

## THE IMPACT OF CUSTOMER VALUE PROPOSITION TOWARDS PURCHASE INTENTION OF CHESA CUP

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### ABSTRACT

Instant food has become an important part in the daily life of Indonesian. Therefore, many manufacturers competing to make innovative and suitable instant food product for Indonesians. Instant food market has been dominated by Indonesian instant noodle product of PT Indofood Sukses Makmur which is Indomie. This makes Bogasari as one of PT ISM Subsidiaries interested to enter this market and launched Chesa Cup, an instant cake products. Research was conducted to analyze the impact of Customer Value Proposition of Chesa Cup product toward customer purchase intention. Data obtained by simple random sampling method, by distributing it to 100 respondents in the area of Surabaya and the data processed by Multiple Regression Analysis. As a result, the overall Customer Value Proposition influence customer purchase intention simultaneously, with functional and economic value of the product have the significant impact on customer purchase intention.

**Keywords:** *Customer Value Proposition, Purchase Intention, Multiple Regression Analysis.*

### ABSTRAK

Makanan instan telah menjadi bagian penting dalam kehidupan sehari-hari masyarakat Indonesia. Oleh karena itu, banyak produsen berlomba-lomba membuat produk makanan instan yang inovatif dan sesuai untuk masyarakat Indonesia. Selama ini pasar makanan instan Indonesia telah dikuasai oleh produk mi instan dari PT Indofood Sukses Makmur yaitu Indomie. Hal ini membuat salah satu anak perusahaan PT ISM yaitu Bogasari tertarik untuk terjun dalam pasar ini dan meluncurkan Chesa Cup, sebuah produk kue instan. Penelitian ini dilakukan untuk mengetahui Customer Value Proposition dari produk Chesa Cup yang mempengaruhi minat beli pelanggan. Data diperoleh dengan metode simple random sampling, dengan mendistribusikannya terhadap 100 responden di area Surabaya dan data diolah dengan Multiple Regression Analysis. Hasilnya, secara simultan Customer Value Proposition mempengaruhi minat beli konsumen, dengan nilai fungsi dan ekonomis sebagai faktor yang berpengaruh signifikan terhadap minat beli konsumen.

**Kata Kunci:** *Customer Value Proposition, Minat Beli, Analisa Regresi Berganda.*

### INTRODUCTION

Lately we can see at the fact that the consumption of instant food in Indonesia is increasing. From the data gathered by BPS with the declining on the level of total consumption on food, the proportion of Indonesian people spending on instant food is increasing.

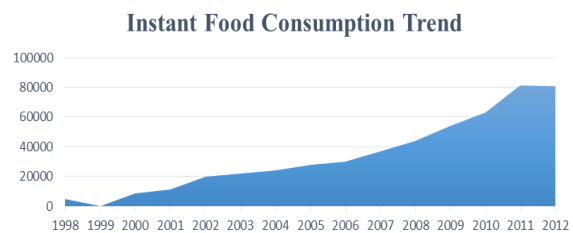


Figure 1.1. Instant food spending/person amount (in Rupiah) from year 1998-2012

Source: (BPS, 2015)

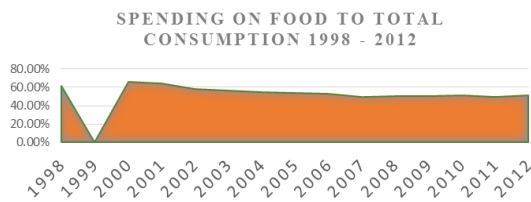


Figure 1.2. Graph of spending on food to total consumption/person from year 1998-2012

Source: (BPS, 2015)

Based on the data we can say that most Indonesian are having a change in their daily consumption. If previously they spent less on instant food to be consumed daily, lately they spent more on it and indicates the increasing trend of instant food consumption. In accordance to this situation, the sales of instant food in Indonesia that acknowledge by International Market Bureau is increasing. Therefore, it shows that companies in Indonesia can capture this opportunity of increasing demand in instant food consumption by supplying them with hundreds or thousands variants of instant food products. Further, in Indonesia, instant food market is dominated by instant noodle compared to other kind of food. In 1999, Indofood's market share was 90%. However, with the introduction of Mie Sedaap from PT. Wings Food, the market share of Indofood decreases to 75% (Reza, 2010). An innovation is necessary by a company to face the change (which in this case is unfavorable) in order to achieve success (Sondari, Maarif, & Arkeman, 2013). In 2015 Indofood through their other subsidiaries which is Bogasari try to regain the market share by creating a new segment in instant food market with the launching Chesa Cup product. Chesa Cup product itself is an instant cake premix (which is the new instant product segment) which only need microwave heating to bake it in to a cake (Bogasari, 2014). This product has not been officially launched nationally, but there are still no similar product in the market because all the premix product need further processing which is way more complex than just microwave heating (Aryani, 2012). The product itself have been launched in supermarket in several big cities like Surabaya, and Jakarta, and although there is no advertisement about the product yet but info about the product can be easily accessed through Bogasari Official Website.

As a matter of fact, one determinant of the success of a new product in the market is the product revenue (Kazerouni, Achiche, Hisarciklilar, & Thomson, 2011) and since revenue is affected by purchase, then increasing the purchase intention for the product is also feasible to be done (Chen, 2013). Creating high *customer value proposition* for the consumer either the functional or the psychologist value may enable the consumer to choose a product over the others (Kotler, 2011). Thus, it is essential for

a product to have a good *Customer Value Proposition* so that it can generate advantage in consumer mind and in the end increase the intention to purchase the product. An example that may occur from Kotler (2011) theory is when we want to purchase food product, besides price factor, consumer will choose product that offer health benefit value over the others. That is an example how Customer Value Proposition work, people think that by buying that product they will get the functional value which is the healthiness itself, and also the psychological values which is being considered as a healthy-conscious people.

In previous research done by Lifang & Liang (2013), Leelakukthanit & Hongcharu (2012), and Kwon, Trail, & James (2007), or other research about Customer Value Proposition, there are no research in food industry furthermore in instant food industry. Thus, writers would like to see if these Customer Value Proposition also have positive effect on the purchase intention of the specific product in instant food industry which is the newly-launched Chesa Cup.

The newly launched Chesa Cup product is launched with three variants which are chocolate, vanilla, and pandan. This product is launched besides to gain Indofood market share back from the competitor as writers have previously mentioned, also to provide new innovation cake product in a cup (which can be served in just 5 minutes) with affordable price (Sutriyanto, 2014), considering the fact that the demand of baked goods (cake and bread) and biscuits are also having and predicted to have positive trend (International Markets Bureau, 2010). This product offer values of healthiness and innovative (design and feature) besides instant, convenience, and also affordability that no product in the instant food market have (Aryani, 2012). We can see that from the other company, there are already similar product (cup instant food) which is Mie ABC Cup. But this kind of instant food even it is declared safe by BPOM it is still harmful to human body especially the digesting system because it is hard to digest and may cause cancer (Habibi, 2014) whereas no data indicate that cake may have this kind of effect to human body. More over the product is already registered in BPOM and having the license number from the related institution for all three variants, meaning the ingredients will not harm consumer healthiness (BPOM, n.d.). Besides healthiness, the innovation on instant cake making is the most essential value that distinguish this product over the others, because as writers said previously that the product is one of a kind in the instant food market. Those kind of benefits are actually examples of customer value proposition which may lead a consumer to buy a product since customer will purchase product from company which offer highest Customer Delivered Value (Kotler, 2011). Therefore by maximizing and increasing the customer value proposition, it may increase the intention of consumer to purchase Chesa cup product. By knowing which

values that is important for the customers to influence their purchase intention, writers believed that the company able to deliver the highest Customer Value Proposition, so that the product have what it takes to grab future customer interest, to choose this product over the others. Therefore with conducting this research writers hope that the result can be an input for the company to know the importance of Customer Value Proposition effect on the purchase intention, so the company can set high Customer Value Proposition for their product in order to drive the purchase intention of their future consumer which lead to the increase of product sales.

## LITERATURE REVIEW

According to Fifield (2007) there are six questions for organizations when they begin to create or deliver a value statement. These are:

- 1) Decide the target customers: Clearly analyze and identify market and customer groups
- 2) Seek the needs and problems that they are facing, find out the values they are looking for (price, benefits, efforts, or risk) and the way to communicate the problem internally and externally.
- 3) Find out when to use the product or service: this will bring difference behavior when they choose to buy, the place (from where they prefer to buy), and the physical location, thus it will lead customer to have different feeling and emotion to make buying decision.
- 4) How the product or service can fulfill their needs: The value proposition should deliver properly to explain the product or service because in the end, customers will understand the benefits and features that company offer to them.
- 5) What differs your offering and the others: actually, they only can make their job operational or service perfectly. Because somehow, this conditions depend on the customers.
- 6) The main reason why they choose your offer: how customers indicate their preference for the organization and buy offers. The important thing is how to convey and communicate a good offer to customers, so that they can understand the benefits

Based on the journal "Identifying competitive customer value proposition in retailing" (Kuusela, 2007) defined four dimensions of customer value propositions which made by the company for consumer

*Functional value* : the function, performance, and physical of the product which give value to the user in order to fulfill the needs or "focus on solutions".

*Economic Value* : Comparison between quality and price which will be measure by the consumer. Consumer will try focus on the quality in the same time with their sacrifice to that product or "focus on price"

*Emotional value* : The perceived benefits of using feelings. The consumer will measure about internal and external factor about the products or

service by using their feelings or "focus on customer experience"

*Symbolic value* : The positive things that can be communicated to others. Somehow, it will give benefits or even increase the prestige to using the product or service or "focus on meanings"

### Purchase Intention

Purchase Intention is obtained from a process of learning and thinking processes that form a perception. Purchase Intention creates a motives which lead to the desire of customer to buy that product or service. According to Ferdinand (2006), purchase intention can identify several factors which is Transactional interest (person's tendency to buy), Referential interest (person's tendency to refer the product to others), Preferential interest (interest that describe the behavior of someone who has a primary preference on the product), Exploratory interest (describes the behavior of someone who is always looking for information on the products they are interested in and look for information to support the positive qualities of the product)

### Relationship between concepts

A product was made in order to satisfy the needs and wants of every single consumers. Inside the product, there are several attributes which can differentiate the product from the others. Attribute of the product can also be interpreted as any factors that consumer consider in making decisions about the purchase of a brand or product category which are attached to a product or be a part of the product itself (Tjiptono, 2007). The differences in the characteristics of each attribute that become the reference of consumers in choosing which products they need and want. A company needs to innovate on product attributes so that the product can survive in the market. An appropriate innovation is influenced by customer value proposition, because a value proposition is an explicit promise made by a company to its customers that the product will deliver a particular bundle of value creating benefits (Buttle, 2009). Customer value proposition was made by the company based on consumer needs. Customer value proposition dimensions are functional value, emotional value, economical value, and symbolic value. A company can create customer value proposition by making a product based on the certain combinations of those dimensions, then customer value proposition delivered to the customers. When customer see that a company already give appropriate customer value proposition and fulfill their needs and wants or even beyond customers' expectation, it will encourage customer to have purchase intention on that product. The dimensions are the parts of value propositions which can increase customer purchase intention on that product. Functional value can show the performance or quality of the product or service. For example on instant food,

the customer will buy instant food because they know that instant food can be served instantly. The quality and function on that product can affect customer purchase intention. Secondly, Symbolic value will give benefits because it will change the customer's prestige. For example, now on people do not buy food for eat only, they will try to eternalize the food by taking picture and others way. This food makes them special because of brand and status (Kuusela, 2007). In the end, it will increase purchase intention because people want to create good image in their society (Amazy, n.d.). Next, Emotional value will change the consumer purchase intention because of their feeling. They will try to focus on innovation of the product, design, composition, and also color of the product (Kotler, 2001). For example, there are two products which are the same instant noodle, the consumer will choose which can attract them on the first sight. They have strong feeling to the product that is more eye catching or trustworthy (Bisnisukm, 2014). Because of that, they feel that they will end up with the product they believe. Lastly, Economical value, this value make purchase intention changed instantly. Because the consumer will measure the quality as detail as possible and compare it with the price. For example, many people say "Indomie" is cheap and many people consume that instant noodle because the quality is over the price. (Kompasiana, 2013)

**Customer Value Proposition**

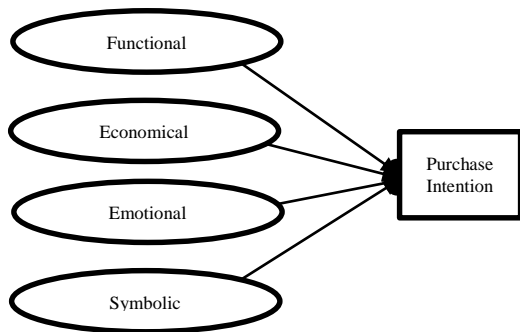


Figure 2.1. Relation between Customer value propositions towards purchase intention

**RESEARCH METHOD**

The writers are going to describe two things in this research. The first is to know whether simultaneously value proposition have significant influences on purchase intention of Chesa product. The second is know whether individually value proposition have significant influences on purchase intention of Chesa product. In this research, the writers want to use quantitative research in order to explain, sum up several condition, situation, or variable that appear in the environment which become the research object. After that, this research will come up with character or image of that condition, situation, or variable (Bungin,

2006). Based on that reason, the research design is causal research which means that this research want to find out the evidence in order to prove the relation between cause and effect (Malhotra, 2009).

In this analysis, the writers are using causal analysis which means that the writers need to have Dependent Variables and Independent Variables. Based on Cooper and Schindler (2011), Independent Variable is a variable that deliberately change by the researcher and it will affect the Dependent Variable. The variable are formed from several indicators that are assessed using 5-points Likert scale (Strongly Disagree to Strongly Agree).

In this research, the writers only use one dependent variable. The dependent variable has already explain in Chapter 2.1.2. This dependent variable only cover purchase intention toward the Chesa Product. There are four indicators in measuring one's decision to purchase Chesa product, which are Transactional interest (the willingness of consumer to purchase the product), Referential interest (the willingness of consumer to refer particular product to another person), Preferential interest (the willingness to make particular product as preference), Exploratory interest (the willingness to explore information related to the product).

In this research, the writers provide five independent variables which influence dependent variable. Those variables are:

Independent Variable 1 (Functional Value) : Chesa cup is instant enough, Chesa cup packaging is hassle-free, Chesa cup portion is adequate, Chesa quality is good because has 12-month lifespan though without preservatives.

Independent Variable 2 (Emotional Value) : Consuming Chesa cup makes consumer feel healthy because it uses no preservatives, Chesa cup make consumer feel different experience of the instant food uniqueness, Consumers feel satisfied with Chesa flavour

Independent Variable 3 (Symbolic Value), Chesa cup match personality of consumers who love simple and instant lifestyle, Chesa cup's price level give prestigious image, Chesa cup can still give value of healthiness although it is instant food product

Independent Variable 4 (Economical Value) : Chesa cup's price match with the offered value, Chesa cup is worth buying, Chesa Cup's price match with the quality offered

Data collection method being is used in this research is by using questionnaires that are distributed to all people across Surabaya. Before they fill the questionnaire, the writers will introduce the product "Chesa Cup" through real product explanation to the respondents. The writers will tell benefits of Chesa cup. After that, the writers explain about Chesa cup briefly, then the respondents can fill the questionnaire. Questionnaire is a tool which contains several question or written statements for respondent to answer

(Sugiyono, 2010). Questionnaire consist of several question which respondents should explain their identity and to choose the best answer from multiple choice question which match with the respondents. Based on Cooper and Schindler (2011), there are four types of data which are nominal, ordinal, interval, and ratio. In this questionnaire, the writers only use nominal and interval. Nominal data is about classification data which is mutually exclusive and collectively exhaustive group. The nominal data does not include order, distance, or natural origin. Next, the interval data will covered classification, order, and distance, but not natural origin. Interval data determine the equality of intervals or differences. There are also several questions which are using Likert scale to fill the question. According to Sugiyono (2010), Likert scale is used for measuring individual perception, perspective, and estimation about social phenomena. Likert scale has five point which are one is to show strongly disagree, two is to show disagree, three is to show neutral, four is to show agree, and five is to show strongly agree. (Cooper & Schindler, 2011).

Population in this research is all people who live in Surabaya. Because the number of people is too big for his research, the writers are using sample. Sampling technique for infinite population is as follows (Widiyanto, 2008):

$$n = \frac{z^2}{4(moe)^2}$$

n = Number of samples  
Z = Level of confidence  
moe = Margin of Error

With the level of confidence 95% or  $Z = 1,96$  and margin of error which can be tolerated or moe is 10% then the number of sample can be determined as follows:

$$n = \frac{1,96^2}{4(0,1)^2}$$

$$n = \frac{3,8416}{0,04}$$

$$n = 96,04$$

Based on that calculation, the minimum number of sample is 96 respondents. But to simplify this calculation and because of the element of rounding, the number of sample that used is 100 respondents.

The writers are using Simple Random Sampling as the sampling method. Simple random sampling is sampling technique which all people has equal probability of being chosen. The researches will take the respondent randomly without looking at degree (Sugiyono, 2011). The researcher will introduce the product first, after that consumer fill the questionnaire.

A questionnaire can be considered as reliable when the answer of the respondent to the question stated in the questionnaire are stable and consistent from time to time (Ghozali, 2011). Therefore a reliable measuring instrument must be free from bias or error in the question in all part of the questionnaire. It also

means that questions within the sub groups are highly correlated with the sub group itself which indicates consistency. In the research reliability is indicated by the value of Cronbach's alpha. Above the value of 0.6 the instrument variable can be considered as valid and is better as it get closer to 1 (Ghozali, 2011)

Valid means that the instrument which is used in the research can measure what the things researcher wants to measure. In this context, the validity show the suitability of the measuring instrument with the data that will be measure (Cooper & Schindler, 2011).

In the research process validity can be measured by comparing the r score and the value in r table. The calculation result of r score must be higher that the r table so that the instrument can be considered as valid (Ghozali, 2011).

Normality test purpose is to show whether the residuals have the normal distribution or not. Normal distribution itself is an indicator of a good and proper regression model, which shown by the distribution of data along the diagonal axis of the normal distribution graph. If the data is distributed along and following the diagonal line then it can be concluded that the regression model fulfill the normality test. Whereas if the data is scattered randomly and not following the diagonal line, then the regression model does not fulfill the normality test (Ghozali, 2011).

Statistical analysis is done by examining Kolmogorov and Smirnov values (Ghozali, 2011). To determine whether the residual data is normally, the writers can see the result from Asymp. Sig. (2-tailed). When the significance is lower than 0.05,  $H_0$  is rejected or it shows that the residual is not normally distributed, but if it is higher than 0.05, the residual is normally distributed and  $H_0$  is accepted

Multicollinearity test is conducted to test whether in the regression model there are or there are no correlation between independent variables. Good regression model should have no correlation between independent variables since it will eliminate the value of *orthogonality* (Ghozali, 2011). Orthogonal variables itself is independent variables where the correlation value is zero. In the analysis this can be indicated by the value of *Tolerance* > 0.1, and the the *VIF value* < 10. If those two conditions fulfilled then in can be said that the regression model is free from multicollinearity.

Heteroscedasticity test is conduct in order to know whether the variance of errors vary across different observations. In contrast the goal of the test is to achieve the homoscedastic regression model, because homoscedastic regression model have constant errors variance across different observations (Ghozali, 2011). In the calculation to know whether the regression model is homoscedastic or heteroscedastic is by looking at the plot graph. When the dots in the plot is spread randomly without pattern above or below the zero value in Y-Axis, it indicates that the model is homoscedastic

In the statistical method (the Glejser test)  $H_0$  is accepted when the P-value is higher than the significance level of 0.05, on the other hand  $H_A$  is accepted where the P-value is not higher than the significance level of 0.05

Based on Ghozali (2011) a good regression model, should be free from autocorrelation whereas autocorrelation itself means that the residuals between any two observations are correlated. This usually happened in time series data where data of the past may have influence of current data. If there is positive autocorrelation effect, there will be clusters of residuals with the same sign, and there will be a pattern detected. Researcher will use Run Test to test the autocorrelation to test whether there is high correlation between residual. If there is no correlation then it is a random residual.

If the significance value is lower than 0.05, there is autocorrelation between the residuals, on the other hand if significance value is higher than 0.05 then it means the residuals are random and no autocorrelation.

The F-test want to analyze whether all independents variables simultaneously affect dependent variable or not. If a regression model does not pass this test it means the model cannot measure the dependent variable and the model cannot be used for the research.

$$H_0 : \beta_1 = \beta_2 = \dots = \beta_n = 0$$

$$H_1 : \beta_1 \neq \beta_2 \neq \dots \neq \beta_n \neq 0$$

The null hypothesis indicates that no independent variables impact the dependent variable, whereas the ideal result should be the other way around (independent variables simultaneously have impact on the dependent variables)

In the F-test the model will accept if the significance F value is lower than 0.05 meaning that all independent variables simultaneously affect the dependent variable. The other way around if the significance F value is higher than 0.05 show that the independent variables does not simultaneously affect predict the dependent variable. F-test analyze whether the whole independent variables simultaneously affect and can measure the dependent variables, the t-test analyze significance of each independent variables in influencing the dependent variable.

$$H_0: \beta_n = 0$$

$$H_A: \beta_n \neq 0$$

Almost the same with F-test, if the significance t is less than 0.05 it indicates that independent variable significantly affect the dependent variable ( $H_0$  is rejected). In contrast if the significance t is more than 0.05 it indicates that independent variable does not significantly affect the dependent variable ( $H_0$  is accepted).

This test basically measure how much the regression model can explain the dependent variable. In this part the coefficient value is from 0 to 1. The more the value closer to 1 it indicates higher ability of

independent variables in determining and provide needed information in explaining the dependent variable. For example with adjusted  $R^2$  value of 0.6 it means that 60% of the dependent variable can be explained by the independent variables. Whereas the rest 40% can be explained by variables outside what is in the regression model.

## RESULTS AND DISCUSSION

As the first step the validity and the reliability of the data will be analyzed, after passing these two tests, the classic assumption test is run (normality, multicollinearity, autocorrelation, and heteroscedasticity). Finally the test for the regression model will be run which are F-test and t-test to analyze the influence of the independent variable to the dependent variable simultaneously and individually. Furthermore adjusted  $r^2$  is also analyzed to see how much the independent variables in the questionnaires explain the dependent variable in the proposed regression model

**Table 1 .Summary of Validity Test**

Indicator	Correlated Item-Total Correlation	Keterangan
<b>Functional Value</b>		
Chesa Cup praktis untuk dikonsumsi	0.39	Valid
Kemasan Chesa cup mempermudah proses pembuatan kue	0.686	Valid
Porsi Chesa cup cukup	0.586	Valid
Kemampuan Chesa Cup untuk bertahan 12 bulan tanpa bahan pengawet tergolong baik	0.313	Valid
<b>Symbolic Value</b>		
Chesa Cup sesuai dengan kepribadian konsumen yang bergaya hidup instan	0.759	Valid
Tingkat harga Chesa Cup memberi kesan prestisius pada konsumen	0.691	Valid
Meskipun Chesa Cup merupakan produk instan namun Chesa Cup tetap memiliki nilai kesehatan di mata konsumen	0.449	Valid
<b>Economical Value</b>		

Harga Chesa cup sesuai dengan manfaat yang ditawarkan	0.519	Valid
<b>Summary of Validity Test (Cont'd)</b>		
Chesa Cup layak untuk dibeli	0.704	Valid
Harga Chesa cup sesuai dengan kualitas produk yang ditawarkan	0.51	Valid
<b>Emotional Value</b>		
Dengan tidak digunakannya pengawet membuat konsumen merasa sehat saat mengkonsumsi Chesa Cup	0.524	Valid
Chesa Cup memberi konsumen pengalaman baru yang unik dalam mengkonsumsi makanan instan	0.495	Valid
Konsumen merasa puas dengan varian rasa Chesa Cup	0.435	Valid
<b>Purchase Intention</b>		
Saya berencana untuk membeli Chesa Cup	0.568	Valid
Saya akan merekomendasikan orang lain untuk membeli Chesa Cup	0.65	Valid
Saya memilih Chesa Cup saat akan membeli produk makanan instan	0.398	Valid
Saya akan mencari informasi tentang Chesa Cup sebelum membeli produk makanan instan	0.284	Valid

From that data, we can see that correlated item-total correlation value is above 0.1966, it means that all the indicators is valid. Therefore all indicators that can be used to measure customer value proposition and purchase intention is declared valid.

**Table 2. Summary of Reliability Test**

Variabel	Cronbach's Alpha	Keterangan
<i>Functional Value</i>	0.697	Reliable
<i>Symbolic Value</i>	0.784	Reliable
<i>Emotional Value</i>	0.66	Reliable
<i>Economical Value</i>	0.744	Reliable

<i>Purchase Intention</i>	0.673	Reliable
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From table above, we can say that all the Cronbach's Alpha is above 0.60 or in other words, all indicators show good internal consistency based on Ghozali (2011). Therefore this questionnaire is a reliable questionnaire and can be processed further.

The first result is classic assumption test. Classic Assumption is essential since Ghozali (2011) mentioned that in Ordinary Least Square (OLS) regression estimate method, all classic assumption tests should be passed in order to have Best Linear Unbiased Estimator (BLUE) result. Classic assumption tests consist of multicollinearity, autocorrelation, heteroscedasticity, and normality. The result of classic assumption test is summed up in the following table.

**Table 3. Classic Assumption Test**

<b>Classic Assumption Test</b>			
	Test Name	Criteria to Pass	Decision
<b>Normality</b>	Kolmogorov-Smirnov	Assymp Sig > $\alpha$	Pass
<b>Heteroscedasticity</b>	Glejser Test	Sig F > $\alpha$	Pass
<b>Autocorrelation</b>	Run Test	Sig > 0.05	Pass
<b>Multicollinearity</b>	VIF Value	VIF < 10	Pass

From the classic assumption tests performed on the model that the researcher has, the model pass normality and heteroscedasticity test. It means that there is no normality between the residuals in the model as well as there is heteroscedasticity between the residuals in the model. Since the model is already pass both test, it means that the residual is normally distributed.

In the Multicollienarity test, The Tolerance Value of all independent are above 0.1 which shows that the multicollinearity does not occur. And also, the Tolerance result is confirmed by the VIF Value, which none of the values is higher than 10. So it can be assured that this regression is free of multicollinearity.

Autocorrelation test is conducted to test whether the regression model is free from autocorrelation, meaning the residuals are not correlated (Ghozali, 2011). The hypothesis are:

$H_0$ : The residuals in the regression model are random (no autocorrelation between the residuals in the regression model)

$H_A$ : The residuals in the regression model are not random (there is autocorrelation between the residuals in the regression model)



Since the significance value in writer's research is 0.688, thus  $H_0$  is failed to be rejected. It also concluded that there is no autocorrelation.

The F-test want to analyze whether all independents variables simultaneously affect dependent variable or not. If a regression model does not pass this test it means the model cannot measure the dependent variable and the model cannot be used for the research.

$$H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$$

$$H_1 : \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$$

The null hypothesis indicates that no independent variables impact the dependent variable, whereas the ideal result should be the other way around (independent variables simultaneously have impact on the dependent variables)

If significance F is below 5%, it means that independent variable as a whole (or simultaneously) have a significance effect towards dependent variable. (reject  $H_0$ ). On the other hand, if significance F is above 5%, it means that independent variables as a whole (or simultaneously) do not have a significance effect towards dependent variable (fail to reject  $H_0$ ) (Ghozali, 2011).

Next, the result is shown in ANOVA table. From table below we can see that the significance F is below 5% which is .000. Because of that, we can conclude that  $H_0$  is rejected. It means that customer value proposition (functional, economical, symbolic, and emotional) simultaneously has a significant effect towards dependent variable (purchase intention).

**Table 4. ANOVA Table**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.767	4	2.692	24.635	.000 <sup>b</sup>
Residual	10.380	95	.109		
Total	21.148	99			

The result of the t-test can be seen from table of regression coefficient.

**Table 5. Table of Regression Coefficient**

Model	Coefficients <sup>a</sup>					
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.903	.347		2.603	.011
	Function	.299	.088	.298	3.417	.001
	Emotional	.060	.067	.079	.896	.373
	Symbolic	.015	.062	.024	.249	.804
	Economical	.403	.078	.499	5.164	.000

a. Dependent Variable: purchase

By using the table of regression coefficient, the regression model, can be developed which is shown as

$$Y = 0.903 + 0.299X_1 + 0.60X_2 + 0.015X_3 + 0.403X_4$$

There are two hypotheses developed for this study. The following are the discussion of the model for this study.

The first hypothesis that say the four customer value proposition simultaneously impact the purchasing intention is confirmed by the result of the F-test with significance level below 0.05. Therefore the hypothesis stated that Customer Value Proposition simultaneously has significant influence on purchasing intention towards Chesa Cup product is accepted.

Based on the result of the t-test, the t significant value for this model should below 0.05. There are two variable which are above 0.05 and also two variable below 0.05. The functional value and economical value have significance level which are 0.001 and 0.000 or below 0.05. In other words, they influence the purchase intention. The rest which are symbolic and emotional values show that the significance level is above 0.05. It means that symbolic value and emotional value do not influence purchase intention. In addition, the sign of the coefficient in the model shows a positive sign meaning that functional and economical positively influence purchase intention. Therefore:

In Functional value  $H_0$  is rejected since the significance value is 0.01 which means functional value individually has significant influence on purchase intention of Chesa cup.

In Economical value  $H_0$  is rejected since the significance value is 0.000 which means economical value individually has significant influence on purchase intention of Chesa cup.

In Symbolic value  $H_0$  is failed to be rejected since the significance value is 0.804 which means symbolic value individually does not significant influence on purchase intention of Chesa cup.

In Emotional value  $H_0$  is failed to be rejected since the significance is 0.373 which means emotional value individually does not significant influence on purchase intention of Chesa cup.

Adjusted R Square is used to examine how the independent variables can explain the variation in the dependent variable, adjusted for the number independent variables used. The summary can be seen from the following table

**Table 6. Adjusted R Square**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714 <sup>a</sup>	.509	.488	.33056

a. Predictors: (Constant), economical, function, emotional, symbolic

b. Dependent Variable: purchase

From Multiple Regression Test, we can see that the results produced will mainly cover the relationship between the independent and dependent variable by



looking R-square test. The table below shows that adjusted R square value is 0.488, it means that 48.8% of the dependent variable which is purchase intention can be explained by customer value proposition. The rest of 51.2% of the dependent variable comes from other causes or factors outside the independent variables used in this research.

## CONCLUSION

Referring to the result of this research there are several recommendations can be given to the company. Based on writers finding, economical value is proven to be a significant Customer Value Proposition in impacting the purchase intention. In accordance with that, functional value also proven to be a significant Customer Value Proposition in impacting the purchase intention, thus PT Indofood Sukses Makmur – Bogasari Flour Mills should focus the strategy in these two area so that more people are intended to buy the product and increase the sales of the product also.

In the research the functional value measure about the instant level of the product, the packaging design convenience, the portion, and the lifespan without preservatives. Since the product is not noodle and is the first of its kind, then Bogasari need to ensure that Chesa Cup must fulfill the four requirement so that people intended to purchase the product over instant noodle product. Either the production or marketing of the product should focus in supporting or highlighting the features of Chesa on those four aspects. As we can see in the advertisement, the company highlight some functional feature of the product like the instant level and packaging design convenience. But still showing only pictures like this is not enough, since a human is more likely to understand something through audio-visual aid or real experience (Zeng, Pantic, Roisman, & Huang, 2009). Thus writers suggest that the company to utilize this condition to improve Chesa Cup sales. Besides a TV ads, product demonstration in supermarket or shopping center will be very useful. Through these two media, the product point of emphasize can be delivered stronger to consumer minds. Therefore they will really know whether the product have the proposed value of the functionality and increase the intention to purchase the product.

Further the result of the research also prove that economical value is one of the important value that Chesa Cup must have in order to increase the purchase intention. What measured under economical value are whether the price match the offered value, the price match with quality offered, and whether Chesa Cup worth buying. In conclusion if this is significant, writers could say that consumer in purchasing Chesa Cup also consider the product benefit compared to the price. Writers suggest that company may have to increase the consumer benefit in order to increase the purchase intention of Chesa Cup. One of the way can be done is by making bundling with other products that

acts as a complementary product of Chesa Cup. Therefore with this method cheaper total cost can be achieved for the combined products. For example since the product is sold in Indomaret points where they have place to hang out and there are microwave to help consumer directly make and enjoy the product, Bogasari better bundle this Chesa Cup with beverage product, so consumer will feel bigger benefit of buying Chesa Cup because they can have two products with cheaper price at the same time. The more useful bundle writers could suggest is if a consumer buy Chesa Cup at Indomaret, is Indomaret provide the egg (since each cup need 1 egg to produce a cake). So when consumer want to hang out in Indomaret and have Chesa Cup as their meal they just bought Chesa Cup and get egg for free so they can immediately enjoy Chesa Cup without having to pay more for the egg.

Considering several limitations on conducted research, writers come up with several suggestion for further research. First suggestion writers give is to find more theories to include more independent variables. Although Customer Value Proposition able to explain 48% of Chesa Cup purchase intention, there are needs of contributing unknown 52% factors outside Customer Value Proposition in order to increase the impact on purchase intention of Chesa Cup. For example from a journal of research done by Vahdati, Mousavi, and Moghadam (2014) in this research 7P's Marketing Mix is proven to be significant factor in repurchase intention. Hence it is considerable to include theory of 7P's marketing mix in a research of factors impacting purchase intention, since marketing also big part in affecting purchase intention, especially for new product like Chesa Cup. The indication is that in future research, when the  $R^2$  increased, then more things should be considered by the company in order to increase Chesa Cup purchase intention.

The second suggestion in conducting further research is to widen the population where research conducted (nationally). As the company made the product available nationally, thus the company also need to increase the purchase intention of consumer across Indonesia. Thus writers suggest that in next research the sample of the population is taken from every area where the product is sold (not only in Surabaya) so in the end the result of the research can represent the whole population across the country.

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