PRICE, BRAND EQUITY, AND PERCEIVED QUALITY ON PURCHASE INTENTION OF HONDA SCOOTER MOTORCYCLE IN MANADO

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ABSTRACT

The trend of using scooter motorcycles nowadays is crucial to support consumer daily activity; the increasing number of national whole sales shows a good sign for motorcycle industry, this research specialized explores the effect of three important variables that according to author gives significant effect on Purchase Intention of Honda scooter motorcycles in Manado, the three variables are: Price, Brand Equity, and Perceived quality. This research tried to prove that the three variables are the most suitable variables to explain consumer basic attitude on purchasing scooter motorcycle. Research method that had been used for this research is associative with multiple linear regression analysis technique. The population is Honda scooter users in Manado city and Primary data used Questioners base on sample size of this research which is 120 respondents. Secondary data collection which is used Journal, Internet, and Text book. The result of this research shows positive impact for these three variables which are Price, Brand Equity, and Perceived Quality generally give the significant influence for the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado.

Keywords: price, brand equity, perceived quality, purchase intention.

INTRODUCTION

Research Background

In Indonesia motorcycle is the favorite vehicle that dominate sales in automotive world, especially for moped and Scooter type motorcycle, the design concept and its affordable price become general reasons why most people choose moped and scooter motorcycle, moped and scooter also have more valuable factors that influencing people to choose this type of vehicles.

Start from year 2010 moped still leads the total sales of motorcycles with a slight difference compared to scooter. Moped reached 3,503,298 units on sales; scooter reached 3,376,546 units, and sport type 518,810 units. Begin from year 2011 scooter motorcycle shows an incredible improvement on sales according to data from Indonesian Motorcycle Industry Association or in Indonesia called “Asosiasi Industri Sepeda Motor Indonesia (AISI)” from the total sales of all motorcycles in Indonesia that reached 8,043,535 units, scooter motorcycles dominate the market with total sales 4,150,614 units or about 51.60% market share, followed by mopeds with 3,245,597 units (40.35%) and the rest is sport motorcycle with 647,324 units (8.05%) this result showed a shift of consumers’ intention from 2010 to 2011.

In Indonesia almost all histories of sales of motorcycles dominate by Honda. According to the data from AISI Honda dominates the market share of scooter with total sales reached 2,381,926 units followed by Yamaha with 1,644,165 units and Suzuki with only 124,523 units. (motor.otomotifnet.com, 2012)
Nowadays in year 2013 the percentage of national total sales of motorcycle in Indonesia shows a good improvement at least for the last three months started from January to March the total sales reached 1,970,483 units. Honda dominates the national market share with 61.4 percentage followed by Yamaha in second place with 31.61 percentage. Still with a huge consumers’ intention on scooter, this type of motorcycle overpowered the total wholesales of motorcycles in Indonesia and even in this segment Honda is still number one brand chosen by consumers with sales in March reached 300,072 and Yamaha with 117,582 units. (motorplus-online.com, 2013)

There are some objectives have to be achieved in this research which is to analyze the influence of:
2. Price on purchase intention of Honda scooter motorcycle in Manado.
4. Perceived quality on purchase intention of Honda scooter motorcycle in Manado.

THEORITICAL FRAMEWORK

Theories

Purchase Intention
There are variables by which we can measure purchase intention for instance consider the brand for purchasing and expecting the brand in the future (Laroche et al., 1996).

The Theory of Reasoned Action (TRA)
Ajzen & Fishbein studied and exploring human behavior in their theory called “Theory of Reasoned Action (TRA)”, in their theory argued that “people can think over the implications of their actions before they make a decision to engage or not engage in a given behavior” (Ajzen & Fishbein, 1980:5). When a person’s behavior influenced by dominant pressure that comes from social or group reference to act or not to act a certain behavior, this factor called “subjective norm” (Ajzen & Fishbein, 1980:6).

Theory of Planned Behavior (TPB)
As an improvement to extant the theory of TRA (Azjen, 1991) formed his theory into a new theory named as TPB or Theory of Planned Behavior. Human behavior is a complex issue that has to be studied more deeply in order to make a clear understanding.

Behavioral Beliefs & Attitude toward Behaviors
Behavioral beliefs are used to understand why a person holds a certain attitude toward an object (Ajzen & Fishbein, 1980:63). “Individuals who have different sets of behavioral beliefs may hold different attitudes toward behavior” (Ajzen & Fishbein, 1980:67).

Normative Beliefs and Subjective Norms
Normative beliefs refer to person’s perception about social norms, other important norms and beliefs that have to be obeyed as a limitation to perform or not perform a behavior, while subjective norm define as certain behavior that influenced by necessary evaluation of substantial others (parents, spouse, teachers, and others). Only behavioral referents will influence an individual’s decision making (Ajzen & Fishbein, 1980:73-74).

Control Beliefs and Perceived Behavioral Control (PBC)
Perceived behavioral control refers to people’s perception of the ease or difficulty of performing the behavior of interest (Ajzen, 1991).

Price
Purchase intention tends to be reduced when the actual price on products is higher than acceptable price range and vice versa (Dodds, 1991).
Brand equity

Brand is an explanation to a physical object, and it is very abstract which exists with a product (Kim, 1990).

Perceived quality

Perceived quality is a judgment on the consistency of product specification or an evaluation on added value of a product (Bhuian, 1997).

Previous Researches

Chew et al. (2012) examined price has significant positive relationship with young adults’ purchase intention of Smartphone in Universiti Tunku Abdul Rahman, Perak Campus, Malaysia. Cid et al. (2010) studied Brand Equity was able to explain 63% of Loyalty intentions and Loyalty could explain 86% of the consumers’ Purchase intentions. Chi et al. (2009) explored the effect of perceived quality on brand awareness and purchase intention. The results are: the relations between the brand awareness and perceived quality for purchase intention are significant and positive effect.

Research Hypothesis


H₂: Price influences Purchase intention of Honda scooter motorcycle in Manado Partially.

H₃: Brand equity influences Purchase intention of Honda scooter motorcycle in Manado Partially.

H₄: Perceived quality influences Purchase intention of Honda scooter motorcycle in Manado Partially.

RESEARCH METHOD

Types of Research

This research used Causal research which is to test hypotheses about cause-and-effect relationships. If the objective is to determine which variable might be causing certain behavior, i.e. whether there is a cause and effect relationship between variables, causal research must be undertaken In order to determine causality, it is important to hold the variable that is assumed to cause the change in the other variable(s) constant and then measure the changes in the other variable(s).

Place and Time of Research

The study for this research is conducted in Manado, with specific location in UNSRAT, Government office around Manado, some public places such as Mall, Supermarket, and around home stay area. And, will be held between Novembers – December 2013.
Population and Sample

Population is generalization region consist of object/subject having certain quantity and characteristic that is fixed by researcher to studying and to gain conclusion (Sugiyono 2005:55). The population in this research is all consumers in Manado who uses sport equipment for sport activity. The Non-Probability sampling is convenience sampling that is considered the best way of getting some basic information quickly and efficient. Convenience sampling is collecting information from members of the population whose are conveniently available to provide it (Sekaran, 2010). The sample size of this research is consumers in Manado who uses Honda scooter motorcycle as many as 120 respondents (Hair et al, 2010); the minimum sample size was 100 and not less than five times of items, thus: \( n > 100 \) and \( n = 5K \) (where \( K \) is the number of items of research). Thus, the minimum sample size was 5x24 = 120 samples (Hair et al, 2010).

Data Collection Method

Primary data is data originated by the researcher specifically to address the research problem. Questionnaires are distributed to respondents so they can respond directly on the questionnaire. Secondary data is data collected for some purpose other than the problem at hand. The secondary data is taken from books, journals, and relevant literature from library and internet.

Definition of research variables are:

1. Price (X1): can be defined as a value that will purchase a finite quantity, weight, or other measure of a good or service.
2. Perceived quality (X2): can be defined as Consumer's opinion of a product's (or a brand's) ability to fulfill his or her expectations based on the firm's (or brand's) current public image, consumer's experience with the firm's other products, and the influence of the opinion leaders, consumer's peer group, and others.
3. Brand equity (X3): can be defined as a brand's power derived from the goodwill and name recognition that it has earned over time, which translates into higher sales volume and higher profit margins against competing brands.
4. Purchase intention (Y): can be defined as a plan to purchase a particular good or service in the future.

Data Analysis Method

Validity and Reliability Test

Validity is a measure of accuracy in measurement (Hair et al, 2010:120), and it is often discussed in the context of sample representativeness. However, validity is also affected by surveying design since it also depends on asking questions that measure what supposed to be measuring. This reliability used for just once data taken and used to analyze all the questioners that has been spread and gathered on this research using Cronbach’s Alpha. Gronbach’s alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran and Bougie, 2009:162). And base on this method the test is calculated it shown is “Reliable” (if cronbach’s alpha is more than or equal with 0.6, then the measurement is consistency and reliable).

Multiple Regression Analysis Model

Multiple regressions are a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable. The formula of multiple regression models in this research is shown as follows:

\[
Y = a + b_1X_1 + b_2X_2 + b_3X_3
\]

Description:

\( Y \) = Purchase Intention
\( a \) = Intercept
\( b_1, b_2, b_3 \) = the regression coefficient of each variable
\( X_1 \) = Price
\( X_2 \) = Brand Equity
\( X_3 \) = Perceived quality
RESULT AND DISCUSSION

Result

Validity and Reliability

By using the correlation index with significance level of 5%, it can be seen valid or not a research instrument. If probability of correlation is less than 0.05 (5%) then the research instrument is stated as valid. As a result of using the correlation index for all relationships among Price, Brand Equity and Perceived Quality with the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado are greater than 0.3 (0.411, 0.421, 0.628, 0.985, 0.830 and 0.800) and below the significance level of 5%; therefore, the data is considered as valid. In this research, Alpha Cronbach for relationships among Price, Brand Equity and Perceived Quality with the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado is 0.895, which is above the acceptance limit of 0.6; therefore, the research instrument is reliable.

Table 1. Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>t</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.133</td>
<td>.191</td>
</tr>
<tr>
<td></td>
<td>Price</td>
<td>.394</td>
<td>.049</td>
</tr>
<tr>
<td></td>
<td>Brand Equity</td>
<td>1.515</td>
<td>.247</td>
</tr>
<tr>
<td></td>
<td>Perceived Quality</td>
<td>-.872</td>
<td>.266</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y

Source: Data Processed, 2013

The equation is as follows:

\[ Y = 0.133 + 0.394X_1 + 1.515X_2 - 0.872X_3 \]

1. Constant (α) 0.133 shows the influence to relationship between Price (X_1), Brand Equity (X_2) and Perceived Quality (X_3) factors to the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado (Y). If all independent variables are equal to zero, the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado (Y) factor (Y) is predicted to be increased at least 0.133.

2. If the others are constant, an increase of one point in Price Factor (X_1) will result in an average increase of at least 0.394 in the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado factor (Y).

3. If the others are constant, an increase of one point in Brand Equity Factor (X_2) will result in an average increase of at least 1.515 in the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado factor (Y).

4. If the others are constant, an increase of one point in Perceived Quality Factor (X_3) will result in an average decrease of at least 0.872 in the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado factor (Y).

Table 2. Coefficient of Multiple Correlation (R) and Coefficient of determination (R^2)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.898^a</td>
<td>.806</td>
<td>.801</td>
<td>.32303</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X3, X1, X2
b. Dependent Variable: Y

Source: Data Processed, 2013
The coefficient of correlation (R) is 0.898 meaning the level of relationship between independent and dependent variable is considered as a substantial positive relationship. The coefficient of determination is identified by \(R^2 = 0.806\) which is the correlation coefficient quadrate \((0.898)^2 = 0.806\). R Square is usually called the coefficient of determination which is 0.806 or 80.6% that means the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado \((Y)\) is able to be explained by Price \((X_1)\), Brand Equity \((X_2)\) and Perceived Quality \((X_3)\). And the rest 19.4% are caused by the other factors.

### Classical Assumption Test

The multicollinearity problems explored through VIF and tolerance statistics show all the tolerance value is less than 2.0 and the VIF value of Price \((X_1)\) is 1.216<10, Brand Equity \((X_2)\) is 32.988>10 and Perceived Quality \((X_3)\) is 33.332>10. This means variable \(X_2\) and \(X_3\) can be concluded not to be free from multicollinearity, while only variable \(X_1\) is free from multicollinearity. Base from the heteroscedasticity test of this research shown that the dots were spreading in 0 (zero) on the Y-axis and there is no clear pattern, this proves that the model is heteroscedasticity. In normality test, the graphic result shown that the dots are spreading near the diagonal line which means the three variables are distributed normally or was met the assumption test requirement. And for autocorrelation test that has shown critical value is 1.780, which means the model is free from autocorrelation.

### Hypothesis Testing

#### Table 3. F-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>50.220</td>
<td>3</td>
<td>16.740</td>
<td>160.420</td>
<td>000(^a)</td>
</tr>
<tr>
<td>Residual</td>
<td>12.105</td>
<td>116</td>
<td>.104</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>62.325</td>
<td>119</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), \(X_3, X_1, X_2\)

Source: Data Processed, 2013

The simultaneous test (F-test) was conducted to identify relationships among all independent variables which are consist of Price \((X_1)\), Brand Equity \((X_2)\) and Perceived Quality \((X_3)\) on the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado \((Y)\) simultaneously. By using the level of significance of 0.05 \((\alpha = 0.05)\) and degree of freedom \((df) = 119\); found: 160.420>3.72. Since the \(F_{\text{value}}\) is greater than \(F_{\text{table}}\), \(H_0\) rejected and \(H_1\) is accepted, which means Price \((X_1)\), Brand Equity \((X_2)\) and Perceived Quality \((X_3)\) influence the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado \((Y)\), simultaneously. Thereby, hypothesis 1 is accepted.

#### Table 4. t-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.133</td>
<td>.191</td>
<td>.695</td>
<td>.488</td>
</tr>
<tr>
<td>Price</td>
<td>.394</td>
<td>.049</td>
<td>.361</td>
<td>7.990</td>
</tr>
<tr>
<td>Brand Equity</td>
<td>1.515</td>
<td>.247</td>
<td>1.444</td>
<td>6.146</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>-.872</td>
<td>.266</td>
<td>-.774</td>
<td>3.278</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Purchase intention \((Y)\)

Source: Data Processed, 2013

Table 4 shows the \(t_{\text{value}}\) for Price Factor \((X_1)\) is 7.990 and \(t_{\text{table}}\) is 1.98 and meant that \(t_{\text{value}} > t_{\text{table}} = 7.990<1.98\). Therefore, \(H_0\) is accepted and \(H_1\) is rejected and it means that Price Factor \((X_1)\) significantly influences the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado Factor \((Y)\). From Table
4, it is found the $t_{value}$ for Brand Equity Factor ($X_2$) is 6.146 and $t_{table}$=1.98 and meant that $t_{value}>t_{table}$ = 6.146>1.98. Therefore, $H_0$ is accepted and $H_1$ is rejected and it means that Brand Equity Factor ($X_2$) significantly influence the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado Factor ($Y$). Table 4 shows the $t_{value}$ for Perceived Quality Factor ($X_3$) is -3.278 and $t_{table}$ is 1.98 and meant that $t_{value}<t_{table}$ = -3.278<1.98. Therefore, $H_1$ is accepted and $H_0$ is rejected and it means that Perceived Quality Factor ($X_3$) does not significantly influence the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado Factor ($Y$).

Discussion

Transportation has become one common tool or service in this present time that is needed by general people in every area in this globe. Since the earliest invention of transportation vehicles, either transportation vehicles in ground (two-wheeled motorcycles or four-wheeled automobiles), air transportation and water transportation, many people in this world have become more mobile when doing their activities, either in the formal activities on informal ones. Thus, there are two general models of ground transportation vehicles that are commonly used by every people in this world, which are motorcycle and automobile.

The first finding in this research stated about the general influence from Price, Brand Equity and Perceived Quality to the changing in the Customer Purchasing Intention of people in the Manado City for Honda Scooter Motorcycle that are related with the idea that these important factors can motivate any individual in this city to choose this motorcycle vehicle or not to do it. The appropriated price from the scooter motorcycle, the good perception about its product equity and the recognized quality from each scooter motorcycle from Honda will make people in the Manado City at least consider this motorcycle as the vehicle with the good or even the best features and quality, compared with other similar motorcycle.

The second finding in this research has notified that Brand Equity give most dominant effect to the changing of Customer Purchasing Intention of people in the Manado City for Honda Scooter Motorcycle and this statement is related with perception that can be established by the majority of people in this city about the appropriated motorcycle vehicle for them. Because of the good recognition from common people here about the brand “Honda” and the unique features and models of this type of motorcycle, many people can have more preference in this type of motorcycle and the tendency to use scooter motorcycle in their daily and occasional routine. On the other hand, it is also found that Price give the least dominant effect to the changing of Customer Purchasing Intention of people in the Manado City for Honda Scooter Motorcycle and it is caused by the quite expensive price from each motorcycle vehicle of Honda, including for scooter motorcycle this result matching and support the previous research from (Dodds, 1991) that argued a set of acceptable price range is established when consumers purchase products, which means the actual price on products is higher than acceptable price range the consumer purchase intention will be decreased. Unluckily, Perceived Quality only gives the negative impact for the Customer Purchasing Intention of people in the Manado City for Honda Scooter Motorcycle and it is associated with the similar quality that can be experienced by people in this city when use other motorcycle in the activities.

The third finding in this research noted that Price and Brand Equity have significant influence for the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado and it is associated with the idea that both important factors can stimulate the perception from common people in this city to this about goodness from purchasing and using scooter motorcycle in their formal or informal activities, openly or not. Brand Equity give huge impact on purchase intention is the same statement with (Cid, et al 2010) that found 5 factors extracted from Brand Equity which are Relationships and Power, Hedonic and Emotional, Reliability Benefits, Identification and Affinity, and Authority and Leadership by using Amos/ML. Standardized weights found that Reliability, Identification and Authority have similar weights, in the range of 0.71-0.77. Relationship and power has the smallest weigh (0.41), this means Brand equity is very strong to affect the consumer Purchase Intention. These results are very interesting, as hedonic / emotional has the most significant impact, and is possibly the driver of brand equity in the sample researched. Meanwhile, it is found that Perceived Quality only gives the insignificant influence for the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado and it is caused by the fact that motorcycles that are sold to and are already used by people in this city have the similar specification and models, after considering the differentiation among motorcycles variants.
CONCLUSION AND RECOMMENDATION

Conclusions
There are four constructive findings in this research, which are listed as follow:
1. Price, Brand Equity and Perceived Quality generally give the significant influence for the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado.
2. Price has the significant influence for the changing of the significant influence for the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado.
3. Brand Equity has the significant influence for the changing of the significant influence for the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado.
4. Perceived Quality has the negative influence for the changing of the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado.

Recommendation
There are four practical recommendations, which are listed as follow:
1. The management from the authorized dealer in the Manado City must give more concern about those variables relationship among Price, Brand Equity and Perceived Quality the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado, which is essential for the development and the successfulness of this motorcycle dealer.
2. The management from the authorized dealer off or Honda Scooter Motorcycle in the Manado City must also consider about other important factors that can influence the ideal the Customer Purchasing Intention for Honda Scooter Motorcycle in Manado from people and has to maintain the current sales volume and even to enhance the further sales volume in this city.
3. All findings in this research can be used for supporting or even completing other studies with similar or same concept, after necessary adjustments have been made.

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