THE EFFECT OF BRAND EQUITY AND PRODCUT QUALITY TOWARD CONSUMER'S PURCHASE DECISION (CASE STUDY: J.CO DONUTS & COFFEE MANADO)

PENGARUH QKUITAS MEREK DAN KUALITAS PRODUK TERHADAP KEPUTUSAN PEMBELIAN (STUDI KASUS: J.CO DONUTS & COFFEE MANADO)

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Abstract: Purchasing decisions are in the stage of the buyer decision-making process in which consumer actually buy. Some of the factors that influence consumer purchase decisions are brand equity and product quality. This research aimed to analyze simultaneously and partially effect of brand equity and product quality toward consumer purchase decision of J.CO Donuts & Coffee Manado. Theories supporting research are brand equity, product quality and purchase decision. The population refers to J.CO Donuts & Coffee customers in Manado city with sample size as many as 100 respondents. This research used quantitative analysis and the data analysis technique used is multiple regression analysis. The result showed that simultaneous brand equity and product quality significantly influence consumer purchasing decision. Partially brand equity and product quality are significantly influence consumer purchase decision. Brand equity and product quality has contributed greatly to the consumer purchase decision, then the parties should consider factors J.CO brand equity and product quality in company.

Keywords: Brand Equity, Product Quality, Purchase Decision.

Abstrak: Keputusan pembelian merupakan tahap dalam proses pengambilan keputusan dimana konsumen benar-benar membeli. Beberapa factor yang mempengaruhi keputusan pembelian konsumen adalah ekuitas merek, kualitas.penelitian ini bertujuan untuk mengetahui pengaruh ekuitas merek dan kualitas produk terhadap keputusan pembelian konsumen di J.CO Donuts & Coffee Manado. Teori yang mendukung penelitian adalah ekuitas merek, kualitas produk dan keputusan pembelian. Populasi ditujukan kepada pelanggan J.CO Donuts & Coffee Manado dengan sampel sebanyak 100 responden. Penelitian ini menggunakan analisa kuantitativ dan teknik analisa data yang digunakan adalah analisis regresi berganda. Hasil penelitian menunjukkan bahwa secara simultan ekuitas merek, kualitas produk berpengaruh signifikan terhadap keputusan pembelian. Secara parsial ekuitas merek dan kualitas produk berpengaruh terhadap keputusan pembelian konsumen. Ekuitas merek dan kualitas produk memilii kontribusi terhadap keputusan pembelian, maka pihak J.CO sebaiknya memperhatikan ekuitas merek dan kualitas produk perusahaan.

Kata Kunci: Ekuitas Merek, Kualitas Produk, Purchase Decision.

INTRODUCTION

Research Background

Business in the current era has been growing very rapidly. One example of that change is in terms of technology and people's lifestyle which can't be separated from the influence of globalization. In this globalization era, the number of brands and products that are competing in the market became very much so consumer have many choices and alternative product and service that can fulfill their needs and free to choose. customers have more information about number of brands in market and customers need a brand which they are already aware of.

Currently the development of food and beverage industry that occurred in Indonesia can be seen clearly by the emergence of various companies and new brands, so that each company will compete for the largest market share. Competition increasing food industry, demanding business in the field of food to be able to always use competitive strategy relevant with the development of the business environment in order to maintain brand against its peers and still exist in the business environment. Companies must be creative and innovative to facing the environment that continue change, develop, adaptable and sensitive to conditions that will allows the company to more understanding and responsive to the wishes of the customers. Samsung announced their financial result.

Food and beverage industry is an industry that has many types and variations of its products. Food products is one of the industries in Indonesia which has a high level of competition, one of them is Donuts. There are various brands that sell donut from national and international brand. One of the popular international brands that sell donut is Dunkin Donuts while one of the most popular national donut brands is J.CO Donut & Coffee.

J.CO Donuts & Coffee is created by Johny Andrean, exists on June 26th 2005, centered at Kebun Jeruk, Jakarta Barat. Besides donuts and coffee J.CO also selling frozen yogurt. Johny Andrean introduces the product different from others. They are thinner, smaller and crispier. J.CO began operating the first time in supermall Karawaci, Tangerang and then opened as many outlets. Within a year, J.CO already has 16 outlets with 450 employees only for outlets. In early 2011 J.CO enlarge the company abroad, namely Malaysia and Singapore, as well as in China in early 2010. J.CO is the one of the fastest growing life café chains.

From year to year the company was growing into one of the leading food and beverage companies in Indonesia. Although starting a new company, many developments in the company from its establishments until now. Therefore, with the overall description on the previous paragraphs, the researcher is interested in conducting research about the Effect of Brand Equity and Product Quality toward Consumer's Purchase Decision (Case Study: J.CO Donuts & Coffee Manado).

Research Objectives

The purpose of this research is to analyze the effect of brand equity and product quality toward consumer's purchase decision using Multiple Regression Analysis.

THEORETICAL FRAMEWORK

Marketing

Burns and Bush (2006) defined marketing as an organization function, not a group of persons or separate entity within the firm. Marketing is also a set of process and not a single tactic such as creating and end-aisle display. The processes create, communicate, and deliver value to customer. It is not trying to sell customer something; rather, it is providing customers with something they value. American Marketing Association (2013) defined marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large. This means marketing focuses on making the product available at the right place, at the right time, and at a price that is acceptable to customers.

Purchase Decision

Rong (1999) defined consumer decision as the choice being made by the consumer following a careful assessment of the variable options, which were made apparent by the information collected from many sides after having a clear goal in mind. Assael (2004) proposed that, as shown by related researcher, the decision-making process involve five stages: problem recognition, information search, alternative evaluation, choice, and

outcome. Peter an Olson (2004) pointed out that consumer decision are target-oriented, and that consumers always need to make choice regarding the different decisions during the process of problem-solving.

Brand Equity

Gill et al (2007, pp.191) said that brand equity is value that brand add to product. Keller (1998, pp.318) defined Some use of the term brand equity measure through effect on mental depend of consumer. Others pointed to behavior: for example, Aaker (1991, pp.47-56) initial measurements, his latest articles entered market share, distribution and additional costs. Lassar &. Banwari Sharma (1995) pointed in the official definition of science marketing brand equity is A series of dependents and behaviors from customers, channel members and mother organization that is caused higher revenue and profit margin".

Product Quality

Brakus et al. (2009) define brand experience as "subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand related stimuli that are part of a brand's design and identity, packaging, communications, and environments". In other words, each interaction between a consumer and a tangible or intangible brand artifact, which awakes subjective consumer responses, is characterized as a brand experience.

Previous Research

Pajaree Ackaradejruangsri., (2012) conducted research about the effect of product quality attributes on Thai consumer's buying decision. This paper present the result of an extended study that was first published here at RJAPS (vol. 31, 2012) as "defining Thai product quality in the 21st Century"; the research follows with a detailed examination of the effect of product quality attribute dimension on Thai consumers' buying decision, specifically in the three product categories of electronics/IT products, automobiles and home appliance.

Moohammad Doostar, Maryam Kazemi Iman Abadi, Reza Kazemi Iman Abadi., (2012) conducted research Impact of Brand Equity on Purchase Decision of Final Consumer Focusing on Products with Low Mental Conflict. This paper attempts to identify, select and provide operation brand equity structures customer-based in the market properly, and examine how effects and their relationship with each other is developed a model that brand equity is reviewed and tested for sample in industry of product with low mental conflict in Rasht.

Ashutosh Nigaam, Rajiv Kaushik., (2011) conducted research Impact of Brand Equity on Customer Purchase Decisions: An Empirical Investigation with Special Reference to Hatchback Car Owners in Central Haryana. The study throws light on various factor of brand equity marketers much focus on attract and retain their prospective and customer. The study concludes the right marketing mix in marketing strategy a pivotal role in customer purchase decision criterion. Strong brand allows the companies to retain customer better, service their needs more effectively, and increase profit. Brand equity can be increased by relationship implementing and managing an ongoing relationship marketing effort by offering value to the customer, and listening to their needs.

Conceptual Framework

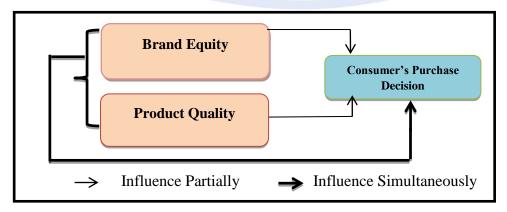


Figure 1 Conceptual Framework
Data Processed 2017

Research Hypothesis

- H1: Brand Equity and Product Quality have significant effect on purchase decision of J.CO Donuts and Coffee Manado simultaneously
- H2: Brand Equity has significant influence on purchase decision of J.CO Donuts and Coffee Manado partially
- H3: Product Quality has significant influence on purchase decision of J.CO Donuts and Coffee Manado partially.

RESEARCH METHODOLOGY

Type Research, Place and Time

This research is causal research which is to investigate the effect of Brand Equity and Product Quality on Consumer Purchase Decision. Causal study refer to seek whether independent variable is assumed to affect dependent variable (Sugiono, 2010). Research object was at consumer J.CO Donuts & Coffee Manado, started from September 2016 to January 2017.

Research Procedure

The steps of the research that will be conducted are:

- 1. Prepare questionnaire based on indicators
- 2. Spread the questionnaire to respondents in J.CO Donuts & Coffee Manado customers. How they respond to the question will be the data
- 3. Collecting the data to be analyzed
- 4. After collecting the questionnaire, arrange the data in order to transform it to tabulation
- 5. In The data then should be processed, to find out what can be concluded from the data. In this data processing the researcher can use some tools to help them process the data
- 6. Data analysis, when the data already in the form of numbers the data is ready to be analyzed.

Population and Sample

Population is the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran and Bougie, 2009). The population of this research is J.CO Donuts and Coffee Manado' Customers.

Sekaran and Bougie (2009) defined that sample is a subset of a population that comprises some member selected from it. Sugiyono (2010) suggested that the sample size that is proper in a research is 30-500. Thus, The numer of respondents selected as sample in this research are minimum 100 respondents and the sampling method is purposive sampling. Purposive sampling method defined by Sekaran and Bougie (2009) as the sampling method that is confined to specific types of people who can provide the desired information, the only ones who have it or conform to some criteria set by researcher.

Data Collection Method

The data in this research were gathered from several types of source that are relevant with the research is of 100 respondents. Primary data refer to information obtained firs-hand by researcher on the variables of interest for the specific purpose of this study. Individual provide information when interviewed, administrated questionnaires or observed. Sekaran and Bougie, (2009) Group depth interviewers or focus group are the other rich source of primary data. The primary data were collected through questionnaire about the effect of Brand equity and Product Quality on Consumer Purchase Decision. Secondary data refer to the data gathered for some other purpose than the immediate study.

Operational Definition and Measurement Research Variable

Variable X1 : Brand Equity

Brand equity is value that brands add to J.CO Donuts & Coffee Manado. This variable is measured with the following indicators: Brand Identity, brand image and brand awareness.

Variable X2 : Product Quality

Product Quality is the ability of J.CO Donuts & Coffee Manado. This variable is measured with the following indicators: Reliability, durability and safety.

Variable Y : Consumer's Purchase Decision

Consumer purchase decision as the choice being made by the J.CO Donuts & Coffee Manado customer following the assessment of those variables: Choice, willingness to buy and satisfy needs and wants.

- 1. Choice
- 2. Willingness to buy
- 3. Satisfy needs and wants

RESULTAND DISCUSSION

Result

The purpose of validity test is to know whether the instrument is valid or not. If the values are above minimum level of 0.197 and below the significant level of 5% therefore the instrument is considered as valid.

Tabel 1. Validity test

Correlations							
		X1_Brand_Equity	X2_Product_Quality	Y_Purchase_Decision	Total_X12Y		
V1 D 1 E	Pearson Correlation	1	,710**	,538**	,891**		
X1_Brand_Eq	Sig. (2-tailed)		,000	,000,	,000		
uity	N	100	100	100	100		
W2 D 1	Pearson Correlation	,710**	1	,596**	,897**		
X2_Product_	Sig. (2-tailed)	,000,		,000,	,000		
Quality	N	100	100	100	100		
Y_Purchase_ Decision	Pearson Correlation	,538**	,596**	1	,794**		
	Sig. (2-tailed)	,000	,000		,000		
	N	100	100	100	100		
Total_X12Y	Pearson Correlation	,891**	,897**	,794**	1		
	Sig. (2-tailed)	,000	,000	,000			
	N	100	100	100	100		

^{**.} Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output, 2017

From the result in table 1 it can be seen that value of correlation index for relationship among variable independents (Brand equity and product quality) with variable dependent (purchase decision) are greater than 0.3 and below the significant level of 5% (0.05). The Correlation between brand equity (0.891, product quality (0.897) purchase decision (0,794) show a positive relationship. Therefore, the data is considered as valid.

Reliability Result

Reliability test is used Alpha Cronbach. If the Cornbach's Alpha is more than 0.6 the data is acceptable and reliable.

Tabel 2. Reliability Result

Reliability Statistics					
Relial ach's Alpha	bilityCronbN of Items				
.850	4				

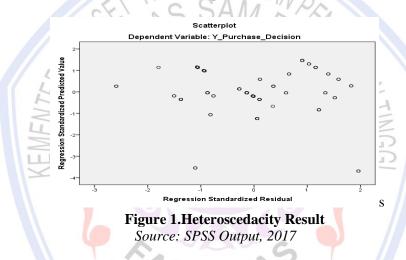
Source: SPSS Output, 2017

Based on the table above shows that the value of alfa cronbanch is 0,850, which means that it is above acceptance limit of 0.6, therefore, the research instrument for relationship among the variable indicates good consistency and the data is acceptable. The interpretation of alfa cronbach (Sekaran, 2009) is:

- < 0.6 indicates unsatisfactory internal consistency or consider that the data is unreliable
- 0.7 indicates that the data is acceptable
- > 0.8 indicates good internal consistency or consider that the data resulted is reliable.

Heteroscedasticity Result

Figure shows that the pattern of the dots is spreading and do not create a clear pattern, and the dots is spreading above and below 0 (zero) in the Y and this is proved that the model is free from heteroscedasticity.



Normality

Figure shows the data represented by the dots are spreading near and follow the direction of diagonal line. This proves that regression model of the effect of brand brand equity (X1) and product quality (X2) toward consumer's purchase decision (Y) fulfills the condition and passed the normality test.

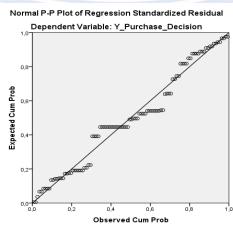


Figure 2.Normality Result Source: SPSS Output, 2017

Multicollinearity

Tabel 3. Multicolinearity

Coefficients^a

	0001110101			
Model		Collinearity Statistics		
		Tolerance	VIF	
1	Brand Equity	,496	2,018	
1	Product Quality	,496	2,018	

a. Dependent Variable: Customer Loyalty

Source: SPSS Output, 2017

The table 3 above shows the tolerance of Brand equity is 0,496, and Product quality is same with brand equity which is 0,496. It means that the tolerance value of each variable is more than 0,1. The VIF value brand equity and product quality are 2,019, it means that the value of both variable is less than 10. Since the tolerance value is more than 0,1 and VIF value is less than 10 the research is free from multicollinearity.

Multiple Regression Analysis

Table 4. Multiple Regression Analysis

		Coe	efficients ^a			
Model		Unstandardized Coefficients		Standardized	T	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	1,943	,279		6,957	,000
1	X1_Brand_Equity	,171	,084	,230	2,032	,045
	X2_Product_Quality	,359	,094	,433	3,815	,000

a. Dependent Variable: Y_Purchase_Decision

Source: SPSS Output, 2017

Recall that the Multiple Linear Regression model is used to determine the effect of several independent variables on a dependent variable. The computation was done by using SPSS 21 software. The computerized calculation ensures the accuracy of the analysis. From the result in the table above, the model define as:

$$Y = 1,943 + 0,171 X_1 + 0,359 X_2 + e$$

Where:

- Y = Purchase Decision

- X1 = Brand Equity

- X2 = Product Quallity

- e = Error

Multiple Regression Multiple Coefficient Correlations

The correlation coefficient values can be seen in the table below:

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Table 5. R and R ² result								
Model	R	R Square	Adjusted R	Std. Error of				
			Square	the Estimate				
1	,618a	,382	,369	,45135				

a. Predictors: (Constant), X2 Product Quality,

X1_Brand_Equity

b. Dependent Variable: Y_Purchase_Decision

Source: SPSS 2017

The interpretation of coefficient correlation (R) that shown on Table 4.4 means there is significant relationship between the two independent variables with dependent variable. It is because value of R is 0.618 which is proved that the relationship among variable independents and dependent is strong. In other words, Brand equity and product quality as independent variable and purchase decision as dependent variable have a positive relationship.

The measurement of coefficient correlation or R is:

- 0 = There is no correlation among independents and dependent variable
- 0 0.25 = The correlation is weak
- 0.25 0.5 = The correlation is enough
- 0.5 0.75 = The correlation is strong
- 0.75 0.9 = The correlation is very strong
- 1 = The correlation is perfect among independents and dependent variable

Hypothesis Testing F-Test

F-Test is any statistical test intended to determine whether the independent variables simultaneously influence the dependent variable. This test is done by comparing the F_{count} with F_{table} . If $F_{count} > F_{table}$ as confidence level of 95% α =0.05).

Tabel.6 Ftest Result

	ANOVA ^a							
Model		Sum of	Df	Mean Square	F	Sig.		
		Squares						
	Regression	12,207	2	6,104	29,962	,000 ^b		
1	Residual	19,760	97	,204				
	Total	31,968	99					

a. Dependent Variable: Y_Purchase_Decision

b. Predictors: (Constant), X2_Product_Quality, X1_Brand_Equity

Source: SPSS Output,2017

From the F-test, by using the significant value of 0.05 ($\alpha = 0.05$), the calculated value of F_{count} is greater than the F_{table} (29,962 > 3,09). Since the F_{count} is greater than F_{table} , H_0 is rejected and H_1 is accepted. It means that the independent variables significantly affect the dependent variable simultaneously. Therefore, hypothesis is accepted.

T-Test

T-Test is any statistical test intended to determine the partial effect of each independent variable (X) to dependent variable (Y).

Tabl	o 7	T_{-}	test	R	AC11	lŧ
1 411	F. /			-11	-511	

			Coefficients ^a			
	Model	odel Unstandardized Coefficients		Standardized	T	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	1,943	,279		6,957	,000
1	X1_Brand_Equity	,171	,084	,230	2,032	,045
1	X2_Product_Qualit	,359	,094	,433	3,815	,000
	y					

a. Dependent Variable: Y_Purchase_Decision

Source: SPSS Output, 2017

1. Brand equity (X_1) to purchase decision (Y)

The hypothesis is reject H_0 and accept H_2 if $T_{count} > T_{table}$ or accept H_0 and reject H_2 if $T_{table} > T_{count}$. In Table 4.8 the T_{count} of Brand Equity (X_1) is 2.032. Comparing T_{count} with T_{table} : 2.030> 1.660 with the significant level of 0.03. Since the T_{count} is greater than T_{table} , H_0 is rejected and H_2 is accepted. Therefore, brand equity has a significant influence to purchase decision.

2. Product quality (X_2) to purchase decision (Y)

The hypothesis is reject H_0 and accept H_3 if $T_{count} > T_{table}$ or accept H_0 and reject H_3 if $T_{table} > T_{count}$. In Table 4.8 the T_{count} of product quality (X_2) is 3.815. Comparing T_{count} with T_{table} : 3.815 > 1.660 with the significant level of 0.03. Since the T_{count} is greater than T_{table} , H_0 is rejected and H_3 is accepted. Therefore, product quality has a significant influence to purchase decision.

Discussions

Consumer purchase decision plays an important role in gaining the company profit. In order to maintain consumer purchase decision, company need to find out some strategies for increase its revenue. The strategies to maintain consumer purchase decision that set by J.CO Donuts & Coffee Manado is brand equity and product quality. Brand equity and product quality are factors that influence consumer purchase decision for J.CO Donuts & Coffee Manado.

The result of multiple regression analysis shows that there is a significant effect of brand equity toward consumer purchase decision. For that reason H1 is accepted. Brand equity is important for a company, since it's the value-added that brand equity is important for a company. Those values could trigger the consumers to purchase that company's products despite of its premium prices. J.CO Donuts & Coffee is one of many brands that have high brand equity in the world. It is popularity is also shown in its outlet in Manado Town Square. It means that the identity of J.CO Donuts & Coffee Product have place in consumer mind and being consumer's one and only favorite. In this research it is represented by brand identity, brand image and brand awareness.

Products are things that important to consumers and serve as the basis for making a purchase decision. The quality of product is important and should be sought by the company if company wants maximum result and allowing the company to compete in the market being even more superior that others to meet consumer desire. Quality also cannot be separated from the customer experience of a product. The result of multiple regression analysis shows that there is a significant effect of brand equity toward consumer purchase decision. For that reason H2 is accepted. In this research it is represented by reliability, durability and safety. It means that consumers are satisfied with that product, because Because of the taste and quality of J.CO Donuts & coffee product appropriate with consumers expectation.

Conclusion

Based on the analysis and discussion, the conclusion can be formulated:

1. Based on f-test result, H1 is approved and shows that is a significant effect of brand equity (X1) and product quality (X2) on consumer purchase decision (Y) in J.CO Donuts & Coffee Manado simultaneously.

- 2. Based on t-test of Brand equity, H2 is approved and shows that is a significant effect of brand equity (X1) on consumer purchase decision (Y) in J.CO Donuts & Coffee Manado partially.
- 3. Based on t-test of product quality, H3 is approved and shows that is a significant effect of product quality (X2). On consumer purchase decision (Y) in J.CO Donuts & Coffee Manado partially.

Recommendation

The recommendations for company that can be concluded from the overall result in this research are listed as follow:

- 1. The result shown that brand equity has influence on consumer purchase decision. Therefore, it is recommended for the company to keep on improving, so J.CO Donuts & Coffee brand can have place in consumer' mind.
- 2. The result shown that product quality has influence on consumer purchase decision. Since there are competitors that sell similar products nowadays, the company should maintain the consistency of the product quality to reduce the possibility of consumers seeking alternative products in other similar companies.

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