

THE EFFECT OF BRAND IMAGE, PRICE AND PERCEIVED QUALITY ON CUSTOMER PURCHASE INTENTION IN PLANET SURF, MANADO

by:

Pingkan Theodora Kaunang

Faculty of Economics and Business,
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: pingkankaunang@ymail.com

ABSTRACT

This day, there are so many products offered in the market. The customers sometime confuse in choosing which one to buy since the product that being offers is quite the same. What makes the product different is the price of the product, the brand of the product and he most important is the quality. This research is conduct in Planet Surf Manado. The objectives of this research are to analyze the Influence of Brand Image, Price and Perceive Quality on Customer Purchase Intention in Planet Surf Manado, partially and simultaneously. This research uses Causal type of research where it will investigate the Influence of Brand Image, Price and Perceive Quality on Customer Purchase Intention in Planet Surf Manado. This research is using a multiple regression model to answer the research problem. The population in this study is a customer of Planet Surf Manado, whereas samples taken by each respondent 100 respondents. Based on the hypothesis testing, this research conduct a conclusion of there is a significant influence of Brand Image, Price and Perceived Quality simultaneously and partially on Customer Purchase Intention in Planet Surf Manado. Based on this research, customers in Manado should have more information to be learned about the influence of brand image, price and perceived quality before they buy that product on Planet Surf and it is also expected this current research can be useful for the future development of Planet Surf in the future.

Keywords: brand image, price, perceived quality, purchase intention

INTRODUCTION

Research Background

Business industry, marketing is one of the important key to be succeeded. when people start a business one thing they should considered is how to market their product or service. Many companies are trying very hard to find the best strategy to market their product or service. The better the strategy the more customers will they get, so does the profit. The point of starting a business is to gain as much profit as possible. Some company even hires some expert with high skill some even does not concern about the money they spend to pay that expert. This is shows that marketing is very important in doing business.

Brand image is one of few things that affect the customers purchase decision, some people mostly the rich one will choose the designer product rather than the infamous product. Brand image become important in society, even those with low income will do anything to buy the product with famous brand. Society demands people to buy and use product from famous brand. Brand image is a kind of associations that arise in the minds of consumers when considering a particular brand. The association may be the memory of the brand. This is can be a character, traits, strengths, weaknesses and even the brand (Sondoh et al, 2007).

Brand image, price and the quality also an important thing in affecting people decision. The higher the price the lower the purchasing decision, otherwise if the low price purchase decision changed the higher (Kotler, 2005). People more likely buy the cheaper product than the expensive product. But when it comes to product quality people sometimes does not care about the price. As long as they can get the best quality of product that they want, they will spend as much money as possible. Quality is quite important in affecting people intention in

purchasing a product. Everyone, whether they are poor or rich must be want something with the best quality. That is why companies are working hard to create a product with a good quality yet keep the price low.

People in Indonesia also start to look for something better, people used to looking for some low-prices product but now as the time passed by and the technology could provide almost anything that people need, the need and want of every people start to change from the regular product to something more prestige. The need and want of clothes also change as the foreign brand introduced to the people. Many designer products spread in every store even they build their own outlet. Like Armani, Gucci, Prada, Chanel and other well-known and expensive brand from other countries. People no longer have an intention in local brand. They thought that foreign brand has better quality than local brand. Planet Surf also one of the store that sells clothes and other stuff from outside brand, it is basically a surfing brand. But people use it not just for surf but as their daily outfit. Planet Surf is quite famous in Indonesia, many people especially young people seems to love the products.

The price is a bit higher compare to the other brand. But, since ever people have their own perception then the intention of buying also different. Some people might buy the product because of the brand that famous without consider the price and the quality. Some might buy it because they want to wear an expensive clothes when they hang out, while some might think that Planet Surf offers product with a good quality so when they buy it they do not think about the high price or the brand image but tend to the quality of the product itself.

Research Objective

There are specific objectives for this research:

1. To analyze the influence of Brand Image on Customer Purchase Intention in Planet Surf Manado.
2. To analyze the influence of Price on Customer Purchase Intention in Planet Surf Manado.
3. To analyze the influence of Perceived Quality on Customer Purchase Intention in Planet Surf Manado.
4. To analyze the influence of Brand Image, Price and Perceive Quality on Customer Purchase Intention in Planet Surf Manado.

THEORETICAL FRAMEWORK

Theories

Marketing

Marketing is a total system of business activities designed to plan, price, promote and distribute goods and services to satisfy the desires of both to consumers and potential consumers at this time (Kotler and Keller, 2006:45). The definition has the consequence that all activities of the company including production, engineering, finance and marketing efforts should be directed at the needs of the buyer knows, then satisfying those needs by getting a decent profit in the long run.

Brand Image

Brand is a name, term, sign, symbol, design, or a combination of the whole, which is intended to identify the goods or services offered by the company as well as product differentiation (Kotler and Keller, 2006:267).

Price

The price is the only element in the various elements of the marketing mix that will bring in profits for retailers, while other elements of the cost. So it is normal that the price has little influence on revenue and net income (Harlam et al., 1995).

Perceived Quality

Product quality perception is reflecting the product's ability to carry out their duties which include durability, reliability or progress, strength, ease of packaging and product repair and other characteristics (Kotler and Keller, 2006:168).

Purchase Intention

Purchase intention is the stage of consumer tendency to act before a buying decision really – real (Harlam et al, 1995).

Previous Researches

Tsiotsou (2006), *The Role of Perceived Product Quality and Overall Satisfaction on Purchase Intentions*, examines the effect of the perception of product quality and overall customer satisfaction on purchase intentions. Shah, et al (2011), *The Impact of Brands on Consumer Purchase Intentions*, examine the incorporation of brand image, attitude toward the brand and brand attachment with the environment as a consequence of the impact on consumer purchase intentions. Sondoh Jr, et al (2007), *The Effect of Brand Image on Overall Satisfaction and Loyalty Intention in The Context of Color Cosmetic*, analyze the influence of brand image benefits on satisfaction and loyalty intentions in the context of color cosmetic products. Cheng, et al (2010), *The Relationships between Perceived Quality, Perceived Value, and Purchase Intentions – A Study in Internet Marketing*, examine the relationships between price, perceived quality, perceived value, and purchase intentions in internet marketing.

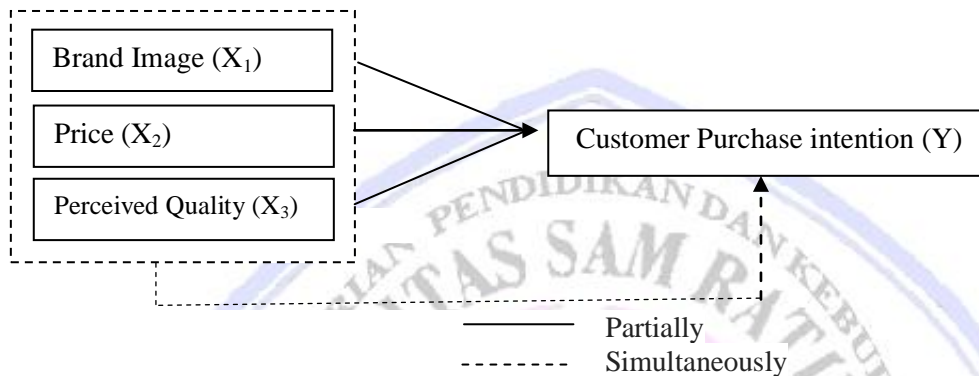


Figure 1 Conceptual Framework

Research Hypotheses

The hypotheses of this research are:

- H₁ : Does Brand Image Influence Customer Purchase Intention in Planet Surf Manado.
- H₂ : Does Price Influence Customer Purchase Intention in Planet Surf Manado.
- H₃ : Does Perceived Quality Influence Customer Purchase Intention in Planet Surf Manado.
- H₄ : Which of Brand Image, Price and Perceive Quality Influence Customer Purchase Intention in Planet Surf Manado.

RESEARCH METHOD

Type of Research

This research is quantitative research and this research uses Causal type of research where it will investigate the Influence of Brand Image (X₁), Price (X₂) and Perceive Quality (X₃) on Customer Purchase Intention (Y) in Planet Surf Manado.

Place and Time Research

The research object is Planet Surf Fashion Store Manado this research is conducted from July until August 2013.

Population and Sample

The Population refers to the entire group of people, events, or thing of interest that the researcher wished to investigate. (Sekaran and Bougie 2009:262). The population in this research is a customer of Planet Surf Manado. According to Sekaran and Bougie (2009:263) sample is a subset of a population, it comprises some members selected from it. And the sample of this research is 100 respondents. The random sampling was applied in this research regarding to obtain information quickly and efficiently.

Data Collection Method

They are two types of data: (1) Primary Data use a Questionnaires were distributed to customers of Planet Surf, respectively 100 sheets. While calculating weight rating customer questionnaires using Likert scale. Likert scale was associated with a statement about one's attitude towards something. And (2) secondary data is method of data collection by studying the relevant literature in order to obtain a theoretical overview from books, journals, and relevant literature from library and internet of the concept of Influence of Brand Image, Price and Perceive Quality on Customer Purchase Intention.

Operational Definition and Measurement of Research Variable

Operational Definition of Research Variables are:

1. Brand Image (X_1). Kotler has the opinion that the brand is a name, term, sign, symbol, design, or a combination of the whole, which is intended to identify the goods or services offered by the company as well as product differentiation (Kotler and Keller, 2006:276).
2. Price (X_2). Price according to Kotler is a sum of money in exchange for a product or service (Kotler and Keller, 2006:176).
3. Perceived Quality (X_3). Reflecting the product's ability to carry out their duties which include durability, reliability or progress, strength, ease of packaging and product repair and other characteristics (Kotler and Keller, 2006:168).
4. Purchase Intention (Y). Purchase Intention is the tendency of respondents to act stage before truly purchasing decisions implemented (Harlam et al, 1995).

Data Analysis Method

Validity and Reliability Test

The reliability of a measure is establish by testing for both consistency and stability. Consistency indicate how well the items measuring a concept hang together as a set, 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). Since reliable scale are not necessarily valid researchers also need to be concerned about validity. It assesses whether scale measure what is supposed to be measured. Thus validity is a measure of accuracy in measurement (Hair et al, 2010:120).

Multiple Regression on Analysis method

Multiple regression analysis the appropriate technique to use when there are several independent variable that need to be examined for their influence on a dependent variable (Malhotra, 2007:534). The formula of multiple regression models in this research:

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \varepsilon$$

Whereas:

- | | |
|---------------|--|
| Y | : Purchase Intention |
| β | : the regression on coefficient of each variable |
| ε | : error |
| X_1 | : Brand Image |
| X_2 | : Price |
| X_3 | : Perceived Quality |

RESULTS AND DISCUSSION

Result

The validity test of Brand Image (X_1) 0.656, Price (X_2) 0.679 and Perceived Quality (X_3) 0.596 also Customer Purchase Intention (Y) 0.706 are above 0.3 which mean that all indicator are valid. The reliability test using Alpha Cronbach. The Cronbach's Alpha parameter, with ideal score more than 0.6. The variable are reliable because the value of Cronbach's Alpha is bigger than 0.6.

Test of Classical Assumption

The calculation multicollinearity through VIF and tolerance. VIF value of Brand Image (X_1) is 1.112, Price (X_2) is 1.387 and Perceived Quality (X_3) is 1.348 are below <10, this means that there is no connection between the independent variables. Thus, multicollinearity assumptions are met (free of multicollinearity). Based on the figure above it can be seen that there is no established pattern, in other words the graph describing the plot spread above and below the number 0 (zero) on the Y-axis. This proves that the independent variable of Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) on Purchase Intention (Y) are free of Heteroscedasticity. The points spread and spread around the diagonal line in the direction diagonal lines. This proves that the model Regression of The Influence of Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) on Customer Purchase Intention (Y) in test normality assumption was met. Based on the output table in the appendix autocorrelation test using Durbin-Watson rate of 1.982 which is in the free area autocorrelation, so the regression model The Influence of Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) on Customer Purchase Intention (Y) are free from autocorrelation.

Table 1. Coefficient Beta Table

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	2.380	.944
1 Brand Image (X_1)	.514	.083
Price (X_2)	.056	.233
Perceived Quality (X_3)	.129	.102

Source: SPSS Data Analysis, 2013

From the analysis, obtained by linear regression equation as follows

$$Y = 2.380 + 0.514X_1 + 0.056X_2 + 0.129X_3 + e$$

From the multiple linear regression equation above, it can inform the interpretation as follows:

Constant value of 2.380 means that if the variables in this research of Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) simultaneously increased by one scale or one unit will increase the Customer Purchase Intention (Y) at 2.380 point.

Coefficient value of 0.514 means that if the variables in this research of Brand Image (X_1) increased by one scale or one unit, it will improve and increase Customer Purchase Intention (Y) at 0.514.

Coefficient value of 0.056 means that if the variables in this research of Price (X_2) increased by one scale or one unit, it will improve and increase Customer Purchase Intention (Y) at 0.056.

Coefficient value of 0.129 means that if the variables in this research of Perceived Quality (X_3) increased by one scale or one unit, it will improve and increase Customer Purchase Intention (Y) at 0.129.

Thus, variable independent of this research, which is Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) have an influence on Customer Purchase Intention (Y). Based on the analysis of correlation (r) is equal to 0.850 indicating that the Correlation of Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) on Customer Purchase Intention (Y) has a strong relationship. To determine the contribution of the independent variable on dependent variable can be seen from the determinant of the coefficient (r^2) on the table above. Based on the table above r^2 value shows of 0.7225 in this study may imply that the contribution of independent variables in this research which are Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) on Customer

Purchase Intention (Y) of 72.0 % while the remaining 28.0% is affected by other variables not examined in this study.

Hypothesis Testing

Table 2 F-Test

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.553	3		13.534	.000 ^a
	Residual	53.326	96	.555		
	Total	75.879	99			

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y

Source: SPSS Data Analysis, 2013

Value of 13.534 of F_{Count} significant 0.000. Because the sig < 0.05 means the confidence of this prediction is above 95% and the probability of this prediction error is below 5% which is 0.000. Therefore H_0 is rejected and accepting H_a . Thus, the formulation of the hypothesis that The Influence of Brand Image (X_1), Price (X_2) and Perceived Quality (X_3) Simultaneously on Customer Purchase Intention (Y), is accepted.

Table 3. t-Test

Model	t	Sig.
Brand Image (X_1)	6.176	.000
Price (X_2)	2.239	.008
Perceived Quality (X_3)	2.826	.002

Source: SPSS Data Analysis, 2013

Based on the calculations in the table above, the interpretation as follows:

t_{count} for Brand Image (X_1) 6.176 greater than the value of 1.984 t_{table} means Brand Image (X_1) has significant influence partially on Customer Purchase Intention (Y). The sig. value at 0.000 means that prediction of Brand Image (X_1) influence on Customer Purchase Intention (Y) doing errors is 0.0%, thus the confidence of this prediction is above 95%. Therefore, H_a received.

t_{count} for Price (X_2) 2.239 greater than the value of 1.984 t_{table} means Price (X_2) has significant influence partially on Customer Purchase Intention (Y). The sig. value at 0.008 means that prediction of Price (X_2) influence on Customer Purchase Intention (Y) doing errors is 0.8 %, thus the confidence of this prediction is above 95%. Therefore, H_a received.

t_{count} for Perceive Quality (X_3) 2.826 greater than the value of 1.984 t_{table} means Perceive Quality (X_3) has significant influence partially on Customer Purchase Intention (Y). The sig. value at 0.002 means that prediction of Purchase Intention (X_3) influence on Customer Purchase Intention (Y) doing errors is 0.2 %, thus the confidence of this prediction is above 95%. Therefore, H_a received.

Discussion

The influence of Brand Image, Price and Perceived Quality on Customer Purchase Intention, simultaneously and partially are significant. This proven by the interpreting data analysis given by the SPSS. The interpretation shows that all the variables have strong relationship and supported by significance level. This result support the research studied from Tsiotsou (2006) that examines the role of perceived product quality and overall satisfaction on purchase intentions. This happen because regarding the brand name, price and quality of a product is the factors that need to get a serious concern from the company. Price and quality always goes

along together. It is make sense because the higher the quality of the product the higher the price. Company also need to think about how to improve their product quality without increase the price. Some people might be fine with the high price but some don't.

Consumers generally will instantly believe in brands that are famous or known to many people because it means that the brand has a good image in the community. Brand image is a kind of associations that arise in the minds of consumers when considering a particular brand. The association may be the memory of the brand.

Brand image, price and quality play an important role in persuading the customer to purchase the product. Without a good management on that three aspects company could not maintain the keep the customers to buy their products. It is also help the company to build a loyalty from their customers. By having a good brand image and a good price will help the company attract another new customers and keep them by providing a good quality of the product.

The same result also agree by Syed Saad Hussain Shah, Jabran Aziz, Ahsan raza Jaffari, Sidra Waris, Wasiq Ejaz, Maira Fatima and Syed Kamran Sherazi in their study about The Impact of Brands on Consumer Purchase Intentions (Shah, 2011). In this research, brands allow consumers to identify products or services. Brands can also make sure the buyer will receive the same quality items if they buy again. Meanwhile the brand image is the public perception of the company or its products. In this case buyers may have different responses to the company's image or brand image. As a theory said effective image stabilization will affect the character of the proposed product and value, delivering the character in a different way with the competitors, and provide emotional strength that is more than just a mental image (Kotler, 2005). Also image can mean as a picture or response obtained from a company through advertising, media, promotions and marketing. Grow the brand image is a major goal for the company because it is the total picture of the product and the consumer thought he bought brand.

Not only about the Brand Image, in this case Quality Perception also plays the important role. Because Quality Perception is reflecting the product's ability to carry out their duties which include durability, reliability or progress, strength, ease of packaging and product repair and other characteristics. Dimensions of quality of the products are aspects that affect the quality of a product in providing a benefit or value to the purchaser and will be an appeal of a product itself. If a product is made according to the dimensions of the quality of the products described by (Garvin, 1978), it will affect the interest of the consumer to buy. It could be argued that the positive effect on the quality of the product purchase intention of consumers. Thus, greater attention to the quality of the product can affect the consumer's purchase.

Price also have a significant influence on Customer Purchase Intention in Planet Surf Manado. Because in this case, customer see the Price as a value that consumers redeem it for the amount of benefits to having or using a product or service. Price is on the radar of consumers when making a purchase. Some consumers even identify with a value price. Price is the amount of money (plus some stuff that might be) required to obtain a combination of goods along with services. If a product requires customers to pay greater than the benefits received, then what happens is that the product has a negative value. Companies should set the price according to the given value and understand the customer. If the price was higher than the value received, the company will lose the possibility to reap the profits, if the price turned out to be too low than the value received, the company will not make it possible to reap a profit.

Consumer Purchase Intention is not necessarily the act of purchase in the future and does not constitute a purchase in the present. In this study to be examined is the consumers to buy the products that are sold at Planet Surf Manado. And consumer buying interest itself is influenced by several factors. Factors that influence the buying interest related to feelings and emotions, when a person feels happy and satisfied in buying goods or services, then it will reinforce interest in buying, dissatisfaction usually eliminate interest. Thus, Brand Image, Price and Perceived Quality have significant influence on Customer Purchase Intention. General conclusion in this research indicates that the variables of brand image, price and quality are quite capable in influencing the Customers purchase intention in Planet Surf Manado.

CONCLUSION AND RECOMMENDATION

Conclusions

This research concludes findings as follows:

1. There is a significant influence of Brand Image partially on Customer Purchase Intention in Planet Surf Manado.
2. There is a significant influence of Price partially on Customer Purchase Intention in Planet Surf Manado.
3. There is a significant influence of Perceived Quality partially on Customer Purchase Intention in Planet Surf Manado.
4. There is a significant influence of Brand Image, Price and Perceived Quality simultaneously on Customer Purchase Intention in Planet Surf Manado.

Recommendation

There are several constructive recommendations that are drawn from the overall result in this research, which are listed as follow:

1. It is expected that people and students in economic and business program will have more information to be learned about the influence that brand image, price and quality have on customer purchase intention and it is also expected that this current research can be useful for the future development.
2. It is expected that people could understand and expand their knowledge about brand image, price and quality and its influence on customers purchasing intention at Planet Surf Manado.

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