ANALYZING THE INFLUENCE OF BRAND IMAGE, PERCEIVED PRICE AND PERCEIVED QUALITY ON CONSUMER BUYING DECISION OF LOW COST GREEN CAR (CASE STUDY OF: ASTRA TOYOTA AGYA AT MANADO)

ANALISIS PENGARUH DARI CITRA MEREK, PERSEPSI HARGA DAN PERSEPSI KUALITAS PADA KEPUTUSAN PEMBELIAN KONSUMEN DARI MOBIL MURAH RAMAH LINGKUNGAN (STUDI KASUS DARI: ASTRA TOYOTA AGYA DI MANADO)

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ABSTRACT

The Ministry of Industry issued a regulation No.33/M-IND/PER/7/2013 about production development of LCGC On September 2013, and it’s has experienced impressive growth in Indonesia automotive sector since 2013. LCGC is an abbreviation of Low Cost Green Car. Literally means ‘cheap car environmental friendly’ in Indonesian ”mobil murah ramah lingkungan”. The main purpose of this research is to analyze what drive people to buying LCGC Astra Toyota Agya and measured by three dependent variables (brand image, perceived price and perceived quality). This study is going to use multiple linear regression analysis to analyze the consumer buying decision to buy the LCGC Astra Toyota Agya. The numbers of respondents are 53 consumers. The 53 consumers are taken from PT. Hasjrat Abadi Toyota Tendean, those consumers are already bought the LCGC Astra Toyota Agya in 2016 from month January-April. The result of this study shows that brand image, perceived price and perceived quality simultaneous have significant effects on consumer buying decision, brand image partial does not significant effect on consumer buying decision, perceived price and perceived quality partially has significant effect on consumer buying decision of LCGC Astra Toyota Agya in Manado. LCGC Astra Toyota Agya should improve their advertisement of Agya and quality even the quality of the car is the best on its class; such as adding side-beam impact for safety and a new extraordinary color. So it will increase buying interest and strengthen competitiveness of fellow LCGC products.

Keywords: brand image, perceived price, perceived quality, consumer buying decision
ABSTRAK


Kata kunci: citra merek, persepsi harga, persepsi kualitas, keputusan pembelian konsumen
1. INTRODUCTION

Research Background

Automotive industry is a sector that has experienced impressive growth in Indonesia. Nielsen Global Survey of Automotive Demand (Nielsen, 2011) found that Indonesian consumers have strong intention to purchase new car in next two years. The growth of car industry in Indonesia supported by sales of LCGC which contributes with 259.74% on 2014 after the first launch on 2013. On September 2013, the Ministry of Industry issued a regulation No.33/M-IND/PER/7/2013 about production development of LCGC. The regulation was made to control the production and marketing of LCGC as the solution to reduce energy usage and pollution, also to maximize local component usage.

The main point of the regulation is regarding the technical specification, pricing, model, and other administrative requirement. The foreign brand that will produce this type of car has to delegate most of the production to local industry in Indonesia, but still under the foreign brand name. In practice, about 80% of this car component are made in Indonesia, but under technical specification of the ATPM (Agent Tunggal Pemegang Merek). LCGC is an abbreviation of Low Cost Green Car. Literally means 'cheap car environmental friendly' in Indonesian 'mobil murah ramah lingkungan'. LCGC is providing incentives to car manufacturers both local and foreign brand holders to produce cheap and environmentally friendly cars. LCGC has begun the process leading to exemption from import duty machining, assembly, and component-based LCGC (KEMENPERIND, 2012).

Nowadays in Manado where the research was implemented, we might have seen many or much small car in the streets passing by each other, the smallest car we have seen on the streets mostly are the LCGC and there are currently fifth brands that participate on government’s LCGC program, they are Astra Toyota Agya & Calya, Astra Daihatsu Ayla & Sigra, Honda Brio Satya, Suzuki Karimun Wagon R and Nissan-Datsun Go+ & GO. In this study is researched about consumers buying decision on people that have LCGC Astra Toyota Agya gain the most sold LCGC car on the class and why it is become the most sold LCGC.

Research objective

1. To know the simultaneous influence of brand image, perceived price and perceived quality on consumer buying decision of LCGC Astra Toyota Agya at Manado.
2. To know the partial influence of brand image on consumer buying decision of LCGC Astra Toyota Agya at Manado.
3. To know the partial influence of perceived price on consumer buying decision of LCGC Astra Toyota Agya at Manado.
4. To know the partial influence of perceived quality on consumer buying decision of LCGC Astra Toyota Agya at Manado.

Theoretical Framework

Consumer Buying Decision

According to Schiffman and Kanuk (2010), a decision is election to a choice of two or more alternatives selection. In other words, for someone to make a choice there must be an alternative option. When someone has the choice between buying or not buying, a choice between brand X or brand Y, or the option to do A or B, The person is in a position to make a decision.

Brand Image
Kotler (2001:254), image is the set of beliefs, ideas, and impression that a person holds regarding an object. Kotler and Amstrong, (2006:52) state is, a brand identity for the seller or manufacturer of a product or service is a complex symbol that can convey up to six levels of understanding as follows:
1. Attribute: a brand can be reminiscent of certain attributes.
2. Benefits: attributes must be translated into the functional benefits and emotional.
3. Value: the brand also says something about the value of the manufacturer.
4. Culture: a brand may also symbolize a particular culture.
5. Personality: a brand can reflect a particular personality.
User a brand implies the type of consumer who buys or use of a product.

**Perceived Price**

The concept of perceived price as quoted in Zeithaml (1988). “From the Consumers perspective, price is what is given up or sacrificed to obtain a product”. As quoted from Dickson and Sawyer (1985) and Zeithaml (1982) in Zeithaml (1998) studies of relationship between price and quality reveal that consumers do not remember the actual price of products that is why they build their own perception about the price itself which later acknowledged as “perceived price”.

**Perceived Quality**

Perceived quality is a critical element for consumer decision making; consequently, consumers will compare the quality of alternatives with regard to price within category (Jin and Yong, 2005). Perceived quality is defined as the consumer’s judgement about a product’s overall excellence or superiority.

**Previous Research**

Chung, Dawn and Sun-Jin (2009) the results is brand image strongly influences Korean consumer’s product evaluation of aesthetics, performance, brand and technical prestige, purchase attitudes and the purchase intention. Ratama R. (2013) The results of this study proves that buying interest which was built-based perceived quality able to direct and in the end will encourage the achievement of purchasing decision the appropriate target, perceived quality indirectly affect the purchasing decision. Yee and San (2011), from this research majority of customers will consider the quality when they intend to purchase cars. This result is further supported which indicate that perceived quality have positive association with purchase decisions.

**Conceptual Framework**

![Conceptual Framework Diagram](image-url)
Figure 1. Conceptual Framework

Source: Theoretical Review

Research Hypotheses

H1: Brand image, perceived price and perceived quality have simultaneous influence on consumer buying decision of LCGC Astra Toyota Agya at Manado.

H2: Brand image has partial influence on consumer buying decision of LCGC Astra Toyota Agya at Manado.

H3: Perceived price has partial influence on consumer buying decision of LCGC Astra Toyota Agya at Manado.

H4: Perceived quality has partial influence on consumer buying decision of LCGC Astra Toyota Agya at Manado.

2. RESEARCH METHOD

Types of Research

This research is causal type of research where it was investigated the brand image, perceived price and perceived quality on consumer buying decision of LCGC Astra Toyota Agya at Manado. This research uses quantitative method and multiple regression analysis.

Place and Time

The location of this study was implemented in Manado City, North Sulawesi, Indonesia from February up to April 2016.

Population

The research populations are for Manado people's that already have LCGC Astra Toyota Agya. This research took 53 persons as respondent which already have LCGC Astra Toyota Agya to filling the questionnaire of LCGC Astra Toyota Agya in Manado. The 53 respondents is where those who bought the car in 2016 from month January to April. They were gathered from PT. Hasjrat Abadi Toyota Tendean.

Data Collection Method

The research is used primary data. Primary Data refer to information obtained first-hand by researcher on the variable of interest for specific purpose of study. The researcher gets primary data from the result of questionnaires and spread questionnaire to collect the primary data.

Operational Definition of Research Variable

1. Brand Image (X1)
   Brand image can be defined as the meaning that the consumers identify with the product or as the sum of their understanding of the product. Brand image is the result of impressions of consumers gained from various sources about the brand. (Karpat, 2000:32).

2. Perceived Price (X2)
   Perceived Price is the tendency of consumers to use prices in giving an assessment of the suitability of the product benefits. (Stanton, 1998)

3. Perceived Quality (X3)
Consumer opinions of a product’s (or a brand’s) ability to fulfill his or her expectations. (Athiyaman, 1997; Bejou, et al, 1996).

4. Consumer Buying Decision (Y)
The process by which consumers identify their needs, collect information, evaluate alternatives, and make the buying decision.

Data Analysis Method

Validity and Reliability Test

Analyzing the validity of the questionnaires, Pearson Product Moment is used. An instrument measure is valid if the instrument measure what ought to be measured. Reability test is estabishelled by testing for both consistency and stability of the answer question. Alpha Cronbach is realiable coefficients that can indicate how good items in asset have positive correlation one another (Sekaran 2006:177).

Multiple Regression Analysis Model

Multiple Regression is an extension of simple linear regression. It is used when people want to predict the value of a variable based on the value of two or more other variables. The variable people want to predict is called the dependent variable using to predict the value of the dependent variable are called the independent variables. A statistical tool that allows you to examine how multiple independent variables are related to a dependent variable. Once you have identified how these multiple variables relate to your dependent variable, you can take information about all of the independent variables and use it to make much more powerful and accurate predictions about why things are the way they are. This latter process is called Multiple Regression (Higgins, 2005:2). The formula of multiple regression models in this research is shown below:

\[
Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e
\]

Whereas:
\[
Y : \text{Consumer Buying Decision} \\
\text{a} : \text{Intercept} \\
\beta_1, \beta_3 : \text{Regression Coefficient of Each Variable} \\
X_1 : \text{Brand Image} \\
X_2 : \text{Perceived Price} \\
X_3 : \text{Perceived Quality} \\
e : \text{error}
\]

3. RESULT AND DISCUSSION

Reliability Test

“The minimum value of cronbach’s alpha must be 0.6. It is better if the value is above 0.6” (Sekaran, 2003).

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand Image</td>
<td>.658</td>
</tr>
</tbody>
</table>

David I. O. Lalujan

150
Validity Test

The purpose of validity test is to know whether the instrument is valid or not. If the correlation coefficient between the value of one indicator and the total value of all indicators is positive and more than or equal 0.3 ($r \geq 0.3$), then the instrument is considered as valid.

Classical Assumption Test

Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
</tr>
<tr>
<td>Brand Image</td>
<td>.388</td>
</tr>
<tr>
<td>Perceived Price</td>
<td>.498</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>.581</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Consumer buying decision

Since tolerance value of brand image is 0.388, perceived price 0.498 and perceived quality 0.581 which are more than 0.2. The VIF value of brand image is 2.578, perceived price 2.009 and perceived quality 1.772 which are less than 10 show that the model concluded to be free from multicollinearity.

Heteroscedasticity Test

Heteroscedasticity occurs of the dots form certain patterns. In this research the dots spreading above and below of zero point in ordinate. This is proved that there is no heteroscedasticity in this regression.

Normality Test

Normality test can be identifying by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of the graph. The dots are spreading near the diagonal line and follow the direction of the diagonal line. Therefore the normality test is completed.

Multiple Regression Analysis

<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>(Constant)</td>
<td>.212</td>
<td>.274</td>
<td></td>
<td>.773</td>
</tr>
<tr>
<td>Brand Image</td>
<td>.155</td>
<td>.096</td>
<td>.160</td>
<td>1.615</td>
</tr>
</tbody>
</table>

Source: Data Processed (2016)
The equation as follows:

\[ Y = 0.212 + 0.155 \times X_1 + 0.327 \times X_2 + 0.487 \times X_3 \]

The interpretation of the equation is:

1. Constant 0.212 shows the effect of brand image (X1), perceived price (X2), perceived quality (X3) to consumer buying decision (Y). It means that, in a condition where all independent variables are constant (zero), consumer buying decision (Y) as dependent variable is predicted to be 0.212.

2. 0.155 is the coefficients of X1 (Brand Image) meaning that if there is one unit increasing in X1 while other variables are constant then Y is predicted to increase by 0.155.

3. 0.327 is the coefficients of X2 (Perceived Price) meaning that if there is one unit increasing in X2 while other variables are constant then Y is predicted to increase by 0.327.

4. 0.487 is the coefficients of X3 (Perceived Quality) meaning that if there is one unit increasing in X3 while other variables are constant then Y is predicted to increase by 0.487.

The value of R is 0.902 indicating a substantial positive association between independent variable and dependent variable. The value of \( R^2 \) is 0.813 means that 81.3% brand image (X1), perceived price (X2), and perceived quality (X3 as independent variables have strong positive association and affects consumer buying decision (Y) while the rest 18.7% is affected by other factors that are not included into this research.

**Hypothesis Testing**

The result is: \( F_{\text{count}} (71.003) > F_{\text{table}} (3.18) \). Since \( F_{\text{count}} \) is greater than \( F_{\text{table}} \), so \( H_0 \) is rejected and \( H_1 \) is accepted, meaning independent variables simultaneously influence the dependent variable.
### Table 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
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</tr>
<tr>
<td>Brand Image</td>
<td>.155</td>
<td>.096</td>
<td>.160</td>
<td>1.615</td>
</tr>
<tr>
<td>Perceived Price</td>
<td>.327</td>
<td>.093</td>
<td>.307</td>
<td>3.506</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>.487</td>
<td>.069</td>
<td>.574</td>
<td>7.078</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Consumer buying decision

Source: SPSS Data Analysis, 2016

The result is: It was accepted if \( t_{\text{count}} > t_{\text{table}} \). Table above shows that brand image \( t_{\text{count}} \) is 1.615 and since the level of significant is 5% then \( t_{\text{table}} \) is 2.01. The result is: \( 1.615 < 2.01 \). Since the \( t_{\text{count}} \) is smaller than \( t_{\text{table}} \) then it means that variable brand image does not effect on consumer buying decision. Therefore, \( H_2 \) is rejected. Next table shows that perceived price \( t_{\text{count}} \) is 3.506. The result is: \( 3.506 > 2.01 \). Since the \( t_{\text{count}} \) is greater than \( t_{\text{table}} \) then \( H_0 \) is rejected and \( H_1 \) is accepted. It means perceived price effects on consumer buying decision. Therefore, \( H_3 \) is accepted. Next table shows that perceived quality \( t_{\text{count}} \) is 7.078. The result is: \( 7.078 > 2.01 \). Since the \( t_{\text{count}} \) is greater than \( t_{\text{table}} \) then \( H_0 \) is rejected and \( H_1 \) is accepted. It means that variable perceived quality has influences significantly on consumer buying decision. Therefore, \( H_4 \) is accepted.

### Discussion

#### Brand Image and Consumer Buying Decision

This research found that brand image does not influence on consumer buying decision of LCGC Astra Toyota Agya in Manado. A good condition of perform, technology that dynamically updated, good service that LCGC Astra Toyota give can make the brand image better. The respondent also did not agree with the current serve that make their decision to make them bought LCGC Astra Toyota Agya. Brand image is the one of most important factors that influences to determine the quality of goods or services to consumer buying decision. The purpose and goals is with the presence of a positive brand image it considered able to support the quality of goods and services. So consumers will judge the fit or quality with the positive image of its brand. Customers rely on branded products and mostly prefer to buy products with well brand name (Malik et al., 2013). consumers tend to form a more positive impression and believe for a product that has a good brand image because a good brand image of the brand also determine the quality of a car, in this study LCGC Astra Toyota Agya considered to have excellent quality in terms of its product, so it can be deciding factor for consumers buying decision, even in these research brand image did not influence the consumer buying decision.

#### Perceived Price and Consumer Buying Decision

This research found that perceived price has influence on Consumer buying decision. This finding has supported by Yaseen et al, (2011). The study found perception of low level attributes are perceived price can influence perceived quality and value that also has significant influence in purchase intention but if it becomes the luxury product then the price doesn’t have a significant influence on purchase intention. Therefore, the price sometimes becomes the priority after quality, although to buy some products or services peoples seek the quality not the price. This influence is because all level of income based on respondent identity agreed that the price has significant influence because the price can be reachable by them and suit with their expectation of their perceived price of them. Because there are many types of LCGC Astra Toyota Agya products that suit for all income level even by installment from consumer’s income.
Perceived Quality and Consumer Buying Decision

This research found that perceived quality has significantly influence on consumer buying decision. This finding has supported by Yee. C. Johnn and San. N. Cheng (2011). Customers will consider some risk when they want to purchase cars because car is one of the expensive asset and most of the consumer perceive that car should be long lasting. Therefore, they face uncertainty if the purchase the unsuitable car that result in poor performance, embarrassment, poor self-image and unsafely, which cause them lost in financial risk, physical risk, social risk and performance risk. The perceived quality is the priority when to buy a car and this research found why the LCGC Astra Toyota is the most sold LCGC than the fellow LCGC products; it is because of the quality. Consumers perceives for quality and their choose LCGC Astra Toyota Agya.

4. CONCLUSION AND RECOMMENDATION

Conclusions

There are four constructive findings that can be concluded from the overall result in this research, which are listed as follow:

1. Brand image, perceived price and perceived quality simultaneously does significant effects on consumer buying decision of LCGC Astra Toyota Agya in Manado.
2. Brand image partially does not have significant effect on consumer buying decision of LCGC Astra Toyota Agya in Manado.
3. Perceived price partially has significant effect on consumer buying decision of LCGC Astra Toyota Agya in Manado.
4. Perceived quality partially has significant effect on consumer buying decision of LCGC Astra Toyota Agya in Manado.

Recommendations

Therefore, several recommendations given are:

1. LCGC Astra Toyota Agya should promoting and improve the advertisement of Agya and adding more extra feature of the car, such as extraordinary color so it could have been recognized easily from most of the people so it could improving the selling of LCGC Astra Toyota. Because from the world of mouth Toyota have the strongly brand image through the product named and called ‘Kijang’.
2. The prices of LCGC Astra Toyota Agya are outreach from it terms LCGC, which means Low Cost Green Car. It should be following the regulation of LCGC itself. By doing so, LCGC Astra Toyota Agya could be affordable for all Indonesia people. “Let’s Go Beyond” will be very meaningful if the prices revisted.
3. LCGC Astra Toyota Agya should improve their quality even the quality of the car is the best on its class. Such as adding more safety and performance feature. So it will increase buying interest and strengthen competitiveness of fellow LCGC products.
4. For the future research, it is suggested the next researcher should add more variable or intervening to make a better result for the influence on consumer buying intention.

REFERENCES

Paper on Journal


Peraturan Kementerian Perindustrian Republik Indonesia No.33 /M-IND/PER/7/2013 tentang Pengembangan Produksi Kendaraan Bermotor Roda Empat yang Heamat Energi dan Harga Terjangkau.


