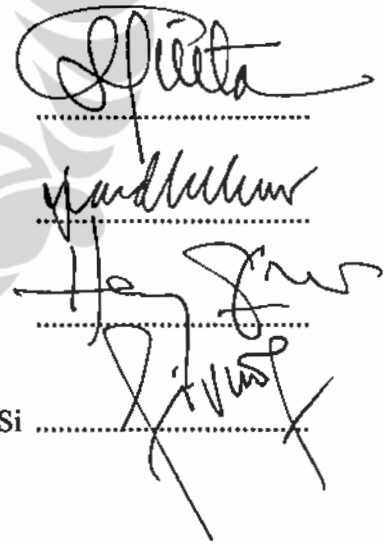
DEWAN PENGUJI

Ketua Sidang   : Dr. Arintowati H.Handoyo, MA   ....

Pembimbing   : Drs. Eduard Lukman, MA   ....

Penguji Ahli   : Henry Faisal Noor SE, MBA   ....

Sekretaris Sidang   : Ir. Firman Kurniawan Sujono, MSi   ....

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ABSTRAK

NESIA ISRILMIRANTIE
MANAJEMEN KOMUNIKASI
Efektivitas iklan yang dilokalisasi dalam mengkomunikasikan strategi marketing mereferensikan dari komunikasi mulut ke mulut untuk produk konsumen global di Indonesia.
Studi kasus 'Iklan unilever Agen 1000 Sunlight (berbagai seri 2008-2009)'

Focus studi ini adalah efektivitas iklan dari iklan yang di lokalisasi dalam mengkomunikasikan marketing mereferensikan dari komunikasi mulut ke mulut, yang di adaptasi dengan kebudayaan dan kebiasaan lokal orang Indonesia berkomunikasi . Selain itu membahas aktivitas komunikasi dari mulut ke mulut yang dikaitkan dengan pemikiran konsumen sebelum membeli, dan juga keterlibatan produk.
Karena tesis ini membahas tentang perusahaan multinasional yang memiliki vis global-lokal. Sangat menarik untuk mencari tahu tentang pendekatan local mereka, yang disesuaikan dengan budaya local Indonesia dalam strategi marketing mereka.
Variable yang termasuk dalam penelitian ini adalah keefektifan iklan, pemikiran sebelum membeli, keterlibatan produk, dan komunikasi mulut ke mulut konsumen.
Penelitian ini adalah penelitian kuantitatif yang menggunakan analisis jalur untuk menjelasakan pengaruh keefektifan iklan terhadap komunikasi mulut ke mulut, pemikiran sebelum membeli, keterlibatan produk.

Kata kunci: Keefektifan iklan,budaya Indonesia, analisis jalur, komunikasi mulut ke mulut.

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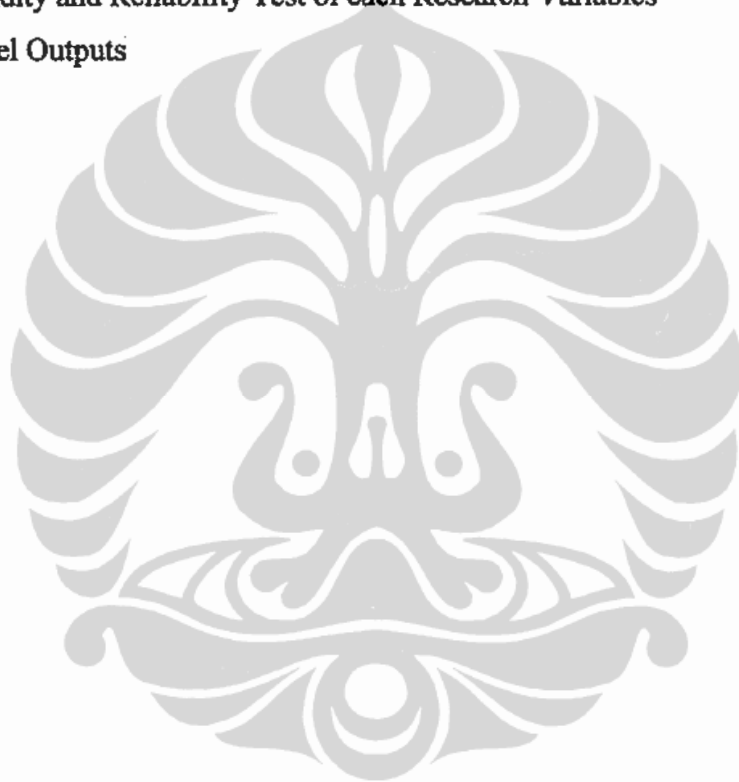
CHAPTER I

INTRODUCTION

1.1 Research Background

Naturally human are created to desire to fulfill their individual needs, and in a macro scale a nation also need to fulfill their aggregate needs, and by that a nation couldn't fully do that by their own, for reasons of efficiency neither for economic reasons. That's why there are international trades, in term to fulfill human needs all over the world.

Six major changes that will continue along this century are listed below:

1. *World growth.* Most of the world is in a stage of economic growth.

2. *The world economy dominates.* The world economy is the dominant economic unit. The macroeconomics of the nation-state no longer control economic outcomes in countries, and even the large superpower no longer dictate to the poorer country how they should behave.

3. *End of the so-called trade decision rule.* Factors such as transportation costs, availability of skilled labour, market responsiveness, and market access and high levels of innovation in product design and manufacturability may all indicate that the best location for production is a high-income, high-wage country.

4. *Free markets rule the world.*

5. *Accelerating growth of global markets*

6. *The rise of the internet and information technology.* [1]

As those descriptions the world moves towards the next millennium we are seeing the emergence of an interdependent global economy that is characterized by

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[1] Keegan, Warren J.,*Global Marketing Management*, 7th edition, Prentice-Hall International, inc., New Jersey, 2002, p.543

faster communication, transportation and financial flows, all of which are creating new market opportunities and challenges.

In a climate of low economic growth, many governments see international markets as a potential vehicle for economic growth.

Because of pressures such as these, governments throughout the world are encouraging companies to become involved in international markets.

Barker and Kaynak listed these motivating factors for initiating overseas market involvement (in order of order of importance) as follows:

1. Large market size.
2. Stability through diversification.
3. Profit potential.
4. Unsolicited orders.
5. Proximity of market.
6. Utilize excess capacity.
7. Offer by foreign distributor.
8. Increasing growth rate.
9. Smoothing out business cycles.[2]

As tempting as it seems, in spite of that, international trade has its own challenges and obstacle in every region of an oversea market. Regarding the culture differences and local wisdoms that they value in every different region from the environmental dimension, also other conditions from the business dimensions, such as social aspects, political environment, economic situation, legal and technologies. In general we can divide the controllable factors and uncontrollable factors as bellow:

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[2] Doole, Isobel; Lowe, Robin; Philips, Chris, *International Marketing Strategy, Analysis, Development and Implementation.*,Thomson Business Press, 1994. p.22

The marketing process:

I. Controllable factors
    1. Product
    2. Price
    3. Place
    4. Promotion

II. Uncontrollable factors
    1. Social
    2. Legal
    3. Economic
    4. Political
    5. Technical
    6. Competitive[3]

Those challenges of international marketing in the global environment can be summarized in details as:

1. Culture: often diverse and multi culture markets
2. Markets: widespread and sometimes fragmented
3. Data: difficult to obtain and often expensive
4. Politics: regimes vary in stability; political risk becomes an important variable
5. Governments: can be a strong influence in regulating importers and foreign business ventures
6. Competition: multinationals can distort competitive structure of markets
7. Economies: varying levels of development
8. Finance: many differing finance systems and regulatory bodies

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[3] Doole, Isobel; Lowe, Robin; Philips, Chris, *International Marketing Strategy, Analysis, Development and Implementation.*, Thomson Business Press, 1994. p.2

9. Currency: varying and unstable; strong likelihood of transaction risk

10. Business: diverse rules, culturally influenced

11. Control: difficult to control and coordinate across markets. [4]

The company or organization best prepares itself to achieve competitive advantage by manipulating the controllable functions of marketing within the largely uncontrollable marketing environment.

And it can seen in details the tariff and non-tariff barriers that are floored by Onkvisit and Shaw (1988) in figure 1.1:

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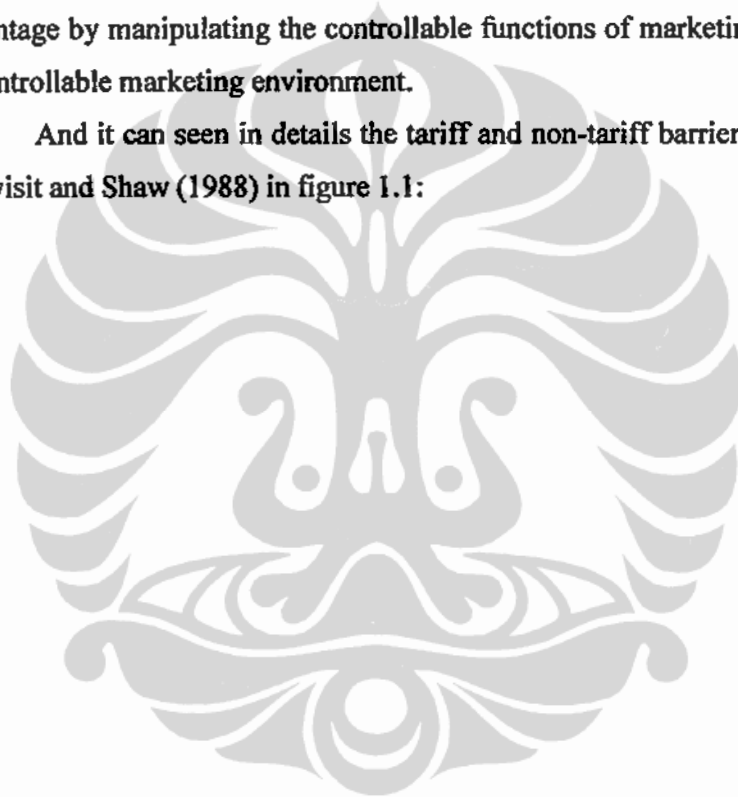
[4] Doole, Isobel; Lowe, Robin; Philips, Chris, *International Marketing Strategy, Anaslysis, Development and Implementation.*, Thomson Business Press, 1994. p.21

Figure 1.1[5] Tariff and non-tariff barriers
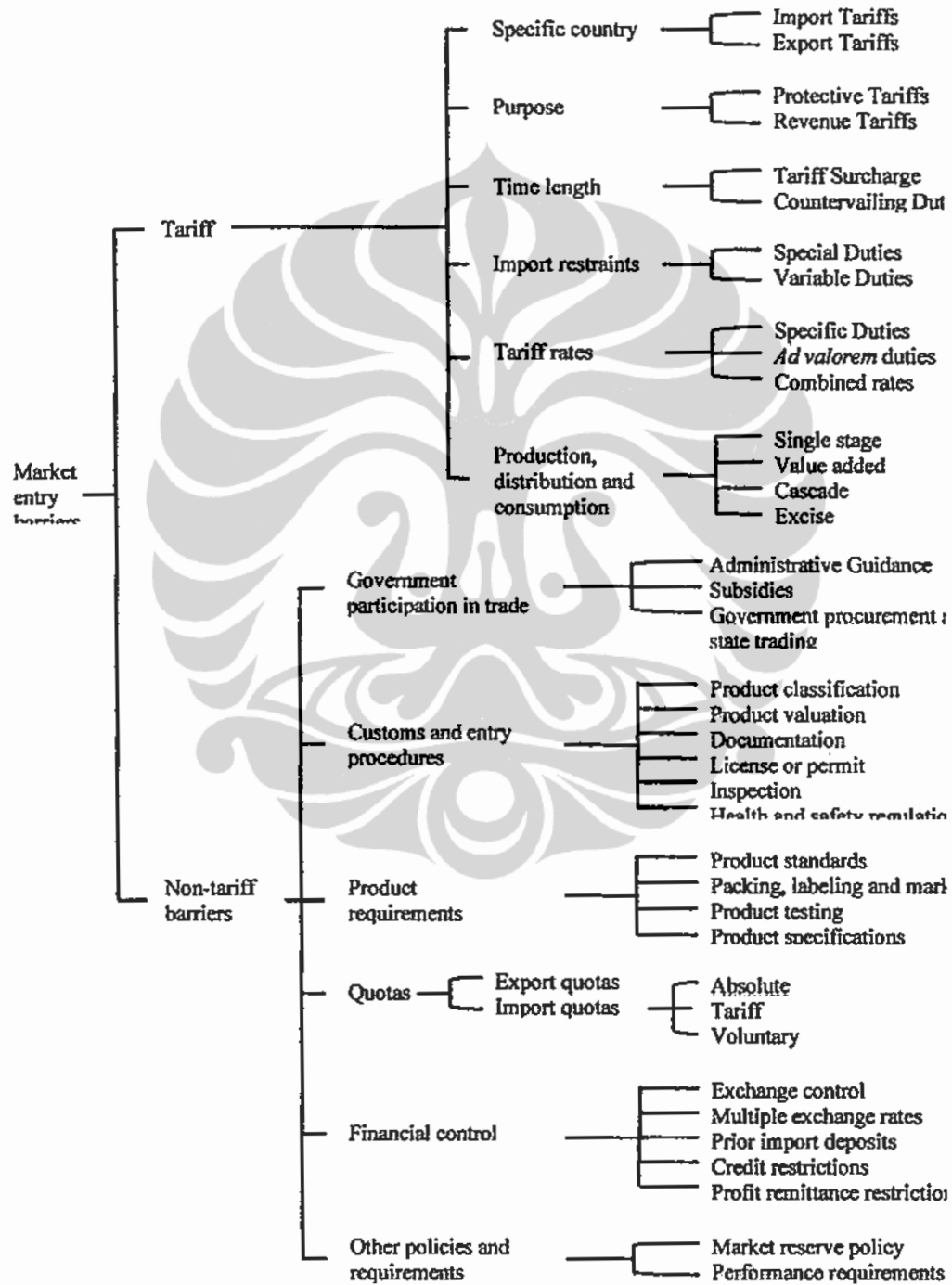
[5] ibid. p.57

International marketing, which involves operating across several markets in which not only do the uncontrollable variables differ significantly between one market and another, but the controllable factors in the form of cost and price structures, opportunities for advertising, and distributive infrastructure are also likely to differ significantly. It is these sorts of differences that lead to the complexities of international marketing.

For these reason international marketing became an important issue to face the global market. And because of that reason, the international marketing skills are needed to explore the international market possibilities. This is where marketing communication is needed in term to enter the overseas market in term to become easily accepted by them. Then by that, marketing communication strategies are needed.

In term to determinate an international business decision we have to consider a few things compare to the facts in the reality of the overseas market, as we can see in figure 1.2

Figure 1.2[6] the international marketing decision sequence
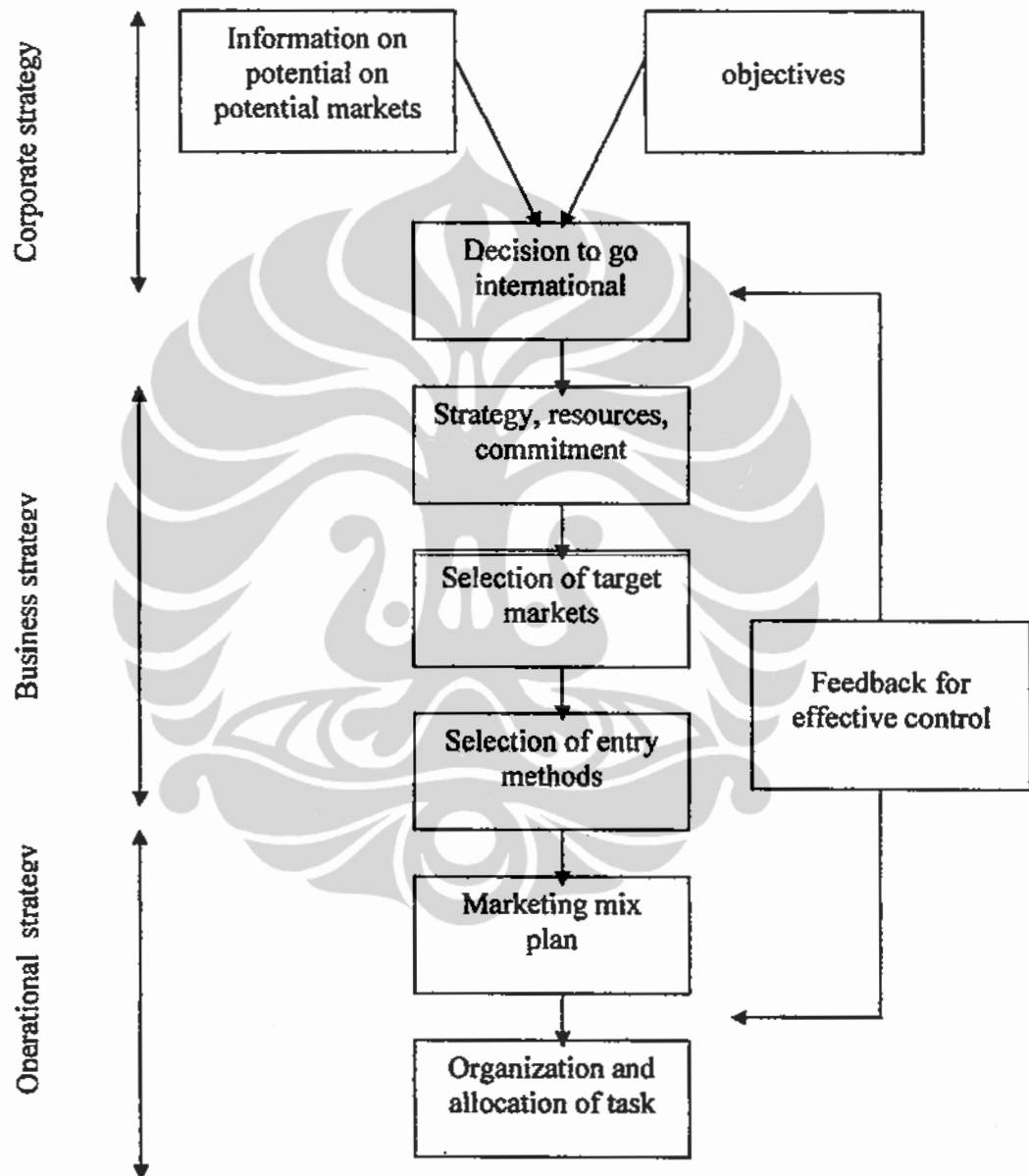
[6]Doole, Isobel; Lowe, Robin; Philips, Chris, *International Marketing Strategy, Anaslysis, Development and Implementation.*, Thomson Business Press, 1994. p.37

From marketing communication perspective in order to experts the international opportunity it is to focus to the selection of target market and the marketing mix plan.

According to The Chartered Institute of Marketing defines marketing as the 'management process, responsible for identifying, anticipating and satisfying customer requirement profitably'. Thus marketing involves:

1. Focusing on the needs and wants of consumers
2. Identifying the best method of satisfying those needs and wants
3. Orienting the company towards the process of providing that satisfaction
4. Meeting organizational objectives. [7]

So the responsibility of an international marketer is to synchronize between the consumers' satisfactions and also the organization satisfaction in an international level.

A complete and through appreciation of the origins (geography, history, political economy, technology, and social Institutions) and elements (cultural values, rituals, symbols, beliefs, and ways of thinking) of culture may well be the single most important gain to a foreign marketer in the preparation of marketing plans and strategies[8]. Marketers can control the product offered to a market -its promotion, price, and eventual distribution methods- but they have only limited control over the cultural environment within which these plans must be implemented. Because they cannot control all the influences on their marketing plans, they must attempt to anticipate the eventual effect of the uncontrollable element and plan in such a way that these elements do not preclude the achievement of marketing objectives. They can also set about to effect changes that lead to quicker acceptance of their products or marketing programs.

[7] Doole, Isobel; Lowe, Robin; Philips, Chris, *International Marketing Strategy, Analysis, Development and Implementation.*, Thomson Business Press, 1994. p.11
[8] Cateora, Philip R.; Graham, John L., International Marketing, 12th Edition, McGraw-Hill Irwin, New York, 2005. p.119

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Every country has its own uniqueness and also a specific local culture in every aspect. And in term to distribute a product so that it could be easily accepted by the local market of an oversea market, a marketer could implement vary approaches in the execution. The approach can be divided it into: 'standardization approach' and 'localize approach'. In the standardization approach, that is used globally world wide, without changing any of the marketing approach in the global market, including the brand image, advertisement, and also other marketing approaches. Products that are usually using these kinds of approaches are; banks, tobacco, airlines, and valuable products. A very different method that is used in the localize marketing approach, that suits the global product in to the local culture of the target market, without disappearing it's international image, which is more known as 'glocalization', which is distributing the product 'globally' and distributing it with a local approach, which considers the local cultural values that the local consumers value. Example for these kinds of products such as: McDonald, Coca-cola, MTV, Sesame Street TV program, Facebook, Unilever, P&G, etc. "Glocalization" – an amalgam of global strategy and local adaptation – continues to be the dominant global marketing approach.[9]

There are benefits and weaknesses in each approach. In the 'standardization approach' the benefits are; the image of the product remains the same in every country of the world with its international standard image, so there is no need to develop a new brand image of the product, except for the first time of it in entering every new market globally. So there won't have to be a significant change in the marketing strategies. But the weaknesses are is that the knowledge and the awaerness of the brand is limited to those segments that has global knowledge, or either specific segment, which are not always represent the whole market of the foreign market. Different condition from the 'standardization approach', products with 'glocalized approach' tend to blend its image with the local value, without leaving its

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[9] Wilken, Rowan; Sinclair, John, " Global Vision, Regional Focus, 'Glocal' Reality: Global Marketers, Marketing Communications, and Strategic Regionalism' " in the *Communications, Civics, Industry – ANZCA2007 Conference Proceedings.* The University of Melbourne, 2007.

international image. So by this, the acceptance of this kind of product is easier to the local customers. The weaknesses are marketers have to work harder in making a new brand image of the product for the local market without leaving its international image. Which means make a detail market research of the local market and consumer behavior cultures and also making new marketing strategies. And not only that, but also take the risk of failure of the brand awareness in the local market

But because the 'Glocalized products' are blending with the local values, it makes it easier to enter the local market and being accepted, so that the brand awareness is easier in the process. In an even more advance experience, probably that product could even be a new culture among the local consumer. From the competitive point of view, if this product is easier too be accepted and rapidly increases its brand awareness among the consumers than it might just possibly become easier in the consuming process in the local market, so it is also possible that its market share would also increase or even higher than those products that uses 'standardization approach'.

In communicating the product. Either for the image building nor brand awareness building, or even for promoting for both types of approaches for global consumer products needs a marketing communication strategy. The most general tool that could be highly effective which can reach consumer widely to sound the brand awareness of the product is by advertisement as one of the marketing mix tools. In the advertisement marketers could input the value that will present the image of the product, in order to reach the marketing goals. It could be served in details, meaning for certain market target such as specific segments or specific purpose of the marketing goals.

That is why values of the product must be implemented in the advertisement. What kind of value that is will to be present to the consumers by the ads depends on the case and purpose or goals of each product.

In the case of global marketing, Asia in general is such a tempting area for global product distribution. The Asia-pacific regions consist of all the countries of Asia except for the Middle East, Australia, and New Zealand.

In terms of population, the 30-country Asian Pacific region is a colossus, with approximately 52 percent of the world's population. However, the region accounted for only 25 percent of global income in 2000. Fifty-eight percent of the region's income was concentrated in Japan, which has only 5 percent of the region's population.

Culturally, the major languages are Mandarin Chinese and Hindi but there are hundreds of language and dialects throughout Asia. In Indonesia alone, there are about 36 separated language and dialects spoken. Although it is difficult to make generalizations about marketing in Asia given the diversity of cultures, several cultural values directly affect marketing.

In term in planning for marketing strategies in the Asia-Pacific region, marketer should consider detail cultural values that rely in their lives in general.

Cultural values of traditional Asian:
1. Extended family, blood/ work groups
2. Beliefs in harmony, cooperation, avoiding confrontations
3. Shared responsibility, interdependence
4. Public self
5. Respect for authority
6. Age and seniority value tradition are important.
7. Control by 'shame'"[10]

These are also values that are also valued in Indonesia as on of the Asian countries. More the less the value that is held in Asia is relatively the same, it became different only when it comes to the implementation, it is different because it is influenced by different local culture from every different region. Also that happen in Indonesia that has hundreds ethical groups that also has hundreds of subculture in it. This will automatically affect the marketing strategies in term to gain success in facing such a diverse market character in Asian Countries also in Indonesia.

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[10] Keegan, Warren J., *Global Marketing Management*, 7th edition, Prentice-Hall International, inc., New Jersey, 2002. p.150

Marketing values in Asian:

1. Popular famous brands; confidence in brand and corporate names
2. Imitation, emulation, use of presenters as role models in ads
3. Rapid adoption of successful brands
4. Display of wealth and status
5. Confidence in technology[11]

These are the marketing value in general in the Asian countries. As written above, Asian values living in harmony together socially also has a high control on shame and loss of face, hence they tend to show off prestige to others or minimally to their social groups or peer groups in term to gain respect or just so they would not loose face if they are not using prestigious things, social control role so strong in Asian countries including Indonesia. That's the reason they are so fond in popular famous brands, and rapidly adopting the successful brand in term to show social status and wealth. And because most of the Asian countries are occupied by the Western colonial, there's a stigma among them that anything that comes from the western is prestigious because of its confidence either in the quality of the product, brand, or the corporate names. Another issue is also going around. Most Asian are confidence in technology, started from Japan, that is rapidly growing its technology and marketing it by dumping politic. So in Asia it can be provided innovation and high technology product cheap than the western product. This is another challenge for global product facing this kind of phenomenon, either making the product more advanced than the Japanese so that we can play in the or price, or either make a innovative one to compete these high-tech cheap product.

Besides China and India, Indonesia is also one of the populous countries that have the biggest population in either Asia or even the world. According to the CIA's Factbook Indonesia's population remain 240,271,522 (July 2009 estimated.)[12]. Based on the fact Indonesia is such a potential market for consumer goods products. Also as

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[11] Keegan, Warren J.,*Global Marketing Management*, 7ᵗʰ edition, Prentice-Hall International, inc., New Jersey, 2002. p.150

[12] http://www.cia.gov/library/publications/the world factbook Indonesia

floored by Professor David O. Dapice, an economist from the Tufts University, USA in an executive briefing held in Jakarta on December 30, 2008, with the theme 'ASEAN and The Global Recession'. That gave his optimist point of view of Indonesia economic condition in facing the global recession. According to him, the ASEAN economies are divided into three groups. The first layer filled Singapore-based trading. Second, countries with small-scale economies like Brunei, Myanmar, Cambodia, and Laos. The third group of countries is a growing (emerging markets). In it, there is Indonesia, Thailand, Vietnam, Malaysia and the Philippines. He also analyzes and compares Indonesia to the other third group countries and based on his analysis among ASEAN countries, Indonesia and Vietnam's economic prospects have to grow most significantly. But rather than Vietnam he is more optimists with the Indonesia economic prospect[13]. Besides that, not only because of its big population that is potentially to be a market target. But also because it's geographic location that is very strategic for international trades even since the early traditional international trade era. As described in the Wikipedia The Republic of Indonesia, is a transcontinental country in Southeast Asia and Oceania. Comprising 17,508 islands, it is the world's largest archipelagic state. With an estimated population of around 237 million people, it is the world's fourth most populous country and the most populous Muslim-majority nation. The nation's capital city is Jakarta. The country shares land borders with Papua New Guinea, East Timor and Malaysia. Other neighboring countries include Singapore, the Philippines, Australia, and the Indian territory of the Andaman and Nicobar Islands.

The Indonesian archipelago has been an important trade region since at least in the seventh century, when the Srivijaya Kingdom traded with China and India. Local rulers gradually adopted Indian cultural, religious and political models from the early centuries CE, and Hindu and Buddhist kingdoms flourished. Indonesian history has been influenced by foreign powers drawn to its natural resources. Muslim traders brought Islam, and European powers fought one another to monopolize trade in the

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[13] http://www.inaplas.org/index.php?option=com_content&view=article&id=1606%3Aekonom-as-bicara-soal-prospek-perekonomian-indonesia-di-tengah-resesi-dunia&catid=8%3Aekonomi-macro&directory=79&lang=en

Spice Islands of Maluku during the Age of Discovery. Following three and a half centuries of Dutch colonialism, Indonesia secured its independence after World War II. Indonesia's history has since been turbulent, with challenges posed by natural disasters, corruption, separatism, a democratization process, and periods of rapid economic change.

Across its many islands, Indonesia consists of distinct ethnic, linguistic, and religious groups. The Javanese are the largest dominant ethnic group. As a unitary state and a nation, Indonesia has developed a shared identity defined by a national language, ethnic diversity, religious pluralism within a majority Muslim population, and a history of colonialism and rebellion against it. Indonesia's national motto, "Bhinneka tunggal ika" ("Unity in Diversity" literally, "many, yet one"), articulates the diversity that shapes the country. The country is richly endowed with natural resources, yet poverty is a defining feature of contemporary Indonesia.[14]

But in term to enter Indonesia's market for global consumer goods marketing as a potential large market, in spite of that Indonesia market has lots of barriers and obstacles. For example, Indonesian market, has various uniqueness that needed special approaches for its characters. Either the ethnical cultural character or its consumer behavior that is very much in deed influenced by neither its culture, local wisdom, nor its inhabitant habits. With the number of population estimated around 230 million, Indonesia currently has 525 ethnical groups that is spread in 17,000 island with 250 language. Must be admitted that Indonesia's consumer is strong in subculture.[15] Besides the diversity of Indonesian consumers background with in also its cultural issues in it, as written above poverty and low income also affect the purchasing pattern of the consuming pattern in Indonesia, this is also a consideration for producer to consider.

Successful global marketers must understand human experience from the local point of view-and become insiders with cultural empathy in the process- if they are to understand the dynamics of markets outside the home country.

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[14] http://en.wikipedia.org/wiki/Indonesia
[15] Irawan D., Handi, "10 karakter konsumen Indonesia",Majalah Marketing Edisi Khusus vol II 2007, p.82

Marketing role in the less developed countries including Indonesia is to focus resources on the task of creating and delivering products that best serve the needs of the people. Basic marketing concepts can be applied so that products are designed that fit the needs and incomes in the LDC (Less Develop Countries) market. Appropriate marketing communications techniques can also be applied to accelerate acceptance of these products. Marketing can be the link that relates resources to opportunity and facilitates need satisfaction on the consumer's terms.[16]

Edward T.Hall has suggested the concept of high and low context as a way of understanding different cultural orientations.[17] In a low-context culture, messages are explicit; words carry most of the information in communication. In a high-context culture, less information is contained in the verbal part of a message.

Research studies show that, independent of social class and income, culture is a significant influence on consumption behavior and durable goods ownership.[18]

That is why culture is an important issue for global marketers for consideration to enter Indonesia's market. Because culture is still a big issue in Indonesia till today that still affects the consumer behavior and also consumer culture in the consumption process.

As written in detail base on a survey that is executed by consulting projects of Handi Irawan D. (chairman Frontier Consulting Group, Marketing Content & Knowledge Based Speaker). This review, base on his research was published in *marketing magazine*, titled 10 Indonesian consumers characteristics, which is:

1. Tend to have a short memory of a product. They tend to remember the benefits of the product in only for a short-term. Easily bored, then forget about the product.

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[16] Keegan, Warren J.,*Global Marketing Management*, 7th edition, Prentice-Hall International, inc., New Jersey, 2002. p. 159

[17] Hall, Edward T., *Beyond Culture*,Garden City, NY: Anchor Press/ Doubleday, 1976

[18] Schaninger, Charles M.;Bourgeois,Jacques C.; Buss, Christian W.,"French-English Canadiann Subcultural Consumption Differences," Journal of Marketing,1985: 82-92

2. Do not do planning in purchasing. Impulsive buying decisions still rules most of the Indonesian customer. But, ahead the number of customers that tend to do purchasing planning will increase, as Handy says.

3. Tend to gather and gregarious. Other terms are friendly. They often tend to make decisions based on the reference group. WOM is very effective in Indonesia for this custom, because culturally Indonesian people are very social.

4. Most are not adaptive to new technology. This is related to the level of education.

5. Tend to focus on the context, not content.

    But this works for Indonesian consumers. Well, this also justifies an opinion that is also floored by Hermawan Kartajaya.

6. Has a big interest with overseas product and tend to be an early adopter of it, even compare to Philippines' and Malaysians. No wonder there are lots of brands that tend to image their products as if it's an imported brand.

7. Increasing attentions to religious issues. Market share of products that have a religious value become bigger year by year.

8. Have a tendency to show off and blowing up prestige.

9. Heavily influenced by the subculture.

10. Indonesian consumer now days is not aware enough about the environmental issue. The environmental friendly label on a product doesn't affect decision buying for most Indonesian consumer.[19]

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[19] Irawan D., Handi, "10 karakter konsumen Indonesia",Majalah Marketing Edisi Khusus vol II 2007

Based on the information above it can be seen that Indonesian consumer behavior is different from other consumers in the world. That means marketers has to do specific approaches, based on the uniqueness of the consumer characteristic. That is an interesting challenge for any marketer to understand the complicatedness of the Indonesia market. Besides the 10 unique characteristic of Indonesian consumers, there is another point of view from the economical psychology view, from a research that is executed by Harry Susianto, a lecture of The School of Psychology University of Indonesia, that resulted that Indonesian people mostly believe in the context of an ads and easily affected by advertisements.[20] Which means that in general advertisement is one of the effective tool to be used in the marketing process in the case of the Indonesia market.

Base on other research, there are several types of advertisements; Global/ Fully standardized advertisements, Glocal/ Partly Standardized advertisement (adapted to the national/ local culture), Local advertisements (created for the national Culture), Local advertisements (created for a regional culture)[21].

For that reason the researcher is interested to make a research about the effectiveness of advertising as a mass communication tool to communicate a message from the firm or producer (in this case Unilever) to the consumers' of Indonesia. And not only that, based on the social character of Indonesian consumer that appears from custom and culture, has it's own way of communicating and interacting with its environment, this is also interesting to be analyzed, as a consideration for the producers in marketing it's product. As written in the marketing strategies theories, every culture in any country has is own sensitivity. This could become an obstacle either a benefit for the marketer_in making and planning a marketing strategies. An example that is going to be used in this research is the 'Unilever 1000 sunlight agent program' TV commercials in Indonesia (vary series 2008-2009) or in Bahasa Indonesia we translate it as: 'Iklan Unilever program agen 1000 sunlight'. This is

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[20]ibid
[21] Sanda, Cristea, "The Romanian Modern/ Postmodern Advertising In Magazines", Faculty of Economics, University of the West Timisoara, Timisoara, 2008.

interesting because the 'Unilever 1000 sunlight agent program' Advertisement is not just a TV commercial that usually tend to offer a product persuasively, but instead it is offering a WOM (word of mouth) referral marketing program and automatically also indirectly persuasivaely making people to also be a consumer of Sunlight dishwashing liquid. This is an interesting phenomenon to be discussed on this research. Since as written in Handi Irawan D. research that Indonesian people has the tendency to gather, do social interaction, and also do WOM (word of mouth). And as it were in the 'Unilever 1000 sunlight agent program' TV commercials that pictured this daily reality of Indonesian people that likes to mingle and socialized, and it also shows WOM (word of mouth) referral marketing of the product. This means that there is an adjustment of this global consumer good product into the Indonesian custom and culture, or in other words called 'Localized'.

In keeping with Unilever's multi-local strategy, products which reflect the needs and preferences of local consumers are to be developed for the respective markets. Unilever manages to do this by carrying out local adaptation to respective globally marketed[22]. This is accordance to the Unilever's Visions that is stated: 'our deep roots in local cultures and' markets around the world gives us our strong relationship with consumers and are the foundation for our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers. A truly multi-local multinational.'[23]

Sunlight has been available in Indonesia for more than 25 years with bar format as a start. During the 80's, Sunlight launched liquid format which turned out to be the first dishwashing liquid product in Indonesia. For 20 years Sunlight liquid has managed to be the biggest dishwashing liquid brand in Indonesia with many innovative activations and promotions[24]. In Marketing there are several ways to manage consumers or a market, this is a job of a skillful marketer, such as; enter a

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[22] Willer, Ragnar Karl, "Dispelling the Myth of a Global Consumer Indonesian Consumer behavior Researched by Means of an Analytical Diagram for Intercultural Marketing. With a Case-Study of Sunsilk Shampoo for the veiled woman." , Dissertation, University of Berlin, German, 2006.
[23] http://www.unilever.co.id/Images/Annual%20Report%202008_tcm110-170143.pdf

[24] http://www.unilever.co.id/ourbrands/homecare/Sunlight.asp

new market, market development, and applied market retention, Sunlight gain success became a market leader because they applied these strategies in their marketing strategies[25]. They did market retention by several program for example by giving away the soap bowl for dishwashing as a prize so that the consumer will be loyal in using sunlight, because they are going to use the bowl repetitively. They also use the strategies in opening a new market by publishing a small pouch of sunlight on the price Rp.1000 in term to reach the low end market, in the promotion they became focus on the Rp.1000 price to compete the price of the cream soap price which is usually consumed by the lower end market. In other words this is a way to 'steal' the cream soap consumer/ segmentation so they would convert their consumption becoming using Sunlight dishwashing liquid. Besides that for Sunlight, Unilever also made another program for market development, by making the: ' 1000 Sunlight agent program' that is promoted on TV commercial. This program is about using the loyal consumers to get a new consumer to use Sunlight. With a way to recommend, to require, or to get a new consumer. This program is named '1000 sunlight agent' in order to make them feel as if they were an agent of a mission. The mission was to do Sunlight's promotional distributing and to stimulate them to do it as much as possible, Unilever is rewarding 25 million Rupiahs, to them that manage to obtain the most new consumers with ID photocopies as the prove to it in 3 months. In marketing this is known as member get member program or in other words it is called referral marketing, the main idea is to develop an existing market to require a new member to join the market. But what makes This program from sunlight unique is that this program is published widely trough an advertisement, so there just might be an amplifying effect in the WOM referral marketing program all through Indonesia's market.

One of the reason Indonesia's market is chosen for this research is because Indonesia is one of the most potential market for global product and also because of its culture that likes to adopt foreign product because of its confident of its brand, nor

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[25] Istijanto, "63 kasus pemasaran terkini Indonesia: membedah strategi dan taktik pemasaran baru", Elex Media Komputindo, Jakarta, 2007

corporate name. but still the obstacle is the image of Sunlight diwashing liquid is expensive for most low-end segment, the use of its image that foreign daily consumer goods seems to be seen as an expensive and prestigious goods, that is not usually used dailies,[26] cause by the low income phenomenon, so in reality they would prefer cheap and affordable goods to be used for daily usage.

Hence, in this case, Unilever made a business and marketing strategy. They split the same product into different segmentation, based on its size of the package; type of package, so they could be vary price for vary segmentation, and also different advertisement for different segment with different approach which contain different message content and different target. A stated accordance to the performance highlights of Unilever in 2007: ' The launch of Sunlight 90ml pack and the Sunlight 100 activation Helped the Sunlight brand to achieve a record market Share'.[27]

The two different advertisement of sunlight are:

1.   The first Unilever Sunlight ads type describes a happy family using a bottled also big pouch refill of Sunlight dish washing detergent and how efficient sunlight is. The target of the ads is just to promote the product and show the benefit of the product, also the strength compare to other similar product. The segment of this ad is middle-upper income people. That tend to live individually (mostly in big cities of certain segment). So in this ads it doesn't show any referral activity and also contains very limited word, or in other words a low-context ads, adjusted and dedicate for modern people who live individually.

2.   The second Unilever Sunlight ad type is the '1000 Sunlight Agent Program' or in Bahasa Indonesia is translated 'Iklan Program Agen 1000 Sunlight'. What is described in this type of Unilever Sunlight ad is quite similar one to another though there is vary series of it. There are series of each ethical group of Indonesia that is described in its each region with it's local dialect. Also there is a mixture of vary ethnical group in one series of a Unilever Sunlight ads. The diverse type of the

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[26] www.vizbiznet.com

[27] http://www.unilever.co.id/Images/Annual%20Report%202007_tcm110-124995.pdf

product of Sunlight that is used in this ad is the small pouch of Unilever Sunlight dish washing detergent, that only cost Rp.1000, which is cheap and affordable for lower income people a the target of a different segmentation. In the ads it describes there is one person that is trying to attract their surroundings (which is a neighborhood, a public place, a peer group, of other types of gathering people) and once they got attracted, that one person who made the attraction, promotes others in that crowed surrounding to join the '1000 Sunlight agent program' by using or consuming Unilever Sunlight dish washing detergent, that is spread and given for free by the 'Sunlight Agent', and after using it the 'Sunlight Agent' would ask for the empty used package of Sunlight and send it with the new Sunlight Consumer personal identity as a prove that they had been a 'sunlight agent' that has the opportunity to win fabulous prizes. And also promote others in that surrounding to become another agent of the program so they could have the opportunity to win the same prize too. And the endorser of this type of ad is Krisna Mukti a former Abang-None which is known as a former tourism endorser of Jakarta, that bring local values with him. Also in some series of this type of ads is shows how to use Sunlight so it could be very efficient so it won't cost much, it describes that it only need 1 tea spoon of sunlight in a bowl of water, and need to be squeeze with a sponge in order to wash cleanly a pile of 100 dishes. Besides it shows efficiency to maximize the product use to prove how people could save a lot of money when use this kind of product.

What is described in the second type of the Unilever Sunlight dish washing liquid ad is that in this case Sunlight left its image as a global product which is identic with Prestigious for most Indonesian consumer, with out changing its international brand that is using an English language as the Brand name. But what they did is changing the image through the advertisement content and it's local endorser.

It has left expensive image by making a diversification to smaller package/ pouch of the same product, rather than creating a low price. So that it could be affordable by low income people. So they could reach this lower segment which is the biggest segment based on the consumers pyramid or in other words the bottom of the consumer pyramid segment. And about the description about how to use Sunlight

dish washing detergent efficiently, is also a product education, in term to create a new culture in dish washing, so that people would convert from using the cream soap. In order to 'steal' the cream soap segment, so they could have a bigger and larger market share of this product. This is what is not described by other similar product, and what makes Sunlight more familiar than other similar producers.

Also in this ad the main message is to promote Sunlight dish washing liquid to others by word of mouth marketing in a social way, instead of a formal way. And just by using your daily habit as Indonesian that likes to chatter a lot with others you can also provide money easily if u get another consumer to become a Sunlight Consumer. as it's social mission to generate the housewife in order to make them more productive.[28] So in other words, Unilever as the producer made an innovative marketing way in marketing a certain product in this case Sunlight by stimulating to do word of mouth promotion or WOM referral marketing through a commercial ad and also by taking benefit from one of Indonesia's local custom which is mingling.

This shows how culture issue can be used as a approach in the message and also can be use as a marketing strategies by using the local custom, which is in Indonesia, people are so sociable and likes to gather, mingle and share stories to each other and are very friendly to one and another that cares a lot to their surrounding, and also willing to do something for others in term to help nor to join the part of the trend that is issued in the social group either for a long term or a short term.

As described above we can see that by using local cultural custom/ habit can be a effective way to promote a marketing way. And in this case the segment target is the lower segment consumer pyramid, though it is not absolute for it and also available for middle and upper segmentation too. But in reality, in the case of Indonesia, the lower segment the consumer pyramid has as its background, that the lower it gets to the bottom of the pyramid then the more sociable they are. This social sense gets higher the more lower of the pyramid goes, is because the sense of belonging to one and another because of the similar luck they got. So in order to

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[28] http://www.unilever.co.id/ourbrands/homecare/Sunlight.asp

survive life they have this high intention to help one another when is more unlucky at that moment. That create a strong social bonding to one and another and automatically also creates a strong social control to one and another. And the big Idea of this kind of marketing strategies is if the message of the ad which is creating the word of mouth referral marketing among the Indonesian market/ consumers that is published and promoted through the '1000 Sunlight Agent Program' ad. It could be imagined how rapid the consuming of this product could grow if this strategies worked as planned. And it could also increase its market share if they manage to also could reach the lowest consumer pyramid segment. For lots of reason, one of the reason is that lower consumer pyramid segment has the tendency of impulsive buying because of its habit of short term thinking influenced by is lower education experience, and also because economical reason, they would buy anything that they afford to buy according to the income they gain daily, this makes them a sort of habit that prefer buying things in a small amount continuously, though if we accumulated it is not economically efficient either.

That description represent the dominant population of the Indonesian people, with its culture that likes to do social activities, such gather and mingle, with a friendly attitude, then the Unilever marketer idea of social networking to gain new customers, from friendships and peer groups, even neighborhoods, that became a new phenomena in the marketing strategy for consumer goods. And even more interesting because it besides it has become a new innovation in the marketing strategy, it also did not change the "global brand" with sounds very "western" that is not quite familiar to the Indonesian people knowledge in general to make an approach to the local consumers, but still could be accepted widely in the Indonesian local market, because of the advertising is emotionally touching the Indonesian consumers because it fits with the daily Indonesian culture. And also it gain success in devouring the uniqueness of Indonesian consumers that became an obstacle and barrier all these time for most global marketers for global consumer goods.

Several companies have been successful through the WOM referral marketing process. In spite of the success stories, and its significant influence on marketing, WOM referral marketing is still a relatively understudied marketing concept.

To know more about the phenomena of the effectiveness of the localized advertisement of a global product that is 'Glocalized', by delivering the message locally of the marketing strategies or ways by the idea of consumer get consumer by being a 'Sunlight Agent' as Unilever marketing strategies for the product Sunlight dish washing liquid trough advertisement the writer is interested to do a research with the title:

"The Effectiveness of Localized Advertisement Communicating Word Of Mouth Referral Marketing Strategies for Global Consumer Goods in Indonesia."
Case Study: 'Unilever 1000 sunlight agent program' TV commercials (Vary series 2008-2009)

1.2. Research Question

Based on the background above, these are the problems to be analyzed:

1. How effective a 'Localized' advertisement in communicating Word of Mouth referral marketing Strategy for global consumers goods in Indonesia conducted to the consumer's pre-purchasing thinking and the product involvement. By studying the case of 'Unilever's 1000 Sunlight Agent Program' advertisement (vary series 2008-2009) as the focus?

1.3. Research Objectives

The purpose of this research is:

1.   To measure the effectiveness of the 'Localized' advertisement in communicating Word of Mouth referral marketing strategies of a global consumers goods in Indonesia conducted to the consumer's pre-purchasing thinking and the product involvement. By studying the case of 'Unilever's 1000 Sunlight Agent Program' TV commercials (vary series 2008-2009) as its focus.

1.4 Research Purposes

1.4.1. General Purposes

•   Doing a research about the effectiveness of The 'Localized' Advertisement by taking focus on the study case of 'Unilever's 1000 Sunlight Agent Program' TV commercial in delivering a message comprehensively.

1.4.2. Specific Purposes

•   Obtaining an evaluation of WOM Referral Marketing of the 'Unilever's 1000 Sunlight Agent Program' TV commercial viewer , about the 'Unilever's 1000 Sunlight Agent Program' which is the content of the message of this ad.

•   Identifying the Consumer Characteristic as the Audience of the 'Unilever's 1000 Sunlight Agent Program' TV commercial from it's geographic and demographic aspects. So the facts that is found in this research can also be an input for the advertising people also marketers in dealing with Indonesia's real Characteristic so that being able to make a proper advertisement and/ or marketing strategies that suits with Indonesia's unique character.

1.5 Research Significances

1.5.1. Scientific Significance

The result of this research is expected to be an academic input especially in the field of Marketing Communication Management concentration for the Communication Management Graduate Program, especially that is related with marketing strategies for global consumer goods or products in Indonesia, and is market characteristic.

This research is meant to know or reviewing about the factors that can support the owner of this Advertisement, in this case Unilever, to reach its goal, which is in order to increase it's company profit they tend to widen up the market share of Sunlight dish washing liquid, by entering another segmentation which is the lower end segmentation, in a way using WOM referral marketing to gain new consumer in this segment.

Hopefully for the academic society this research purposes is as the body of reference for better future research. So that the academic society is stimulated to dig even deeper so that it can be knowledge feed about theories and facts about marketing strategies.

1.5.2. Practical Significance

The result of this research hopefully can be a recommendation for the global marketers for an input in combining marketing mix in planning a marketing strategy in the Indonesian market to be able to understand the characteristic of Indonesian unique consumer behavior that is quite different from the other consumer in other markets in the world.

By making a study case of the 'Unilever 1000 Sunlight Agent Program' TV commercials (vary series 2008-2009) as a new phenomena that a global consumer goods, could use local culture as its approach in the Indonesian market, also without leaving its global image and brand. It shows that emotional advertising is quite

effective in term to be accepted in the unique Indonesian market, even though Indonesian market are one of the most unique market with its specific characters.

The goals in this research are to explore the uniqueness diversity of the Indonesian market reality in term to provide detail information and knowledge of Indonesian consumer as a part of the global market potential.

The reason of studying the case of The 'Unilever 1000 Sunlight Agent Program' TV commercials is because that TV commercial represent a lot of Indonesian cultural values in general, Indonesian habit, cognition awareness, ways of communicating, and also consuming pattern.

1.6. Research Limitation

1. This research is limiting the effectiveness of the 'Localized' Advertisement in delivering the message in the 'Unilever 1000 Sunlight Agent Program' TV commercials only on the cognitive and affective stage, and not entering the conation stage. Hence, not to analyze other cases.

2. This research is to analyze how far a marketing strategy as this which combines Advertisement and Word of Mouth referral marketing is effective to affect the Audience. Though in reality the success of this communicating program is also affected by other factors that is not discussed in this research, such; consumer preference, knowledge background, consumer's needs, consumer's habit, etc.

3. This research is only focusing in 1 type of Unilever Sunlight TV commercial though in vary series of it, which is the type of 'Unilever 1000 Sunlight Agent Program', and not comparing to other types of Unilever Sunlight's TV commercials. This may be dedicated for certain and/ or different purposes, segmentation, type of product, and message content. Which this type of Ad is more to market oriented rather than product oriented.

4. This research is also not measuring Sunlight's success from the point of view of success in market leading by its largest market share, but from the point of view of effectiveness of the Advertisement in communicating the content to the audience as the consumer.

CHAPTER II

LITERATURE

2.1 Advertising Concept

Marketing is a process of a series actions or methods that take place sequentially-aimed at satisfying customer needs profitably. In marketing, information is the key to everything, where giving information to the consumer is a must, for that we use a tool called advertising. And the role of advertising is to inform, persuade, and remind groups of customers, or markets, about the need-satisfying value of the company's goods and services. Advertising is very complex because there are lots of types of advertising that is used to gain the target consumer interest. There is several definition of marketing, such as:

Table 2.1
Definition of marketing

Source	Definition	Component
Kotler and Keller[1]	*"Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor"*	1. *Non-personal presentation* 2. *Promotion*
Stanton[2]	*"Advertising consist of all activities involved in presenting to a group non personal , oral or visual, openly sponsored message regarding a product, service or idea. This message called advertisement , is disseminated through one or more media and is paid for by the identified sponsor"*	1. *Non-personal presentation* 2. *Oral presentation* 3. *Visual Presentation* 4. *Openly sponsored message* 5. *Media* 6. *Identified sponsor*

Source: provided from several source

According to the Kotler, Keller, and Stanton opinion, it can be stated that advertising is a form of non-personal representation where this representation is used to communicate an idea, a product, or a service that uses the right media. Also it's very important that the company that is making the ad is identified. Even

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[1] Kotler, Philip; Keller Kevin lane, Marketing management, pearson, Prentice Hall, 2006
[2] Beeton, S.;Bowen, H; & Santon, C.A.,"the State of Knowledge: Mass Medias and its Relationship to perceptions of Quality Tourism Experiences, Butterworth Heiman, Oxford,2005

better, ad is a message communicator through media that persuade suggestively, to generate behavior or publics interest to do something positive.

2.1.1 Definition of Advertising

Advertising is just one type of marketing communications.

The Ads functional definition of advertising is the structured and composed nonpersonal communication of information, usually persuasive in nature, about products (goods, services, and ideas) by identified sponsors trough various media.

First: Advertising is a type of *communication*; it is actually a very *structured* form of applied communication, employing both verbal and nonverbal elements that are *composed* to fill specific space and time formats determined by the sponsor.

Second: Advertising is typically directed to groups of people rather than to individuals. It is therefore *nonpersonal*, or *mass*, communication. These people could be consumers.

Most advertising is *paid for* by sponsors. An ad identifies its sponsored. Of course, most advertising is intended to be persuasive-to win converts to a product, service, or idea. Some ads, such a legal announcements, are intended merely to inform, not to persuade. But they are still ads because they still satisfy all the other requirement of the definition.

Increasingly, advertising is used to advocate a wide variety of ideas, whether economic, political, religious, or social. Product encompasses goods, services, and ideas.

Finally, advertising reaches us through a channel of communication referred to as a medium. An advertising medium is any paid means used to present an ads to its target audience.

Advertising can be seen from several dimensions:

1. Communication dimension.
2. Marketing dimension.
3. Economic dimension.
4. Social and ethical Dimension.

First and foremost, advertising is communication - a special kind of communication. Ethical advertiser and agencies work as a team to discover and use the best methods possible to tell their story truthfully and creatively to the marketplace. To succeed, advertiser must understand the elements of the advertising communication process, which is derived from the basic human communication process.[3]

Figure 2.1 The Human Communication Process
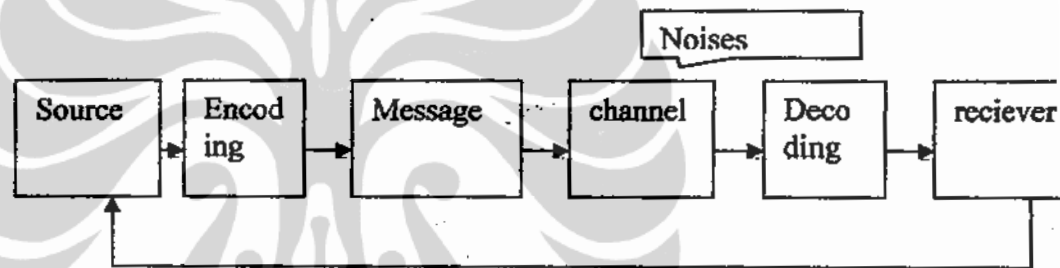
The process of the communication begins when one party, called the source, formulates an idea, encodes it as a message, and sends it via some channel to another party, called the receiver. The receiver must decode the message in order to understand it. To respond, the receiver formulates a new idea, encodes it, and then sends the new message back through some channel. A message that acknowledges or responds to the original message constitutes feedback, which also affects the encoding of a new message[4]

The source is the sponsor, the message is the ad, the channel is the medium, the receiver is the consumer or prospects, and the noise is the din of competing ads and commercials. But this model oversimplifies the process that occurs in advertising or other sponsored marketing communication.

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[3] Arens, William F., "Contemporary Advertising", International Edition, 9th Edition, McGraw-Hill, 2004

[4] Peter, J. Paul; Olsen, Jerry C., *understanding consumer behavior*, Burr Ridge, 1994

Source Dimension:

- The Sponsor

- The Author

- The Persona

Message Dimensions:

- Autobiography,

- Narrative

- Drama.

Receivers Dimension:

- Implied

- Sponsorial

- Actual Consumers.[5]

Figure 2.2 The Stern model of the advertising communication Process[6]
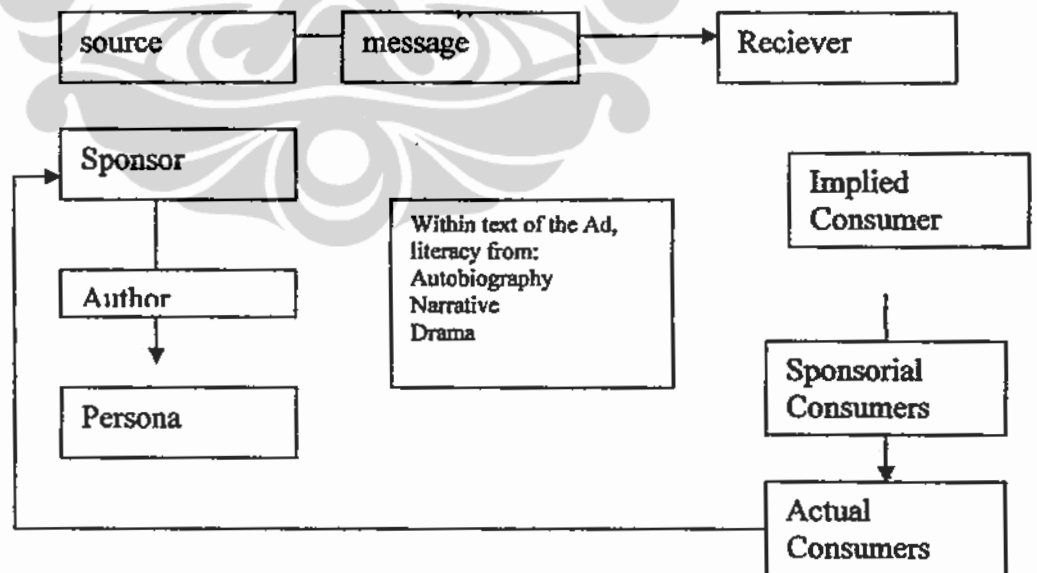
[5]Arens, William F., "Contemporary Advertising", International Edition, 9th Edition, McGraw-Hill, 2004 p.10-
12

[6] ibid

2.1.2 Competitive Advertising

As described before that advertising is a message communicator through media suggestively to persuade, and influence behavior or publics interest to do something positive. In other words advertising is a tool that is used by marketers for marketing a product. This is also stated by Land (2008) that advertising has a communication function to inform a product, describes an important change, reminding and stating, also targeting consumer.

In its growth, advertising now has become the most effective tool in selling products or brand, and this has been realized by marketer in all over the world, so no wonder there are lots of marketer that makes vary kinds of interesting ads. Its just that what is the main thing is how to sell a similar product in the perfect market competition? We can imagine how hard for a consumer to choose a similar consumer goods. For that it is importance to make a difference or to explore uniqueness of a product compare to other similar products as stated by Ogilvy (2002: 48) that "The more informative your advertising, the more persuasive it will be". This is what encourage companies to make lots of version to gain consumer's interest. Advertisements of competitive similar product that is known as competitive advertising. And here are some definitions of competitive advertising:

Table 2.2
Definition of competitive advertising

Source	Definition	Component
Bonfrer[7]	*"Clutter (high level of advertising) that arises from ads delivered by competing brands at or near the same time and place as those for a focal brand"*	1. *Clutter* 2. *Ads by competiting brand* 3. *Focal brand*
Steenkamp[8]	*"A never-ending sequence of marketing actions and competitive reactions that eventually shape both the structure of a market and the performance of its participants"*	1. *Marketing action* 2. *Competitive reaction*
Wells[9]	*"Advertising activity in a crowded product category"*	1. *Advertising activity* 2. *Crowded product category*

Source: provided from several source

Based on the table above, it can be assumed that competitive advertising is a high frequency advertising that is created cause by the competition of the well known brands in a term of time at the same period, where high frequent advertising can change the market structure and also the performance of the market players.

Competitive advertising currently has become a very effective tool for marketers to compete with their competitors. Consumer can easily forget the product that they usually use caused by the effect that is created by the competitive advertising , as Stated by Bonfrer that " the competing advertisements helps consumer 'forget' the previously advertised attributes for

[7] Danaher, Peter J.; Bonftrer, Andre; & Dhar, Sanjay, " The effect of Competitive Advertising Interference on sales for Pakage Goods", Journal of Markreting research, Melbourne Business school, 2008
[8] Steenkamp, Jan Benedict E.M; Hoffman, Donna L., *Pricing and Advertising as Market Signals for Services Quality,1994,* in:: Rust, Roland T.; Oliver, Richard L., Service Quality: New Dirfections in theory and practices, Newbury Park (CA): sage
[9] Wells, Alkexander T; Chandbourne, Bruce D., *General Aviation Marketing,* Mac-Graw Hill, 2000

the focal brand" and "competitive clutter is commonly associated with television". Television is the current best media to floor a competitive ad, where consumer can recognize descriptions of a product by audio-visual so it easy for consumer to process and understand the message. the effect that is caused by a competitive ad of product A obviously is going to affect its competitor for example product B, where the stimulate that is given by the product A ad is capable to make the consumer of product B forgets the product and convert becoming consuming product A.

The number of stimulations in the market is known as competitive interference by the specialist. Which is interference or competitive stimulation that is given by the marketer in marketing a product to affect consumers and also their competitors. The effect of this interference can decrease the level of ad appearance (low-clutter) of a product in television so it is covered by other product ad that makes consumers not noticing the product existence and forget it.

Kent[10] said" advertisers can't bring back the low-clutter television environment, but they can modify their tactics to increase ad effectiveness in the present context" that is supported by Wang (1996) where is also stated that "the biggest driver of competitive interference is not so much the weight of advertising but the number of competing advertisers, a useful tactics is to anticipate when competitors are going to advertise and choose to advertise when they do not". From the statements of the experts we can assume that good tactics are needed to increase the company's revenue by competitive advertisement.

2.1.3 Advertising Effectiveness

Advertising is concerned with the promotion aspect of the marketing process. it is one of several tools marketers use to inform, persuade, and remind groups of customers (markets) about the need-satisfying value of their products and services. Advertising effectiveness depends on the communication skill of the advertising person. It also depends on the communication skill of the advertising

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[10] Maddock, Richard C.; Fulton, Richard L.Marketing to the Mind, E-book

person. It also depends on the extent to which firms correctly implement other marketing activities, such as market research, pricing, and distribution.

Successful advertisers understand the complexity of consumer behavior, which is governed by three personal processes: perception, learning and persuasion, and motivation. These processes determine how consumers see the world around them how they learn information and habits, and how they actualized their personal needs and motives. Two sets of influences also affect consumer behavior: interpersonal (the consumer's family, society, and culture) and nonpersonal influences (time, place, and environment). These factors combine to determine how the consumer behaves, and their influence differs considerably from one country to another. Advertisers evaluate the effect of these factors on group of consumers top determine how best to create the messages.

Once customers or prospects are motivated to satisfy the needs and wants, the purchase process begins. Based on certain standards they have established in their own minds, the evaluatives meets their evaluation criteria, they may experience cognitive dissonance in the form of post purchase doubt and concern. An important role of advertising is to help people cope with dissonance by reinforcing the wisdom of their purchase decision. The result of the post purchase evaluation will greatly affect the customer's attitude toward future purchase.[11]

2.1.4   Advertising Effectiveness Measurement

Verbally, competitive can also be defined as competing, hence competitive advertising is an ad that is able to compete with other similar ad. The key of an ad that is able to compete is creativity, which is how company represents a unique ad, different than the other similar ones hence capable to attract many consumers to consume the product. Wells[12] stated that "everything about the success of particular advertisement depends on the target audience receiving and processing it accurately and completely" that underline the importance of the capability of consumer in absorbing the content of the message that is deliver by the company among the other similar ad that is also consumed

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[11]Arens, William F., *Contemporary Advertising*, International Edition, 9th Edition, McGraw-Hill, 2004. p.165

[12] Wells, Alkexander T; Chandbourne, Bruce D., *General Aviation Marketing*, Mac-Graw Hill, 2000. p.152

by consumers. For that will be needed a measurement of understanding in the message receiving process that is stated by Wells which is:

- *Perception*

  Making consumer aware about the existence of the message of ad that the marketers delivers, this can be execute by three levels which is exposure (fulfilling the minimum needs of a perception), attention (to keeping the consumer focus), stopping power(creating a baldness to support attention).

- *Awareness*

  The message that is delivering has been an attention so the consumer can tell which marketer sent that message.

- *Understanding*

  Drag consumer to understand either to learn about the root of the message that is delivered.

- *Persuasion*

  Make consumer always remember the truth, benefit, emotion and things that is include in the message that is communicated by the ads.

- *Retention/Memorability*

  Making consumers remembers the message that is delivered by the ad so that marketer could lock the consumer way of consumer.

To make consumer always remember the message that is delivered by the marketer then it is important that an ad should be creative and unique. As written before, the stage of perception is the stage that really matters a lot in increasing the consumer's trust of the ad, for that reason a good ad has to have a temptation to gain consumer interest.

Steenkamp[13] floored factors of competitive advertising that could be measured to know the strength of a brand, in which:

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[13] Steenkamp, Jan Benedict E.M; Hoffman, Donna L., *Pricing and Advertising as Market Signals for Services Quality,1994,* in:: Rust, Roland T.; Oliver, Richard L., Service Quality: New Defections in theory and practices, Newbury Park (CA): sage

1. *Impulse category*

   A pressure that is shown by an ad that makes consumer to make purchase or in other words 'creates' need so by giving knowledge to consumer to do the purchasing process.

2. *Market concentration*

   Which is the target consumer that is determinate by the company to do purchase of their product where ad can be impulsive that continue persuading the same consumer until the purchasing activity happens just the way the company targeted.

3. *Category growth*

   Which shows a brand development of a product through advertising. This development is important to increase consumer trust of a brand that is image as developing as the consumer needs.

4. *Interpurchase time*

   Which is a period where ad presentate a brand more intensive to increase consumption of a certain product (e.g. in chrismast or new years)

5. *Advertising intensity*

   Is the amount of ad that is delivered in a certain period of time. The more an ad is presentate is believed that it can also increase the consumer's memorabiulity for a brand

6. *Price promotion intensity*

   The amount of promotion price that is delivered in an ad

7. *Ability to stockpile*

   This is a guarantee of existence of a brand that is being promoted in an ad.

Based on those categories that is floored then this research is using those factors that are stated by Steenkamp because those factors can be used as a measurement in determining the advertising effectiveness.

2.1.5 Advertising and Culture

No single designer, company or advertising agency is solely responsible for creating popular culture. The set of individuals and organization responsible for creating and marketing a cultural product is a cultural production system (CPS)[14]. The different members of a culture production system may not necessarily be aware of or appreciate the role played by other members, yet many diverse agents work together to create the roles played by other members yet many diverse agents work together to create popular culture. Each member does his or her best to anticipate which particular images will be most attractive to a consumer market. Of course, those who are able to forecast consumers' tastes consistently will be successful over time.

Advertising and culture can work reciprocally, culture can influence advertising and also the way around, advertising can create culture.

There are several types of advertisements conducted to culture:

Table 2.3 The types of Romanian advertisements[15]

No.	Types of advertisements	Message		Producers (companies)
		Copy	Illustration	
1	Global / Fully standardized advertisements	The copy is not translated	Identical	Transnational companies (TNC) Multinational companies (MNC)
2.1	Glocal / Partly standardized advertisements (adapted to the national / local culture)	The copy is partially translated / modified	Identical	TNC MNC
2.2			Modified	TNC MNC
2.3			New	TNC MNC
3	Local advertisements (created for the national culture)	New	New	National / local companies TNC (rarely) MNC (rarely)

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[14] O'Connell, Vanessa, 'Courvoisier to launch clothing line: Luxury sportswear plans to transform liquor label into lush lifestyle brand', *The Wall Street Journal Online*, 2004.
[15] Sanda, Cristea, "The Romanian Modern/ Postmodern Advertising In Magazines", Faculty of Economics, University of the West Timisoara, Timisoara, 2008.

In term to make an advertisement there are several point that has to be consider by marketers, such as the consumer behavior and the culture that is influencing it.

2.1.5.1 Customer's Culture

The field of consumer behavior covers a lot of ground: it is study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

Simply, understanding consumer behavior is good business. A basic marketing concept holds that firms exist to satisfy consumers' needs. These needs can only be satisfied to the extent that marketers understand the people or organizations who will use the products and services they are trying to sell, and that they do so better than their competitors.[16]

Indeed, it is quite common for cultures to modify symbols identified with other cultures and present these to a new audience. As this occurs, these cultural products undergo a process of **co-optation**, where their original meanings are transformed and often trivialized by outsiders.

Culture is a crucial concept to the understanding of consumer behaviour, may be thought of as the collective memory of a society. Culture is the accumulation of shared meanings, rituals, norms and traditions among the members of an organization or society. It is what defines a human community, its individuals, its social organizations, as well as its economic and political systems. It includes both abstract ideas, such as values and ethics, and the material objects and services, such as cars, clothing, food, art and sports, that are produced or valued by a group of people. Thus, individual consumers and groups of consumers are but part of culture, and culture is the overall system within which other systems are organized. This is a relatively new idea.[17]

Company that are concerned with international markets need to be aware of the relevant various market considerations to their operation.

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[16] Solomon, Micheal R., *Consumer Behavior: Buying, Having, and Being*, Pearson International Edition, Prentice-Hall, New Jersey, 2007, p.10

[17] Solomon, ; Micheal; Bamossy, Gary; Askgaard, soren; Hogg, Margaret K., Consumer Behavior: As European Prespective, 3rd Edition, Harlow, England, 2006

The range of international interests needs to be reflected in the marketing information system developed and used by the company. All companies should collect data collect data concerning SLEPT and C factors at a macro world level. The more detailed and specific information of individual country markets will depend upon companies; international marketing plans and planning processes.

Various approaches have been used to structured an analysis of the international environment. Two such approaches are SLEPT (Social/ cultural, Legal, Economic, Political, Technological) and PEST (Political, Economic, Social/ cultural, Technological).

The lead position of social/ cultural factors in SLEPT is useful because it emphasis the significance of such considerations in international marketing. As we will see later, the tendency to interpret differences market from one's own experience (self-reference criterion) can lead to mistakes.

The type of consumer buying behaviour varies according to the type of buying decision. The main influence related to the differences between the brands available to the consumer and the degree of personal involvement in the decision.

Table 2.4 Four types of buying behavior

	Low involvement Low price, low risk	High involvement High price, high risk
Few differences between brands	Brand loyal repeat purchasing influenced by price and sales promotion offers	Buying process is relatively quick because of the limited differences
Significant differences between brands	Brand switching but with limited information gathering	Information gathering and processing is important. Purchase decision is significant.

Source: Adapted from Assael (1985) and Kotler (1988)

The buying behavior of consumer is influenced by many personal and social factors. Kotler (1988) when looking at the factors influencing at the factors influencing buyer behavior, identified the following influences:

- Cultural
- Social
- Personal
- Psychological.

We need to understand how buyer behavior in international market is affected by social and cultural factors and to modify our understanding of buyer behavior to take account of cultural influences that affect buyers differently in different parts of the world.

Figure 2.3 Social and cultural influences on international buyer behavior[18]

Cultural differences
- Language, spoken and silent
- Mental processes and learning
- Values and norms
- Rewards and recognition

Type of buyer behavio
- Customer
- Business
- goverment

The influence of the market
- Distribution channnel
- Manufacturer
- Service provider

BUYER

The influence of oth in the buying proces:
- Decision-mak unit
- Family
- peers

Specific cultural influences
- Religion
- Education
- Family
- Reference groups

SLEPT influennces buyer behaviour
- Social/ cultur
- Legal
- Economic
- Political
-

Culture is difficult to define precisely. The way in which people live together in a society is influenced by religion, education, family, and referenced groups. It is also influenced by legal, economic, political and technological forces. There are various interaction between influences.

Different societies learn and understand facts and ideas in different ways. The importance of work, the use of leisure, the types of reward and recognition that people value vary from culture to culture. the ways different societies communicate: different spoken language are used, the used of space between people, will vary can be seen as a cultural difference.

Culture is expressed in a variety of ways. Values and norms are one way. Artistic expression of culture is another way. (p.2)

One way to approach the analysis of cultural influences is to examine cultures by means of a high context/ low context analysis. Because language are an important component of culture and an important means of communication, we will look at spoken languages and silent languages.

Hall (1959) used this finding to make a generalized division between what he referred to as 'low context cultures' and 'high context cultures'.

- **Low context cultures** rely on spoken and written language for meaning . senders of messages encode their message expecting that the receivers will accurately decode the words used to gain a good understanding of the intended message.

- **High context cultures** use and interpret more of the elements surrounding the message to develop their understanding of the message. In high context cultures the social importance, knowledge of the person and the social setting add extra information, and will be perceived by the message-receivers.

Engel, Blackwell and Minniard (1990) 'suggest' the following framework to integrate the analysis of consumer behavior and culture. A series of questions are posed about buyer behavior, culture, and the stability of various marketing communication approaches:

- Determine relevant motivations in the culture.

- Determine characteristic behavior patterns.
- Determine what broad cultural values are relevant to this product.
- Determine characteristic forms decision-making.
- Evaluate promotion methods appropriate to the culture.
- Determine appropriate institutions for this product in the minds of consumers.[19]

Figure.2.4 The Culture Production Process [20]

CULTURE PRODUCTION PROCESS
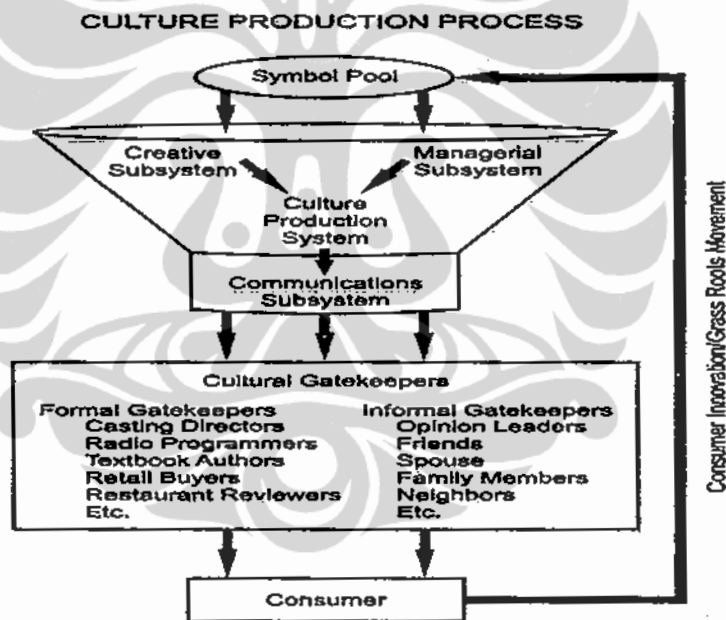
The first insight is that "the global-only campaign does not exist" (Lindstrom, 2006) and that Theodore Levitt's prophecy of the globalization of markets and universal standardization did not eventuate. By the same token universal localization does not exist either. Rather, the dominant global marketing communications approach is that of "glocalization" – an amalgam of global

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[19] Keegan, Warren J., Global Marketing Management, 7th edition, Prentice-Hall International, Inc, 2002. p.83-84

[20] Solomon, Micheal R., *Consumer Behavior: Buying, Having, and Being*, Pearson International Edition, Prentice-Hall, New Jersey, 2007

strategy and local adaptation. This is likely to remain the dominant model at least for the foreseeable future (Sinclair, 2001).

Within this focus on the "glocal", the specific approach that each corporation takes can shift depending on which aspect of its overall operations is involved. Thus, organization, product and advertising can and often are globally aligned or locally adapted to differing degrees depending on the company, the particular point in time, and other circumstances. Interestingly, though, when limited to advertising alone, there is remarkable consistency over the ten year time period examined here in the way that personal products and food brands have been advertised.[21]

As described above global strategy for marketing strategy with advertising as one of the tool and local adaptation with culture as one of its most influencing factors is a phenomenon that could be implemented which we can see obviously the strong bond and relationship inn gaining success of the global product in as local market. Because an advertisement contains a message in order to communicate the product.

These are consideration in a standardized message allows certain level of modification to meet the demands of local markets. In that way it allows certain economy as well as respecting specific demands of local culture. However implementation of strategy of uniform advertisement is often limited by:

- Different functions of products on certain markets. For example u Europe, bottled mineral water is used mainly because of mineral ingredients while in USA it is used regardless.

- Differences in culture. For example, the advertisement of Procter and Gamble for the shampoo "Wash and go" didn't succeed in Poland because it doesn't take into account demands of local culture. The advertisement showed a woman coming from the pool to take a shower. However in Poland only a small percentage of people have pools while majority has baths not shower;

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[21] Wilken, Rowan; Sinclair, John, "Global vision, Regional Focus, "Glocal" Reality:Global Marketers, Marketing Communications, and Strategic Regionalisation", The Australian Centre, The University of Melbourne, 2007

- Different stages of product life expectancy. For example at the time of hyperinflation in Federal Republic of Yugoslavia in 1993 throw away diapers were considered a luxurious commodity;

- Different wishes of consumers. People in different countries can show different willingness to buy the same product, which can influence conception of global commercials. Also people may have similar visions in life but different wishes because of different views toward accepted ways of realization of their vision and

- Different attitudes of customers. In some countries attitudes of consumers are based on personal experiences and are stronger than attitudes based on indirect sources. Attitudes affect reactions of people to advertising commercials e.g. an original and very successful advertisement in USA for a know perfume "Charlie" which shows behavior of an emancipated woman didn't have any success in South American countries [3, pp. 463-464].

Managers of internationally oriented must understand that decisions on standardization or modification of advertising considerably depend on motivation of consumers on certain markets. If consumers on different markets buy similar products (for different reasons) than the strategy must respect these differences. On the other side when consumers from different markets react similarly to certain stimuli it is not necessary to create different advertising messages.

Debate among theoreticians, supporting standardization and those who support local modified advertising will continue. However it is not advisable to support only extremes since none of them is consistent. It is certain that considerable obstacles in implementation of standardize advertising strategy will remain (e.g. political, economical, and cultural and other differences between market and consumer (buyer). That should not discourage managers to formulate global advertising strategy and to channel it to worldwide markets, standardizing what is possible and modifying what is necessary.[22]

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[22] Milovanović, Goran, Marketing Dimension of Global Advertising, The scientific journal Facta Universitatis, *Series:* Economics and Organization, Vol.1, No 5The Faculty of Economics, University in Niš, Trg VJ 11, 18000 Niš, Yugoslavia, 1997

2.1.5.1.1 Definition of Culture [23]

From the point of view of communication, Culture can be defined as the complex combination of common symbols, knowledge folklore conventions, language, message –processing patterns, rules, rituals, habits, lifestyle, and attitudes that link and give a common identity to a particular group of people at a particular point in time.

The most common use of the term "culture" is as a synonym for country or nation. E.B. Taylor in 1871 describe as having to do with "that complex whole which includes knowledge, beliefs, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.

Symbols are basic to the culture of each society. Spoken and written language are the most basic cultural element, but the other symbols serve this same role. Particular objects, places, people, ideas, documents, songs, and even folk tales maybe important to a culture.

Within societies, as in other social systems, communication allows individuals to create, share, and perpetuate culture by their activities.

Culture –whether of relationship, groups, organization, or societies- serve several common functions related to communication:

- Linking individuals to one another;
- Providing the basis for a common identity; and
- Creating a context for interaction and negotiation among members.

As much as it is accurate to say that culture is defined, shaped, transmitted, and learned through communication, the reverse is equally correct. In effect, then, there is a reciprocally-influencing, or reciprocally-defining, relationship between human communication and culture. Through communication we shape our cultures; and in turn, our culture shape our communication patterns.

2.1.5.1.2 Indonesian Custom and Culture

Indonesia is a hugely diverse nation. It is made up of over 17,500 island (6000 of which are inhabited) which are home to over 300 ethnic groups. Each province has its own language, ethnic make-up, religion and history. Most people

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[23] Ruben, Brent D; Stewart, Lea P., Communication and Human Behavior, 4th Edition, Allyn and Bacon, US, 1998

will define themselves locally before nationally. In addition there are many cultural influences stemming back from differences in heritage. Indonesians are a mix of Chinese, European, Indian, and Malay. Although Indonesia has the largest Muslim population in the world it also has a large number of Christian Protestants, Catholics, Hindus, Buddhists, and non-believers. This great diversity has needed a great deal of attention from the government to maintain a cohesion. As a result the nation motto is "Unity in Diversity", the language has been standardized and a national philosophy has been devised known as "Pancasila" which stresses universal justice for all Indonesians.

Due to their diverse nature of Indonesian society there exists a strong pull towards the group, whether family, village or island. People will define themselves according to their ethnic group, family and place of birth. The family is still very traditional in structure. Family members have clearly defined roles and a great sense of interdependence.

As most group oriented cultures, hierarchy plays a great role in Indonesian culture. Hierarchical relationships are respected, emphasized and maintained respect usually shown to those with status, power and age. Although those higher up the hierarchy make decisions Indonesia are advocates of group discussion and consensus. This, ties back to the idea of maintaining strong group cohesiveness and harmonious relationship.

Due to the need to maintain group harmony the concept of 'face' is important to understand. In Indonesia the concept is about avoiding the cause of shame. Consequently, people are very careful how they interact and speak. The nuance of the concept it is crucial to keep one eye on ones behavior. One should never ridicule, shout at or offend anyone. Imperfections should always be hidden and addresses privately. Similarly blame should never be aimed at any individual/group publicly. In Indonesia things are not rushed as the attitude is that everything has its time and place. Time does not bring money, good relationship and harmony do.[24]

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[24] www.kwintessential.co.uk

2.1.5.1.2.1 The Cultural Dimensions

The Geert Hofstede analysis for Indonesia has very high power distance with offsetting low individualism. This establishes an authoritarian structure where rank and position are very important. Indonesia has Power Distance (PDI) as its highest ranking Hofstede Dimension at 78. The high Power Distance (PDI) is indicative of a high level of inequality of power and wealth within the society. This condition is not necessarily forced upon the population, but rather accepted by the society as part of their cultural heritage. The average Power Distance for the greater Asian countries is 71.

The second highest Hofstede ranking for Indonesia is Uncertainty Avoidance (UAI) at 48, compared to the greater Asian average of 58 and a world average of 64. This reflects a more moderated influence of this Dimension within the Indonesian society. Generally, a high Uncertainty Avoidance (UAI) indicates the society's low level of tolerance for uncertainty. In an effort to minimize or reduce this level of uncertainty, strict rules, laws, policies, and regulations are adopted and implemented. The ultimate goal of this population is to control everything in order to eliminate or avoid the unexpected. As a result of this high Uncertainty Avoidance characteristic, the society does not readily accept change and is very risk adverse.

Indonesia has one of the lowest world rankings for Individualism with a 14, compared to the greater Asian rank of 23, and world rank of 43. The score on this Dimension indicates the Indonesian society is Collectivist as compared to Individualist. This is manifest in a close long-term commitment to the member 'group', is that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group.

Indonesia has the largest Muslim population of any country in the World with 88% of their population practicing the Muslim faith.

The combination of these two high scores (UAI) and (PDI) create societies that are highly rule-oriented with laws, rules, regulations, and controls in order to

reduce the amount of uncertainty, while inequalities of power and wealth have been allowed to grow within the society. These cultures are more likely to follow a caste system that does not allow significant upward mobility of its citizens.

When these two Dimensions are combined, it creates a situation where leaders have virtually ultimate power and authority, and the rules, laws and regulations developed by those in power, reinforce their own leadership and control. It is not unusual for new leadership to arise from armed insurrection – the ultimate power, rather than from diplomatic or democratic change. [25]
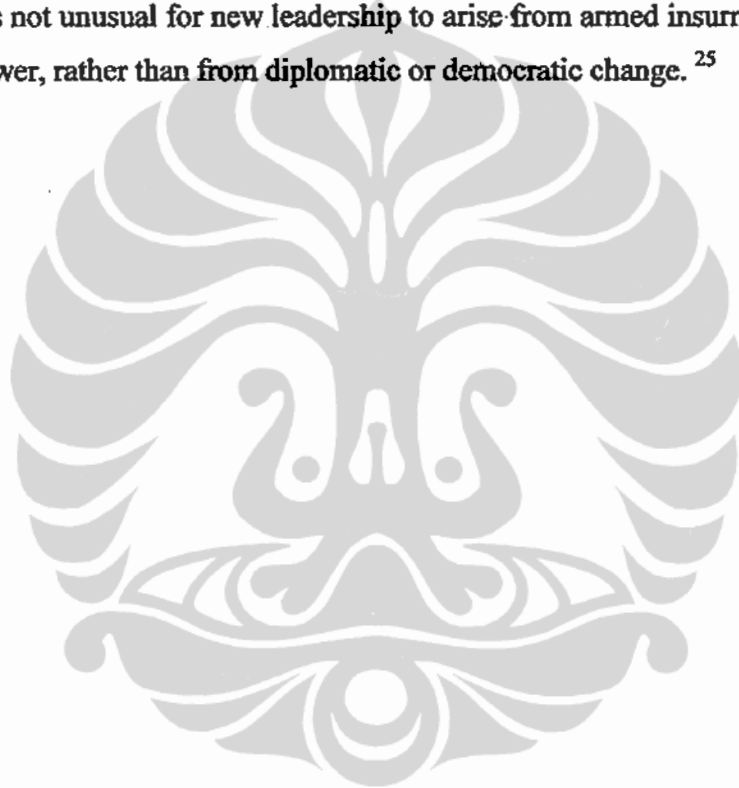
[25] Hofstede, Geert. Culture's Consequences, Comparing Values, Behaviors, Institutions, and Organizations Across Nations Thousand Oaks CA: Sage Publications, 2001

Table 2.5
Hofstede's Dimension of Culture Scales

Country	Power Distance	Individ ualism	Uncertainty Avoidance	Masculinity	Long term orientation
Arab countries	80	38	68	53	
Argentina	49	46	86	56	
Australia	36	90	51	61	31
Austria	11	55	70	79	
Belgium	65	75	94	54	
Brazil	69	38	76	49	65
Canada	39	80	48	52	23
Chile	63	23	86	28	
China, Mainland					118
Colombia	67	13	80	64	
Costa Rica	35	15	86	21	
Denmark	18	74	23	16	
East Africa	64	27	52	41	
Equador	78	8	67	63	
Finland	33	63	59	26	
France	68	71	86	43	
Germany FR	35	67	65	66	31
Great Britain	35	89	35	66	25
Greece	60	35	112	57	
Guatemala	95	6	101	37	
Hong Kong	68	25	29	57	96
India	77	48	40	56	61
Indonesia	78	14	48	46	
Iran	58	41	59	43	
Ireland	28	70	35	68	
Israel	13	54	81	47	
Italy	50	76	75	70	
Jamaica	45	39	13	68	
Japan	54	46	92	95	80
Malaysia	104	26	36	50	
Mexico	81	30	82	69	
Netherlands	38	80	53	14	44
New Zealand	22	79	49	58	30
Norway	31	69	50	8	
Pakistan	55	14	70	50	
Panama	95	11	86	44	
Peru	64	16	87	42	
Philippines	94	32	44	64	19

Poland					32
Portugal	63	27	104	31	
Salvador	66	19	94	40	
Singapore	74	20	8	48	48
South Africa	49	65	49	63	
South Korea	60	18	85	39	75
Spain	57	51	86	42	
Sweden	31	71	29	5	33
Switzerland	34	68	58	70	
Taiwan	58	17	69	45	87
Thailand	64	20	64	34	56
Turkey	66	37	85	45	
Uruguay	61	36	100	38	
USA	40	91	46	62	29
Venezuela	81	12	76	73	
West Africa	77	20	54	46	16
Yugoslavia	76	27	88	21	

Hofstede research publication focus was not on defining culture as refinement of the mind (or "highly civilized" attitudes and behavior) but rather on highlighting essential patterns of thinking, feeling, and acting that are well-established by late childhood. These cultural differences manifest themselves in a culture's choices of symbols, heroes/heroines, rituals, and values.

Hofstede identified five dimensions and rated 53 countries on indices for each dimension, normalized to values (usually) of 0 to 100. His five dimensions of culture are the following:

• **Power-distance**

Power Distance reflects the degree to which a culture believes how institutional and organizational power should be distributed (equally or unequally) and how the decisions of the power holders should be viewed (challenged or accepted). In other words, people in high power distance cultures are much more comfortable with a larger status differential than low power distance cultures. Predictors of Power Distance:

o Climate, measured by geographical latitude. Cultures in high-latitude climate (moderate or cold climates) tend to have low PDI scores. Cultures that have tropical climate tend to have high PDI scores.

- Population. Generally, the more people within the culture, the greater the power distance is likely to be.
- Distribution of Wealth. The more unequally the wealth is distributed within a culture, the greater the culture's power distance.

Consequences of Power Distance: most evident are family customs, the relationships between students and teachers, the young and the elderly, language systems and organizational practices.

• Collectivism vs. individualism

Individualism-Collectivism describes the degree to which a culture relies on and has allegiance to the self or the group.

Predictors:
- Economic development. Wealthy cultures tend to be individualistic, whereas poor cultures tend to be collectivistic.
- Climate. Cultures in colder climate tend to be individualistic, whereas cultures in warmer climates tend to be collectivistic.

Hofstede found a strong negative correlation between a culture's scores on the power distance index and its scores on the individualism-collectivism index. High PDI cultures tend to be collectivistic, whereas low PDI cultures tend to be individualistic.

Collectivistic cultures tend to be group-oriented, impose a large psychological distance between in-group and out-group members and in-group members are expected to have unquestioning loyalty to their group. In a conflict situation, members of the collectivistic cultures are likely to use avoidance, intermediaries, or other face-saving techniques. Conversely, people in the individualistic cultures do not perceive a large psychological distance between in-group and out-group members. They value self-expression, see speaking out as a means of resolving problems, and are likely to use confrontational strategies when dealing with interpersonal problems.

• Femininity vs. masculinity

Masculinity-Femininity (alternative label is achievement-nurturance) indicates the degree to which a culture values such behaviors as assertiveness, achievement, acquisition of wealth or caring for others, social supports and the quality of life. This dimension tends to draw unwarranted criticism for its name alone. It basically refers expected gender roles in a culture.

According to Hofstede, people in high masculinity index (MAS) believe in achievement and ambition, in ostentatious manliness, with very specific behaviors and products associated with male behavior. The cultures that scored towards what Hofstede referred to as "masculine" tend to have very distinct expectations of male and female roles in society. Low MAS cultures believe less in external achievements and/or manliness, and more in quality of life such as helping others

and sympathy for the unfortunate. Feminine cultures also prefer equality between male and female and less prescriptive role behaviors associated with each gender. · The more "feminine" cultures have a greater ambiguity in what is expected of each gender.

Predictors:

- o Climate. Masculine cultures tend to live in warmer climate near the equator and feminine cultures are likely to locate in colder climates away from the equator.

Members of high MAS cultures believe that men should be assertive and women should be nurturant. Sex roles are clearly differentiated, and sexual inequality is seen as beneficial. The reverse is true for members in the feminine cultures.

• Uncertainty avoidance

Uncertainty Avoidance refers to the extent to which a culture feels threatened by ambiguous, uncertain situations and tries to avoid them by establishing more structure. The high positive scores on the uncertainty avoidance index (UAI) indicate low tolerance for ambiguity. These cultures prefer to avoid uncertainty and dissent as a cultural value and desire consensus. As a result, HIGH uncertainty avoidance cultures prefer formal rules and any uncertainty can express itself in higher anxiety than those from low uncertainty avoidance

cultures. Cultures with low UAI scores have a high tolerance for uncertainty and ambiguity, believe in accepting and encouraging dissenting views among cultural members and in taking risks and trying new things.

Thus, cultures which ranked low (compared to other cultures), feel much more comfortable with the unknown.

Predictors of Uncertainty Avoidance: No clear-cut predictors. But in general, high UAI cultures tend to be those that are beginning to modernize and are characterized by a high rate of change.

Conversely, low UAI cultures tend to have reached the level of modernization and have more stable or predictable in their rate of change.

High UAI cultures tend to develop many rules to control social behaviors. Low UAI cultures need few rules to control social behaviors.

• Long- vs. short-term orientation
Also know as Confucian Dynamism - It ranges from long term to orientation to short term orientation.

Later work with Bond (see Hofstede & Bond, 1987), produced another dimension meant to explain the rapid economic development of many Asian countries. This dimension refers to the selective promotion of particular set of ethics found in Confucian teachings. Particular teachings that lead to economic development include thrift, perseverance, a sense of shame, and following a hierarchy. Other Confucian teachings are less emphasized such as tradition, and protecting face.[26]

2.1.5.1.3 Indonesian Consumers Culture

In spite of Indonesia's diversity that is spread into many island divided in to vary ethnical groups and speak the differ language. There still here is something in common among them, which can be a parameter for the marketers in executing their strategies. Based on Handi Irawan D research in the marketing

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[26] Hofstede, Geert; Hofstede, Gert-Jan. Cultures and Organizations: Software of the Mind. New York: McGraw-Hill U.S.A., 2004

field. He gained 10 facts about Indonesian consumer characters in their consuming habit as the Indonesian customer culture[27], is as:

Character No.1: Short Term Orientation.

Based on the research many Indonesian consumers prefer a product that give instant benefit or short term to them. Besides that, for these type of short term-perspective consumers has low ability to absorb a low context advertisement, so the advertiser is recommended to use simple phrase that could be understood instantly. For the budget approach, psychological pricing as its approach shows significances too. And with this kind of character, sales promo activity is effective enough to increases sales and profit. This phenomenon, assumed caused by the education system of Indonesia. that doesn't educate to think for long terms.

Character No.2: Not Well Planned

Most Indonesian consumers don't have planning incentive in anything including purchasing. They tend to be impulsive buyers. In this case the marketing strategy that can be implemented to face this kind of consumer characters is: execute a more flexible service for the consumer. Besides that flexibility to access are also important where the product could be easily reached by the consumer. This could also be a benefit for new products that just entered the market.

Character No.3: Likes to Gather

This mingle habit is in our custom and culture of consumer. Word of mouth communication could be very effective for Indonesian market.

This is third unique character of Indonesia consumer: likes to gather and do socializing informally. Indonesia people does have a strong social life. This kind of culture is almost on every ethnical groups in Indonesia. This statement is precise by Harry Susiano, Phd a lecture of the faculty of psychology of University of Indonesia, that stated that in the sociology term Indonesia is a collective nation,

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[27] Irawan D., Handi, "10 karakter konsumen Indonesia",Majalah Marketing Edisi Khusus vol II 2007

meanwhile the western are more individual. He also stated that in the Java island this kind of mentality are more dominated females but it doesn't mean that the male doesn't like to gather. And in this kind of gathering they like to talk about products this is where word of mouth promotion starts among the Indonesian consumers. And lots of fact in this research shows how effective the word of mouth marketing communication compare to the American market. There is another benefit of this culture custom; community marketing can also be implemented. In this kind of case word of mouth marketing is the most effective way to be used in a community since the community has the same interest. Word of mouth marketing strategy is highly connected with reference groups, which are friends, neighbors, gatherings, and families. In making a buying decisions, usually these kind of consumer is depending on group reference rather than info from advertisements or sellers. Leader's opinion as a group reference also has a massive influence in the case of Indonesian consumers' decision making, including buying decision. If this reference comes from the Leader's opinion, hence the word of mouth marketing would be highly effective in even a short term. But word of mouth doesn't stand alone for WOM marketing in Indonesia. Advertisement is still the first source of information before the WOM marketing process happens.

Character No.4: Not Familiar to Technology

Most of Indonesian consumers aren't familiar with new technology. There are two kind of technology that is related with marketing; cellular phone and the internet. Both technology can be a measurement of productivity improvement of a nation for them as a consumer the technology growth for technological products such as mobile banking, internet marketing for retails, etc . the potential market for this are the youth that is deservingly to be up-dated to the globalization. But the problem is they have low budget to purchase. The solution to this is make a user friendly technology that is easy to be access by the consumers and adjust the kind of technology to the consumers needs to this kind of marketing. But not all products is actually needed by the consumers, some are just used as lifestyle products, for example ring back tone that is not useful to the cell phone users but

consumers use it for others, this is one of Indonesian consumer's unique characters that loves privacy, intimacy, fun, and show off. These kind of characters are those has to be notice by marketers.

Character No.5: Oriented to Context

Most Indonesian has low interest in reading which makes them less critical in gaining info. In the marketing world this makes Indonesian consumer more oriented in the context rather than the content of a product, in other words packaging and the advertisement are more influential for them in making a buying decision rather than about the content of the product itself. So for marketers in the Indonesian market they only got two option to face this kind of character, first is boost up the image product then fix the quality of the product afterwards. And the second option is by boosting up all the information about the product without leaving the process of brand equity. This second option can only be used by excellent quality of product.

Both alternatives can be done in Indonesia. Though those two option is only executed by several companies, and the rest is priorating on brand awareness, that causes a gap between the actual quality and the perception quality in Indonesia Because most of Indonesian consumer has low level of product knowledge, caused by low awareness about the product content. But still this kind of marketing strategy has a risk, by the time the consumer realize about the products low quality, then disappointed consumers in Indonesia tend to tell others by word of mouth about this product, that automatically would ruin the product image slowly.

Character No.6: Prefer Imported Brands

Even though the Indonesian government has already made a program to respect and use local products, it doesn't turn out successful. Base on the research, the fact is that Indonesian consumer has the perception that local product is cheap and couldn't compete its quality against imported goods. Hence they prefer to choose imported goods and brand, this is also related to the prestige characteristic that Indonesian consumer are very fond of. With this reality no wonder 'foreign

brands' are filling Indonesian market, even for local product, they also use foreign brand assuming that the characteristic of Indonesian consumer that still prefer to foreign brands. In the marketing strategy it is called COO (country of origin). Which use a name of a country as a positioning strategy nor the basic of the brand, for example: French perfume, American donuts, German cars, Japanese electronic products, etc. The purpose of COO marketing strategy is to create a premium price, but the under estimation of Indonesian local product by its own consumers proves that because of that perception most of the Indonesian products can not reach the premium price.

Character No.7: Religious

80 percent of more then 220 million people of the Indonesian population are Muslims, that makes it the most biggest market in Indonesia, and for Indonesian Muslims are very sensitive with religious issues. Such as they will avoid products that is "Haram" or forbidden that contains pork or alcohols. Not just for Muslims, for others Religions too has the same fanatism, that makes Indonesian consumers easy believe in products that is recommended by the Religion leaders. In reality Indonesian consumers does has a preference with products that has religious symbols. For example some products use the color green for its packaging, because green is identical as the Islamic color. Besides that there are several product that is claimed as a product that is relevant with Islam, for example "Syariah Banking System" that uses Islamic banking procedure. And based on the research, the outcome shows that Muslims consumers, has a higher sensitivity then other consumer with a different religion, so the implications are non-Muslim products that is associated with Muslims will not gain success becoming the market leader. Besides that, Indonesian consumers involves emotion factor that is related with Religion and Believes in low involvement products purchase rather than high involvement products purchase. And another fact shows that the several past year the awareness of the Peoples in Indonesia to obey their Religion believes are increasing. That means this is a one of the potential market for marketers to be ware of, but still has to be careful in product positioning, because not everyone likes religious products, so targeting it

for niche markets could be more effective for positioning. And for its marketing strategy, a marketer could use a religious leader as its endorser.

Character No.8: Presitigiousness

Consumers of each country has its own uniqueness, and especially for Indonesian consumer prestigiousness is one dominating factors of a buying decision in term to show their social status, though the product itself has low function for the user itself. This can be explained because of; first, Indonesian people love to socialize and interact with others, this kind of attitude leads to show-off attitude to others. Second, Indonesia is still adopting feudalism, which creates 'social classes' so by increasing prestige assumed as a way to 'move' to a higher social class. Third, our society tend to measure successfulness by materialistic goods and authority. But in a lower level of social class prestige hasn't been such a decent thing, prestige become decent for the middle-upper level. Usually marketer wrap in Indonesia it's marketing strategies with lifestyle, that is expressed by a demonstrative, impulsive, and hedonistic buying.

Characteristic No.9: Strong in Subculture

Even though Indonesia consumer are prestigious and loving imported goods, but the fanatism of their homeland of each province in Indonesia are also a strong domination in their characters, these are the uniqueness of the Indonesian consumer characters. And it is not a contrary between one character to another, it's just that there are some things that are more detail in the Indonesian customer culture because Indonesian consumers consist of 525 ethnical group that speaks 250 different language, that is spread in 17,000 island. For example Java people prefer sweet taste, Padang people prefer Hot taste, Batak people speaks out loud, people in Semarang likes to bargain, etc. By this fact marketers can not deny the strength of subculture influence. For marketing strategies, not all commercial advertisement can be accepted in each region of Indonesia because of its different culture so below the line activity can be implemented for certain region that need special approaches so that it is synchronized with the societies culture and custom, so that the product can be accepted and closer with the society. Based on Jack

Trout statement primordially, human has the tendency to gather in groups, and find their similarity with the big group. Trout describes that that group is a big group that each individual inside it tend to follow the group mainstream. And with the diversity of different groups in Indonesian the end it does show collective behavior from each group which has to be an attention for marketers to make specific approaches.

Characteristic No.10: Less Care with the Environmental Issues

One of the other unique characteristic is less concern about the environmental issue. Based on the research showed that Indonesian consumer is less aware with the product content of environmental-friendly. Only the well educated segment that are concern with the environment issues. This reality is pushed by economic pressure and level of education, besides still lots of Indonesian consumers has less knowledge about the environmental importance, also they has lack of money to purchase more just for environmental-friendly products.

2.1.6 WOM Referral Marketing

Referral marketing is a way to transform customer satisfactory to continually exceeding their expectation. By determining which customers that is targeted to refer create ways to use referrals to generate more buzz to the business.[28]

2.1.6.1 Word of Mouth Communication

Word of mouth is one of the elements in the marketing communication is very important in this era is now in the business world. Word of Mouth word literally defined as the language of mouth delivered the verbal. Word of Mouth is one of the forms of marketing communication channel. The term of 'Word of Mouth' now has become an element that gives a central role in marketing. Word of Mouth change function from the traditional pattern of the passive consumer becoming active ones, Word of Mouth communication become the central role in

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[28] Sugar, Bradley, Intstant Referral: Instant Success, 1st Edition, McGraw-Hill, 2005

determining the marketing strategies, according to what is stated by Kerimcan Ozcan[29] (2004:14).

Figure 2.5 WOM Marketing Communication & Traditional Marketing Model[30]
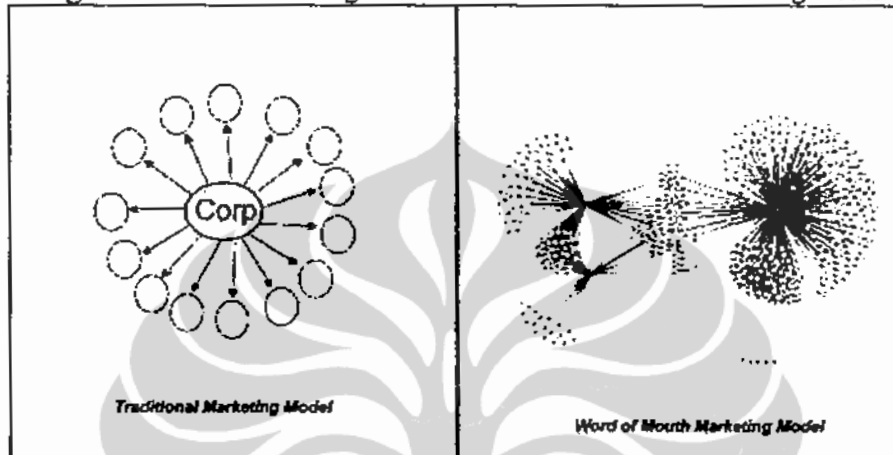
Word of mouth is communicated in verbal ways, and is an audio communication. According to Kotler[31] (2006:510) word of mouth referrals or word of mouth is a form of personal communication channels where the consumer to provide recommendations to others.

According to research done by the Berson-Marsteller and Roper Starch Worldwide quoted from Kotler[32], found that word of mouth communication influence consumers' purchasing behavior, influence others in the sense of the product or service communicated. According to Malcolm Gladwell (2000), mentioned that the word of mouth communication that once was a small scope, potentially can make a huge change if it reach the point called "The Tipping Point."

The point is , a brand can become a very popular and have a loyalty to the association through a solitary word of mouth communication. Word of mouth

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[29] Ozcan, Kerimcan ; Venkat Ramaswamy , "Access Structures Matter: Modeling Consumer Networks, Word-of-Mouth, and the Dynamics of Experience Intentions," University of Michigan Business School Working Paper, USA, 2004

[30] Hughes, Mark, *Buzzmarketing: Get People to Talk About Your Stufff*, Portofolio publisher, 1 edition , USA, 2005

[31] Kotler, Philip; Keller, Kevin lane, marketing management, 12 edition, Pearson, USA, 2006
[32] Ibid, p.509

communication is applied directly (personal communication) to customers, such as a face to face, phone, e-mail and other personnel who applied.

According to Renee Dye (2000), Michael Cafferky (2002), and Gladwell (2000) cited from Kotler & Keller[33], word of mouth can occur due to three main factors, namely: the product, the individual (self), and the relevance between individual products and the strength of the so-called context.

At the micro level theory those factors are also stated, and will cause a 'word of mouth' supply and a 'word of mouth' demand, so that the interaction of 'word of mouth' communication can occur.

•Product Involvement Factor

• Individual (Self) Factors

• Power of Context and Others

2.1.6.2 Research of Wangenheim and Bayón of WOM referrals [34]

It has often been argued that word-of-mouth (WOM) can contribute significantly to a firm's success in a variety of ways. Here, we analyze the functional linkage between customer satisfaction, WOM, and new customer acquisition. Using data from two empirical studies we conceptualize and test the direct, non-linear, and moderated relationship between satisfaction and WOM. We further explore the circumstances under which WOM leads to new customer acquisition using a logistic regression model. We do so for two groups (new customers and long-term customers) from the customer base of a large energy provider, and for a random sample of B2B customers in the same market. Results indicate that the satisfaction-WOM link is non-linear and is moderated by several customer involvement dimensions. Based on our results, we demonstrate how the satisfaction-WOM-new customer acquisition link can enrich return on quality and satisfaction models. Further, we draw conclusions about how companies can make

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[33] *ibid*

[34] Wangenheim , Florian v. ; Bayón, Tomás, *The chain from customer satisfaction via word-of-mouth referrals to new customer acquisition*, Academy of Marketing Science, 2007

use of both the satisfaction-WOM and the WOM-new customer acquisition link for better allocating their marketing resources.

A key challenge for integrating WOM into ROQ/CS models is to measure the relationship between service quality/satisfaction, WOM, and new customer acquisition. We do so by studying the antecedents of the number of WOM referrals by an individual customer and the antecedents of making a purchase decision after having received a WOM referral for the respective provider. A feature of our model is that it generally works with cross-sectional survey data, which, as Rust et al. (2004) point out, is an advantage due to its ease of implementation, but is obviously also a limitation to the well-known problems of common-method bias and potential recall problems. In our empirical and discussion sections we will focus on how to best address these types of problems.

The objectives of the study are threefold: a) to analyze how satisfaction translates into positive WOM and how positive WOM converts into the acquisition of new customers; b) to explore moderating and non-linear effects; and c) to show how WOM can be integrated into ROQ/CS and CLV models and compute, drawing from our empirical findings, the return on satisfaction increases in the form of new customers through WOM. This paper contributes to the literature in two central areas. First, while studies exist which focus on either the satisfaction-WOM link (e.g., Anderson 1998) or the WOM-new customer link (e.g., Bansal and Voyer 2000), no empirical research to date has examined the complete chain from satisfaction, via WOM, to new customer acquisition. By doing so, we address so far unresolved or widely disregarded issues regarding the modeling of WOM and its effect on buying decisions, including moderating and non-linear effects. Second, we show how WOM can be integrated into ROQ/CS models and, drawing from our empirical findings, compute the return on satisfaction increases in the form of new customers through WOM.

We develop a conceptual model for linking customer satisfaction to WOM referrals to new customer acquisition. Next, we discuss both the determinants of WOM and its effectiveness (i.e., its influence on new customer acquisition). Subsequently, the model is applied and hypotheses are tested in two empirical studies.

The key dependent variables in our approach are "number of WOM referrals" and "effect of WOM on a purchase decision." We will measure "number of WOM referrals" as the amount of referrals given by an individual customer in a defined time period, and infer the "effect of WOM on a purchase decision" from a model in which we compare purchase likelihoods with and without purchase recommendations. Next, we show how our model can be used for computing the return on quality or satisfaction as measured in new customers acquired through WOM. Finally, we discuss how marketing investment calculations can be improved by accounting for WOM, and which customers represent the most promising targets for WOM campaigns.

In previous research, the importance of considering moderating effects of customer satisfaction on loyalty has been underlined (Anderson and Mittal 2000; Mittal and Kamakura 2001). In short, if the relationship between satisfaction and WOM referrals is moderated by customer-specific factors, returns on customer satisfaction in the form of WOM will differ, depending on the targeted customer group, and segments could be identified for which satisfaction increases result in greater WOM referral returns.

Further, once the "referral hurdle" is taken and a customer is generally willing to give positive WOM, the same moderators should act as direct influencers on the conditional number of referrals. We therefore expect a direct effect of customer satisfaction and an interaction effect of satisfaction and the customer specific characteristics to affect the likelihood of a referral.

The literature on interpersonal communication is vast, and various academic disciplines have shown interest in explaining WOM behavior (e.g., social psychology, economics, and sociology).

There is agreement in the literature that the involvement concept is multi-dimensional, although there is some controversy about its underlying dimensions. A widely accepted differentiation is between product (or enduring) and situational involvement (Richins and Bloch 1986; Richins and Root-Shaffer 1988). A third category is marketplace involvement or market mavenism (Feick and Price 1987), which has first been suggested to form part of the involvement construct by Kassarjian (1981), who notes that it "is undeniable that independent of the product

class, there are some persons that tend to be more involved" (p. 33). Because market mavens have been shown to be more likely than other consumers to engage in communication about product and service offerings, the construct is added here as a third involvement dimension.

Product involvement refers to the degree to which a person perceives a product to be personally relevant (e.g., Zaichkowsky 1985). Studies show that consumers engage in more information processing as their level of involvement with a product class increases (e.g., Celsi and Olson 1988). In other words, highly involved consumers will search for more information about the respective product class, will be more receptive, and will be more knowledgeable about it. Their greater interest and knowledge leads highly involved consumers to talk more about a product class than other consumer groups. Dichter (1966) even proposes that "product involvement... produces a tension which is not eased by the use of the product alone, but must be channeled by way of talk, recommendation, and enthusiasm" (p.148). Empirical research has repeatedly confirmed that highly involved customers tend to give more WOM (Dichter 1966; Richins and Bloch 1986; Westbrook 1987).

Involvement can also be created by situational factors (Richins and Bloch 1986), such as a recent purchase decision. In contrast to product involvement, situational involvement wanes after the purchase (Houston and Rothschild 1978). However, as Richins and Bloch (1986) suggest, situational involvement is maintained for at least some time after a purchase decision because of the newness of the chosen product, or because of cognitive dissonance. Both newness and cognitive dissonance have been shown to be determinants of WOM behavior (East et al. 2001; Hunt 1970). Also, situational involvement itself has been found to result in a higher likelihood of WOM transmission (Richins and Bloch 1986; Richins and Root-Shaffer 1988). This is indirectly supported by East et al. (2001) who find that in the first year after a new service provider has been chosen, WOM activity is highest. We therefore add situational involvement as a further explanatory variable to our model.

Some scholar experts have noted that some consumers are, in general, more likely than others to possess product information and transmit it to third parties,

independent of their enduring or transitory product involvement (Kassarjian 1981). This aspect has been proposed as a third dimension of the involvement construct (Kassarjian 1981; Slama and Tashchian 1985). In a seminal study, Feick and Price (1987) identify a customer type called market maven. The existence of market mavens and their higher propensity to give WOM about different products and services has been repeatedly confirmed (Schneider and Rodgers 1993; Slama and Williams 1990), and has been extended to international settings (Abratt et al. 1995) and to a business-to-business context (Nataraajan and Angur 1997). Because the differentiation between market mavens and non-mavens is gradual rather than dichotomous, we choose the term "marketplace involvement" (Slama and Tashchian 1985). Marketplace involvement is, therefore, added as a further determinant of WOM.

Figure 2.6 Hypothetical relationship for the empirical study
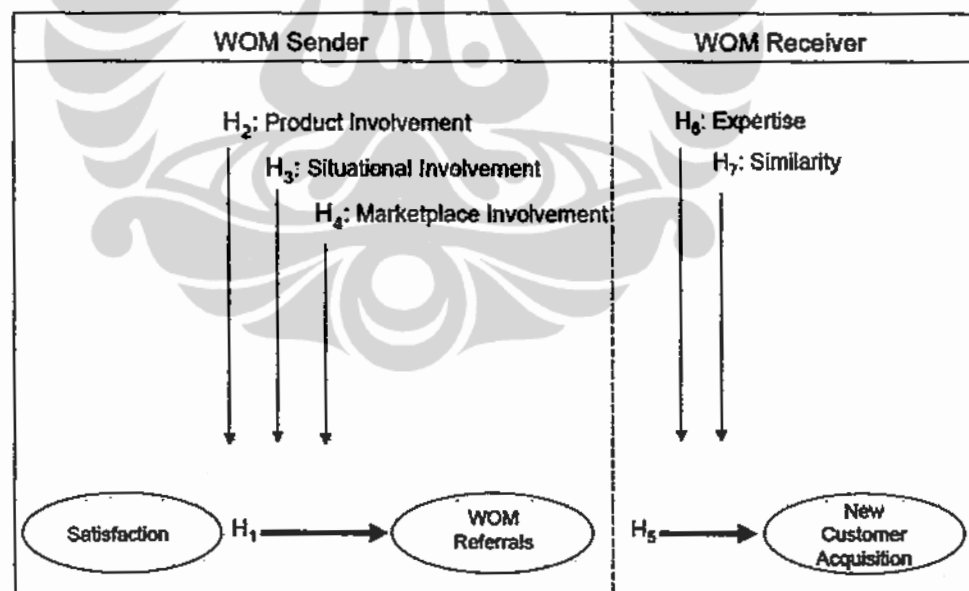
The importance of WOM for acquiring new customers has been pointed out in the interpersonal influence literature (e.g., Bansal and Voyer 2000; Engel et al. 1969), as well as in the diffusion of innovations (Rogers 1995) literature. However, little explicit thought has been given to how, precisely, WOM affects customer decision making. In consumer behavior research, it is typically assumed that WOM works through attitude change; i.e., experimental studies show that

referrals positively affect consumer attitudes of goods and services (e.g., Bone 1995; Herr et al. 1991), which in turn increases the likelihood of the recommended goods being selected. Following these results, we propose that the reception of a WOM referral increases the likelihood of selecting the respective product or service. Further, based on research on interpersonal communication, we expect the importance of WOM to differ across WOM sender and receiver dyads within the same product category.

Conformity and interpersonal influence research (Bone 1995; Gilly et al. 1998) identify perceived source expertise and similarity as the main characteristics that affect the effectiveness of interpersonal communications.

Expertise of the information source can be defined as the "ability to perform product-related tasks successfully" (Feick and Higie 1992, p.12). Expertise has often been found 'to affect the influence of a piece of information (e.g., Herr et al. 1991; Yale and Gilly 1995). Empirical evidence for the greater influence of expert sources on the receiver is widely available (e.g., Bone 1995; Herr et al. 1991; Feick and Higie 1992). Hence, we expect that source expertise should be positively related to the influence of WOM.

Similarity of source or homophily refers to the degree to which individuals are similar in terms of certain attributes (Brown and Reingen 1987). Several theories explain why perceived sender similarity should increase the influence of the information transmitted. First, the source-attractiveness model suggests that receivers can better identify with sources that are similar to themselves (Kelman 1961). According to Festinger's (1954) theory of social comparison, an individual's tendency to compare herself or himself with another person increases with the degree of similarity between the two, because individuals implicitly assume that similar people have similar needs and preferences. Finally, the match-up hypothesis (Kamins 1990) suggests that informational influence depends on the consistency of the communicator's image with the image of the product and the self-concept of the receiver of the information.

Empirical studies about the effect of similarity of source on informational influence have primarily been conducted in advertising research. These studies consistently support the hypothesis that similar communicators are perceived as

being more influential than dissimilar ones (e.g., Feick and Higie 1992). In the context of WOM, three studies (Brown and Reingen 1987; Gilly et al. 1998; Yale and Gilly <u>1995</u>) confirm that the effect of WOM on the receiver is increased when it comes from similar, as compared to dissimilar, informants.

2.1.6.3 Research of Ugbah and Evuleocha of Referral marketing [35]

Increasing role specialization and the partial disintegration of the traditional family structure, community entities, and social groups have led to buyers (consumers and businesses alike) to look for expert advice that had been provided informally through local social networks such as family members and peers. Also, for many customers, shopping has become an undesirable or even aversive experience (Solomon, 1986). As a result, the customer may be more willing to turn to a marketing data generator for quick and reliable data about goods and services through "referral marketing networks." Referral marketing networks is the chain of consumption and the strategies for effective referral marketing networks, points in the referral marketing network process where business networks may intervene on behalf of the consumer, the risk factors associated with it, how to increase its effectiveness, and the managerial implications of referral marketing networks for promotional activities.

DEFINITION OF REFERRAL MARKETING NETWORKS

Some terms marketers have used to refer to referral marketing include the following: Avalanche marketing, buzz marketing, cascading style marketing, centrifugal marketing exponential marketing, fission marketing, grassroots marketing, organic marketing, propagation marketing, ripple marketing, self-perpetuating marketing, self-propagating marketing, stir marketing, viral marketing, wildlife marketing (ViralBuzz, 2007), and word-of-mouth referrals. Each of these concepts means something to a marketer willing to tow the line of a particular concept. For the purposes of this paper, we define referral marketing as "a process of developing business networks through which information flows to prospective customers whereby clients are produced with little or no overt

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[35] Ugbah, Steve D., Evuleocha, Stevina U., "Referral Marketing Networks: Description, Utility, and Managerial Implications", Procedding of the academy of Marketing studies, Volume 12, Number 1, Jacksonville, 2007

marketing activities." Referral marketing can take many forms and can be differentiated on such dimensions as dyadic communication—interpersonal communication between consumers, and business networks--a marketer may intervene on behalf of another marketer on clientele. Referral marketing also involves networks within the confines of an informal marketing communications.

POINTS IN REFERRAL MARKETING NETWORKS

Studies on decision-making traditionally have regarded the consumer as an active problem solver (cf. Bettman, 1979). The consumer recognizes a need, searches for information, evaluates alternatives, makes a choice, and reacts to the outcomes of that choice. Generally, greater information search is assumed to occur under such conditions as high risk, high price, or low experience with the product (Assael, 1984). The consumer actively weighs alternatives and expends cognitive effort to reach a product decision (Lutz & Bettman, 1977). As the consumer progresses through the traditional stages of decision making, he/she interacts with the marketing environment to obtain product information, physically or vicariously evaluates product alternatives, and actually makes a transaction. These activities correspond to the following three levels on the traditional hierarchy of effects as enumerated by Lavidge and Steiner (1961): *cognition/beliefs, affect/evaluation,* and *conation/purchase.* At each stage, the potential exists for the consumer to yield responsibility to a referral marketing network as follows:

First Point of Intervention: Market Information (Cognition/Beliefs): The consumer who uses a network to scout the marketplace is trading control over alternatives for market information. For example, the consumer may consult a friend on features, performance, reliability, and financing arrangements when trying to buy an automobile. In the process, the consumer is tacitly consenting not to consider those options omitted by the friend. The price for retaining control over which product possibilities will become candidates in one's choice set is the time spent making phone calls, walking from one dealership to another, and talking to salespeople, as well as the mental effort required to sort through a myriad of competing possibilities. In some cases, much of the purchase related information is miscomprehended and/or underutilized (cf. Jacoby, Hoyer, &

Sheluga, 1980); provided on a non-individualized basis (Hollander, 1971); or too generalized for consumers to base their purchase decisions (Solomon, 1986). In contrast to the generalized advice offered by the media, referral networks are increasingly positioning themselves for individualized consultation and personalized service. Brody (1985), for example, notes that many people seek out nutrition counselors as the result of a ". . . fashionable new consumerism that seeks non-traditional personal services, from hair analysis to psychic predictions."

Second Point of Intervention: Market Guidance (Affect/Evaluation): The consumer is confronted with the need to evaluate possible choices and at this stage may again exit the system to obtain guidance from the referral source. The customer is likely to do so if there is some risk involved which warrants guidance from an outside expert. The major issue here is the degree to which the referral source actually helps in evaluating the merits of purchase alternatives. In some cases the referral source performs the descriptive function of information search by screening purchase options and thus filtering numerous possibilities into smaller, more manageable choice set (e.g., vocational counselors, dating services, or travel agents).

Third Point of Intervention: Market Manipulation (Conation/Purchase)—At this stage, the consumer must actually enter the marketplace and complete the transaction. Despite the consumer's intentions, his or her purchase activity may be thwarted by such logistical or extraneous factors such as stockouts or lack of accessibility to appropriate outlets; unwillingness to bear the psychic costs of coping with crowded shopping malls, aggressive salespeople; or perceived inadequate negotiation skills or discriminatory abilities.

THE MARKETING IMPLICATIONS OF REFERRAL MARKETING NETWORKS

There are marketing implications of referral marketing networks at each of the three points of intervention. At the market information stage, the marketing implications include (1) *Shifts in information flow* whereby a business network may rely on a different set of information sources than will the end user to form impressions of competing product alternatives, locate available goods, and make purchase recommendations; (2) *Changes in negotiating power* whereby the

referral source demands access to goods and services on advantageous terms because of his or her ability to sway preferences; and (3) *Credibility and impartiality* whereby the referral source provides advice without demanding or requesting for any type of compensation from the consumer since he or she does not have a vested interest in the consumer's choice of one product alternative over another, and thus, ensuring that the referral source's decisions maximize the consumer's welfare (Anderson, 1982).

At the market guidance stage, the marketing implications include (1) *Positioning* whereby referral sources may consider the benefits sought by the consumer and position themselves accordingly; (2) *Targeting* whereby advertisements and promotional pieces are aimed at the referral source; and (3) *Range of product and services considered* whereby increasing emphasis on tactical uses of products for impression management may result in a conservative bias in product selection, as referral sources recommend safe choices.

At the market manipulation stage, the marketing implication is the need for *post-purchase consumer satisfaction*, particularly when there is an opportunity for the consumer to blame the referral source for a product failure or takes personal credit for positive marketplace experience.

In a typical referral episode, the referral source has to be as effective as possible in making the customer accept his or her word and subsequently act on it. Marketers have several options to use on referral sources which can ultimately lead to desired positive outcomes—positive communication about the seller's products and/or services. These include:

1) Measuring customer needs and satisfaction--A direct assessment of customers' needs and levels of satisfaction through surveys or other relevant instruments will prove that the seller is sensitive to the needs of the customer.

2) Reinforcing customers' opinions--Because of the uncertainty surrounding a purchase decision, especially for first-time buyers, sellers must not allow customers to have post-purchase remorse.

3) Delivering quality products or service--A taken-for-granted assumption by some sellers is that consumers are passive, that they do not really know what they want. Therefore, a seller must ensure that the product or service he or she

delivers must be top quality. The seller must also strive for a high standard of performance.

4) Developing customer prestige--Every customer considers him/herself special. Consumers also like to be bearers of news. Once customers become knowledgeable about the innovations, they are most likely to become loyal customers of the product or service. Becoming "instant experts" is also ego-boosting for referral sources.

5) Selecting an appropriate message: Whatever message is transmitted, the seller must ensure that it enhances referral marketing. People must be willing to talk about it. The message must also be such that it can be passed on to someone else--a built-in , respectable story or idea.

Clearly more research is needed to determine which of the three points of intervention are susceptible to which risks; which products are susceptible to which risks; and the intersection of product type, perceived risk, and communication strategy for effective referral marketing networks.

2.1.6.4 Research of Biyalogosrsky, Gerstner, and Libai of Referral Reward Program[36]

Sellers who plan to capitalize on the lifetime value of customers need to manage the sales potential from customers' referral proactively. Rewards to customers for referring other customers can also encourage referrals.

In referral reward programs, a customer is paid for referring buyers. Referral reward have a very appealing quality- "pay for performance", a reward is given only when another person acts on the recommendation. Yet, even though these programs have been growing in recent years, they are not used in all situations.

To implement a customer referral program, a firm needs data on (1) the distribution of customers' willingness-to-pay, and (2) the delight threshold.

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[36] Biyalogosrsky, Eyal; Gerstner, Eitam; Libai, Barak, Customers Referral Management: Optimal Reward Programs, Marketing Science Vol. 20, No, 1, 2001 pp. 82-95

To estimate the delight threshold, firms can use direct measurement with an affective scale, as was done for example, in Oliver et al. (1997). Using an indirect approach, willingness to recommend can be used to estimate the delight threshold. Another possible approach is to assess the portion of new customers actually referred by WOM. A higher portion, all else being equal, can indicate a lower value of the delight threshold.

More in-depth analysis may be needed to understand how to influence the delight threshold. Product -market characteristics that affect delight threshold might include customer behavior characteristics for given product markets, ethnic composition, product characteristics, level of advertising, etc.

A buyer may refer only one consumer, referral rewards are likely to be more profitable when a delighted consumer refers several consumers

2.2 Empirical Researches

2.2.1 Shwu-Ing Wu Study of Consumer Involvement and Advertising Effectiveness[37]

The level of consumer involvement in a product category is a major variable relevant to advertising strategy. Many researchers segment product category by the level of consumer involvement but do not segment the consumers. However, different involvement clusters have different responses to advertising effectiveness for the same product. This study segmented a market using the consumer involvement degree and explored the characteristics and determined the relationship between advertising effectiveness and the degree of consumer involvement. The result showed that the degree of consumer involvement could effectively segment the market. A positive relationship was shown between the degree of consumer involvement and advertising effect hierarchy. A high degree of consumer involvement directed a high advertising effect. Thus the degree of consumer involvement was an important indication for advertising strategy.

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[37] Shwu-Ing Wu , "An Experimental Study on the Relationship between Consumer Involvement and Advertising Effectiveness", Department of Business Administration, National Chin-Yi Institute of Technology, Taiwan

The variables proposed to precede involvement may be categorized into three factors (Zaichkowsky 1986). The first factor relates to the characteristics of the individual shopper. The second factor relates to the physical characteristics of the stimulus. The third factor impacting on the involvement was the purchasing situation. These factors will influence the level of involvement with the product, advertising or purchase. The advertising effectiveness is proposed to result from this involvement. Many literatures have detailed evidence of these three factors influencing the consumer's level of involvement or the way the consumer responds to advertising, products and purchase situations (Houston and Rothschild 1978, Bloch and Richins 1983). Zaichkowsky (1985) proposed that different people perceive the same product differently and have inherently different levels of involvement with the same product. Andrews etc. (1990) suggested that involvement was influenced by personal needs, goals, characteristics, and situational and decision factors then directed to the search behavior, information processing and persuasion. In this study, since the consumer involvement degree and advertising effectiveness are the main variables, this study used the conception of Zaichkowsky and Andrews etc. The conceptualization of the involvement construct is shown in Figure 1. This particular framework of involvement is affected by personal and product factors. The behaviors proposed to result from involvement in the advertising are determined as a preference for the advertising content and advertising effect. The personal factors are consumer characteristics that include personal needs, goals, activities, interstices and demographics. The product factors involve the product characteristics. The advertising contents may consider a number of operational variables such as the type of media, the degree of repetition, the length of the message, the tone of the message, and the quantity of information (Tyebjee 1979). Those contents can reinforce the advertising effect. Finally, except the noneffective factor, unawareness. The advertising effectiveness in this study includes a six-step hierarchy of effect model: awareness, knowledge, liking, preference, conviction, and purchase.

Figure 2.7 Research framework of Shwu-Ing Wu[38]

Figure 1. Research framework
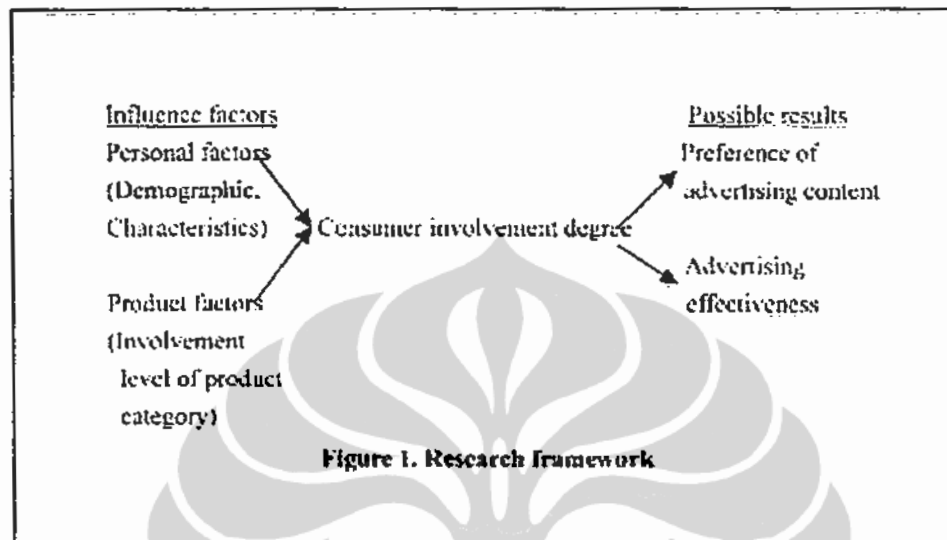
The level of consumer involvement influenced the advertising effectiveness. The level of consumer involvement in a product category was as a major variable relevant to advertising strategy. Many researchers segment product category by the level of consumer involvement but do not segment the consumers. However, different involvement clusters have different responses to advertising effectiveness for the same product. This study segmented the market by the consumer involvement degree and explored the characteristics. Experiments were conducted on the relationship between advertising effectiveness and consumer involvement degree. The result showed that the degree of consumer involvement could effectively segment the market. There was a positive relationship between degree of consumer involvement and advertising content importance. Similarly, there was a positive relationship between degree of consumer involvement and the advertising effect hierarchy. A high degree of consumer involvement directed a high advertising effect. Thus, the degree of consumer involvement was an important indication for an advertising strategy.

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[38] Shwu-Ing Wu , "An Experimental Study on the Relationship between Consumer Involvement and Advertising Effectiveness", Department of Business Administration, National Chin-Yi Institute of Technology, Taiwan

For the high involvement product such as automobiles and high degree involvement consumer cluster, the advertising manager should put attention toward product introduction, the map and print of the advertising content and then use these items to satisfy the consumer knowledge requirement and direct them to purchase. This target market includes commerce workers and students who have high incomes and a life style involving fashion, self-confidence, and seeking cheaper prices. When a product is low involvement such as shampoo, to the high degree of involvement consumer cluster, the advertising manager should put attention to product introduction, map and print and expression of advertising content. This target market includes commerce workers, students and housewives who have high incomes and a life style involving self-confidence, fashion, and advertising confidence. The product category involvement level is not the main important influence factor on advertising effectiveness. The degree of consumer involvement in the same product is the most important factor. The manager should use other communication methods to take the place of advertising to attract low involvement consumers. This study used a high involvement product, automobiles, and a low involvement product; shampoo, to determine the relationship between consumer involvement and advertising effectiveness. Both of these products are only a small part of the many product categories. Future research will use other products or variables to determine the existing relationship and produce more effective results.

2.2.2 Martin, Bhimy, and Agee Study of Infomercials and Advertising Effectiveness [39]

Not much research has examined the effectiveness of infomercials. This study explores the influence of infomercial advertisement design elements, such as the use of customer testimonials or expert comments, and consumer characteristics, such as level of prior interest in the advertised product, upon perceptions of advertising effectiveness. With the assistance of the New Zealand

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[39] Martin, Brett A.S.; Bhimy, Andrew C.; Agee,Tom, "Infomercials and advertising effectiveness: an empirical study", Department of Marketing, University of Auckland, Business School, Auckland, New Zealand,2002

division of an international infomercial marketer, we conducted a survey of consumers who had bought products in response to viewing an infomercial. Based on 878 respondents, our findings indicate that infomercial advertising is more effective when employing expert comments, testimonials, product demonstrations, the use of target market models, celebrity endorsers, product comparisons, and bonus offers. Age also impacted how consumers view infomercials, as did the type of product purchased.

This study examine what influences perceptions of infomercial advertising effectiveness among a sample of actual infomercial buyers. To this end, we examine infomercial elements (e.g. the use of product demonstrations), and consumer characteristics (e.g. levels of prior interest in the product purchased through an infomercial) across six product types. The results offer insights for marketers and advertising strategists as to what influences consumers to regard an infomercial as effective. In other words, what features of an infomercial or a consumer determine whether an infomercial is viewed as interesting, entertaining, helpful and worth watching. Next, relevant literature is reviewed. The method and results of a survey of consumers who have purchased products in response to viewing an infomercial are then presented. Finally, the implications of the results are discussed.

An infomercial is a program-length advertisement spanning anywhere from 30 minutes to two hours, promoting an organization's product or image through information or persuasion (Chapman and Beltramini, 2000; Donthu and Gilliland, 1996). In recent times infomercials have increased both in numbers and scope as marketers increasingly recognize the value of longer commercial formats (Chapman and Beltramini, 2000); however the effectiveness of infomercials has become a major concern. While practitioner perceptions of infomercials have been well documented (Beltramini, 1983; Chapman and Beltramini, 2000), there is a notable dearth of empirical research focused on the elements of the infomercial that actually persuade the consumer to make a purchase.

Benefits that characterize the effectiveness of direct marketing/direct response advertising, such as convenience and choice (Evans *et al.*, 2001; Feinberg and Eastlick, 1997), are often seen as applying to infomercials, but there

is little evidence concerning what elements of infomercials consumers view as effective. Likewise, although there is research assessing the profile of the infomercial shopper relative to the non-shopper (Donthu and Gilliland, 1996), there is little evidence regarding the effect of cognitive processes and previous purchasing behavior on the infomercial shopper's view of infomercial effectiveness. The objective of this study is to address these issues, by studying the effect of consumer characteristics and infomercial characteristics on consumer perceptions of infomercial effectiveness.

Understanding if consumer characteristics influence perceptions of infomercial effectiveness has several important benefits for marketers. One benefit is the ability to target consumer groups more effectively, especially for marketers looking to enhance production values by increasing efficiency (Donthu and Gilliland, 1996). Understanding consumer characteristics may also contribute to the debate over infomercial legitimacy by providing insights into the decision processes used to purchase from infomercials.

An avenue that has been less well explored, and which is also addressed in this study, is the possibility that consumers may be looking to be engaged by the infomercial rather than simply informed by it. Objective assessments of information content from content analyses tell us little about how effective consumers believe this information to be, or whether they even care about it at all. In fact consumers may often base their engagement with infomercials on affective cues, and "may be predisposed to an impulsive purchase when affective advertising cues are present" (Donthu and Gilliland, 1996, p. 72). In a study of direct response radio commercials, Verhoef et al. (2000) found that perceived effectiveness varied between products, and attributed this to different levels of involvement. Likewise, it is well recognised that different products are differentially effective in the world of infomercials (e.g. Hawthorne, 1998), and it may be that differences in product involvement or interest are responsible for this. Thus, rather than examining the information level of infomercials as in previous studies, this study will focus on whether infomercials that engage the consumer are viewed as more effective than those that do not.

A third area of interest regarding consumer characteristics is behavioral patterns, such as infomercial viewing and prior purchasing behavior. An area that has received some attention has been the influence of past viewing habits and past exposure to the infomercial on perceptions of infomercial effectiveness. Elliot and Speck (1995) found that consumers are more likely to be heavy infomercial viewers if they have the opportunity to view infomercials and are interested in learning about new products. Thus we might expect a positive relationship between amount of infomercial viewership and perceptions of infomercial effectiveness. Likewise, prior exposure to the advertisement may also influence perceptions of effectiveness, given that the consumer may not consider their need for a product until after they have seen an infomercial initially, and may be more susceptible to making a purchase during later exposures. Prior purchasing patterns are another area of interest to marketers - are infomercials perceived as more or less effective by those who have previously bought from infomercials, from mail order catalogues or from regular TV advertisements? Positive results in this area would suggest the potential for cross-media marketing strategies, perhaps using catalogues to "prime" the consumer, then the selling power of infomercials to close the deal. Our study explores these areas and their impact on advertising effectiveness

Elliot and Lockard (1996) have noted that the typical infomercial comprises a program segment and a direct response segment. These infomercials can have a number of different formats, focusing on product demonstrations, expert or celebrity testimonials, a "documercial" format taking on the appearance of a documentary or newscast, a talk show format emphasizing entertainment value, or a dramatization using a slice-of-life format to demonstrate everyday product use.

Method

Data were collected by means of a survey sent to customers of the New Zealand division of a major international infomercial marketer. In New Zealand, almost all of the infomercials are produced in or for the US market and are televised with only the price and ordering information modified. Thus, we

surveyed 2,670 customers who had bought one of six different products across a two-week time-frame.

The survey consisted of questions covering perceptions of advertising effectiveness, the type of purchase decision, as well as information on consumer characteristics such as amount of previous exposure to the infomercial, and how often the respondent watches infomercials.

We first performed factor analysis on the data for measures containing three or more items. As the items loaded on to single factors, six indices were created (see Table II) for:

(1) advertising effectiveness;

(2) comments and demonstrations;

(3) payment information;

(4) recognition comparison and extras;

(5) previous interest in the product index; and

(6) a pre-purchase thinking index.

Next, multiple regression was used to see what factors influence consumer perceptions of what makes an effective infomercial. Therefore, a multiple regression was performed with advertising effectiveness as the criterion variable.

The study examines what factors influence perceptions of infomercial advertising effectiveness among a sample of consumers who have purchased products in response to infomercials. The findings suggest that infomercials are more likely to be seen as effective by consumers who value expert comments, demonstrations, product comparisons, and bonus offers.

2.2.3 Roman and Pedro Study of Consumer's Perceptions Related to Consumers Expertise and Word of Mouth [40]

Ethical concerns of Internet users continue to rise. Accordingly, several scholars have called for systematic empirical research to address these issues. This study examines the conceptualization and measurement of consumers' perceptions

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[40] Roman, Sergio; Cuetes, Pedro J, "The Preceptions of Consumers Regarding Online Retailers' Ethic and Their Relationship with Consumers' General Internet Expertise and Word of Mouth: A Preliminary Analysi", Journal of Business Ethics (2008) 83:641-656, Springer, 2008.

regarding the ethics of online retailers (CPEOR). Also, this research represents a first step into the analysis of the relationship between CPEOR, consumers' general Internet expertise and reported positive word of mouth (WOM). Results, from a convenience sample of 357 online shoppers, suggest that CPEOR can be operationalized as a second-order construct composed of four dimensions: security, privacy, fulfillment, and non-deception. Our findings also indicate that consumers' general Internet expertise significantly improves CPEOR and CPEOR are strongly predictive of consumers' WOM. Managerial and research implications are offered.

The recent focus in the literature on relationship marketing highlights potential responses that can emerge from efforts directed at forming relationships with consumers (e.g., Sheth and Parvatiyar, 1995; Verhoef et al., 2002). Of all these responses, some scholars and practitioners suggest that WOM may be among the most important (e.g., White and Schneider, 2000). The basic idea behind WOM is that information about products, services, stores, companies, and so on can spread from one consumer to another. In its broadest sense, WOM communication includes any information about a target object (e.g., company, brand) transferred from one individual to another either in person or via some communication medium (Brown et al., 2005). More specifically, Harrison-Walker (2001) defined WOM as ''informal, person-to-person communication between a perceived noncommercial communicator and a receiver regarding a brand, a product, an organization or a service'' (p. 63). We expect that CPEOR will have a positive influence on WOM.

From a theoretical perspective, Gundlach and Murphy (1993) argued that following ethical principles allows sellers to foster long-term relationships with buyers. Building on equity theory, ethical actions can be considered to be an investment in the equity formulation. That is, if consumers feel they are being treated fairly by the online retailer (e.g., because of ethical practices), perceptions of equity will emerge (Alexander, 2002), which in turn may translate into a desire of the consumer to buy again from the online retailer and make positive recom-mendations to others about the online retailer (Huppertz et al., 1978).

We are not aware of any previous study that has analyzed the relationship between perceived ethics and WOM. Nevertheless, prior research in traditional

retail settings has linked ethics to loyalty. For example, Whalen et al. (1991) and Roman (2003) found evidence for a negative relationship between a consumer's perception of a seller's unethical behavior and loyalty. This is especially important because loyalty is frequently conceptualized as a combination of customer's intention to maintain an ongoing relationship with the company, and to recommend it to other consumers (e.g.; Singh and Sirdeshmukh, 2000; Wolfinbarger and Gilly, 2003).

A survey instrument[3] was administered to a convenience sample[4] of 357 real consumers referring to their last purchase online in a major Spanish metropolitan area. We hired a marketing research firm to assist with the data collection. In order to minimize sample bias, potential respondents were approached at different times (between 9 a.m. and 4 p.m.), and on different days, over a 2-week period. Every fifth person who passed the data collection point located on the pedestrian walkway was invited to participate in the study (Bush and Hair, 1985; Keen et al., 2004; Sekaran, 2002). Also, it was a necessary requirement for subjects to participate in the study to have purchased at least an item online in the last six months. This condition to facilitate consumers' evaluations of the online retailer's website and also to avoid potential selection bias (Cannon et al., 2000).

Subjects were taken to the company Internet labs (conveniently located in the metropolitan area). The questionnaire was self-administered under the guidance of an employee of the marketing research firm. Subjects were specifically asked to complete the questionnaire corresponding to the website where they had made their last online purchase in the last six months. Also, they were given the opportunity to browse[6] that website for a maximum of ten minutes.

As the Internet begins to grow out of its abbreviated infancy, a multitude of new issues surface continually, and a large proportion of these issues remain unresolved (Phukan, 2005). Many of these issues contain a strong ethics content as evidenced in the academic and practitioner literature (Kelley, 2007; Palmer, 2005; Vijayan, 2005). Therefore, several scholars have called for systematic empirical research on the ethical issues surrounding e-commerce from the consumers' perspective (e.g., Langford, 2000; Palmer, 2005, Roma´n, 2007; Sama and Shoaf, 2002). For instance, in Palmer's (2005, p. 279) words: ''I have offered some

suggestions as to how we might address some of the ethical implications of such transformations [...] it is important that we face up to the challenges brought with these technologies in a more systematic fashion than has been done as of yet". In a similar fashion, Langford (2000, p. 237) pointed out that: "the whole area of Internet ethics is still largely lacking specific analysis". The present study attempts to partially fill in this gap. In particular, this study contributes to the literature in the following ways.

First, this study provides further evidence of CPEOR as a multidimensional construct composed of four dimensions: security, privacy, non-deception, and fulfillment/reliability. Prior research in the traditional marketplace addressing consumers' ethical perceptions has considered a limited number of dimensions. Moreover, most of this research has conceptualized and measured ethics as a unidimen-sional construct (e.g., Burns et al., 1994; Lagace et al., 1991; Norris and Gifford, 1988).

The final key contribution of the present study stems from the analysis of the effect of CPEOR on WOM. Our results reveal that CPEOR becomes a key means of fostering consumers' WOM in a context where communications occur remotely. This is, to our knowledge, the first study that provides empirical evidence of such relationship. The importance of this result is enhanced because of the online context. That is, research has found that consumers perceive a higher level of risk when purchasing on the Internet, compared to traditional retail formats (Lee and Tan, 2003), and shoppers who perceive more risks associated with this shopping channel are less willing to purchase online. Accordingly, CPEOR becomes an effective means of getting new online shoppers.

2.3 Theoretical Hypothesis

The 'Localized' Advertising effectiveness generates the consumer WOM (word of mouth) of the Indonesian consumer Conducted to the Consumer's pre-purchasing thinking, and the product involvement.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Methodology

According to Williams[1] descriptive research methods is a research plan undertaken to define the characteristics or relationships, or both, among variables based on systematic observation of these variables. and According to Punch[2] Description is concerned with is to account for what happened, or for how things are proceeding, or for what something or someone is like. It too is concerned with making complicated things understandable, but on a different level. It involves finding the reasons for things, events and situations, showing why and how they have come to be what they are. Description is a more restricted purpose than explanation. The research methods that is used in this case is the survey descriptive method with a qualitative research and the unit of analysis are the Unilever sunlight detergent.

The second method of analysis is the explanatory survey, this is a method that is use to describe a causal relationship, and a hypothesis testing. This research is using questioners as its data collecting main tool and then with quantitative research method is used for data processing and data analyzing, by grouping the data and then giving an explanation. And then we do the data analyzing process with the qualitative method to arrange the research phenomena with a statistical tool as a base for the hypothesis testing.

We can describe without explaining, but we can't really explain without describing. Therefore explanation goes further than description. It is more than just description: it is description plus something else.

In general the definition of survey is limited on the research that collection of data from the sample of a population that represent the whole population. This is a bit different from census which its information is collected

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[1] Williams, Federic, *Reasoning With statistics: how to read Quantitative Research*, 4th Edition, Holt, Reinhart and Winston, Inc, 1992

[2] Punch, Keith F., Introcuction to social Research: Quantitative and Qualitative Approaches, SAGE Publications, London,1998.

from the whole population. As defined by Singarimbun[3] survey research is taking a sample from a population and using a questioner as its tool to collect the data needed.

The survey can be use for several purposes: (1) explore, (2) describe, (3) explain and confirm, which is to describe the causal relationship and hypothesis testing, (4) evaluate, (5) predictions or to forecast a certain event in the future, (operational research, and (7) sociall indicator development.

Aaker, Kumar, and day[4] stated there is two benefits from a survey research. First, a survey research can collect data as much as possible from the individual; respondent in a certain time. Second, a survey research can be done for a descriptive research purpose nor causal. If the the same data that is used by the researcher explains the causal relationship of the variables through hypothesis testing or explanatory research.

So the basic difference between the descriptive research and the explanatory research is not on the data characteristic, but on the analyzing characteristic. There is also a survey methodology that can be done by researchers which is visit survey. Time Horizon of all research goals is cross sectional, because the research is only done once.

3.2 The Operationalization of the Variable

The variables in this research are the effectiveness of the 'localized' advertising and the demography of the consumer. In the asymmetric relationship, there are two kind of variable which is the independent and dependent variable. Independent variable is the variable that is affecting the other variable such as the dependent variable. The dependent variable is the variable that is affected by the other independent variables.[5] In this research, based on the research of Martin, Bhimy and Agee (2002) about the infomercials advertising effectiveness, Wangenheim & Bayon (2007) about the WOM referral marketing, and Wangenheim & Bayon (2007), about consumer WOM, is as follwed:

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[3] Masri Singarimbun, Sofian Effendi.,. *Metode Penelitian Survey.* Jakarta: LP3S,1995, p.3,151

[4] Aaker, David A.; Kumar, V.; Day, George S., *Marketing Research.* New York: John Wiley & Sons, Inc, 2003

[5] Mohammad Nazir., *Metode Penelitian.* Jakarta: Ghalia Indonesia,1999.

Table 3.1 The Operationalization of the variable

Research variable	Indicators	No	Source
Advertising Effectiveness [6]	1. The level of attractiveness and informative ness of the 'Unilever 1000 Sunlight Agent Program' Ad for the viewer 2. The Level of Entertainment of the 'Unilever Sunlight Agent Program' Ad for the viewer 3. The helpfulness of demonstration eases the buying decision making 4. Information of the Program eases the decision making 5. Sense of relations with the Endorser and the Community of a certain group of a program 6. Endorser Convenient 7. Audience (consumer) Animus for the Ad 8. The Ad suitability to the consumer character	7-14	Martin, Bhimy and Agee (2002)
Pre-Purchase Thinking [7]	1. The consumer's consideration of the Ad information before making a buying decision. 2. The consumer's consideration of the Ad information before deciding to join the program as the Ad content. 3. The consumer's impression to the Ad before interested to join the program as the Ad content. 4. The consumer's impression of the Ad before buying the product. 5. The consumer's consciousness' in purchasing the product 6. The consumer's consciousness' in being interested to join the program as the Ad content. 7. The benefit consideration of the product before purchasing the product. 8. The benefit consideration in joining the program as the Ad content.	15-22	Martin, Bhimy and Agee (2002)

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[6] Martin, Brett A.S.; Bhimy, Andrew C.; Agee,Tom, "Infomercials and advertising effectiveness: an empirical study", Department of Marketing, University of Auckland

[7] Ibid.

Product Involvement[8]	1. The consumer's interest of the product 2. The consumer's interest in the program as the Ad content 3. The consumer's knowledge of the product 4. The consumer's knowledge of the program as the Ad content 5. The consumer's interest in gaining overview of the Ad content 6. The consumer's word of mouth activities. 7. The consumer's knowledge of the WOM referral marketing program 8. The knowledge gaining activity of the costumer as the 9. Source of information 10. The consumer's interest in getting involve with the product as a user 11. The consumer's curiosity to gain more information about the Ad content	23-33	Wangenheim & Bayon (2007)
Consumer WOM[9]	1. The consumer's preference in referring products or brands 2. The level of consumer's awareness in information spreading 3. The level of consumer's trust-worthiness in information spreading 4. The level of consumer's trust-worthiness in WOM referral 5. The level of consumer's trust-worthiness a Source of reference	34-38	Roman & Cuestas (2008)

3.3 Source of Data and Data determination

3.3.1 Type of Data

In this research, the type of data that is collected will be defined in two, based on the source of the data for the research. Those types of data are:

1. Primary data

   Primary data is the main data from this research that is provided by observation to the respondent target by questioner.

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[8] Wangenhcim , Florian v. ; Bayón, Tomás, The chain from customer satisfaction via word-of-mouth referrals to new customer acquisition, Academy of Marketing Science, 2007

[9] Roman, Sergio; Cuetes, Pedro J, "The Perceptions of Consumers Regarding Online Retailers' Ethic and Their Relationship with Consumers' General Internet Expertise and Word of Mouth: A Preliminary Analysis", Journal of Business Ethics (2008) 83:641-656, Springer, 2008.

2. Secondary data

Secondary data is as supportive data of the research data that is not provided from the questioner observation. Provided from the internet, mass media, literature study, and other informative source that is related to this research. Secondary data is needed as a prove to support the primary data.

Questioner will be given to respondent. Questioner is divided into three sections:

1. Questions about the respondent profile.
2. The respondent respond about the advertising effectiveness.

With Likert Scale, then the variable that is being measured is divided to variable indicator then that indicator is determined becoming the base to arrange instrument items that can be question or statements.

In term for qualitative analysis needs, then the respondent answer is in a form of scores[10]:

a) Agree strongly/ always/ very positive/ very good, is scored: 5

b) Agree somewhat/ positive/ seldom/ good, is scored: 4

c) Neutral/ sometimes/ good enough, is scored: 3

d) Disagree somewhat/ rarely/ negative/ bad, is scored: 2

e) Disagree strongly/ never/ very negative/ very bad, is scored: 1

As stated by Sugiono[11] that in a research instrument determination for certain variable, the question points is suggested phrased in a positive form, neutral, or negative so that respondent can answered it seriously and be consistent. And in this research we implement positive statements phrase and also negative statement phrase. For the quantitative analysis, answers of the respondent is scored 5-4-3-2-1 for positive phrase statements, and score 1-2-3-4-5 for negative phrase statement. For positive respond for a negative statement because the respondent responds is not supporting the research. In term to support the descriptive analysis with a qualitative method of a quantity analysis

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[10] Sugiyono, *Metode Penelitian Bisnis.* CV. Alfabeta, Bandung, 2009
[11] Ibid

that is done, then all the statements items is going to be made in a positive statements phrase.

3.3.2 Population, Sample, and Sampling Technique.

The key concept of the population is the total target group who would, in the ideal world, be the subject of the research, and about whom one is trying to say something. And the Sample is the actual group who are included in the study, and from whom the data are collected. The logic of the quantitative sampling is that the researcher analyses data collected from the sample, but wishes in the end to make statements about the whole target population, from which the sample is drawn.[12]

3.3.2.1 Population and sample

The globalization era has created international trades that also create international products, among approximately 200 countries in the world. Even a large multinational corporation would find it difficult to resource market development in all these countries. Thus the first task for the researcher is to scan markets, to identify which countries have the potential for growth. International markets are scanned primarily at this stage to identify countries that warrant further research and analysis, thus they will look for countries that meet three qualifying criteria:

1. Accessibility
2. Profitability
3. Market size[13]

For those reasons global marketers of global consumer goods, Indonesia is one of the potential markets for product distribution and sales, due to its big population. Indonesia's population of 240,271,522 people estimated on July 2009 base on CIA's Factbook make it the fourth most populous country in the world. In spite of that, Indonesian consumer has it's own uniqueness and characteristic,

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[12]Punch, Keith F., Introduction to social Research: Quantitative and Qualitative Approaches, SAGE Publications, London,1998. p.105

[13] Keegan, Warren J., Global Marketing Management, 7th edition, Prentice-Hall International, Inc, 2002. p.129

because Indonesian consumers are divided into 525 ethnical groups that is spread on 17.508 islands all over Indonesian archipelago. Roughly 45% of the populations are Javanese. Other large ethnic groups include the Sundanese (West Java), Madurese, Balinese, Bataks (North Sumatra), Minangkabau (West Sumatra), coastal Malays, Dayaks (Borneo), Ambonese (Maluku), Makasarese-Buginese (Celebes), and Chinese.

This Research is a Descriptive analysis that is using a survey method by taking sample from the population by an interview using questioners. Since the target segment on this product which is Unilever Sunlight dish washing Liquid are Women[14], hence we determine the target of the population are the Female in West Jakarta. And as the sample is the Duren Sawit District.

Reasons of determining that area is considered and determined by using the Multistage Sampling is the procedure of sampling, which consists in first selecting the clusters and then randomly choosing a specified number of units from each selected cluster, also known as *two-stage sampling*.

Considered that sampling procedures in which all the elements of the selected clusters are enumerated. It is seen that though cluster sampling is generally economical, but it is usually less efficient than sampling of same number of ultimate units directly from the population. This is because the former strategy restricts the spread of the sample over the population. It can, therefore, be logically expected that, for a given number of units in the sample, greater precision can be attained if (1) the units are distributed over a larger number of clusters, and (2) instead of completely enumerating all the units in each selected cluster, only a sample of units is observed. The clusters that form the units of sampling at the first stage are called the *first stage units*, or *primary stage units*, and the elements within the clusters which form the units of sampling at the second stage are called *subunits*, or *secondary units*, or *second stage units*. The procedure can be generalized to three or more stage, and is then termed *multistage sampling*[15]. Based on information that is gain from vary sources as described as followed:

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[14] www.Unilever.com

[15] Singh,Ravindra ; Mangat, Naura Singh, *Element of Survey Sampling*, Kluwer Academic Publishers

Some 63% of the total population of Indonesia lives on overcrowded Java and the adjacent islands of Madura and Bali[16]. Base on the statistical data of Indonesia in 2005. Over totally 218,868,791 of the Indonesian population on the recent year, West Java is the most populous province in Indonesia considering 17.80% of the Indonesian population, which is the highest number, followed by east Java 16.58% and central Java 14.61% of the total population. But comparing the population to the area width, DKI Jakarta has the highest level of population density, with 13,344 peoples per kilometer. And the West Java Province is in the second place for population density with 1126 peoples per kilometer[17].

Jakarta is the capital, chief port, and commercial center of Indonesia and its suburbs cover some 66,164.15 Ha. Over 8,860,381 people live within this area[18]. Also support for indigenous or tribal people is widespread in the Jakarta[19]. Or in other words, we can say Jakarta as 'little Indonesia', because its inhabitant consist of vary ethnical group. For those reasons above Jakarta is determinate to be the representation of Indonesia's representative population of this research.

Jakarta is divided in five municipalities as East Jakarta, North Jakarta, South Jakarta, West Jakarta and Central Jakarta. Based on its Data of the Central Bureau of Statistics (BPS), the Biggest Area is East Jakarta, with 18,775.94 Ha, followed by North Jakarta with 15,411.36 Ha, South Jakarta with 14,572.32 Ha, West Jakarta with 12,615.01 Ha, and the smallest is Central Jakarta.

Besides as the biggest area in Jakarta, East Jakarta also has the highest number for population in Jakarta as 2,168,601 people and also has the highest number for female Population in Jakarta as 1,217,700 based on the Data on 2007[20].

Since East Jakarta has 10 Districts, as; Matraman District, Pulogadung District, Jatinegara District, Duren Sawit District, Kramat Jati District, Makasar District, Pasar Rebo District, Ciracas District, Cipayung District, And Cakung District. Hence, the researcher determines to breakdown the population into a

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[16] www.ediplomate.com

[17] www.datastatistik-indonesia.com

[18] www.datastatistik-Indonesia.com

[19] Li, Tania Murray, articulating Indigenous Identity in Indonesia: Resource Politics and the Tribal Slot, Working papers vol. 42(1), Berkley Workshop on Environmental Politics, Institute Of International Studies, University of California, Berkley, 2000

[20] Central Bureau of Statistics, *Statistics of East Jakarta*, CBS of East Jakarta, Jakarta, 2004-2007

smaller sampling area to determine the sample. Based on the Data on 2007 that is provided the researcher Determine Duren Sawit District as the Area Sampling, the consideration as the district with the highest population in the East Jakarta as 320,925 people, also has the highest number for population Distribution in East Jakarta as 14.80%, and has the highest number of Sub village Association (RW/ Rukun Warga) in East Jakarta as 95 Sub village Association (RW), and also has the highest number of Households (KK/kepala Keluarga) as 90,976 Household. Duren Sawit itself is divided in tto 8 Villages as; Pondok bambu Village, Duren Sawit Village, Pondok Kelapa Village, Pondok Kopi Village, Malaka Sari Village, Malaka Jaya Village, and Klender Village[21]

The sample in this research is citizens in the Duren Sawit District that viewed the Unilever 1000 Sunlight Agent TV commercial advertisement, and the sampling technique is using Multistage Sampling technique. In determining the number of sample token the researcher is using the Slovin formula[22]

$$n = \frac{N}{(N.d^2)+1}$$

with:
    n = size of minimum sample

    N = size of population

    d^2 = level of persision (10%)

Asuming 320,925 people is representative to represent the population that is affected by the Ad in this case, hence we provide the amount of n for the respondent as:

$$n = \frac{320.925}{\left(320.925 * 0.1^2\right)+1} = 99,97 \approx 100$$

From the calculation we provide the sample of this research as 100 Sample, as the subject of this research.

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[21] Central Bureau of Statistics, *Statistics of East Jakarta*, CBS of East Jakarta, Jakarta, 2004-2007
[22] Jalaludin Rakhmat, *Metode Penelitian Komunikasi*, PT Remaja Rondakarya, Bandung, 2004. p. 82

3.4 The Data Collecting Method

The data used is the Primary data that is reconcile with the operationalization of the variable, using the interview data collecting, Questioners method, literature reference study, textbook, journal articles, and the internet.

3.4.1 Scale of Measurement

To know the aspects or variable that is going to be researched, it needs a tool of measurement or valid test scale that is convincing, hence the research output could be convincing and give a description of the real reality. According to Sugiono[23] that a valid and reliable instrument means that instrument can be used to measure what is suppose to be measured if we use to measure the same object that will produced the same data, hence in this case the measurement scale is the questioner that is which need to be tested, with validity and reliability test.

The measuring method that is used in this research is the Likert scale that is usually used to measure a construct attitude and the intensity of an attitude in a social and psychological research. The Likert scale is also known as the Method of summated ratings where researcher will label it by numbers on of each answers from statements that is provided in the questioner.

The Likert scale in general uses 5 point scale the points can be labeled; agree strongly, agree somewhat, neutral, disagree somewhat, disagree strongly. This can also be reverted depends on the question format in the questioners, whether the statement is a positive or negative question or statement.

The right measurement for the Likert scale is the ordinal scale. The ordinal scale is the measurement which states category and degrees, but does not show the interval from each category. The researcher is going to give points for the respondent answers in the questioners as: agree strongly is pointed 5, agree somewhat is pointed 4, neutral is pointed 3, disagree somewhat is pointed 2, disagree strongly is pointed 1.

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[23] Sugiyono, *Metode Penelitian Bisnis.* CV. Alfabeta, Bandung, 2009.

3.4.2 Validity and Reliability

The accuracy of a hypothesis testing on the research variable correlationship depends on the quality of data that is used in the test. The research data that has been collected needs to have a good validity and reliability in term to result a convincing output.

3.4.2.1 Validity Test

Validity is a technical term with specific meanings: here, we are focusing on the measurement validity, a term whose meaning is a matter of discussion in the measurement literature. Measurement validity means the extent to which an instrument measures what it is claimed to measure; an indicator is valid to the extent that it empirically represents the concept it purports to measure.[24] The test that result an irrelevant data with the research purpose is categorized as a test that has low validity.

To test items in the questioner, use the Corrected Item-Total Correlation method. The items are stated valid if the Corrected Item-Total Correlation values is higher than the critical value. The r critical value is as $0,3$[25]. Then if the correlation total score for each instrument item is less than 0,3 in the instrument then it is not valid, which means that item has to be erase. With a definition that the higher the correlation is closer to 1, then the better the validity is. Because the measurement scale of the item is ordinal, then which is used is the Spearman rank correlation coefficient.

3.4.2.2 Reliability Test

Reliability is a central concept in measurement, and it basically means consistency. There are two main aspects to this consistency: consistency over time (or stability) and internal consistency.

Consistency over time, or stability, means the stability of measurement over time, and is usually expressed in the question: if the same instrument were

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[24] Punch, Keith F., *Introduction to social Research*: Quantitative and Qualitative Approaches, SAGE Publications, London,1998. p.101

[25] Sugiyono, *Metode Penelitian Bisnis*. CV. Alfabeta, Bandung, 2006.p..116

given to the same people, under the same circumstances, but at a different time, to what extent what extent would they get the same score? To the extent that they would, the measuring instrument is reliable. To the extent they would not, it is unreliable. Stability over time can be directly assessed, under certain circumstances, by administrations of the same instrument.

Observed scores are made up of the true scores, which we want to estimate, and error. The smaller the error, the closer the observed scores are to the true scores. Reliability enables us to estimate error, and reliability and error are related reciprocally: the larger the reliability, the smaller the error, and conversely the smaller the reliability, the larger the error. Measure which have high reliability produce observed scores which are close to true scores. [26]

Even though theoretically, the reliability coefficient is between 0-1 but the fact is that reliability coefficient as 1,0 never been reached in the measurement, because human are as psychologically measurement subject, which is the biggest error potential. Besides that even though the coefficient correlation can be noted as positive (+) or negative (-), but the correlation coefficient that is noted negative or in other words the value is less than 0,00 doesn't mean anything because the reliability interpretation always scale to positive reliability coefficient. The reliability measurement method is using the Cronbach Coefficient Alpha, which is using the reliability instrument that scored 0-1, but which is an arrangement of several scores.

3.5 Analysis and Data Processing Technique and Hypothesis Testing
3.5.1 Path Analysis

Path analysis is part of the regression model that can be used to analyze the relationship between the result of a variable with other variables. System is due to the relationship because the two types of variables, the independent variable that is usually symbolized with the letter X1, X2, ... Xn and the dependent variable or variables that is symbolized by the letter Y1 , Y2, ... Yn.

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[26] Punch, Keith F., *Introduction to social Research*: Quantitative and Qualitative Approaches, SAGE Publications, London,1998. p.99

The Path Analysis line chart that shows the influence of independent variables on the dependent variables can be a direct and indirect effect, or in other words consider the path of analysis influences direct and indirect. Unlike the ordinary regression model where the influence of independent variables on the dependent variable is only a directly influence the form.

An indirectly influence of an independent variable on the dependent variable is by passing through another variable called an intervening variables. For example, in marketing research, the influence of the 'quality variable' of a product or services on a 'loyalty variable' is not directly but indirectly through other variables such as 'customer satisfaction variable'.

Besides that, path analysis is a method that is used in the causal model, that is formulate by the researchers have based on a theoretical consideration , either a certain knowledge or in other words have a use path analysis to check or test the causal model that is theorized and not breaking down a causal theory.

According to Nirwana[27] , the method that is developed by Sewal Wright in 1934 aims to explain the consequences that can explain the direct and the indirect effect of one variable to another. The value of the correlation coefficient structure will be reflected in the path and notated by ρ_{yxi} where Y is states as the independent variable and X_i is the cause that is the dependent variable. The total amount of the Correlation structure is the total value of the total of the correlation structure of each independent variable either directly nor indirect to the dependent variable ($\rho_{yxi...k}$).

Nirwana (1994) mentioned that, to help to describe the pattern of the causal relationship between numbers of variables, hence we describe it in the path diagram in a form of graphics. In the causal model, the variables can be divided into two groups, which is the exogenous variable (independent) and the endogenous variable (dependent). Exogenous variable is a variable that its variability appears by causes outside the causal model. The Consequences is the exogenous variable is not included in the model, which means that its variability will not be described. The endogenous variable is the variable that its variability

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[27] Nirwana SK Sitepu, *Analisis Jalur*, Universitas Padjadjaran, Bandung, 1994

can be explained by the exogenous variable either the endogenous variables in the system (causal model).

The path analysis diagram used in this example is described as follows:

Figure 3.1 Path analysis diagram
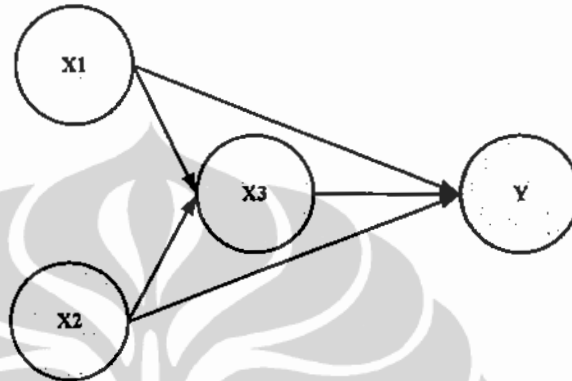
Where:

X1 = Pre-Purchase Thinking

X2 = Product Involvement

X3 = Adevrtising Effectiveness

Y = Consumer WOM

According to the conceptual framework there is a relationship as follows:
1. how is the influence of the Pre-Purchase thinking variable and the product involvement variable affecting the advertising effectiveness variable simultaneously or partially, also which variables influence the most.
2. How affective Pre-Purchase thinking, product and advertising Involvement Effectiveness affect consumer WOM.

Base on the hypothesis, hence the path analysis can be described as followed:
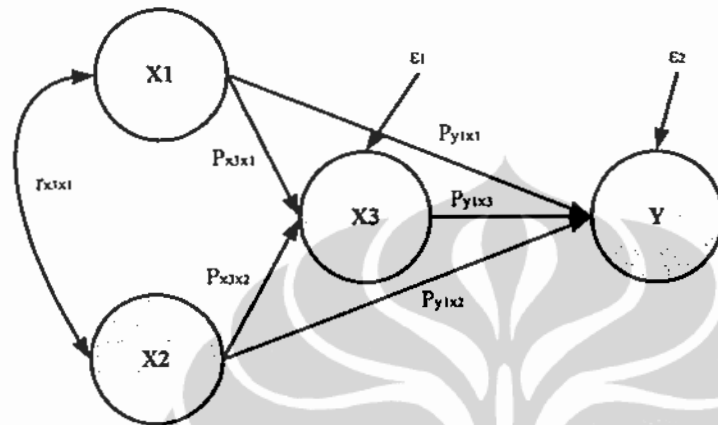
The description above stated that the path analysis consist of two structural equation or two substructure. Which X1 and X2 as an exogenous variable and X3 and Y1 as the endogenous variable. The structural equation of the Path analysis diagram are as:

$$X_3 = P_{X3X1}X_1 + P_{X3X2}X_2 + \varepsilon_1$$
$$Y_1 = P_{Y1X1}X_1 + P_{Y1X2}X_2 + P_{Y1X3}X_3 + \varepsilon_2$$

CHAPTER IV
ANALYSIS AND DISCUSSION

4.1 Research Analysis

4.1.1 Questioner Analysis

At here we investigate the characteristics of respondents, the results and a description of a hypothetical test using path analysis, the test was conducted to identify the problems, testing is done on the variable of Advertising effectiveness, the variable of pre-purchasing thinking, the variable of product involvement, and the variable of consumer WOM. Tests are conducted using the data processed from the questionnaire that has been tested the by the Physcometric property test. First method uses the validity and reliability and the results obtained from testing the validity and reliability on the questionnaire of this research indicate eligible to be investigated.

The sample in this research is the citizens of the Duren Sawit District as a Representative of Jakarta's most populous area, which is also an area with the highest Female population. Where Jakarta it self is a representation of the Indonesian 'face'.[1]

4.1.1.1 Analysis of the Characteristics of Respondents

The data on respondents that were processed by researcher (questionnaire part I), so that it can be noticed about the characteristics of consumers who use the product of Sunlight dishwashing liquid, that is produce and distribute by Unilever. This data, is as a source of primary research data. Segments that have been made by researchers to describe the characteristics of consumers in the Duren Sawit District as (1) Gender, (2) Age, (3) Martial Status, (4) Income, (5) Monthly Expenditure, (6) Occupation. The results of primary data on the characteristics of respondents are as follows:

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[1] Li, Tania Murray, articulating Indigenous Identity in Indonesia: Resource Politics and the Tribal Slot, Working papers vol. 42(1), Berkley Workshop on Environmental Politics, Institute Of International Studies, University of California, Berkley, 2000

Consumer Segmentation Based on Sex

Sex are often used as one of the factors that affect consumer behaviour or in other word, different gender has different consuming behaviour. And also different behavior all over, such way of communicating, ways interpret things, buying behaviour, preferences, etc. Customer segmentation based on gender can be seen in the following table:

Table 4.1.1 Consumer Segmentation based on Sex

Sex	Frequency	Percentage
Male	11	11%
Female	89	89%
TOTAL	100	100%

Source: Questioner Part I that has been processed

The survey shows that the segmentation is dominated by Female as 8.09:1 of female compare to male. In this case, for the product of Sunlight dishwashing liquid, usually the users are women, that is use to do the house cores in our Indonesian culture, hence, the Sunlight consumers no wonder be dominated by certain sex. This fact is also accordance to the Unilever target market for the product of Sunlight dishwashing liquid[2].

As stated by Kotler, that Men and Woman tend to have different attitudinal and behavioral orientations, based partly on genetic makeup and partly on socialization. For example, women tend to be more communal-minded and men tend to be more self-expressive and goal-directed; women tend to take more of the data in their immediate environment; men tend to focus on the part of the environment that helps them achieve a goal. A research study examining how men and woman shop found that men often need to be invited to touch product, while women are likely to pick it up without prompting. Men often like to read the

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[2] www.Unilever.co.id

product information; woman may relate to a product o a more personal level[3]. This fact on the difference of men and women behavior is related to the marketing strategies and approaches that is used in marketing this product.

Consumer Segmentation Based on Age

Age is often used as one of the factors that affect in consumer behavior. Customer segmentation based on age can be seen in the following table:

Table 4.1.2 Consumer Segmentation based on Age

Age	Frequency	Percentage
<20 years old	6	6%
Between 20-35 years old	45	45%
Between 36-50 years old	49	49%
>50 years old	0	0%
TOTAL	100	100%

Source: Questioner Part I that has been processed

As Shown above we can see that most of the Segmentation for sunlight users' are is between 36 until 50 year old. Means that most of the consumers segment are mature women. Followed by consumers at the age between 20 until 35 year old. And there are also some consumers at the age under 20 years old; we can assume them as new potential consumer for this product. Means that, the Sunlight dishwashing liquid is needed most by mature women, which has more experience in life rather than the young ones. We can see one of the reasons why Sunlight dishwashing liquid became the leading brand in Indonesia for dishwashing liquid. Assuming that base on the consumer experiences and needs, Unilever can fulfill quality and needs that the Indonesian consumers desire.

Age has a strong preference for someone to any of the products or services, because consumers' willingness and ability to change with the age. Increasing age, the need to ease in obtaining or consuming a product or service will vary, so this difference in impact on the level of consumer needs it. [4]

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[3] Kotler, Philip; Keller Kevin lane, *Marketing management*, Pearson, Prentice Hall, 2006, p.234

[4] Kotler, Philip, Armstrong, Gary. *Principles of Marketing*, Pearson Education, Inc., Upper Saddle River, New Jersey.:2008

Consumer Segmentation based on Martial Status

Here is shown type of the consumer demography from its martial status:

Table 4.1.3 Consumer Segmentation based on Martial Status

Martial Status	Frequency	Percentage
Married	81	81%
Not yet Married	14	14%
Once Married	5	5%
TOTAL	100	100%

Source: Questioner Part I that has been processed

Base on the survey result is shown that most of the respondents are married people. Assume that the user's of the Sunlight product are more in house hold that has a big amount of family number, hence has much dirty dishes per daily that cause a high dishwashing liquid per day. This fact is accordance to the Unilever market target for Sunlight dishwashing liquid as a house care product[5] which is needed most in households.

Consumer Segmentation based on Income

Below is serve the data to the consumer demography base on its income per month. Here what is tend to be seen is its purchasing power parity on for the Sunlight dishwashing liquid market base on it's income per month, as seen below:

Table 4.1.4 Consumer Segmentation based on Income

Income	Frequency	Percentage
< Rp.500.000	18	18%
Rp.500.000-Rp.1000.000	29	29%
Rp.1000.001-Rp.2000.000	25	25%
Rp.3000.001-Rp.5.000.000	25	25%
> Rp..5000.000	3	3%
TOTAL	100	100%

Source: Questioner Part I that has been processed

As seen on the table the most of the respondent that viewed this type of Unilever Sunlight's Ad are on the C2, D, and E social economic status base on AC Nielsen SEES category (2008). And followed by the B and C1 social economic status category. Which is accordance to the Unilever market target that

[5] http://www.unilever.co.id/Images/Annual%20Report%202008_tcm110-170143.pdf

the new 90ml Sunlight dishwashing liquid is that is shown in the 'Unilever 1000 Sunlight agent' Ad is dedicate to the lower-end segment[6].

Consumer Segmentation based on Monthly Expenditure

Monthly expenditure can be an important factor for marketer to determine it's segmentation of a product. It is assumed that the higher the monthly expenditure is, the higher the purchasing power parity of the consumers are. Base on the table below we can see the consumer demography based on the average monthly expenditure:

Table 4.1.5 Consumer Segmentation based on Monthly Expenditure

Income	Frequency	Percentage
< Rp.500.000	32	32%
Rp.500.000-Rp.1000.000	34	34%
Rp.1000.001-Rp.2000.000	8	8%
Rp.3000.001-Rp.5.000.000	26	26%
> Rp.5000.000	0	0%
TOTAL	100	100%

Source: Questioner Part I that has been processed

As shown on the table most of the Sunlight 'Unilever 1000 Sunlight Agent' Ad viewer are from the C2 and D social economic status base on AC Nielsen SEES category (2008). This is accordance to the Unilever Market Segmentation target for Sunlight dishwashing liquid[7].

Social class has a strong influence on preference. Many companies design products and services for specific social classes[8]. So as the Sunlight dishwashing liquid Ads that has been designed differently for different segments and different purposes and usage, just as the 'Unilever 1000 Sunlight Agent' ad, that is differ from the other Sunlight Ads, that is targeted for specific Segments and with Specific purpose.

Consumer Segmentation based on Occupation

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[6] http://www.unilever.co.id/Images/Annual%20Report%202007_tcm110-124995.pdf
[7] http://www.unilever.co.id/Images/Annual%20Report%202007_tcm110-124995.pdf

[8] Kotler, Philip; Keller Kevin lane, *Marketing management*, Pearson, Prentice Hall, 2006, p.236

What is served below is the demography data based on the occupation of the Sunlight dishwashing liquid consumer:

Table 4.1.6 Consumer Segmentation based on Occupation

Martial Status	Frequency	Percentage
Student	0	0%
Civil Employee/ National Army	6	6%
Private Sector Employee	19	19%
Entrepreneur	15	15%
Housewife	55	55%
Others	5	5%
TOTAL	100	100%

Source: Questioner Part I that has been processed

As shown on the table of the consumer's demography based on occupation are dominated by housewives. This shows that the market segment for Sunlight dishwashing liquid is dominated by housewives, which in Indonesian culture is responsible to the house hold. So that it is them that determines the consumption of a household, and since Sunlight is a home care product most purchase are determine by the housewives. This is also accordance to the Unilever market segment for Sunlight dishwashing liquid[9].

4.2 Validity and Reliability Test

4.2.1 The Validity Test

In this section the test results on the instruments measurement that are developed based on the previous acquisition of data for variable-variable of this research will be described and reported. The measuring tool that is used in this research is a questionnaire consisting of items of structured questions to obtain the data of the research variables of this research that the respondents' answers. The items of the questions asked is according to the research variables, which is the Advertising Effectiveness, Pre-Purchase Thinking, Product Involvement and Consumer WOM.

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[9] www.unilever.co.id

Overall results obtained by the questionnaire that consists of 4 variables that research consists of 32 indicators with 32 question items, with detailed 8 questions of Effectiveness advertising variable, 8 question of the Pre-Purchase Thinking variable, 11 questions of Product Involvement variable and 5 questions of Consumer WOM variable.

The validity test of the research is done on indicators on each variable by valuing all items on each indicator. So the validity test of this research is correlating each indicator derived from all items on the indicator with all the items on the indicator.

Table 4.2.1

The Result of The Validity Test of Advertising Effectiveness

Indicator	R	Description
1	0, 681	Valid
2	0,488	Valid
3	0,584	Valid
4	0,636	Valid
5	0,598	Valid
6	0,623	Valid
7	0,495	Valid
8	0,594	Valid

Description: r table 0.3

Based on the validity test, the result shows that all questions items stated are valid. Thus the whole question items designed to measure the advertising Effectiveness variables is exact for its measuring functions.

Table 4.2.2

The Result of The Validity Test of The Pre-Purchase Thinking

Indicator	R	Description
1	0,585	Valid
2	0,335	Valid
3	0,689	Valid
4	0,678	Valid
5	0,587	Valid
6	0,671	Valid
7	0,734	Valid
8	0,670	Valid

Description: r table 0.3

Based on the validity test, the result shows that all questions items are stated valid. Thus the whole question items designed to measure the Pre-purchasing thinking variable is exact for its measuring functions.

Table 4.2.3
The Result of The Validity Test of Product Involvement

Indicator	R	Description
1	0,362	Valid
2	0,681	Valid
3	0,657	Valid
4	0,696	Valid
5	0,708	Valid
6	0,599	Valid
7	0,338	Valid
8	0,483	Valid
9	0,273	Not Valid
10	0,783	Valid
11	0,780	Valid

Description: r table 0.3

Due to the results was differ from expectation, then the validity of the indicator is being re-tested by removing the no. 9 indicator on the Product Involvement variable because it cannot fulfill the measurement function. After the validity test is done to almost all items except question of indicator number 9 are stated valid, the result that is obtain is that all the items designed to measure the variables Product Involvement in the appropriate for its measurement function.

Table 4.2.4
The Result of The Validity Test of The Pre-Purchase Thinking

Indicator	R	Description
1	0,652	Valid
2	0,777	Valid
3	0,664	Valid
4	0,745	Valid
5	0,669	Valid

Description: r table 0.3

After the validity test is done the results obtained of all the question items are stated valid. Thus, the whole question items that are designed to measure the variables Consumer WOM is exact in its measuring function.

Based on the validity test, it is seen that, all the question items stated are valid.

4.2.2 Reliability Test

Reliability testis meant to see the reliable instrument or the level of reliability as means of measuring instrument in the research, so that research results will truly meet the standards of scientific and not biased. To test reliability is using reliability coefficient Cronbach's Alpha instrument. More results can be seen in the table below.

Table 4.2.5 The Result of The Reliability Test

No.	Variable	Reliability Coefficient	Description
1	Advertising Effectiveness	0,728	Reliable
2	Pre-Purchase Thinking	0,769	Reliable
3	Product Involvement	0,807	Reliable
4	Consumer WOM	0,743	Reliable

Base on the test result it can be seen that all the variables are reliable.

4.3 Variables Description

The variable in this research consists of advertising Effectiveness variable, pre-purchase thinking variable, product Involvement variable, and consumer WOM variable. Respondents' answers are categorized in 5 categories based on the Likert scale in which each have a gradation of the answers are very positive (agree) to very negative (disagree) in the questionnaire such as the possible answers are: agree strongly, agree, neutral, disagree, disagree strongly.

Thus the answers of respondents ranged from 1 to score highly agree not to score 5 agree strongly. Next to categorize the average answers respondents, made the scale interval. According Durianto, Sugiarto and Sitinjak[10] the weighted average value obtained then mapped to the category scale in the range of values. The determination of the range scale category value is done by first determining how many classes will be made. Where is the formula of determining the class interval that is used is:

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[10] Sugiarto,dkk. *Teknik Sampling,*PT Gramedia Pustaka Utama, Jakarta : 2003

A. Advertising Effectiveness

Table 4.3.1.1 The level of attractiveness and informative ness of the 'Unilever 1000 Sunlight Agent Program' Ad for the viewer

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	14	14%
Agree	4	69	69%
Neutral	3	15	15%
Disagree	2	2	2%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.7 Part II that has been processed

Based on the table above it can be seen that the level of attractiveness and also level of informative ness of the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement for the respondent. Stated that most respondent agree that this Ad is attractive and informative. This is accordance to the theory that is written on the previous chapter that a High-context Advertisement suits Indonesia's High-context Culture, that what makes this Ad attractive and informative for the viewers, because this ad contains lots of attractive actions of the storyboard, and also give a lot of information in it.

Table 4.3.1.2 The Level of Entertainment of the 'Unilever Sunlight Agent Program' Ad for the viewer

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	6	6%
Agree	4	56	56%
Neutral	3	27	27%
Disagree	2	11	11%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.8 Part II that has been processed

Based on what is shown in the table it is seen that most respondent agree that the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement is entertaining for the respondent. As sawn on the Ad, the concept of the Ad is Fun and Funny, it has a sense of humor in it, and this explains the reality. The concept is to make this ad interesting for the viewers; hence it can be easily accepted or memorized by the viewers.

Table 4.3.1.3 The helpfulness of demonstration eases the buying decision making

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	10	10%
Agree	4	56	56%
Neutral	3	32	32%
Disagree	2	2	2%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.9 Part II that has been processed

Base on what is shown in the table it can be seen that most respondent agree that the demonstration in the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement helps ease the buying decision making. This also shows how Indonesian consumers are very highly influenced by the information given from the source because of its High-context culture which is accordance to the theory.

Table 4.3.1.4 Information of the Program eases the decision making

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	11	11%
Agree	4	45	45%
Neutral	3	38	38%
Disagree	2	6	6%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.10 Part II that has been processed

Based on what is seen in the table most respondent agree that the information of the Unilever program of the 1000 Sunlight Agent given in the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement ease the viewers in creating interest in joining the program. Here it still can be seen that high context ad that contain detail information matters, and been influential in decision making for most Indonesian consumers.

Table 4.3.1.5 Sense of relations with the Endorser and the Community of a certain group of a program

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	3	3%
Agree	4	26	26%
Neutral	3	61	61%
Disagree	2	8	8%
Disagree Strongly	1	2	2%
Total		100	100%

Source: Questioner no.11 Part II that has been processed

Based on what is shown in the table is that most of the viewers can't feel the 'bond' with the endorser and also the 1000 Sunlight agent community only through the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement, can be assumed that the cause is because the indirect relationship between the viewers and the endorser and also the community, that is mediated only by the Ad. Which means that indirect information which is informed through an Ad gives Neutral Influence for the Indonesian consumer, but the fact that actually more than a quarter felt the connected Relation, still proves that this still gives the sense to it. In this case, for Indonesian Characteristic that is social, that has collective character, which prefers direct interaction/ communication is more significant for sense of relation or bonding, but still through an advertisement as the communication media is quite influential even though not too significant.

Table 4.3.1.6 Endorser Convenient

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	16	16%
Agree	4	53	53%
Neutral	3	29	29%
Disagree	2	2	2%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no. 12 Part II that has been processed

Based on what is shown in the table, most respondent agree that the endorser of the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement which is Krisna Mukti as the messenger of the company's message, which is to convince the product, so that the product is easily accepted by the consumer is convincing. By this it can be assumed that the chosen endorser, which is a local endorser, fits the target consumer segment, which is female and lower-end segment as previously stated.

Table 4.3.1.7 Audience (consumer) Animus for the Ad

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	14	14%
Agree	4	41	41%
Neutral	3	37	37%
Disagree	2	8	8%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.13 Part II that has been processed

Based on what is seen in the table most of the audience (consumer) is enthusiast to view the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement. This shows that the context of the Ad is quite influencing in making an excitement among the Indonesian environment in this case the Indonesian consumers to view it. Further more it could create awareness for the Ad (context) that could lead to the context cognition before it reaches to the Ad positioning. This explains the attractiveness of an Ad, that involves the creativity of the Ad creator or conceptor in delivering the message that is meant. And also base on the Ad creativity theory on another research[11], the designer's creativity in creating is influence by his/ her cognition, and Culture is one of the influences.

Table 4.3.1.8 Suitability of the Ad to the consumer character

Responses of Respondents	Advertising effectiveness		
	score	Total frequency	Percentage
Agree Strongly	5	15	15%
Agree	4	45	45%
Neutral	3	36	36%
Disagree	2	4	4%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.14 Part II that has been processed

Based on what is shown in the table most respondent agree that the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement suits the audience character as an Indonesian. This indicated that the probability of this Ad Effectiveness is caused by the suitability between the ad context and the local people characteristic; hence it became easily accepted by the Ad target. This indicates that localized advertisement is more easy to be accepted by the local market though the product that is promoted is a global product. With this kind of

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[11] Smith, Robert E.; Mackenzie, Scott B.; Yang, Xiaojing; Buchholz, Laura M.; Darley,William K., Modeling the Determinant and Effects of Creativity in Advertising, Marketing science Vol.26, No.26, November-December 2006

approach, tend to make the ad more effective to be absorb and accepted in term to communicate the purpose of the ad.

B. Pre-purchase-thinking

Table 4.3.2.1 The consumer's consideration of the Ad information before making a buying decision.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	15	15%
Agree	4	25	25%
Neutral	3	29	29%
Disagree	2	28	28%
Disagree Strongly	1	3	3%
Total		100	100%

Source: Questioner no.15 Part II that has been processed

Based on what is shown in the table about the consumer's consideration of the information that is provided in the Ad of the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement before making a buying decision. Shows that there are vary different responds of the respondent in term of the information provided by the ad in creating a consumer pre-purchasing thinking before making a buying decision. We can assume that this indicates one of the Indonesian consumer characters that is more attracted to the context of the ad rather the content of the ad as written on the previous chapter. The impulsive buying character can be seen by the short thinking before buying rather than have a long thinking of the information provided before making a buying decision.

Table 4.3.2.2 The consumer's consideration of the Ad information before deciding to join the program as the Ad content.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	6	6%
Agree	4	38	38%
Neutral	3	44	44%
Disagree	2	12	12%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.16 Part II that has been processed

As shown in the table most respondents are not influenced by the information given about the '1000 Sunlight Agent Program' of Unilever that is provided in the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement in making a decision to join the program becoming a 'Sunlight Agent'. But some agree that they did make a long thinking before they make a decision in becoming one of the 'Sunlight Agents'. This Shows that most viewers of this ad didn't consider the information about the 'Unilever 1000 Sunlight Agent Program', but the information of the program that is provided in the ad did influence some in making a pre-thinking or consideration before making a decision to join the program.

Table 4.3.2.3 The consumer's impression to the Ad before buying the product.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	7	7%
Agree	4	56	56%
Neutral	3	25	25%
Disagree	2	12	12%
Disagree Strongly	1		0%
Total		100	100%

Based on what is shown in the table can be seen that most agree that the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement is impressing to the viewers; hence they remember the ad before they buy the product of Sunlight dishwashing liquid. This means that this ad is memorable for the consumers as the viewers of this ad. And also effective in creating pre-thinking before doing a decision that is related to the product. or else creates sympathy of the viewers to the Ad that creates affection to the product because of the Ad.

Table 4.3.2.4 The consumer's impression of the Ad before interested to join the program as the Ad content.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	5	5%
Agree	4	57	57%
Neutral	3	22	22%
Disagree	2	16	16%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.18 Part II that has been processed

Based on what is shown in the table can be seen that most of the consumers agree that the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement is impressing to the viewer that makes the viewer memorize the ad before interested to join the 'Unilever 1000 Sunlight Agent Program', which means that the ad is effective in creating pre-thinking before consumers move to the higher action, which is that they remember the ad before being interested to become a 'Sunlight Agent'.

Table 4.3.2.5 The consumer's consciousness' in purchasing the product.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	23	23%
Agree	4	58	58%
Neutral	3	18	18%
Disagree	2	1	1%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.19 Part II that has been processed

As shown in the table can be seen that most respondents agree that they really know their reason in buying a product of Sunlight dishwashing liquid. This means that the ad manage to create pre-thinking so that the consumers were very conscious when they did the product purchase.

Table 4.3.2.6 The consumer's consciousness' in being interested to join the program as the Ad content.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	5	5%
Agree	4	58	58%
Neutral	3	34	34%
Disagree	2	3	3%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.20 Part II that has been processed

As shown in the table most respondent agree that they really know the reason before joining the 'Unilever 1000 Sunlight Agent Program'. This means that the ad manage to create pre-thinking in order for the viewers in becoming interested in joining the program as the of the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement content.

Table 4.3.2.7 Benefit consideration of the product before purchasing the product.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	20	20%
Agree	4	45	45%
Neutral	3	30	30%
Disagree	2	4	4%
Disagree Strongly	1	1	1%
Total		100	100%

Source: Questioner no.21 Part II that has been processed

Based on what is shown in the table, most respondent agree that they thought about the benefit consideration of the Unilever Sunlight dishwashing liquid product before purchasing the product. But it didn't affect some respondents in making a benefit consideration of the product, while some other some strongly agreed that this ad is effective in making a benefit consideration of the product. So averagely this ad did manage to create a pre-thinking of the benefit consideration of the product before the consumers as the viewers of the ad makes a further action, which is purchasing the product that is advertised. So it can consider that most average of the Indonesian consumer has critical level in considering the benefit in using the Sunlight product.

Table 4.3.2.8 Benefit consideration in joining the program as the Ad content.

Responses of Respondents	Pre-purchasing Thinking		
	score	Total frequency	Percentage
Agree Strongly	5	24	24%
Agree	4	33	33%
Neutral	3	34	34%
Disagree	2	8	8%
Disagree Strongly	1	1	1%
Total		100	100%

Source: Questioner no.22 Part II that has been processed

As Shown in the table most respondent were not generated to think about the benefit in joining the 'Unilever 1000 Sunlight Agent Program'. But some other respondent think the opposite, they agree and strongly agree that they had a benefit consideration in joining the program. So the 'Unilever 1000 Sunlight Agent' as the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement content gave vary response in creating a benefit consideration in joining the 'Unilever 1000 Sunlight Agent Program'. Which means there are vary levels of critical level of Indonesian consumers in making a consideration about what benefit them or not.

C.   **Product Involvement**

Table 4.2.3.1 The consumer's interest of the product

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	20	20%
Agree	4	77	77%
Neutral	3	3	3%
Disagree	2	0	0%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.23 Part II that has been processed

Based on what is seen in the table, most respondents agree that they are interested in the Sunlight dishwashing products. This is accordance to the data that tells that Sunlight is the leading brand in Indonesian market for dishwashing liquids[12]. Which means that this is could be related to the product involvement, because this is a type of consumer goods that is used daily. And for its high animus for the product it also means a big chance to widen up it's market share because of it's high interest from the consumer it self.

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[12] www.unilever.co.id

Table 4.3.3.2 The consumer's interest in the program as the Ad content

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	12	12%
Agree	4	42	42%
Neutral	3	41	41%
Disagree	2	5	5%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.24 Part II that has been processed

Based on the table above it is seen that most respondent agree that they have interest in becoming one of the 'Unilever 1000 Sunlight Agent' while some others hasn't has an interest yet in becoming one of the Agents. This means the consumer knowledge in term to get involve with the program is quite high. Can be presumed that that the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement is relatively success in lifting up the consumers interest to be involve in the program.

Table 4.3.3.3 The consumer's knowledge of the product

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	20	20%
Agree	4	47	47%
Neutral	3	27	27%
Disagree	2	6	6%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.25 Part II that has been processed

Based on the table it can be seen that most of the respondent knew a lot about the Sunlight dishwashing products. Knowledge of a product can come from information, which means the consumer did had the willingness in getting involve to absorb information about sunlight.

Table 4.3.3.4 The consumer's knowledge of the program as the Ad content

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	8	8%
Agree	4	26	26%
Neutral	3	49	49%
Disagree	2	16	16%
Disagree Strongly	1	1	1%
Total		100	100%

Source: Questioner no.26 Part II that has been processed

Based on the table above it can be seen that most of the respondent has good enough knowledge for the 'Unilever 1000 Sunlight Agent Program'. While some others agreed that they do have good knowledge about the 'Unilever 1000 Sunlight Agent Program'. This shows that most consumers only getting involve absorbing information about the program sometimes.

Table 4.3.3.5 The consumer's interest in gaining overview of the Ad content

Responses 08 Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	26	26%
Agree	4	39	39%
Neutral	3	29	29%
Disagree	2	6	6%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.27 Part II that has been processed

Based on what is shown in the table can be seen that most respondent agreed that they are interested in gaining overview of the 'Unilever 1000 Sunlight Agent Program' TV commercial Advertisement content. Which means that the involvement of a product can create interest for the consumers, in term to gain further information of a product, including its extra program of it.

Table 4.3.3.6 The consumer's word of mouth activities.

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	4	4%
Agree	4	36	36%
Neutral	3	53	53%
Disagree	2	6	6%
Disagree Strongly	1	1	1%
Total		100	100%

Source: Questioner no.28 Part II that has been processed

Based on what is described in the table most of the respondents sometimes talks about their benefit in using Sunlight to others. While some others seldom does it. This shows that there is a number of word of mouth activities in benefiting the Sunlight products among the dishwashing detergent consumers in Indonesia, though they only do it sometimes, means that by getting involved with the product, creates a word of mouth activity.

Table 4.3.3.7 The consumer's knowledge of the WOM referral marketing program

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	0	0%
Agree	4	37	37%
Neutral	3	55	55%
Disagree	2	8	8%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.29 Part II that has been processed

Based on what is described in the table, can be seen that most respondent has good enough knowledge of word of mouth referral marketing programs. And some other has good knowledge about it. This means that when the consumer views the 'Unilever 1000 Sunlight Agent Program' and similar sorts of member

get member or referral marketing program like that are familiar to it. So this shows quite enough knowledge of WOM referral program.

Table 4.3.3.8 The knowledge gaining activity of the costumer as the Source of information

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	12	12%
Agree	4	34	34%
Neutral	3	42	42%
Disagree	2	11	11%
Disagree Strongly	1	1	1%
Total		100	100%

Source: Questioner no.30 Part II that has been processed

Based on the table, it can be seen that most respondent sometimes read reports in magazines and newspaper about the winners of the winners of the 'Unilever Sunlight 1000 Agent Program' that won 25 million Rupiahs. This shows the knowledge gaining activity of the costumer as the source of information is medially active.

Table 4.3.3.9 The consumer's interest in getting involve with the product as a user

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	32	8%
Agree	4	66	30%
Neutral	3	1	49%
Disagree	2	1	13%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.31 Part II that has been processed

As shown on the table, it can be seen that most respondents has good enough responds to purchase the Sunlight products, which means interested

enough in getting involved to the product. and some other respondents has better responds to get involved with the Sunlight's products.

Table 4.3.3.10 The consumer's interest in to get involve with the program as the ad content by being a member of the program

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentages
Agree Strongly	5	10	10%
Agree	4	63	63%
Neutral	3	22	22%
Disagree	2	4	4%
Disagree Strongly	1	1	1%
Total		100	100%

Source: Questioner no.32 Part II that has been processed
Source: Questioner no.32 Part II that has been processed

As described on the table most respondent are interest in becoming the 'Unilever 1000 Sunlight Agent'. This shows a very high number of interests of consumer involvement to this 'Unilever Sunlight 1000 Agent Program'.

Table 4.3.3.11 The consumer's curiosity to gain more information about the Ad content

Responses of Respondents	Product Involvement		
	score	Total frequency	Percentage
Agree Strongly	5	19	19%
Agree	4	55	55%
Neutral	3	24	24%
Disagree	2	2	2%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.33 Part II that has been processed

As described above on the table, it can be seen that most respondent agree that they want to know more about the 'Unilever Sunlight 1000 Agent Program'.

This show good respond to the Ad content. Which shows a high enough number of consumer's curiosity to gain more information about this program.

D.   Consumer's WOM

Table 4.3.4.1 The consumer's preference in referring products or brands

Responses of Respondents	Consumer's WOM		
	score	Total frequency	Percentage
Agree Strongly	5	4	4%
Agree	4	34	34%
Neutral	3	28	28%
Disagree	2	34	34%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.34 Part II that has been processed

As shown in the table, it can be seen that there is an equal opinion of agree and disagree about the interest in introducing the Sunlight dishwashing liquid to others. While the others do it some time. This show a unique phenomenon here, which some consumers seldom becoming the referral source, some do it sometimes, and some just rarely become a referral source. And the percentage of the distribution is nearly the same from one another.

Table 4.3.4.2 The level of consumer's awareness in information spreading

Responses of Respondents	Consumer's WOM		
	score	Total frequency	Percentage
Agree Strongly	5	10	10%
Agree	4	38	38%
Neutral	3	40	40%
Disagree	2	12	12%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.35 Part II that has been processed

Based on what is described on the table, can be seen that most respondent sometimes help others to provide information about the Sunlight dishwashing liquids. And some others do it seldom. This accordance to the information given that shows most of Indonesian people is communicative in delivering information from one another, including delivering information about products.

Table 4.3.4.3 The level of consumer's trust-worthiness in information spreading

Responses of Respondents	score	Consumer's WOM	
		Total frequency	Percentage
Agree Strongly	5	5	5%
Agree	4	65	65%
Neutral	3	23	23%
Disagree	2	7	7%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.36 Part II that has been processed

What can be seen on the table above is that most respondent agree that they are seldom been asked for information about the Sunlight dishwashing liquid, places to shop, or sales about it. This means that for Indonesian consumer's level of trust-worthiness in information spreading is high enough, shown by the high scores above.

Table 4.3.4.4 The level of consumer's trust-worthiness in WOM referral

Responses of Respondents	score	Consumer's WOM	
		Total frequency	Percentage
Agree Strongly	5	9	9%
Agree	4	52	52%
Neutral	3	23	23%
Disagree	2	16	16%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.37 Part II that has been processed

Based on what is shown in the table, it can be seen that most respondents are being a good referral source for the Sunlight dishwashing including where to buy it if anyone ask them. This also show a high level of trust-worthiness in WOM referral of the Indonesian consumers'.

Table 4.3.4.5 The level of consumer's trust-worthiness a Source of reference

Responses of Respondents	Consumer's WOM		
	score	Total frequency	Percentage
Agree Strongly	5	2	2%
Agree	4	49	49%
Neutral	3	40	40%
Disagree	2	9	9%
Disagree Strongly	1	0	0%
Total		100	100%

Source: Questioner no.38 Part II that has been processed

Based on what is shown on the table it can be seen that most of the respondent has a good judgments from their friends that they are a good source of information when it comes to Sunlight products or sales. This shows that the consumer's levels of trust-worthiness a Source of reference of Indonesian consumer are trust-worthy.

4.4 Scoring Category

Variables in this research consist of the advertising effectiveness variable, pre-purchase thinking variable, product involvement variable and consumer WOM variable. The respondents responds are devided in 5 categories based on likert scale where each of the answers has a gradation from agree strongly towards dissagree strongly that is shown on the questionaire answer from, as agree strongly, agree, neutral, dissagree, dissagree strongly.

By using these criteria of the respondents responds is between score 1 for dissagree strongly until 5 for agree strongly. Then to categorize the average of the respondents responds, is scaled with interval scale.[13]

To determine the approximate width of the classes by subtracting the smallest observation from the largest and dividing the difference by the number of classes.[14] Thus,

$$\text{Class width} = \frac{\text{Largest observation} - \text{smallest observation}}{\text{Number of classes}}$$

so the calculation is

$$\text{Interval} = \frac{5-1}{5} = 0{,}8$$

After the interval score is noticed, then the class limits that is obtained is as::

Table 4.4
Scoring category base on the categorical scale of the respondents responds[15]

No	Respond Category scale	Score category	Value
1	1,00 - 1,80	Very low	1
2	1,81 - 2,61	Low	2
3	2,62 - 3,40	Neutral	3
4	3,41 - 4,21	High	4
5	4,22 - 5,00	Very high	5

[13] Sugiarto,dkk. 2003. *Teknik Sampling*, Jakarta : PT Gramedia Pustaka Utama.

[14] Keller,Gerald , Warrack,Brian, *Statistics for Management and Economics*, Sixth Edition,Thompson Learning, USA,2003
[15] Sugiarto,dkk. 2003. *Teknik Sampling*, Jakarta : PT Gramedia Pustaka Utama.

Advertising Effectiveness

The description of the respondent respond for the Advertising Effectiveness variables followed as:

Table. 4.4.1 Advertising effectiveness

No	Statement	Score					average
		1	2	3	4	5	
1	The level of attractiveness and informative of the 'Unilever 1000 Sunlight Agent Program' Ad for the viewer	0	2	15	69	14	3.95
2	The Level of Entertainment of the 'Unilever Sunlight Agent Program' Ad for the viewer	0	11	27	56	6	3.57
3	The helpfulness of demonstration eases the buying decision making	0	2	32	56	10	3.74
4	Information of the Program eases the decision making	0	6	38	45	11	3.61
5	Sense of relations with the Endorser and the Community of a certain group of a program	2	8	61	26	3	3.20
6	Endorser Convenient	0	2	29	53	16	3.83
7	Audience (consumer) Animus for the Ad	0	8	37	41	14	3.61
8	The suitability of the Ad to the consumer character	0	4	36	45	15	3.71
Total average score							3.65

Source: Questioner Part II that has been processed

Based on the description above, it can be seen that the total average score for the Advertising effectiveness variable is high. It means that the respond towards the Advertising is positive, and indicates that most of the respondent has high interest in the 'Unilever 1000 Sunlight Agent' TV commercial advertisement. As we can see the highest score is on the level of attractiveness and informative of the 'Unilever 1000 Sunlight Agent Program' Ad. Means that information and attractiveness means a lot to Indonesian people that are collective. That likes to share information. . mean while the lowest score is the indicator for: Sense of relations with the Endorser and the Community of a certain group of a program, even though the score for Endorser convenient is high, this means that the viewers did had sympathy and convenient to the endorser

meanwhile they don't feel close to him, if they don't have a direct interaction him, since in the Indonesian culture are very social and use to communicate face to face, so if it wasn't a face to face interaction, hence they can't feel the sense of connectivity to it.

Another highly scored indicator is the suitability of the advertisement to the Indonesian people character which means that the respondent did felt that the content of the advertisement are suitable of them, the content is also suitable for Indonesian people because it represent their daily life; hence, it became easy to be accepted by the Indonesian viewer though the product that is promoted is a multinational product and not a local product.

Pre-Purchase Thinking

The description of the respondents responds for the Pre-Purchasing Thinking variable is as followed:

Table.4.4.2 Pre-purchasing thinking

No	Statement	score					avearage
		1	2	3	4	5	
1	The consumer's consideration of the Ad information before making a buying decision.	3	28	29	25	15	3.21
2	The consumer's consideration of the Ad information before deciding to join the program as the Ad content.	0	12	44	38	6	3.38
3	The consumer's impression to the Ad before interested to join the program as the Ad content.	0	12	25	56	7	3.58
4	The consumer's impression of the Ad before buying the product.	0	16	22	57	5	3.51
5	The consumer's consciousness' in purchasing the product	0	1	18	58	23	4.03
6	The consumer's consciousness' in being interested to join the program as the Ad content.	0	3	34	58	5	3.65
7	The benefit consideration of the product before purchasing the product.	1	4	30	45	20	3.79
8	The benefit consideration in joining the program as the Ad content.	1	8	34	33	24	3.71
Total average score		3.61					

Source: Questioner Part II that has been processed

Base on what is describe above we on the Pre-Purchasing Thinking variable the highest category score is for the indicator of: The consumer's consciousnesses in being interested to join the program as the Ad content, this means that the ' Unilever 1000 Sunlight Agent' ad effectively gave a pre-thinking to the viewers before joining the program. Others that is highly scored is the consumer's consideration of the benefit of the product before purchasing the product, which means the ad mange to create a pre-purchasing thinking to the viewers about the product benefits. Meanwhile the lowest score is for the indicator of: The consumer's consideration of the Ad information before making a buying decision. This means only a few of respondents thinks about the information given by the ad in making a buying decision. In the neutral score category the other neutral respond is the indicator of: The consumer's consideration of the Ad information before deciding to join the program as the Ad content. Meaning that they are open in this kind of program, but information through an ad is not enough. This fact indicates that to this product actually Indonesian consumer has a very high consciousness to become interested in this program, but it could also be influenced by other factors that is not explained in this research. Mean while we can also see that the consumers, has low willingness to absorb the information, this is accordance to the research that Handi Irawan did that stated that Indonesia consumer prefer to absorb the context rather than the content.

Product Involvement

The description of the respondents responds for the Product involvement variable is as followed:

Table 4.4.3 Product Involvement

No	Statement	Score					Average
		1	2	3	4	5	
1	The consumer's interest of the product	0	0	3	77	20	4.17
2	The consumer's interest in the program as the Ad content	0	5	41	42	12	3.61
3	The consumer's knowledge of the product	0	6	27	47	20	3.81
4	The consumer's knowledge of the program as the Ad content	1	16	49	26	8	3.24
5	The consumer's interest in gaining overview of the Ad content	0	6	29	39	26	3.85
6	The consumer's word of mouth activities.	1	6	53	36	4	3.36
7	The consumer's knowledge of the WOM referral marketing program	0	8	55	37	0	3.29
8	The knowledge gaining activity of the costumer as the	1	11	42	34	12	3.45
9	Source of information	0	1	1	66	32	4.29
10	The consumer's interest in getting involve with the product as a user	1	4	22	63	10	3.77
11	The consumer's curiosity to gain more information about the Ad content	0	2	24	55	19	3.91
	Total average score						3.70

Source: Questioner Part II that has been processed

Based on the description above the total average score for the Product Involvement variable is high, it means that the interest towards the product is positive, and indicates that most of the respondent has high interest in the 'Unilever Sunlight dishwashing liquid product' TV commercial advertisement. Base on the score of the indicator of: 'The consumer's interest of the product', 'Source of information', 'The consumer's knowledge of the product', and 'The consumer's curiosity to gain more information about the Ad content'. Here we can that Indonesian consumer has the tendency to get involve first to get the sense of it. This could be explained, as collective peoples, Indonesian like to get along, like to get involved and this also make Indonesian has open personality.

Consumer Word of Mouth (WOM)

The description of the respondents responds for the Consumer WOM variable is as followed:

Table 4.4.4 The Consumer word of Mouth

No	Statement	Score					Average
		1	2	3	4	5	
1	The consumer's preference in referring products or brands	0	34	28	34	4	3.08
2	The level of consumer's awareness in information spreading	0	12	40	38	10	3.46
3	The level of consumer's trust-worthiness in information spreading	0	7	23	65	5	3.68
4	The level of consumer's trust-worthiness in WOM referral	0	16	23	52	9	3.54
5	The level of consumer's trust-worthiness a Source of reference	0	9	40	49	2	3.44
	Total average score						3.44

Source: Questioner Part II that has been processed

Based on the description above the total average score for the Consumer WOM variable is also high, which means that Indonesian people has the tendency to have a Word of mouth behavior. This is accordance to the Handi Irawan Research about 10 Indonesian consumer characteristic, which one of them are the WOM behavior among the Indonesian society and also as a consumer of a certain product. This is explained by the Hofstede's research that Indonesia is a collective-nation that has a communicative communication pattern that tends to share information to one to another.

4.5 PATH ANALYSIS

In the hypothetical test is conducted on :

1. How is the influence of Pre-Purchase thinking and product advertising Effectiveness Involvement affect either simultaneously or partially, also which variables influence the most.

2. How affective Pre-Purchase thinking, product and advertising Involvement Effectiveness affect consumer WOM.

Hypothetical test is done with techniques Path Analysis, either simultaneously or partial. Hypothetical test is done after the rise of Ordinal scale to the interval scale after it is completed with the assistance Successive Method of interval (MSI) program. Terms of normality is fulfill proven by the normality test, where the fourth variable is normally distributed. The Normality test is

conducted using the SPSS 15 a program that is support for windows method Kolmogorov-Smirnov Test.[16].

Based on the results of path analysis simultaneously with the help of computer program LISREL 8.80 Student Edition can be viewed as follows

Figure 4.1 Path Analysis
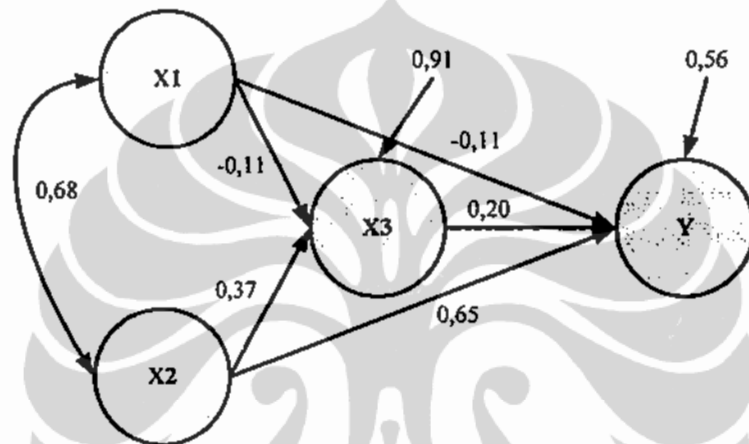
Where:
X1 = Pre-Purchase Thinking
X2 = Product Involvement
X3 = Adevrtising Effectiveness
Y = Consumer WOM

Equation to the sub-structure consists of two common sub-structure

1. $X3 = -0.11*X1 + 0.37*X2$, Errorvar.$= 0.91$, $R^2 = 0.092$
   $\quad\quad\quad (0.13) \quad (0.13) \quad\quad\quad (0.13)$
   $\quad\quad\quad -0.85 \quad\quad 2.80 \quad\quad\quad 6.96$

4.5.1 Testing Substructure 1 simultaneously

Based on the results of the analysis also appears that determination coefficients (R2) of 0.092 means that 9.2% variability variable Advertising Effectiveness (X3) can be explained by Product Involvement (X2) and Pre-Purchase Thinking (X1).

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[16] Singgih Santoso, Menguasai statistic di Era Informasi dengan SPSS 12. Elex Media Komputindo, Jakarta, 2005

Then, to test whether there is a strong influence simultaneously between Pre-Purchasing (X1) and Product Involvement (X2) Effectiveness of advertising (X3). Obtained from the calculation of F calculated 4.914. Where the criteria for rejecting H0, is if F statistic is greater than F table, with the 5% level of significance of the distribution table of F values that is obtained from the F table value as 3.1. Because 4.914 is greater than F table then H0 rejected. This means it can be concluded that there is a relationship between the linier Pre-Purchasing (X1) and Product Involvement (X2) Effectiveness of advertising (X3) of the determination coefficient (9.2%)

4.5.2 Testing Substructure 1 partially

A partial test for the independent variables which affect significantly towards the dependent variable tested with t-test results are as follows:

• For the X1 path coefficients = -0.11, the t-statistic t value is as -0.85 with significance α by the level of significance of 5% the table value of t = 1.98, hence, the t-statistic is smaller than the t-table than H0 is accepted or in other words Pre-Purchase thinking (X1) does not affect the Advertising Effectiveness (X3)

• For X2 path coefficients = 0.37, the t-statistic t value is as 2.80 with significance α by the level of significance of 5% the table value of t = 1.98, hence, the t-statistic is greater than t-table then H0 is rejected words Other Product Involvement (X2) effect on Advertising Effectiveness (X3) as 0.37.

$$Y = 0.20*X3 - 0.11*X1 + 0.65*X2, \text{Errorvar.} = 0.56 , R^2 = 0.44$$
$$(0.080) \quad (0.10) \quad (0.11) \qquad (0.080)$$
$$2.46 \quad -1.10 \quad 6.06 \qquad 6.96$$

4.5.3 Testing Substructure 2 simultaneously

Based on the results of the analysis also appears that the determination coefficients (R2) of 0.092 means that 44.0% Consumer WOM variability variable (Y) can be explained by thinking Pre-Purchase (X1), Product Involvement (X2), and Advertising Effectiveness (X3).

Then, to test whether there is a strong influence simultaneously between Pre-Purchasing (X1), Product Involvement (X2) and advertising Effectiveness (X3) of the Consumer WOM (Y). Calculations of the F-statistic is as 25.14. Where the criteria for H0 rejecting, is if F-statistic is greater than F-table, with the 5% level of significance of the distribution table of F values that is obtained from the F table value as 3.1. Since 25.14 is greater than the F-table, then H0 rejected. This means it can be concluded that there is a relationship between the linier Pre-Purchasing (X1) and Product Involvement (X2) and advertising Effectiveness (X3) of the Consumer WOM (Y) 44.0% of determination coefficients Involvement (X2) and advertising effectiveness (X3) towards Consumer WOM (Y) 44.0% of determination coefficients

4.5.4 Testing Substructure 2 of partially

A partial test for the free variables which affect significantly tied to the variable tested with t test results are as follows:

• For X1path coefficients = -0.11, t-table value is as -1.10 with significance α by the level of significance of 5% the table value of t = 1.98, hence, the t-statistic is smaller than the t-table than H0 is accepted or in other words Pre-Purchase thinking (X1) does not affect the Consumer WOM (Y)

• For path coefficients X2 = 0.65, t-table value is as 6.06 with significance α by the level of significance of 5% the table value of t = 1.98, hence, the t-statistic is smaller than the t-table than H0 is rejected or in other words Other Product Involvement (X2) effect on the Consumer WOM (Y) of 0.65.

• To X3 path coefficient = 0.20, t-table value is as 2.46 with significance α α by the level of significance of 5% the table value of t = 1.98, hence, the t-statistic is smaller than the t-table than H0 is rejected words Other Advertising Effectiveness (X3) effect on the Consumer WOM (Y) of 0.20.

4.5.5 The direct, indirect and total effect of the Variables to the Consumer WOM Variable.

Results of data processing by using path analysis (LISREL) besides outputting the path analysis also produce the analysis of indirect and total Effect. On this research the indirect influence is X2 towards Y1 through X3, are as follows:

Total and Indirect Effects

    Total Effects of X on Y

              X1   X2
            -------- --------
    X3   -0.11   0.37
            (0.13)   (0.13)
            -0.85   2.80
    Y   -0.14   0.72
            (0.11)   (0.11)
            -1.28   6.79

    Indirect Effects of X on Y

              X1   X2
            -------- --------
    X3   --   --
    Y   -0.02   0.07
            (0.03)   (0.04)
            -0.81   1.85

    Total Effects of Y on Y

              X3   Y
            -------- --------
    X3   --   --
    Y   0.20   --
            (0.08)
            2.46

$X2 \rightarrow X3 \rightarrow Y = 0{,}37 \times 0{,}20 = 0{,}074$

This means that the Product Involvement (X2) influence towards the Consumer WOM (Y) is indirect through Advertising Effectiveness (X3) is as 0,074.

Meanwhile the total effect is by summing the direct influence and the indirect influence the Product Involvement (X2) towards Consumer WOM (Y) which is as 0,72.

CHAPTER V
CONCLUTION AND RECOMMENDATION

1.1 CONCLUSION

Effectiveness of a 'Localized' Advertisement in this research for 'Unilever 1000 Sunlight Agent' TV commercial Advertisement that is measured base on the level of attractiveness, informative, and entertaining, are described convincing. So it is categorized effective to the Indonesian consumer. As described, this ads is a high-context advertisement, the high score for the effectiveness of the advertisement can be explained that is accordance to the Indonesian high-context culture.

Other factors that made this ads effective is stated by the indicator of the suitability of the advertisement to the Indonesian people character. Which the respondent felt that the content of the advertisement are suitable for them, hence, it became easy to be accepted by the Indonesian viewer though the product that is promoted is a multinational product and not a local product.

Base on the path analysis diagram, we can see that one of the advertising effectiveness is determined by the pre-purchasing variable and Product involvement base on the theory, but the output of the path analysis shows that the pre-purchasing thinking does not give any influence. Meanwhile the Product involvement gives influence to the effectiveness of advertisement. This reality is accordance to one of the Indonesian consumer characteristic base on Handi Irawan's research that is mention, that one of the Indonesian consumer characteristic tend to memorize context rather than the content.

From the research result we conclude that there is no direct effect from the consumer's Pre-purchasing thinking behavior in affecting the word of mouth activity. While there is a direct effect from the product involvement to the consumer WOM.

And there is an Effect of the advertising effectiveness conducted with Product Involvement to the Consumer word of mouth activity. Or in other words a product involvement gives indirect influence to the consumer WOM through the advertising effectiveness. Meanwhile the consumer's pre-purchasing thinking

didn't affect the consumer WOM either directly, neither indirectly through the advertising effectiveness.

Comparing the effectiveness in creating the consumer WOM activity between the advertising effectiveness and the product involvement, the results from the path analysis shows that product involvement has a bigger influence rather than the advertising effectiveness. This can be explained that as a high-context culture people, Indonesian people prefer to interact directly comparing to indirect communication, hence they could not feel the direct sense through an advertisement, even though it was an effective advertisement. But by the product involvement the consumers can feel the direct sense to the product (the 'Unilever 1000 Sunlight Agent Program')..

The advertising did affect the consumer WOM, though it didn't affect much. It is an unusual phenomenon that an effective ads doesn't affect the consumer WOM too much, but this can be explained that the one of the Indonesian consumer characteristic based on Handy Irawan research is like to do WOM, so basically even without an effective advertisement, Indonesian people will continue to do word of mouth activity. From the producers side it can be seen that the function of an advertisement can be used as a trigger in creating consumer word of mouth activity to promote a certain product or brand, because naturally Indonesian people likes to do word of mouth activity. It is just how the producers (firm) can seek for chances of the local culture that can be token advantages of.

5.2 RECOMENDATION

International marketing for consumer goods is a tempting chance, but also contains lots of obstacle and barriers in it. In term to gain success in foreign county, the main approach that has to be considered is the cultural consideration, because it represents the major country. And in any culture it is a sensitive case if foreigners do the wrong approach.

The due to gain success in the foreign market, implementing culture in a international marketing strategy could lead to sympathy of the target foreign market; hence the global product could be easily accepted in the local market of

the foreign country. It is easier to make a promotion of a product if the consumer felt welcome to it. Either they feel suitable to the neither context nor felt sympathy to it. Hence their interest will appear then followed by acceptance of the global product, even in the first place they don't feel familiar with the product. And doing marketing with cultural approach can emotionally involve the consumer to the product.

Especially to face the Indonesian market that is very diverse, enriched with lots of vary culture, language, habit, point of views, market taste, values, etc. with this uniqueness it is not an easy task for global consumer to face this tentative kind of reality even though Indonesia is one of the worlds most potential market because of it's big population. But it needs specific approaches that may be very different compare to consumer characteristic from other countries in the world. So the global marketers have to be very sharp with sense to determine the exact approach in term to gain success.

But just like two sides of coin, culture can be an obstacle neither a benefit. If marketers don't implement the right approach it could cause fatal effects to the sales. But contrary to it if marketers implement the right strategy due to need either sensitive case as emotion or sympathy; it could give significant effects to the sales. Especially for Indonesian market that is very populous, which for firms is a very tempting market to gain profits. As seen in this research that, actually basically Indonesia has this tendency of Word of mouth behavior in its culture, so that when marketers stimulates it with a product promotion, then it will be a trigger to the Word of mouth referral marketing. Also the sense of impulsive buying of the Indonesian consumer can be taken advantage from it. Or either marketer can see other potentials of the Indonesian consumer culture, such as religious, prestigious, etc.

For more advance academic research related to consumer culture, marketing mix, advertising, and others that is contain in this research, future research can be done by adding or using other variable for more detail result.
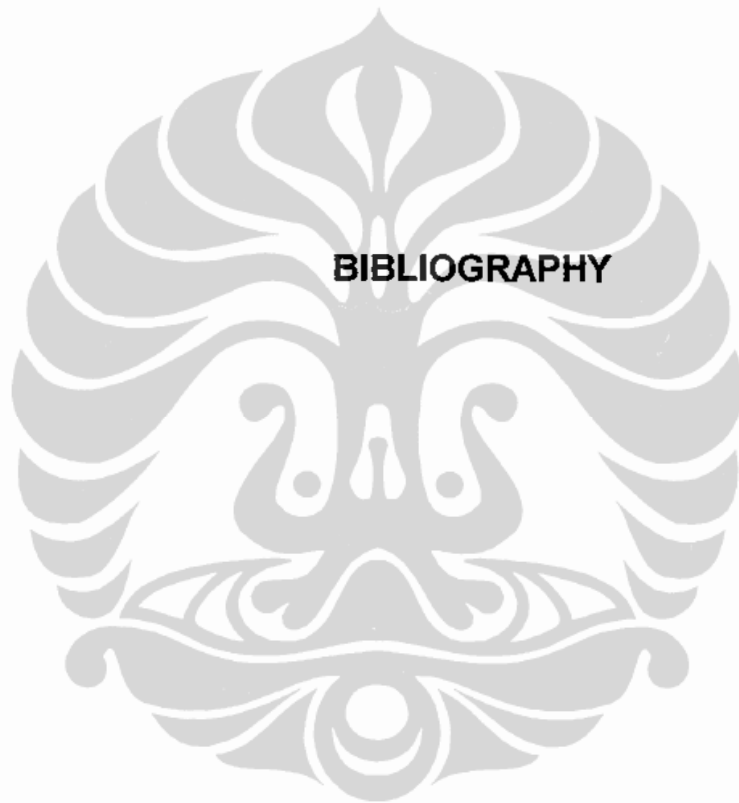
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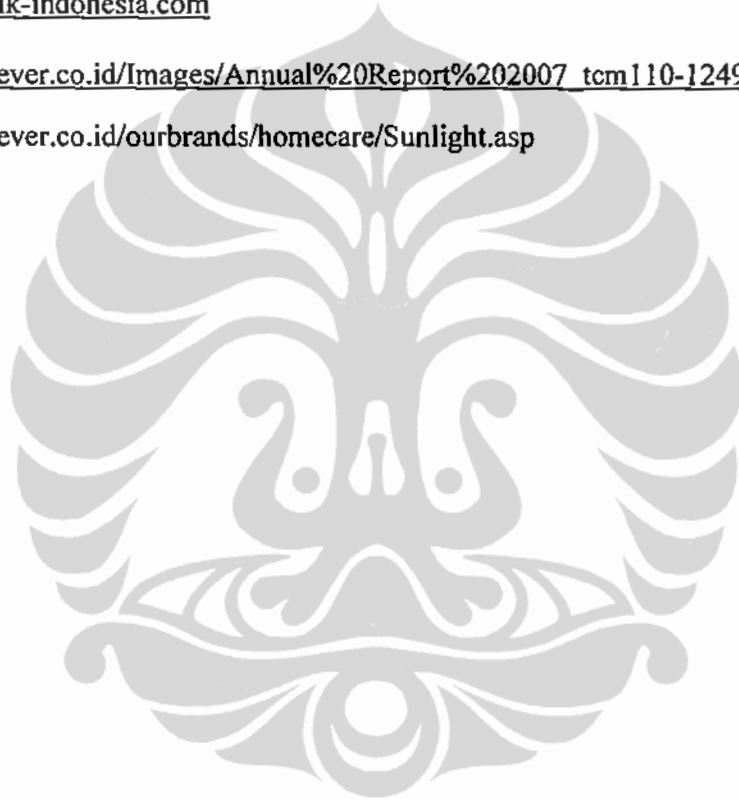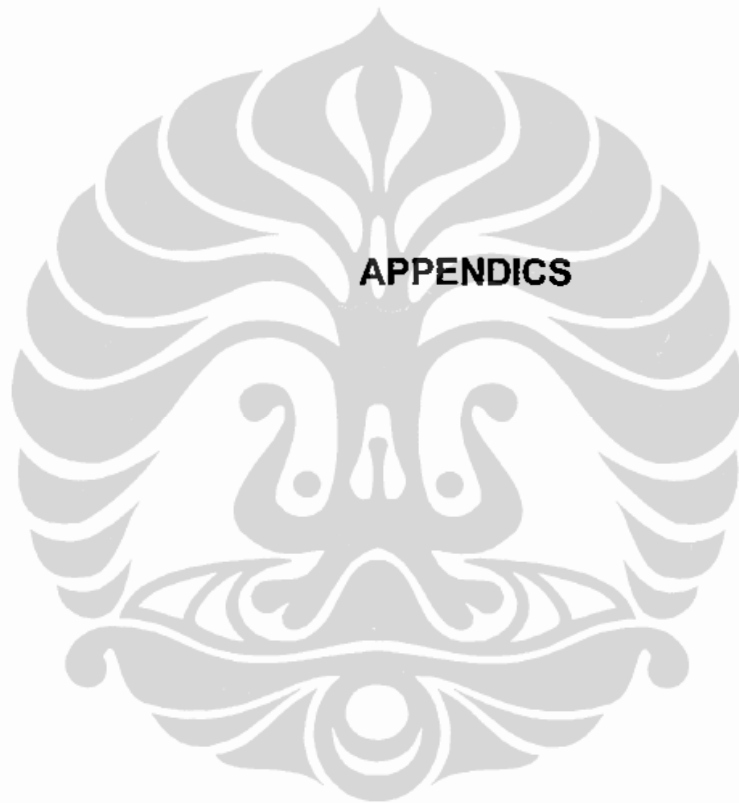
APPENDICS

RESEARCH QUESTIONER

(APPENDIX 1)

Pelanggan yang terhormat,

Dengan segala kerendahan hati, saya memohon kesediaan Bapak/Ibu/Saudara/saudari untuk meluangkan waktunya untuk dapat membantu dalam menjawab pertanyaan-pertanyaan kuesioner ini, yang akan digunakan sebagai data dari penelitian yang sedang saya lakukan.

Seluruh jawaban yang telah Bapak/Ibu/Saudara/saudari isi, akan digunakan secara sebaik-baiknya dan sangat berarti bagi penelitian ini.

Adapun penelitian ini adalah untuk mengetahui pengaruh dari efektifitas iklan agen 1000 *sunlight* terhadap pemahaman isi pesan iklan agen 100 sunlight pada konsumen.

Atas bantuan Bapak/ibu/Saudara/i, saya ucapkan terima kasih.

Hormat saya,

Nesia Isrilmirantie.

PETUNJUK PENGISIAN KUESIONER

1. Bacalah baik-baik setiap pertanyaan/pernyataan dan isilah sesuai dengan pilihan jawaban.

2. Pada lembar jawaban tertera kolom jawaban dari kiri ke kanan Sangat setuju (SS)- Setuju(S)- Cukup Setuju(CS)- Tidak Setuju (TS)- Sangat Tidak Setuju (STS), silahkan isi menurut pendapat anda sesuai dengan pernyataan yang tertera pada kolom pernyataan

3. Berilah tanda silang (X) pada tempat yang telah disediakan untuk jawaban yang sesuai dengan pendapat anda.

4. Kuesioner ini baru dapat digunakan secara optimal, jika semua pertanyaan telah dijawab, oleh karena itu saya sangat mengharapkan kesediaan Bapak/Ibu/Saudara/saudari untuk menjawab semua pertanyaan yang ada.

5. Jika ada sesuatu hal yang tidak jelas mengenai pertanyaan dapat ditanyakan kepada pewawancara.

I. Karakteristik Responden

1. Jenis kelamin Anda :

   a. Pria   b. Wanita

2. Usia Anda :

   a. < 20 th   b. Antara 20 – 35 th

   c. Antara 36 – 50 th   c. > 50 th

3. Status Anda :

   a. Berkeluarga   b. Belum Berkeluarga

   c. Pernah Berkeluarga

4. Penghasilan atau pendapatan Anda dalam sebulan :

   a. < Rp. 500.000

   b. Rp 500.001 – Rp. 1.000.000

   c. Rp. 1.000.001 – Rp. 3.000.000

   d. Rp. 3.000.001 – Rp. 5.000.000

   e. > Rp. 5.000.001

5. Pengeluaran Anda dalam sebulan :

   a. < Rp. 500.000

   b. Rp 500.001 – Rp. 1.000.000

   c. Rp. 1.000.001 – Rp. 2.000.000

   d. Rp. 2.000.001 – Rp. 5.000.000

   e. > Rp. 5.000.001

6. Pekerjaan Anda :

   a. Pelajar/Mahasisiwa   d. Wiraswasta

   b. Pegawai Negeri / ABRI   e. Ibu Rumah Tangga

   c. Pegawai Swasta   f. Lainnya

A. Efektivitas Iklan

No	Pernyataan	SS	S	CS	TS	STS
7	Saya menganggap iklan "Agen 1000 Sunlight" menarik dan informatif (jelas) bagi saya					
8	Saya menganggap iklan "Agen 1000 Sunlight" menghibur dan menyenangkan untuk di tonton.					
9	Peragaan (Demonstrasi) tentang bagaimana cara memakai Produk sabun cuci piring cair Sunlight pada iklan "Agen 1000 Sunlight" cukup membantu saya dalam membeli Poduk sabun cici piring cair Sunlight.					
10	Tata cara bagaimana cara menjadi "Agen 1000 Sunlight" pada iklan "Agen 1000 Sunlight" cukup jelas bagi saya untuk membuat saya berminat untuk menjadi agen 1000 Sunlight					
11	Saya merasa menjadi dekat (terhubung) dengan orang-orang (Krisna Mukti dan Ibu-ibu agen 1000Sunlight) yang ada pada iklan tersebut .					
12	Selebriti (Krisna Mukti) pada iklan "Agen 1000 Sunlight" membuat saya merasa produk ini cocok dengan kebutuhan saya.					
13	Saya menunggu-nunggu adanya iklan "Agen 1000 Sunlight" ini di televisi.					
14	Iklan "Agen 1000 Sunlight" sesuai dengan karakter saya sebagai orang Indonesia.					

B. Pertimbangan Sebelum Membeli atau Menjadi agen 1000 sunlight

No	Pernyataan	SS	S	CS	TS	STS
15	Saya berfikir panjang tentang iklan "Agen 1000 sunlight" sebelum saya memutuskan untuk membeli Produk sabun cuci piring Sunlight.					
16	Saya berfikir panjang tentang iklan "Agen 1000 sunlight" sebelum saya memutuskan untuk menjadi agen 1000 Sunlight					
17	Saya sangat terkesan dan teringat akan iklan "Agen 1000 sunlight' sebelum saya membeli produk sabuncuci piring sunlight					
18	Saya sangat terkesan dan teringat akan iklan "Agen 1000 sunlight' sebelum saya berminat menjadi agen 1000 Sunlight.					
19	Saya mengetahui alasan saya dalam membeli sabun cuci piring Sunlight					
20	Saya mengetahui alasan saya ketika berminat menjadi agen 1000 Sunlight					
21	Sebelum memutuskan untuk membeli Produk sunlight saya memikirkan keuntungan dan kerugiannya.					
22	Sebelum memutuskan untuk menjadi agen 1000 sunlight saya memikirkan keuntungan dan kerugiannya.					

C. Keterlibatan Konsumen Terhadap Produk

No	Pernyataan	SS	S	CS	TS	STS
23	Saya sangat tertarik dengan produk sabun cuci piring Sunlight					
24	Saya sangat tertarik dengan program menjadi Agen 1000 Sunlight					
25	Saya mengetahui banyak tentang produk cuci piring Sunlight					
26	Saya mengetahui banyak tentang program menjadi Agen 1000 Sunlight.					
27	Sangat menarik bagi saya jika ada banyak informasi tentang program menjadi Agen 1000 sunlight.					
28	Saya sering membicarakan tentang keuntungan memakai produk Sunlight dengan orang lain.					
29	Saya sering melihat iklan sejenis iklan "Agen 1000 sunlight" di televisi, yang mana menghimbau orang untuk mendapatkan pelanggan lain					
30	Saya membaca berita mengenai ibu-ibu yang berhasil mendapatkan hadiah uang 25 juta sebagai yang berhasil menjadi pemenang agen 1000 Sunlight pada surat kabar,tabloid, atau majalah.					
31	Saya tertarik untuk membeli sabun Sunlight.					
32	Saya berminat menjadi agen1000 Sunlight					
33	Saya ingin mengetahui lebih dalam mengenai program menjadi Agen 1000 sunlight ini.					

D. komunikasi 'mulut ke mulut' (WOM) konsumen

No	Pernyataan	SS	S	CS	TS	STS
34	Saya suka memperkenalkan produk Sunlight kepada teman-teman/ kenalan saya.					
35	Saya suka membantu orang-orang untuk memperoleh informasi tentang produk Sunlight.					
36	Orang-orang suka bertanya kepada saya tentang produk Sunlight, dimana tempat memperolehnya/ membelinya (tokonya), dan tentang informasi penjualannya.					
37	Jika seseorang bertanya pada saya dimana tempat terbaik untuk membeli produk Sunlight , maka saya bisa memberi tahu dimana tempat membelinya.					
38	Teman-teman saya menganggap saya sebagai sumber informasi/ tahu banyak tentang berbagai produk Sunlight.					

KUISIONER PENELITIAN

(APPENDIX 2)

Warm greetings,

    With all respect, I tend to ask your willingness to spare a little time to help answer these question in the questioner, that is going to be used as a source of data to a research that I'm doing.

    All the answers that is collected is going to be use as good as possible, and is going to be very useful for this research.

    The purpose of this research is to investigate the effectiveness of the 'Unilever Sunlight 1000 Agent Program' Advertisement compare to the Audience (consumer) understanding of the advertisement content.

    I respectfully thank for all your time, and willingness to answer.

Regards,

Nesia Isrilmirantie.

QUESTIONER FILLING INSTRUCTIONS

1. Read every question carefully, and fill in the answers properly as it suits you.
2. The answer from left to the right is Agree Strongly (AS)- Agree (A)- Neutral(N)- Disagree(D)- Disagree Strongly(DS). Fill in the Answer that is suitable for you based on the statement given.
3. Mark it with (X) on the form to mark the suitable answer for you.
4. This questioner can be optimally used ifit is fully answered. Hence, I beg you to fill it all properly.
5. If there is any question to be ask, you can provide information to the interviewer.

I. Respondent Characteristic

1. Gender :
   a. Male   b. Female
2. Age :
   a. < 20 years   b. Between 20 – 35 years
   c. Between 36 – 50 years   d. > 50 years
3. Martial status :
   a. Married   b. Not yet married
   c. Once married
4. Salary or Income in a month Month :
   a. < Rp. 500.000
   b. Rp 500.001 – Rp. 1.000.000
   c. Rp. 1.000.001 – Rp. 3.000.000
   d. Rp. 3.000.001 – Rp. 5.000.000
   e. > Rp. 5.000.001
5. Expenditure in a month :
   a. < Rp. 500.000
   b. Rp 500.001 – Rp. 1.000.000
   c. Rp. 1.000.001 – Rp. 2.000.000
   d. Rp. 2.000.001 – Rp. 5.000.000
   e. > Rp. 5.000.001
6. Occupation :
   a. Student   d. Entrepreneur
   b. Civil employee   e. Housewife
   c. Private Sector employee   f. Others

A. Advertisement Effectiveness

No	Statements	AS	A	N	D	DS
7	I found the 'Unilever Sunlight 1000 Agent Program' interesting and informative.					
8	I found the 'Unilever Sunlight 1000 Agent Program' entertaining and fun to watch.					
9	The demonstration of how the product worked were very helpful in making my decision to buy the Sunlight dish washing liquid Product.					
10	The information of steps to becoming a 1000 Sunlight Agent is clear enough for me in making me interested in becoming a 1000 Sunlight Agent.					
11	I feel related to the people who is involved in that Advertisement (Krisna Mukti and the Sunlight Agent Community).					
12	The Celebrity or Host (Krisna Mukti) in the Advertisement made me feel the product was a good one.					
13	I often check TV to see when the 'Unilever Sunlight 1000 Agent Program' Advertisements are on.					
14	The 'Unilever Sunlight 1000 Agent Program' TV Advertisement fits with my character as an Indonesian.					

B. Pre-purchasing thinking

No	Statements	AS	A	N	D	DS
15	I thought a lot about the TV commercial of 'Unilever Sunlight 1000 Agent Program' before I decide to buy the Sunlight dishwashing liquid.					
16	I thought a lot about the TV commercial of 'Unilever Sunlight 1000 Agent Program' before I decide to be a '1000 Sunlight Agent'.					
17	I am so impressed and always remind of the I thought a lot about the TV commercial of 'Unilever Sunlight 1000 Agent Program' before I purchase the Sunlight Product.					
18	I am so impressed and always remind of the I thought a lot about the TV commercial of 'Unilever Sunlight 1000 Agent Program' before I am interested in being a 1000 Sunlight Agent.					
19	I thought a lot about the reason given for buying it.					
20	I thought a lot about the reason given when I was interested in becoming a 1000 Sunlight Agent.					
21	Before I decided to buy the product I thought a lot about whether I might benefit from the product.					
22	Before I decided to become the 1000 Sunlight Agent I thought a lot about whether I might benefit from the program.					

C. Product Involvement

No	Statements	AS	A	N	D	DS
23	I am very interested in the Sunlight dishwashing liquid.					
24	I am very interested with the 'Unilever Sunlight's 1000 Agent program'.					
25	I know a lot about the Sunlight dishwashing liquid.					
26	I know a lot about the 'Unilever Sunlight's 1000 Agent program'.					
27	It is very interesting to get an overview of 'Unilever Sunlight's 1000 Agent program'.					
28	Sometimes I talk about the benefit in using Sunlight dishwashing liquid with other people.					
29	I have seen many advertising campaigns as 'Unilever Sunlight 1000 Agent Program' and similar sorts of a member get member program like it.					
30	I read reports in magazines and newspaper about the winners of the 'Unilever Sunlight 1000 Agent Program' that won 25 million Rupiahs.					
31	I am interested to purchase Sunlight dishwashing liquid.					
32	I am interested in becoming Sunlight's 1000 Agent.					
33	I want to know more about the 'Unilever Sunlight 1000 Agent Program'.					

D. Consumer WOM

No	Statements	AS	A	N	D	DS
34	I like introducing Sunlight dishwashing liquid to my friends.					
35	I like helping people by providing them with information about Sunlight dishwashing liquid.					
36	People asked me for information about Sunlight dishwashing liquid, places to shop, or sales.					
37	If someone asked where to get the best buy on Sunlight dishwashing liquid, I can tell him or her where to shop.					
38	My friends think of me as a good source of information when it comes to Sunlight products or sales.					

THE RESEARCH DATA

(APPENDIX 3)

No	Demography						Advertising Effectiveness								Pre-Purchase Thinking								Product Involvement											Consumer WOM				
	K1	K2	K3	K4a	K4b	K5	X31	X32	X33	X34	X35	X36	X37	X38	X11	X12	X13	X14	X15	X16	X17	X18	X201	X202	X203	X204	X205	X206	X207	X208	X209	X210	X211	Y1	Y2	Y3	Y4	Y5
1	2	2	1	4	4	4	4	4	2	2	4	4	3	3	4	4	2	4	3	4	3	3	4	5	4	3	4	3	4	3	4	4	4	3	4	4	2	4
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VALIDITY AND RELIABILITY TEST

OF EACH RESEARCH VARIABLES

(APPENDIX 4)

Advertising Effectiveness

Validity test

		YTotal
X31	Pearson Correlation	.681(**)
	Sig. (1-tailed)	.000
	N	100
X32	Pearson Correlation	.488(**)
	Sig. (1-tailed)	.000
	N	100
X33	Pearson Correlation	.584(**)
	Sig. (1-tailed)	.000
	N	100
X34	Pearson Correlation	.636(**)
	Sig. (1-tailed)	.000
	N	100
X35	Pearson Correlation	.598(**)
	Sig. (1-tailed)	.000
	N	100
X36	Pearson Correlation	.623(**)
	Sig. (1-tailed)	.000
	N	100
X37	Pearson Correlation	.495(**)
	Sig. (1-tailed)	.000
	N	100
X38	Pearson Correlation	.594(**)
	Sig. (1-tailed)	.000
	N	100
X3Total	Pearson Correlation	1
	Sig. (1-tailed)	
	N	100

** Correlation is significant at the 0.01 level (1-tailed).
* Correlation is significant at the 0.05 level (1-tailed).

Reliability Statistics

Cronbach's Alpha	N of Items
.728	8

Pre-Purchase Thinking

Validity test

		X1
X11	Pearson Correlation	.585(**)
	Sig. (1-tailed)	.000
	N	100
X12	Pearson Correlation	.335(**)
	Sig. (1-tailed)	.000
	N	100
X13	Pearson Correlation	.689(**)
	Sig. (1-tailed)	.000
	N	100
X14	Pearson Correlation	.678(**)
	Sig. (1-tailed)	.000
	N	100
X15	Pearson Correlation	.587(**)
	Sig. (1-tailed)	.000
	N	100
X16	Pearson Correlation	.671(**)
	Sig. (1-tailed)	.000
	N	100
X17	Pearson Correlation	.734(**)
	Sig. (1-tailed)	.000
	N	100
X18	Pearson Correlation	.670(**)
	Sig. (1-tailed)	.000
	N	100
X1	Pearson Correlation	1
	Sig. (1-tailed)	
	N	100

** Correlation is significant at the 0.01 level (1-tailed).
* Correlation is significant at the 0.05 level (1-tailed).

Reliability Statistics

Cronbach's Alpha	N of Items
.769	8

Product Involvement
Validity test

		X2Total
X201	Pearson Correlation	.362(**)
	Sig. (1-tailed)	.000
	N	100
X202	Pearson Correlation	.681(**)
	Sig. (1-tailed)	.000
	N	100
X203	Pearson Correlation	.657(**)
	Sig. (1-tailed)	.000
	N	100
X204	Pearson Correlation	.696(**)
	Sig. (1-tailed)	.000
	N	100
X205	Pearson Correlation	.708(**)
	Sig. (1-tailed)	.000
	N	100
X206	Pearson Correlation	.599(**)
	Sig. (1-tailed)	.000
	N	100
X207	Pearson Correlation	.338(**)
	Sig. (1-tailed)	.000
	N	100
X208	Pearson Correlation	.483(**)
	Sig. (1-tailed)	.000
	N	100
X209	Pearson Correlation	.273(**)
	Sig. (1-tailed)	.003
	N	100
X210	Pearson Correlation	.783(**)
	Sig. (1-tailed)	.000
	N	100
X211	Pearson Correlation	.780(**)
	Sig. (1-tailed)	.000
	N	100
X2Total	Pearson Correlation	1
	Sig. (1-tailed)	
	N	100

** Correlation is significant at the 0.01 level (1-tailed).
• Correlation is significant at the 0.05 level (1-tailed).

Reliability Statistics

Cronbach's Alpha	N of Items
.807	11

Consumer WOM

Validity test

		X3Total
Y1	Pearson Correlation	.652(**)
	Sig. (1-tailed)	.000
	N	100
Y2	Pearson Correlation	.777(**)
	Sig. (1-tailed)	.000
	N	100
Y3	Pearson Correlation	.664(**)
	Sig. (1-tailed)	.000
	N	100
Y4	Pearson Correlation	.745(**)
	Sig. (1-tailed)	.000
	N	100
Y5	Pearson Correlation	.669(**)
	Sig. (1-tailed)	.000
	N	100
YTotal	Pearson Correlation	1
	Sig. (1-tailed)	
	N	100

** Correlation is significant at the 0.01 level (1-tailed).
* Correlation is significant at the 0.05 level (1-tailed).

Reliability Statistics

Cronbach's Alpha	N of Items
.743	5

LISREL OUTPUTS

(APPENDIX 5)

The following lines were read from file C:\Documents and Settings\batan\My
Documents\Iklan\Siap\sauap.spl:

Path Analysis
Observed variable: X1 X2 X3 Y
Correlation matrix:
1.000
0.677   1.000
0.137   0.292   1.000
0.353   0.630   0.370   1.000
Sample Size: 100
Relationship
X3 = X1 X2
Y = X1 X2 X3
Path Diagram
Lisrel output: EF
End of Problem

Path Analysis

    Correlation Matrix

          X3   Y   X1   X2
        -------   -------   -------   -------
    X3   1.00
    Y   0.37   1.00
    X1   0.14   0.35   1.00
    X2   0.29   0.63   0.68   1.00

Path Analysis

Parameter Specifications

BETA

	X3	Y
X3	0	0
Y	1	0

GAMMA

	X1	X2
X3	2	3
Y	4	5

PHI

	X1	X2
X1	6	
X2	7	8

PSI

X3	Y
9	10

Path Analysis

Number of Iterations = 0

LISREL Estimates (Maximum Likelihood)

BETA

	X3	Y
X3	--	--
Y	0.20 (0.08) 2.46	--

GAMMA

	X1	X2
X3	-0.11 (0.13) -0.85	0.37 (0.13) 2.80
Y	-0.11 (0.10) -1.10	0.65 (0.11) 6.06

Covariance Matrix of Y and X

```
          X3        Y        X1        X2
       --------  --------  --------  --------
X3       1.00
 Y       0.37     1.00
X1       0.14     0.35     1.00
X2       0.29     0.63     0.68     1.00
```

PHI

```
          X1        X2
       --------  --------
X1       1.00
        (0.14)
         6.96
X2       0.68     1.00
        (0.12)   (0.14)
         5.52     6.96
```

PSI
Note: This matrix is diagonal.

```
          X3        Y
       --------  --------
         0.91     0.56
        (0.13)   (0.08)
         6.96     6.96
```

Squared Multiple Correlations for Structural Equations

```
          X3        Y
       --------  --------
         0.09     0.44
```

Squared Multiple Correlations for Reduced Form

```
          X3        Y
       --------  --------
         0.09     0.41
```

Reduced Form

```
          X1        X2
       --------  --------
X3      -0.11     0.37
        (0.13)   (0.13)
        -0.85     2.80
 Y      -0.14     0.72
        (0.11)   (0.11)
        -1.28     6.79
```

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)
Normal Theory Weighted Least Squares Chi-Square = 0.00 (P = 1.00)

The Model is Saturated, the Fit is Perfect !

Path Analysis

Total and Indirect Effects

Total Effects of X on Y

	X1	X2
X3	-0.11	0.37
	(0.13)	(0.13)
	-0.85	2.80
Y	-0.14	0.72
	(0.11)	(0.11)
	-1.28	6.79

Indirect Effects of X on Y

	X1	X2
X3	- -	- -
Y	-0.02	0.07
	(0.03)	(0.04)
	-0.81	1.85

Total Effects of Y on Y

	X3	Y
X3	- -	- -
Y	0.20	- -
	(0.08)	
	2.46	

Largest Eigenvalue of B*B' (Stability Index) is 0.038

Time used: 0.000 Seconds

LISREL 8.80 (STUDENT EDITION)

BY

Karl G. Jöreskog & Dag Sörbom

The following lines were read from file C:\Documents and Settings\batan\My Documents\Iklan\Siap\sauap.spl:

Path Analysis
Observed variable: X1 X2 X3 Y
Correlation matrix:
1.000
0.677   1.000
0.137   0.292   1.000
0.353   0.630   0.370   1.000
Sample Size: 100
Relationship
X3 = X1 X2
Y = X1 X2 X3
Path Diagram
End of Problem

Sample Size =   100

Path Analysis

    Correlation Matrix

          X3   Y   X1   X2
       -------   -------   -------   -------
X3   1.00
Y   0.37   1.00
X1   0.14   0.35   1.00
X2   0.29   0.63   0.68   1.00

Path Analysis

Number of Iterations = 0

LISREL Estimates (Maximum Likelihood)

Structural Equations

X3 = - 0.11*X1 + 0.37*X2, Errorvar.= 0.91 , R^2 = 0.092
    (0.13)   (0.13)   (0.13)
    -0.85   2.80   6.96

Y = 0.20*X3 - 0.11*X1 + 0.65*X2, Errorvar.= 0.56 , R^2 = 0.44
    (0.080) (0.10)   (0.11)   (0.080)
    2.46   -1.10   6.06   6.96

Reduced Form Equations

X3 = - 0.11*X1 + 0.37*X2, Errorvar.= 0.91, R^2 = 0.092
    (0.13)   (0.13)
    -0.85   2.80

Y = - 0.14*X1 + 0.72*X2, Errorvar.= 0.59, R^2 = 0.41
    (0.11)   (0.11)
    -1.28   6.79

Correlation Matrix of Independent Variables

          X1   X2
        ------- -------
X1   1.00
       (0.14)
        6.96
X2   0.68   1.00
       (0.12) (0.14)
        5.52   6.96

Covariance Matrix of Latent Variables

          X3   Y   X1   X2
        ------- ------- ------- -------
X3   1.00
Y   0.37   1.00
X1   0.14   0.35   1.00
X2   0.29   0.63   0.68   1.00

Goodness of Fit Statistics

Degrees of Freedom = 0
Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

Normal Theory Weighted Least Squares Chi-Square = 0.00 (P = 1.00)

The Model is Saturated, the Fit is Perfect !

Time used: 0.000 Seconds