Purchase Decision Analysis Through Price Policy And Brand Image

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Abstract

This study aims to analyze the price policy and brand image in relation to purchasing decisions. This type of research is quantitative research using a survey method of 95 respondents. Data collection uses a questionnaire as a data collection tool. Data analysis used validity test, reliability test, classical assumption test, multiple linear regression and determination analysis. AnaStatistical analysis shows that in partial testing the price variable has no effect on purchasing decisions, while brand image has a positive and significant effect on purchasing decisions. Furthermore, in simultaneous testing that price and brand image have a positive and significant effect on purchasing decisions. To find out the contribution of research variables (price and brand image) to purchasing decisions, it is carried out using analysis of the coefficient of determination, and the result is 0.43 or 43% and the rest of the purchasing decisions are influenced by other variables of 0.57 or 57%, namely other variables. for example advertising, product quality and others, which are not included in this research model.

key word: Price, Brand Image, Purchase Decision.

INTRODUCTION

Since the beginning of the 21st century, especially at this time the development of technology and information systems is very fast, so that almost all business and non-business activities that are human services depend on and use an integrated system, because with this system all providers and users of goods and services products are greatly facilitated. in achieving its goals, including communication tool products such as smartphones. All individuals, groups and organizations in all parts of the world are connected to this increasingly sophisticated information tool.

Due to the large number of needs from various groups, both individuals and organizations, and with the support of very fast technological advances, it has spurred competition among companies providing these communication tools, such as Japan, China, Europe, America and several other countries in Asia, they are competing to produce products. quality at an affordable price in reaching its target market.

The emergence of competition certainly encourages companies to be able to produce products that have advantages over competitors' products, so that by having these product competitiveness it is expected that potential consumers will glance, be interested and ultimately decide to become users of the products offered. The decision to adopt a product, consumers usually base on several important things such as consumer needs for product quality, affordability of the product offered, brand image and so on.

Price is a real and material sacrifice given by consumers to obtain products by considering, comparing, choosing the quality of the expected product (Setiawati 2015). Prices have an impact on the benefits and levels of consumer satisfaction and pricing that is not good will also affect consumer satisfaction (Lotulung, at al. 2015). Thus the price will affect the purchase decision.

Brand image is the overall consumer perception of a product or brand that is formed from information and past experience of the product or brand and brand image influences purchasing decisions, and brand image strengthens consumers to make purchases (Yustiawan, 2016; Deisy at al, 2018; Magdalena 2019).

Purchasing decisions are consumer behavior to buy and master the products they want. Purchasing decisions by consumers are an integration process that combines knowledge and experience and evaluates existing alternatives to make purchases of goods and or services (Mokoagouw 2016). Purchasing decisions arise among others because of the many product offers with various variations in price, quality, brand and other variations that motivate potential consumers to make choices in their purchasing decisions.

In order to find out the problems in purchasing decisions for smartphone products, a preliminary study was carried out through a survey by distributing questionnaires to 30 respondents, with the result that consumer purchasing decisions for smartphone products were quite influenced by price variations as a result of the company's pricing policy given the very tight competition. On the other hand, because there are many consumers who in making their choices are influenced by the choice of certain brands, especially consumers from certain circles or the upper middle class, of course, the brand is a guideline for the quality they determine. Based on these circumstances certainly affect consumer purchasing decisions, so this phenomenon is very interesting for the author to do research.

LITERATURE REVIEW

Price Policy
Price is the amount of value that is used to own and use a product or service and allows the company to earn profits and to obtain the customer value it creates (Kotler and Armstrong (2012). Price is an amount of money as a monetary unit, expenses and financial costs that contain uses to obtain a product in the form of goods or services in order to meet the needs, desires and expectations of consumers as well as price being the main factor that can influence consumers' choice of goods or services (Assauri, 2018; Tjiptono and Chandra, 2012).

Price Indicators
Kotler and Armstrong (2012), put forward four indicators of price, namely:

1. Price affordability

   This means that the price applied to a product or service must meet the principle of affordability by potential consumers, so that the product can be considered for a buying decision.

2. Conformity of price with product quality

   The company's pricing policy should meet the suitability requirements between the price set and the quality delivered to the consumer, so that it can motivate them to make a purchasing decision.

3. Price competitiveness

   The company's product pricing should consider the product prices of its competitors, so that if there is a difference, it is still within a reasonable level to be accepted by consumers.

4. Price suitability with benefits

   Pricing policy by the company basically must reflect the benefits of the product that will be taken advantage of by consumers. According to Kotler and Armstrong (2012), within the price variable there are several price indicators which include price lists, discounts, and payment periods.

Brand Image
Brand image is the most important part of a strong brand and as consumer perceptions and beliefs that are embedded in the memories in the minds of consumers which can be used as a basis for distinguishing a product from other products (Kotler and Armstrong, (2019); Ismail et al., (2012) ; Roring et al., (2014)).
Kotler and Armstrong (2012) argue that brand image is a consumer's perception of a company or its products. Brand image cannot be implanted in the minds of consumers overnight and spread only through the media. Brand image is conveyed through available means of communication, disseminated continuously.

Based on the opinions of these experts, it can be concluded that brand image is the consumer's perception of the strength of the brand stored in consumers' memories of goods or services, and as an attraction for making purchasing decisions.

Brand Image Indicator

Kotler and Keller (2012) suggest that indicators of brand image perceptions perceived by consumers consist of:

1. *Strenth of Brand Association* (brand association strength) is how often a person thinks about brand information, such as logos, images, quality.
2. *Favorability of Brand Association*(brand association advantage) is superiority, liking, trust and friendly feelings towards a brand.
3. *Uniquess of Brand Association*(unique brand association) is the uniqueness of a product or service that makes a difference that can attract customers to switch to another brand.

Next Fajri (2012) suggests brand image indicators consist of:

1. *corporatee Image*(maker image), is a set of associations that consumers perceive of companies in making goods and services. The image of the maker includes the popularity, credibility and network of the company.
2. User Image (user image) is a set of associations that consumers perceive of users who use goods and services, including the user himself, lifestyle or personality and social status. The maker's image includes the user himself and his social status.
3. Product Image is a set of associations that consumers perceive of a product, which includes the product's attributes, namely benefits for consumers, use, and guarantees.

Purchase Decision

Topurchase decision is an activity carried out by consumers to meet their needs which are usually influenced by quality, price, and brand image (Sudaryono, 2016). Furthermore, Kotler and Armstrong (2012) argue that purchasing decisions are stages of the consumer process making decisions to purchase products.

Purchasing Decision Indicator

IIndicators of purchasing decisions made by consumers consist of product choice, brand choice, dealer choice, purchase time, and number of purchases Setiawati (2014). Furthermore Rijadi (2014) argues that purchasing decisions are consumer actions in making decisions to buy or not to buy a product, with indicators of the need for products, the desire for products and the purchasing power of consumers.

Purchasing decision indicators used in this study arechoice of products, brands, dealers, time of purchase, and the number of purchases according to consumer needs for an item.

Relations Between Variables, Models and Hypotheses

Based on the research results of Mokoagouw (2016); Lotulung (2015); Pradana (2017) suggests that price has a positive and significant effect on purchasing decisions. Furthermore, Rijadi (2019); Magdalena (2019); Welsa (2017) in his research results suggests that brand image has a positive and significant effect on purchasing decisions. For the simultaneous effect between the variables studied, it was stated that based on Oktarini's research results (2020); Setiawati (2016); and Nalendra et al, (2019) suggest that price and brand image have a positive and significant effect on purchasing decisions.

Based on the relationship between these variables, the framework or research model and its hypotheses are as shown in Figure 1 below:

Picture 1. Research Model
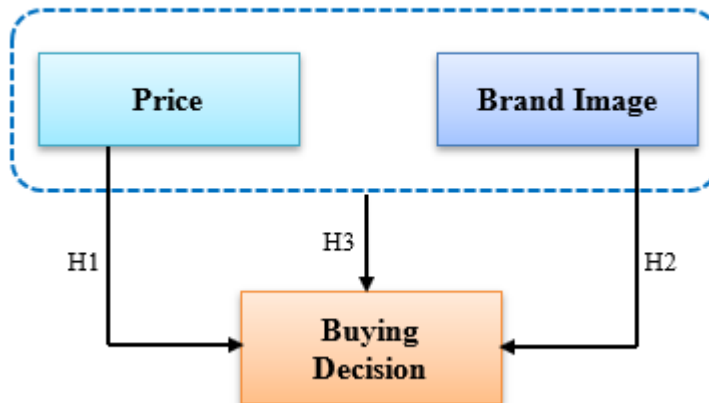
Research Hypothesis

Based on the relationship between variables and the research model, the research hypothesis is stated as follows:

H1: Price has a positive and significant effect on smartphone purchasing decisions

H2: Brand image has a positive and significant effect on smartphone purchasing decisions

H3: Price and Brand Image simultaneously have a positive and significant effect on smartphone purchasing decisions

MRESEARCH ETHOD

pe typeThis research is a quantitative research with a survey method, and the tool used to collect data is a questionnaire, which was distributed to 30 respondents to test the validity and reliability of the instrument. After the research instrument was declared valid and reliable, the questionnaires were distributed randomly to 95 respondents resulting from the use of the sampling method based on the Slovin formula.

The data analysis method used in this study is statistical analysis (statistical analysis) with multiple linear regression techniques, which in the testing process include validity testing, reliability testing, classical assumption testing, multiple linear regression testing, and testing the coefficient of determination. The data processing software uses SPSS (statistical product for social science) version 26.00.
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RESULTS

Characteristics of Respondents

The characteristics of the respondents in this study can be seen in table 1:

Table 1. Characteristics of Respondents

No	Gender/Age of Respondents	Frequensi
1	Man	38
2	Woman	57
	Total	95
1	18 - 21 age	12
2	22 - 25 age	23
3	26 - 28 age	28
4	29 > age	32

Source : Primary data processed, 2021

Based on primary data, there were 60% female respondents and 40% male respondents, who were spread over the age range of 18 years and over.

Validity and Reliability Test

The results of testing the validity and reliability as in table 2:

Table 2. Validity and Reliability Test Results

Validity Test Result				Reliability Test Result			
Price Validity (X1)				Price Reliability (X1)			
Instrument	r count	r table	Inf.	Variable	Cronbach alpha	Criteria	Inf.
X1.1	0,333	0.196	Valid	X1	0.761	0.71	Reliable
X1.2	0,744	0.196	Valid				
X1.3	0,782	0.196	Valid				
X1.4	0,680	0.196	Valid				
Brand Image Validity (X2)				Brand Image Reliability (X2)			
X2.1	0,657	0.196	Valid	X2	0.782	0.71	Reliable
X2.2	0,782	0.196	Valid				
X2.3	0.749	0.196	Valid				
Buying Decision Validity (Y)				Buying Decision Reliability (X3)			
Y1	0,565	0.196	Valid	Y	0.724	0.71	Reliable
Y2	0,649	0.196	Valid				
Y3	0,665	0.196	Valid				

Source : Primary data processed, 2021

Based on the results of the data analysis, all items in the variable price, brand image and purchasing decisions are declared valid because the value of r count is greater than the value of t table (0.196). Furthermore, based on the Cronbach alpha value for all research variables (price, brand image, and purchasing decisions), it is declared reliable because the Cronbach alpha value is greater than 0.71, so research with the variables and items used can be continued.

test of the Classical Assumptions of the Regression Model
Normality test
Based on the P.Pot test, that the data items studied gather around a straight line and almost form a straight line, so the data is normally distributed. This situation is supported by the Residual Unstandardize test, namely the statistical t test (KS) value of 0.97 with a significance probability of 0.175, and is above the alpha value of 0.05, which means that the data is normally distributed.

Test Multicollinearity

The results of the multicollinearity test analysis can be seen based on table 3

Table 3. Multicollinearity Test Results

Model	Sig.	Collinierity Statistics	
		Tolerance	VIF
(Constant)	0.624		
Price	0.006	0.924	1.197
Brand Image	0.006	0.924	1.197

Source : Primary data processed, 2021

Based on table 3, the VIF value of price and brand image is 1.197 and the tolerance is 0.924 with the test criteria if the VIF value is < 10 and the tolerance value is > 0.05 then there is no linear relationship between the independent variables in the regression model, so there is no multicollinearity problem in the model this regression.

Heteroscedasticity Test

Table 4. Coefficient Significance

Model	Standardize Coeficience		
	Beta	t	Sig.
(Constant)	0.051	-0.337	0.747
Price	0.243	0.431	0.678
Brand Image		2.058	0.059

Source : Primary data processed, 2021

BBased on the results of the analysis, the significance value of the price and brand image variables is greater than 0.05, so based on the Glejser test it can be interpreted that there are no symptoms of heteroscedasticity in this regression research model.

Multiple Linear Regression Analysis

Based on the results of multiple linear statistical analysis through SPSS, multiple linear outputs are obtained in table 5:

Table 5. Multiple Linear Analysis Results

Model	Unstandardized Coeficience		Standardized Coeficience		
	B	Std. Error	Beta	t	Sig
(Constant)	6.731	1.381		4.945	0.000
Price	0.042	0.065	0.074	0.646	0.520
Brand Image	0.283	0.092	0.351	3.061	0.003

Source : Primary data processed, 2021

Based on table 5, the regression equation is:

$$Y = 6.831 + 0.042 X1 + 0.283 X2$$

The regression equation can be described as follows:
a. The a value of 6,831 is a constant as the value of the purchasing decision variable when the value of the price variable (X1) and brand image (X2) is zero (0).

b. The coefficient value is 0.042, indicating that the price variable positively and significantly influences purchasing decisions, meaning that every 1 unit increase in the price variable will affect 0.042 units of purchasing decisions, assuming other variables are not examined.

c. The coefficient value is 0.283, indicating that the brand image variable positively and significantly influences purchasing decisions, meaning that every 1 unit increase in brand image variable will affect purchasing decisions by 0.283, assuming other variables are constant.

Determination Analysis

Analysis of the effect of independent variables on dependent variables is guided by the following criteria:

Pearson Correlation value 0.60 – 0.799 = strong correlation.

The results of the analysis can be seen in table 6:

Table 6. Results of Multiple Correlation Test Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Predictors	0.661	0.437	0.399	1.371

Source : Primary data processed, 2021

Ontable 6, the R value is 0.661[a], that the price and brand image variables have a positive effect on increasing purchasing decisions with the Strong category.

The magnitude of the influence of price and brand image on purchasing decisions is 43%, and the remaining 57% is influenced by other variables not examined.

Hypothesis test
Partial Test (t test)

Partial testing is carried out based on the results of the t test in table 7:

Table 7, Partial t test results

Model	T hitung	Sig.	T tabel
(Constant)	4.946	0.000	-
Price	0.646	0.520	1.995
Citra Merek	3.061	0.003	1.995

Source : Primary data processed, 2021

1) The calculated t value is smaller than t table (0.646 <1.995) with a significance value of 0.520 > 0.05, meaning that the price variable is not significant to the purchase decision, so Ha is rejected.

2) The value of t count is greater than t table (3,061 > 1,995) with a significance of 0.03 <0.05, meaning that Brand Image has a positive and significant effect on purchasing decisions, so Ha is accepted.

3)

Table 8. Simultaneous Test Results (f test), ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	13.020	2	6.510	4.712	0.000
	Residual	93.938	68	1.381		
	Total	106.958	70			

Source : Primary data processed, 2021

Hathe results of the F test in table 8 obtained F count is greater than F table (4,712 > 3,130) so that Ha is accepted with a significance of 0.000 <0.05, meaning that the price and brand image variables simultaneously influence purchasing decisions.

Discussion

The results of the analysis are not in accordance with the results of the studyMokoagouw (2016), Lotulung (2015), and Pradana (2017)that price has a positive and significant effect on purchasing decisions. The results of the analysis are in line with the results of the studyRijadi (2019), Magdalena (2019), Nurdianah and Welsa (2017)that brand image has a positive and significant effect on purchasing decisions. The results of the analysis are in line with the results of research by Oktarini (2020), Setiawati (2015) Nalendra et al, (2019), that simultaneously price and brand image influence purchasing decisions.

CONCLUSION

Hypothesis regardingprice has a positive and significant effect on purchasing decisions, unacceptable, so it contradicts the results of the studyMokoagouw (2016), Lotulung (2015), and Pradana (2017). The hypothesis regarding brand image has a positive effect on purchasing decisions, is acceptable, so this research supports the research of Rijadi (2019), Magdalena (2019), and Nurdianah & Welsa (2017) that brand image has a positive and significant effect on purchasing decisions. The hypothesis regarding price and brand image, simultaneously having a positive and significant effect on purchasing decisions, is acceptable, so research supports research by Oktarini (2020), Setiawati (2015) and Nalendra et al, (2019), simultaneously price and brand image influence decisions purchase.

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